THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

THIS IS A NON-EVICTION PLAN. NO NON-PURCHASING TENANT WILL BE EVICTED BY REASON OF CONVERSION TO CONDOMINIUM OWNERSHIP.

# CONDOMINIUM OFFERING PLAN
# THE 235 WEST 71ST STREET CONDOMINIUM
## 235 WEST 71ST STREET
## NEW YORK, NEW YORK

| | Price to Tenant Purchasers * | Price to Non-Tenant Purchasers |
|---|---|---|
| Twenty-Five (25) Units** | $45,234,200 | $82,244,000 |
| Commercial Units (1) | $ 1,301,250 | $ 1,301,250 |
| Less Reserve Fund*** | $ 1,357,026 | $ 1,357,026 |
| Less Working Capital Fund | $ 0 | $ 0 |
| Total Amount of Offering | $ 45,178,424 | $ 82,188,224 |

* See the Section entitled "Rights of Existing Tenants" for a discussion regarding the rights of *bona fide* tenants to purchase the Units in which they reside during the first 90 days of this offering.

** Resident Manager's Unit 1A is Not Offered.

*** Estimated Local Law 70 Reserve Fund without deduction for credit allowed to Sponsor. The actual amount cannot presently be determined. See Section entitled "Working Capital Fund, Apportionments and Reserve Fund".

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SPONSOR:

235 WEST 71ST DEVELOPMENT LLC
200 MADISON AVENUE, 24th Floor
NEW YORK, NEW YORK 10016

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Approximate date of first offering under this Plan is October 1, 2007.
This Plan may not be used after September 30, 2008 unless extended by an amendment hereto.

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE 1.

PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN.

SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL UNITS. ACCORDINGLY, THIS PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH A MAJORITY OF THE UNITS ARE OWNED BY OWNER-OCCUPANTS OR INVESTORS UNRELATED TO SPONSOR. (SEE SPECIAL RISKS SECTION OF THE PLAN.)

THIS OFFERING PLAN IS SPONSOR'S ENTIRE OFFER TO SELL THESE CONDOMINIUM UNITS. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION CONCERNING THE CONDOMINIUM UNITS 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 GOVERNMENTAL AGENCY HAS APPROVED THIS OFFERING.

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# SPECIAL RISKS

1. **As Is Condition.** The Property and the Units are being offered by the Sponsor in "as is" condition as of the Presentation Date of this Plan. Sponsor will maintain the Property until the First Unit Closing in substantially the same condition and manner as on the Presentation Date, excluding reasonable wear and tear. (See the Section entitled "Rights and Obligations of the Sponsor" for further discussion.)

Although a landlord is required under various laws, statutes, codes and ordinances to cure violations of record, a sponsor is not obligated solely as a result of the presentation of a plan to cure any dangerous or hazardous conditions or violations of any kind. Therefore, the Condominium will be obligated to cure any hazardous or dangerous conditions, if any, and any violations which are or become of record after the date this Plan is accepted filing although said obligation and the cost thereof with respect to conditions inside apartments may, in some cases, be passed along to the owners of those Units. In the event sufficient funds are not available (from the Reserve Fund, Working Capital Fund, money budgeted for repairs and maintenance, or otherwise) to cover the cost of curing violations and/or hazardous or dangerous conditions, if any, for which the Condominium is responsible, it may be necessary to increase common charges (in the form of special assessments or otherwise). If violations and/or hazardous conditions, if any, are not cured, the Condominium may be subject to fines and penalties and in breach of insurance policies thereby risking loss of coverage.

2. **Sponsor-owned Units.** Sponsor represents that it will endeavor in good faith to sell rather than rent at least 51 percent of the Units as they become vacant to Purchasers who represent that they are purchasing for their personal occupancy. If Sponsor makes a bulk sale of some or all of its Units, the transferee will be bound by and will assume Sponsor's foregoing obligation, subject to the provisions hereof.

Sponsor does not represent that it will endeavor to sell, rather than rent, the remaining 49 percent of the Units. The Units retained by Sponsor may remain unsold indefinitely, and Sponsor may dispose of such Units as it chooses.

Sponsor represents that it will decline to rent Units (other than to tenants who are in occupancy on the date the Plan is accepted for filing or to Purchasers pursuant to Interim Use and Occupancy Agreements) until it has sold at least 51 percent of the Units to Purchasers who represent that they are purchasing for personal occupancy. Notwithstanding the foregoing representation by Sponsor, Sponsor hereby reserves the right to rent rather than sell such Units if, in the reasonable opinion of Sponsor, a decline in the real estate market causes the value of the Unsold Units to decline twenty percent or more from the prices for the Non-Tenant Purchasers set forth in the Purchase Agreements counted towards the declaration of effectiveness for this Plan. Thereafter, Sponsor will resume sales of such Units when their market value increases to at least 80 percent of the Offering

Prices set forth in the Purchase Agreements counted towards the declaration of effectiveness for this Plan. In addition, Sponsor reserves the right to retain Units which become available, if, in the opinion of Sponsor, such Unit is suitable for combination with another Unit which is then subject to a lease agreement.

Subject to the restrictions set forth above:

a. Sponsor has reserved the right to rent or lease any vacant Unit to any other party. Therefore, residents of the condominium may be comprised of both Unit Owners and tenants leasing from either Sponsor or other Unit Owners. Individuals leasing Units from Sponsor will not, except as otherwise expressly provided in their respective leases, have any special rights to purchase such Units. Individuals who rent vacant Unsold Units from Sponsor are not Existing Tenants under the Plan and shall have no rights to purchase thereunder.

b. It is noted that although 24 Units are being offered pursuant to this Offering Plan, Sponsor is hereby reserving the right to withhold certain Units from sale. If this occurs, an amendment to the Plan will be filed setting forth the Units being withheld. If Sponsor leases certain Units to tenants and such Units subsequently are offered, Sponsor shall then amend the Plan accordingly. Please refer to Section entitled "Introduction".

In the event that Sponsor sells the Unsold Units in a bulk sale of some or all of its Units, the transferee or successor sponsor is bound by the representations to sell Units contained in this Plan.

3. **Owner-Occupant Unit Owners May Never Gain Control of the Board of Managers.** There is no provision in the Condominium By-Laws to the effect that, following the end of Sponsor's initial control period of the Board of Managers, a majority of members of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and Sponsor's principals. PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN. Further, Unit Owners who are owner-occupants and Unit Owners who are non-residents (including Sponsor) may have inherent conflicts on how the Condominium should be managed because of their differing reasons for purchasing (*i.e.*, purchase of a Unit as a home as opposed to an investment). See Section entitled "Rights and Obligations of the Condominium Board/Summary of the By-Laws".

4. **Improvements to be Made by Sponsor.** Sponsor intends to replace both elevators. Sponsor anticipates that each elevator will be out of operation for approximately three to four months during which time the remaining elevator will be operational to minimize the inconvenience to the residents of the Building. Sponsor anticipates that such work will commence in September, 2007 and is estimated to be completed in January, 2008. The cost of the elevator replacement is estimated to be approximately $450,000. In addition, Sponsor intends to replace the

boiler, the gas burners and the Building's heating system. At the time the boiler is replaced, Sponsor will also remove all suspected asbestos-containing material from the boiler room. Sponsor intends to commence such work in September, 2007 and anticipates that such work will be completed in November, 2007. The estimated cost of the new boiler is $150,000. Notwithstanding the foregoing which is based upon information provided by Sponsor's contractors, Sponsor makes no representation regarding the period of construction necessary to replace the elevator or the boiler or the degree of inconvenience to tenants and Unit Owners.

The renovation and performance of construction in the Building is a complicated process requiring the coordination of numerous tasks and the balancing of complex mechanical and structural systems. No assurance can be given to any Purchaser with regard to the accuracy of any projected completion dates set forth herein. The aforementioned work may not be completed prior to the First Unit Closing. During the first year of Condominium operation, construction workers and related personnel may be at the Property from time to time making adjustments and performing various tasks related to the completion of such work and the combination of Units discuss in Special Risk No. 6 below. The Offering Plan permits closing of title to the Units before the completion of such work. Please refer to Special Risks No. 4 and No. 5 and Section entitled "Description of the Property" and "Working Capital, Apportionments and Reserve Fund" for further details.

5. **Reserve Fund.** Local Law 70, a law enacted by the New York City Council provides a formula for determining the amount of the Reserve Fund. Inasmuch as such calculation is based upon the last price offered to tenants in occupancy, the exact amount of the Reserve Fund cannot be ascertained until the Plan has been declared effective. Local Law 70 permits and Sponsor reserves the right to take a credit against the Reserve Fund, up to the maximum amount permitted, for qualifying work performed in the Building, including the replacement of the elevator and the boiler described in Special Risk No. 4 above and in Special Risk No. 6 below. Sponsor also reserves the right to fund the minimum amount of the Reserve Fund within 30 days of the Closing of the first unit and to fund the balance over five years as permitted by applicable law. See the Section of this Plan entitled "Working Capital Fund, Apportionments and Reserve Fund", which may be found in Part I of this Plan and the Reserve Fund Law (Local Law 70), which may be found in Part II of this Plan for further details.

6. **Repairs and Replacements**. As disclosed in Special Risk No. 4, Sponsor intends to replace the elevator and the boiler. The foregoing improvements and replacements are each permitted under Local Law 70. Accordingly, Sponsor intends to take a credit against the Local Law 70 Reserve Fund for such work, to the maximum extent permitted by law.

The aforementioned work being performed by Sponsor may also make the building eligible for certain J-51 Tax Exemption and Abatement benefits. Sponsor does not intend to make an application for such benefits prior to the first closing. To the extent that such work is eligible for such benefits, following Closing, the Board of Managers of the condominium may submit an application to obtain such benefits. The J-51 program provides the Building with benefits in the form of reduction of real estate taxes payable thereon based upon the cost of the work performed. The benefits are in the form of (i) an "Exemption Benefit", meaning that a portion of the assessed

valuation of the Property is exempt from taxation, and (ii) a Certified Reasonable Cost Benefit, meaning the Building receives a dollar for dollar credit to be applied against the real estate taxes for the Property based upon the certified cost of the improvements as determined by the New York City Department of Housing Preservation and Development. The City permits the Building to use up to 8 1/3 percent of such certified reasonable cost credit against the real estate taxes payable each year. In the event that the Board of Managers makes application for J-51 benefits, Sponsor shall amend the Plan to disclose such benefits. Sponsor makes no representation or warranty whatsoever whether the Building will be eligible for J-51 Benefits for the work being performed by Sponsor.

To the extent permitted by law, Sponsor may also be submitting applications to obtain Major Capital Improvement increase in the rents payable by rent-stabilized and rent-controlled tenants ("MCI Increases"). Such MCI Increases are obtained by submitting applications for the approval of the same to the New York Division of Housing and Community Renewal (the "DHCR"). As of the date hereof, the DHCR does not permit landlords to apply for MCI increases if such improvements were made using Local Law 70 Reserve Fund monies. If this position remains in effect, rent increases would be available to Sponsor only to the extent that the funds used for such improvements are in excess of the credits against the Reserve Fund contribution to be taken by Sponsor. Sponsor estimates that the cost of the improvements being performed by Sponsor will exceed the maximum credit permitted to Sponsor under Local Law 70. Accordingly, Sponsor will apply for and anticipates obtaining MCI Increases to the extent that the same are available under applicable law. However, at this time, it is anticipated that such increases will be less than the amounts indicated herein above. Please refer to Special Risks No. 4 and No. 5 and the Sections entitled "Description of the Property" and "Working Capital, Apportionments and Reserve Fund" for further details.

7. **Reserve for Contingencies.** The reserve for contingencies provided for in Schedule B (the projected budget for the first year of Condominium operation) is separate and distinct from the Reserve Fund. The reserve for contingencies is intended to provide a fund for unanticipated expenses and for increases in the operating expenses above amounts projected. The reserve for contingencies is not intended and would not be sufficient to meet the cost of any major or capital repairs or replacements which may be required. If funds are required to meet such costs, it may be necessary to utilize the Working Capital or Reserve Funds, increase Common Charges, institute a special assessment or obtain a capital improvement loan, if the Condominium is eligible to obtain such a loan. See the footnotes to Schedule B in Part I of this Plan.

8. **Asbestos.** People's Environmental, Inc., having offices at 177 Foch Avenue, Lawrenceville, NJ 08648, (the "Environmental Engineer) prepared an Asbestos Report with respect to the Premises dated March 29, 2006 (the "Asbestos Report"). The boiler damper and insulation under the boiler jacket are assumed to contain asbestos-containing materials ("ACM"). The vinyl floor tiles on the first floor behind the stairwell also contain asbestos. As discussed in Special Risk No. 4, Sponsor intends to replace the boiler. At such time, all ACM located in the boiler room will be removed. The tiles on the first floor are non-friable and will remain in place because the same do not present an immediate health of safety risk. A copy of the Asbestos Report may be found in Part II of this Plan. Due to the age and construction of the Building, it is possible that ACM may be

present on pipes which run behind walls or in other presently sealed areas. The Environmental Engineer recommends, as a general rule, caution and further investigation prior to any destructive repair or renovation.

Notwithstanding the foregoing, and any ACP-5 or ACP-7 reports that may have been filed with the New York City Building Department for any possible Sponsor work, Sponsor makes no representation that any Units or common areas are free of asbestos or asbestos-containing materials. Sponsor's obligations under the Plan do not include an obligation to remove any asbestos identified in the Asbestos Report and Sponsor does not intend to perform any such remedial work unless otherwise specifically stated herein. It will be the obligation of the Condominium Board to formulate an Operations and Maintenance (O&M) Program for dealing with ACM, if necessary. Please see the Asbestos Report which appears as Exhibit E in Part II of this Plan.

9. **Time is of the Essence.** At the time a Purchase Agreement is executed, a Purchaser is required to make a Contract Deposit in an amount equal to ten percent of the purchase price. The Purchase Agreement provides that "time is of the essence" with regard to the obligations of the Purchaser thereunder. "Time of the essence" means that Purchaser will be required to perform its obligations under the Purchase Agreement on or before the date set forth in Sponsor's notice setting the Closing. If the Purchaser fails to close on or before such date and does not cure such default within 30 days after Sponsor gives notice to the Purchaser of such default, Sponsor may, at its option, either (i) cancel such Purchase Agreement and retain, as liquidated damages, the Contract Deposit made by the Purchaser, together with interest earned thereon, if any, or (ii) bring an action against such Purchaser for specific performance, in which event Purchaser could be compelled to complete the transaction. See Section entitled "Procedure to Purchase" for further discussion.

In addition, if a Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date and Sponsor elects not to cancel Purchaser's Purchase Agreement as a result of the same, (a) the apportionments to be made at the Closing will be made as of midnight of the day preceding the originally scheduled Closing Date, and (b) Purchaser will be required to pay to Sponsor an amount equal to 0.04 percent of the purchase price of his Unit for each day that the Closing is adjourned. (See the Section entitled "Procedure to Purchase" for further Discussion.)

The execution of the Purchase Agreement signifies the Purchasers acceptance of the condition of the Property (as represented by Sponsor in the Plan) including the Building and the Unit contained therein, in the condition existing on the date the Purchase Agreement is executed, ordinary wear and tear excepted between the date Purchaser signs the Purchase Agreement and delivery of the deed to the Purchaser. Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building or the Unit, except as may otherwise be set forth in the Plan.

10. **No Financing Contingency.** The Purchase Agreement in the form set forth as Exhibit A in Part II of the Plan may not be contingent upon Purchaser obtaining financing nor does this Plan contain any provision requiring Sponsor to provide or aid the Purchaser in obtaining financing for the purchase of a Unit. Accordingly, a Purchaser who is unable to tender the balance

due at closing will be in default of his Purchase Agreement entitling Sponsor to retain such Purchaser's Contract Deposit and all accrued interest thereon. Sponsor does not make any representation as to the terms or availability of mortgage financing. See the Section entitled "Procedure to Purchase" and the Purchase Agreement set forth in Part II for further information.

11. **Minimum Sales Required.** Pursuant to existing law and regulation, Sponsor may declare the Plan effective by selling a minimum of fifteen percent of the Units offered herein. Even if the Plan is declared effective based upon the sale of fifteen percent of the Units, it is still possible that Sponsor can convert the Building with fewer than the minimum number of Units if Purchasers counted toward effectiveness do not ultimately purchase their Unit. Purchasers should note that banks and other lenders may impose various restrictions in connection with loans secured by condominium apartments. Such restrictions may include a requirement that a certain percentage of the apartments in a building be sold before the lender will consider making a loan. The minimum number of sold Units may be greater than fifteen percent, for purposes of obtaining a loan. Accordingly, if the Plan is declared effective based upon the sale of fifteen percent of the Units, certain lenders may decline to make mortgage loans until additional Units are sold. Purchasers should also note that lenders may still impose minimum sales requirements before approving a loan well after the First Unit Closing. It may be difficult for a Purchaser to resell a Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements. (See Section entitled "Effective Date" for further details.) Purchasers should be aware that even if a loan commitment is obtained, its term may be fixed and the commitment may expire before the closing date. In the event that Purchaser's mortgage commitment lapses or expires prior to the closing and Purchaser has made a good faith effort to extend the commitment, Sponsor shall grant Purchaser an adjournment of the closing of no more than 30 days without penalty.

12. **No Assurance of Performance of Sponsor Obligations.** The assets and borrowing capacity of Sponsor are sufficient to meet the obligations of Sponsor hereunder. Such obligations include the payment of Common Charges and real estate taxes on account of the Unsold Units, the payment of the costs of conversion including the funding of the Reserve Fund as required herein. No bond or other form of security has been posted by Sponsor to guarantee its performance of the obligations of Sponsor hereunder, and therefore, there is no assurance of the performance of Sponsor's obligations hereunder. (See Section entitled "Rights and Obligations of Sponsor" for further details.)

13. **Control of Condominium Board.** Sponsor will control the Condominium Board until the earlier of: (i) the Closing of title with purchasers under the Plan to Units having more than 75 percent of the aggregate Common Interests appertaining to all Units, or (ii) five years after the First Closing to the "Initial Control Period").

After the Initial Control Period, Sponsor, as owner of Unsold Units, shall have the right to designate one member of the Condominium Board for so long as Sponsor owns at least one Unsold Unit.

During the period that Sponsor controls the Condominium Board, Sponsor will have control of maintenance and services to be provided to Unit Owners and will determine the Common Charges to be paid by all Unit Owners. Sponsor may exercise veto power over expenses for a period ending not more than five years after the first Closing or whenever the unsold units constitute less than 25 percent of the common interest. See the Section entitled "Control by Sponsor" for further details.

14. **Sponsor's Veto Powers.** Until such time when Sponsor owns Units with an aggregate interest of less than 25 percent of the Common Elements of the Condominium, but in no event later than five years after the First Closing, Sponsor may veto power certain actions of the Condominium Board. During the aforementioned period, the Condominium Board 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, unless the same comply with applicable laws or regulations, or (b) assess any Common Charges or Special Assessments for the creation of, addition to, or replacement of, all or part of a working capital, reserve, contingency or surplus fund, or (c) increase or decrease the number, or change the kind of, employees initially employed for the Condominium, or (d) enter into any service or maintenance contract for work or otherwise provide services in excess of those initially contracted for the Condominium, except as is required to reflect normal annual increases in operating services, or (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary (and no other alternative is available) to enable the Condominium Board to comply with applicable laws or regulations, remedy any notice of violation or remedy any work order of the Condominium's insurer. See Section entitled "Control By Sponsor" for further details.

15. **Unit Purchasers to Pay Transfer Taxes and Sponsor's Attorneys' Fees.** Purchasers shall be obligated to pay the New York City Real Property Transfer Tax and New York State Real Property Transfer Tax (Deed Stamps) which by law are the primarily obligation of the seller. The New York City Real Property Transfer Tax (the "City Transfer Tax") is payable at the rate of 1.0 percent for Units where the purchase price is less than $500,000.00 and 1.425 percent of the purchase price in instances where the purchase price is greater than $500,000.00. The New York State Real Estate Transfer Tax (the "State Transfer Tax") is payable at the rate of 0.4 percent regardless of the amount of the purchase price. However, in instances where the transfer taxes which are the statutory liability of a seller are paid by a purchaser, the City and State add the amount of such taxes to the purchase price for purposes of determining the taxes payable. Accordingly, in instances where the purchase price is less than $500,000.00, the effective rate of the City Transfer Tax is 1.014 percent; where the purchase price is greater than $500,000.00, the effective rate of the City Transfer Tax is 1.451 percent. As of the date hereof, the effective rate of the State Transfer Tax will be 0.406 percent for all transactions contemplated herein. In addition, Purchasers will be responsible for paying the costs of Sponsor's attorneys for the preparation of the closing documents and attending the Closing. See the Section entitled "Unit Closing Costs and Adjustments" for further details.

16. **Contract Deposits Held in Escrow.** All Contract Deposits will be held in escrow by Sponsor's counsel, Goldberg Weprin & Ustin, LLP, having an office at 1501 Broadway, 22nd Floor, New York, N.Y. pursuant to the Escrow Agreement in the form contained as Exhibit G in Part II of this Plan. Such Contract Deposits shall be maintained in a separate interest-bearing account at Sterling National Bank, 512 Seventh Avenue, New York, New York. Upon delivery of a Contract Deposit, together with IRS Form W-9, such Contract Deposit will be placed in an individual interest-bearing account. Deposits of $100,000 or less will be covered by insurance issued by the Federal deposit Insurance Corporation ("FDIC"). The following are special risks of this offer: Contract Deposits in excess of $100,000 are not FDIC insured; and Contract Deposits will also not be FDIC insured during the time that such amounts remain in the master portion of such escrow account. Neither Sponsor nor the Escrow Agent shall be liable for the loss of the Contract Deposit if Sterling National Bank becomes insolvent. Although Sponsor does not intend to undertake the performance of custom work, in the event Sponsor shall agree to perform any custom work, Sponsor may require the additional cost therefor to be paid in advance which payment shall initially be deposited in the Escrow Account. Such payment or deposit for custom work may be disbursed to Sponsor upon Sponsor's written request provided that Sponsor certifies in such written request that it will use the funds so disbursed to perform such custom work. A Purchaser who is entitled to rescission will not be entitled to the refund of any portion of the Contract Deposit advanced to Sponsor for custom work. See Section entitled "Escrow and Trust Fund Requirements" for further details.

17. **Right of First Refusal on Sale or Lease of Units by Unit Owners.** The sale or lease of a Unit by a Unit Owner, other than Sponsor or its successor with respect to Unsold Units, is subject to a right of first refusal by the Condominium Board. Please refer to the Section of the Plan entitled "Rights and Obligations of Unit Owners and the Condominium Board" for further discussion.

18. **Adjustments At Closing.** Simultaneous with the First Unit Closing, customary adjustments will be made between Sponsor and the Board of Managers. Customary adjustments shall include prepaid insurance premiums and service contracts, water and sewer charges which are billed on an annual basis and payroll expenses. To the extent that such adjustments result in a net credit in favor of Sponsor, such credit shall be paid to Sponsor in twelve consecutive monthly payments with interest at the rate of ten percent per annum or, at the option of Sponsor, Sponsor shall be entitled to a credit against the Common Charges due from Sponsor on account of the Unsold Units. It is impossible to determine the amount of any net adjustment in favor of Sponsor. Accordingly, no provision for this has been made in the Budget for any such payment to Sponsor or credit in favor of Sponsor. If the net adjustment at closing is in favor of Sponsor, it may be necessary to increase the initial Common Charges payable by the Unit Owners for a limited period of time in order to reimburse Sponsor for any such prepaid adjustable items. See the footnotes to Schedule B and the Section entitled "Working Capital Fund, Apportionments and Reserve Fund" for further details.

19. **Initial Real Estate Tax Assessment.** Sponsor has been advised by its tax counsel that the current practice of the New York City Real Property Assessment Bureau is to allocate the aggregate tax assessment for the entire Property existing as of the date of the recording of the

Declaration among all Units in the relative proportion that the Purchase Price of each Unit bears to the Purchase Price of all Units and not in the proportion that the Common Interest that each Unit bears to the aggregate Common Interest which is the method to be used by the Board of Managers to determine the escrow amount to be paid by a Unit Owner prior to the time that the Units are separately assessed for real estate tax purposes. See Notes 4 and 5 to Schedule A in the Section entitled "Notes to Schedule A" and the Sections entitled "Real Estate Taxes" and "Opinion of Counsel Regarding Real Estate Taxes".

20. **Sale of Units by Sponsor; Interim Use and Occupancy Agreements** In accordance with the terms of this Plan, Sponsor has the right, following the expiration of the Exclusive Purchase Period, to sell occupied Units to one or more Non-Occupant Purchasers for investment or resale. Accordingly, it is possible that certain Unit Owners will not be residents of the Building. Any such sales are subject to the rights, if any, of Non-Purchasing Tenants, to purchase their Units during a subsequent exclusive purchase period which occurs prior to the Effective Date.

Sponsor has further reserved the right to enter into an Interim Use and Occupancy Agreement for a Unit with the Purchaser thereof prior to Closing the sale of such Unit. As such, residents of the Condominium may be comprised of both Unit Owners and tenants leasing from Sponsor or from the Unit Owners. Any Interim Use and Occupancy Agreement for a Unit entered into with a Purchaser, other than a Tenant Purchaser, will provide, among other things, that an uncured default by the Purchaser under the Purchase Agreement with respect to the Unit which is the subject of the Interim Use and Occupancy Agreement will constitute a default under the Interim Use and Occupancy entitling Sponsor, at its sole option, to terminate such Interim Use and Occupancy Agreement in accordance with applicable law. In addition, each Purchase Agreement may provide that an uncured default by the Purchaser under the Interim Use and Occupancy Agreement with respect to the 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. Please refer to the Section entitled "Interim Leases".

21. **No Right of First Refusal for Unsold Units or the Commercial Unit.** Unlike Purchasers, Sponsor or its successors will not be required to offer a right of first refusal or seek or obtain approval, as the case may be, from the Condominium Board for any transfer, lease of, or alterations, repairs or improvement to its Units, (provided that such alterations, repairs or improvements must comply with applicable laws). Please refer to "Rights and Obligations of Sponsor" and "Commercial Units" in Part I of the Plan.

22. **Visitors; Personal Injuries and Losses.** While Units are being offered for sale or lease by Sponsor or its successors, there will be a greater number of visitors to the Premises 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, nor its successors 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 successors, the Managing Agent or their respective agents. See the Section entitled "Introduction".

23. **No Limit on Number of Purchasers who Purchase for Investment Rather than Occupancy.** There is no limit on the number of Unit Owners who may purchase for investment rather than personal occupancy; consequently, there always may be a substantial percentage of Unit Owners who are non-residents. See the Section entitled "Introduction".

24. **No Repairs Undertaken by Sponsor.** Sponsor has not undertaken to correct or repair any existing conditions noted in this Plan, unless otherwise expressly provided. Any price estimates contained in this Plan are approximate and are good faith projections based solely on the experience of Sponsor's architect, not based on any specifications or documentation of the work. The estimates are not derived from bids by contractors or vendors. Actual costs may substantially vary from the cost estimates stated herein. Please refer to the Section entitled "Description of Property and Statement of Condition" in Part II of the Plan for further details.

25. **Cost of Repairs to Common Elements Borne by Unit Owners.** Purchasers are advised that the cost of necessary repairs to the Common Elements will be borne by the Condominium and, to the extent that the cost of such repairs exceeds any reserve fund amount which the Condominium Board wishes to expend, such repairs may result in an assessment to Unit Owners or an increase in Common Charges. Please refer to the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws".

26. **Cost of Certain Repairs and Replacements Borne by Individual Unit Owners.** Purchasers are advised that necessary repairs and replacements to each Unit's windows and doors and skylights, if any, are to be performed at such Unit Owner's sole cost and expense. All such repairs and/or replacements shall conform to standards established by the Board of Managers. Please refer to the Section entitled "Rights and Obligations of Unit Owners".

27. **Prices for the Units.** All of the Units being offered are intended to be sold as Condominium Units in accordance with this Plan at the prices noted in Schedule A. These prices have been established solely by Sponsor and are not subject to review or approval by the Department of Law or any other governmental agency. Please refer to Schedule A in Part I of this Plan.

28. **Resident Manager's Apartment.** Sponsor will retain title to Unit 1A for a period of no less than three (3) years subsequent to the First Unit Closing. As of the date of the First Unit Closing, Sponsor will enter into a lease with the Board of Managers of the Condominium for a three-year term (the "Resident Manager's Lease"). The base rent for the initial year of the lease term shall be $3,500 per month. Thereafter, the base rent under the Resident Manager's Lease shall increase by three percent per annum. In addition, after the first lease year, the Condominium will be liable to pay Sponsor, as additional rent, any increase in the Common Charges or real estate taxes for the Unit over the costs for those items during the first year of operation of the Condominium. The costs of repairs undertaken by the Board of Managers in the Resident Manager's Unit shall be borne by all Unit Owners as a general common expense included in the Common Charges. Sponsor has no

obligation to renew the Resident Manager's Lease for such Unit. Accordingly, subsequent to the expiration of the Resident Manager's Lease, it will be the responsibility of the Board of Managers of the Condominium to lease or purchase another apartment for use by the Resident Manager. Section 83 of the New York Multiple Dwelling Law requires the Building to have a superintendent who resides either in the Building or within 200 feet of the Building. Presently, the monthly rent of an apartment equivalent to Unit 1A in the vicinity of the Building is approximately $3,700 per month. The present cost of purchasing a similar apartment in the vicinity is approximately $1,150,000. In the event that the cost of obtaining a replacement residence for the Resident Manager exceeds the rent set forth in the Resident Manager's Lease, it will be necessary to increase the Common Charges of the Condominium to cover the increase in such costs.

Sponsor reserves the right, in its sole discretion, to choose a different Unit other than Unit 1A to lease to the Board as the Resident Manager's apartment; provided, however, that such substitution shall only be made pursuant to an amendment to the Plan and shall not result in the Board incurring base rent, common charges and real estate taxes escalation during the first year of Condominium Operation, the sum of which exceeds the costs of leasing Unit 1A as set forth in Schedule B, by more than 25 percent.

Please refer to the Section entitled "Management Agreement, Resident Manager's Lease and Other Contractual Arrangements" for further information.

29. **Lot Line Windows.** Certain Units in the Building, namely 3, 4, 5C, 5D, 6C, 7A, 7B, 7C, 7D, 8A, 8C, 9A and 9C, have windows located on a lot line along the easterly facade of the Building. The current Building Code of the City of New York (the "Building Code") does not permit the use of lot-line windows to satisfy the light and air requirements of a Unit. These Units may contain other windows which satisfy the light and air requirements under the Building Code for the City of New York; however, if the windows do not satisfy present building code requirements, these building conditions are generally allowed to continue as permitted "non-conforming conditions" if they were in place before the current, specific Building Code requirements were enacted. In the event that a building is constructed on the parcel adjacent to the lot-line windows, the Board of Managers of the Condominium will be responsible to close the openings in the facade with construction in compliance with the Building Code and all other applicable laws, ordinances, codes, rules and regulations of governmental or other authorities having jurisdiction. The Condominium shall also be responsible to insulate and seal the openings inside any affected Units. The estimated cost to seal each lot line window as of the date of this Plan is approximately $2,000.00 exclusive of the cost of refinishing the interior of the Unit. It will be the responsibility of affected Unit Owners to refinish the interiors of their Unit. Please see the Section entitled "Description of Property and Improvements".

30. **Commercial Unit.** As of the date of the First Unit Closing, the Condominium will be a "mixed use" condominium by virtue of it containing Residential Units and a Commercial Unit in the same building. Sponsor makes no representation as to the compatibility of uses in the same building. The Commercial Unit presently occupied pursuant to a lease dated September 29, 2003 for use as professional space. The current Lease expires on October 31, 2010. The Commercial Unit

may be used for any lawful purpose permitted under the New York City Zoning Law except as set forth herein. See the Section entitled "Commercial Unit" for further information. Upon the vacating of the Commercial Space by the present tenant, Sponsor shall convert the Commercial Unit to residential use. In connection with the conversion of the Commercial Unit to a Residential Unit, Sponsor will make all necessary filings for the change of use, obtain all requisite permits therefor and do all work required to effect such change of use in accordance with applicable law. Sponsor shall not offer the Unit for sale as a residential unit until the Plan has been amended to disclose such change.

31. **Lead-Based Paint.** Due to age and construction of the Building, it is possible that lead-based paint may be present in a variety of areas throughout the Building. Pursuant to various federal, state or local laws mandating the disclosure of information concerning the presence of lead-based paint in residential housing, Sponsor will distribute to each Purchaser a copy of the EPA pamphlet "Protect Your Family from Lead in Your Home" detailing important lead-based paint information. A copy of such pamphlet appears as Exhibit L in Part II of the Plan. Under subdivision (6) of Section 23.3(kk), the regulation requires disclosing the existence of applicable federal, state or local laws concerning lead-based paint (see regulatory advice below). Under subdivision (dd) of Section 23.7 of Title 13 NYCRR, a sponsor must disclose any records, reports, violations and any other information known or available to the sponsor or its agents, if any, concerning the presence of lead-based paint and/or lead-based paint hazards. Therefore, Sponsor will make all documents concerning the presence of lead-based paint which it has in its possession, if any, available for inspection at its office during regular business hours via appointment. Finally, Sponsor will comply with all laws and applicable regulations concerning lead-based paint pursuant to the requirements of the New York State Attorney General in Part 23 of Title 13 NYCRR.

Local Law 38 of 1999 ("Local Law 38") affects apartments built before 1960 in New York City. Under Local Law 38, where an owner has notice that a child under the age of six resides in an apartment, the owner must conduct annual inspections for peeling paint and deteriorated surfaces. An owner must abate and repair peeling paint, smooth all bare floor and repair deteriorated sub-surfaces and building doors and windows, whenever the foregoing inspection reveal such conditions of an apartment becomes vacant. The existence of a lead paint hazard is a Class C immediately hazardous violation. For purposes of compliance with Local Law 38, Unit Owners are each deemed the "Owner" of their respective Units. The foregoing requirements would apply whenever a Unit Owner rents such Unit Owner's Unit or sells the Unit to a party other than the party residing in such Unit. Local Law 38 was overturned by the Supreme Court of the State of New York who found that the City Council did not follow proper environmental review procedures before passing the statute.

Prospective purchasers are urged to review Local Law 38 or any successor statute thereto and any regulations or requirements promulgated with respect thereto for a full description of the obligations of a Unit Owner thereunder. See the section attached "Rights of Existing Tenants" and Exhibit L in Part II of this Plan.

32. **Combination of Units.** Sponsor has submitted alteration plans and obtained permits to combine the apartments formerly known as: 3A, 3B, 3C and 3D, 4A, 4B, 4C and 4D, 6A and 6B, 6C and 6D, 8A and 8B, 9A and 9B, and 9C and 9D, into single Units to be known as Units 3, 4, 6A, 6C, 8A, 9A and 9C, respectively. The aforementioned apartment combinations will each be offered for sale as single Units. The New York City Department of Buildings has issued permits for the combination of such units. The Units are being combined under "Alt 14 Applications". Accordingly, the completion of such work does not require the issuance of a new Certificate of Occupancy for the Building. No Purchaser will be required to close on such Unit until all work to complete the combination of such Units is "signed off" by the New York City Department of Buildings and a certificate of completion is received. Sponsor reserves the right to combine two or more units elsewhere in the Building in the event that contiguous units become available. However, Sponsor shall not offer any additional combined Units for sale until a permit for any such combination is granted by the New York City Department of Buildings and Sponsor has disclosed such combination of Units in an amendment to the Plan. The renovation and combinations of units is a complicated process requiring the coordination of numerous tasks. 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, construction workers and related personnel may be at the Property from time to time making adjustments and performing various tasks related to the completion of construction. Various systems, including, but not limited to, water supply, air conditioning, heating, and ventilation systems and windows may require more than a year after any Unit closing to complete and to adjust or balance properly. All Units and Common Elements may not be completed prior to the First Unit Closing. While such work is underway, construction workers and related personnel may be at the Property from time to time making adjustments and performing various tasks related to the completion of construction. The Offering Plan requires that any Unit be substantially completed in accordance with the renovation plans and sign offs for required permits must be issued by the New York City Department of Buildings before any Purchaser will be required to close on such Unit.

Except as otherwise provided in Section entitled "Rights and Obligations of the Sponsor" in Part I as to the obligation of the Sponsor to correct certain construction matters, neither the Sponsor, the agents of Sponsor nor any successors of Sponsor under this Offering Plan make any warranty. A Unit Owner will not be permitted to perform any alteration or improvement to his Unit without the express consent of Sponsor until such time as the Sponsor has completed any work in the Building or in the Units being performed by Sponsor. See Sections entitled "Rights and Obligations of Sponsor", "Rights and Obligations of Unit Owners" and "Description of Property and Improvements" for further details.

33. **Limited Warranty.** The Housing Merchant Implied Warranty set forth in Section 777 of the New York General Business Law does not apply to this offering. See Section entitled "Rights and Obligations of Sponsor" for further information.

34. **Square Footage of Units.** Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of the walls separating the Units from the Common Elements as indicated in the Condominium Plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction. No deductions have been made for the Common Elements contained therein, *e.g.* pipe chases, structural columns. The square footage set forth on Schedule A exceeds the useable square footage of the Unit. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor will not do any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan unless such modification is disclosed in an amendment to the Plan. In any case, the Units are sold in the"AS IS" condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Footnotes to Schedule A.

35. **Air Conditioning Units.** Sponsor is installing new air-conditioning package units through sleeves in the exterior walls of the Building in certain apartments that are being renovated. The cost of the electricity to operate such Units will be the sole responsibility of the Unit Owner. See the Section entitled "Description of Property and Improvements" and Schedule B-1 herein.

# INTRODUCTION

## Nature of the Transaction

235 West 71st Development LLC, a New York limited liability company (referred to herein as "Sponsor"), hereby presents this offering plan (the "Plan") for the establishment of condominium ownership of the land (the "Land") together with the building erected thereon known as and having a street address of 235 West 71st Street, New York, New York (the "Building") (the "Land", the "Building", and the appurtenances thereto are being referred to herein as the "Property ") pursuant to the terms of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"). 235 West 71st Development LLC maintains an address in care of Dominion Management Company, 200 Madison Avenue, 24th Floor, New York, New York 10016. Sponsor acquired title to the property on January 31, 2006. The Condominium will be known as "The 235 West 71st Street Condominium" and is being referred to herein as the "Condominium."

The Property is presently subject to a first mortgage held by Fortress Credit Corp. ("Lender") in the principal amount of $2,391,923.14. The mortgage provides that the Building may be converted to a Condominium and the mortgage makes provisions for the release of Units upon Lender's receipt of the release prices set forth in the mortgage. At each Unit closing, Sponsor will pay the applicable release price to Lender and the Lender will deliver documents releasing the Unit from the lien of the mortgage.

## The Condominium Offering Plan

The purpose of the Plan is to set forth in detail all material facts and terms relating to the offering by Sponsor of the Units in the Condominium. The Plan contains all of the detailed terms of the transaction. Sponsor may from time to time amend the Plan by filing an amendment with the New York State Department of Law (the "Department of Law") and serving such amendment on Purchasers and Unit Owners. All filed amendments will be served on (i) Purchasers who have executed and delivered Purchase Agreements to Sponsor, (ii) Unit Owners and (iii) any other offeree who is required by law to receive such amendment. Service shall be either personal delivery, ordinary mail or registered mail. Service by personal delivery is deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing.

The Condominium will be organized pursuant to Article 9-B of the Real Property Law of the State of New York, as amended, commonly known as the New York Condominium Act. The Condominium will contain 25 Residential Units, including one Resident Manager's apartment and one Commercial Unit located on the first floor. The designated apartment (Unit 1A) for the Resident Manager is not offered for sale. Instead, Sponsor will lease such Unit to the Board of Managers of the Condominium. Sponsor is offering 24 Residential Units for sale hereunder. The Commercial Unit is not being offered for sale hereunder.

The Plan is presented in two parts, which together constitute the entire Plan. Part I sets forth a general description of the Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effect the provisions of the Plan. Also included in Part II is a detailed Description of the Property, an Asbestos Report, certifications of Sponsor and certain experts. Copies of the Plan, including all documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection by prospective purchasers and their attorneys without charge and for copying at a reasonable charge at the office of Sponsor. The Plan and the Exhibits will also be available for inspection and for copying at a reasonable fee at the offices of the Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, NY 10271. All of these documents are important and should be carefully read by prospective purchasers. Prospective purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase a Unit. Copies of the Plan will be served on Existing Tenants. The Plan may be borrowed by prospective Purchasers who are not Existing Tenants upon payment of a $250.00 deposit, which amount will be fully refunded upon either (i) the prompt return of the Plan in good condition, ordinary wear and tear excepted, or (ii) the execution by the prospective purchaser of a Purchase Agreement subsequently accepted by Sponsor. Copies of amendments to the Plan will be served on Existing Tenants and to Purchasers who execute Purchase Agreements. All capitalized terms used in the Plan shall have the meanings ascribed thereto in the Section entitled "Definitions," unless otherwise indicated.

**Offering of Units for Sale**

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

Sponsor reserves the right to offer the Units in such order of priority as it may determine, and to withhold one or more Units at Sponsor's sole discretion. In addition, Sponsor has the right to limit the number of Units sold to any Purchaser and to make bulk sales of Units.

**Features of Condominium Ownership**

The ownership of a Unit is similar in many respects to the ownership of a private home. Each Unit Owner owns fee title to his Unit and is entitled to the exclusive possession thereof. He also owns, in common with the owners of all other Units, an undivided interest in (and right to use) the Common Elements.

Primary responsibility for operating the Condominium rests with the Board of Managers who are elected by the Unit Owners. See the Section entitled, "Rights and Obligations of Condominium Board." Each Unit Owner, however, will be solely responsible for the cost of maintenance and interior repairs of his Unit, and for maintaining casualty insurance with respect to the personal property and improvements within his Unit and liability insurance with respect to occurrences in or

about his Unit. A Unit Owner is required to pay monthly common charges, in accordance with Sections 339(i) and (m) of the Condominium Act, which common charges are assessed by the Board of Managers for the operation and maintenance of the Condominium. Fire and liability insurance covering the Common Elements is included with other items as part of the common charges (see "Schedule B - Projected Budget for First Year of Condominium Operation" for more details). **HOWEVER, UNIT OWNERS WILL BE RESPONSIBLE FOR CARRYING FIRE AND LIABILITY INSURANCE FOR THE PURCHASER'S PERSONAL EFFECTS AND THE INTERIOR IMPROVEMENTS TO THE UNIT.** A summary of the By-Laws which shall govern the operation of the Condominium will be found in the section entitled "Rights and Obligations of Board of Managers; Summary of By-Laws." A complete set of the By-Laws are in Part II of this Plan.

Subject to certain conditions contained in the By-Laws, each Unit Owner may mortgage his Unit with any lender and in such amount as he or she chooses. However, Sponsor makes no representations about a purchaser's ability to obtain financing for any Unit. There are no limitations or restrictions upon the rights of Sponsor to mortgage Unsold Units. Each Unit is separate and is not subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

A Unit Owner may decorate the interior of his Unit in any way he desires, subject to compliance with the By-Laws, the Rules and Regulations and applicable laws, and will be solely responsible for the cost of maintenance and interior repairs to his Unit after Closing.

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

With certain exceptions, any sale or lease of a Unit, will be subject to a right by the Condominium Board to acquire or lease such Unit or to produce a third party to acquire or lease such Unit on the same terms as were offered to the owner of such Unit. Sponsor and its successors may sell or lease any Unsold Unit, and the Commercial Unit Owner may sell or lease the Commercial Unit, without any restriction or limitation. For a more complete discussion of the foregoing, see the Sections entitled "Rights and Obligations of Unit Owners - Sales and Leases of Units" and the "Commercial Unit".

The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized by Sponsor is Article 9-B of the Real Property Law of the State of New York, as amended, commonly known, and hereinafter referred to as the "Condominium Act." The Property will be submitted to the provisions of the Condominium Act by recording of the

Declaration by Sponsor, in the City Register's Office. From and after the date of recording the Declaration, Sponsor will be the owner of the Units until each is sold or conveyed. The Condominium will comply with all statutes and regulations applicable to condominiums in the State of New York.

The cost of operating the Building will be borne entirely by the Unit Owners in proportion to their respective Common Interests. As more particularly set forth in the By-Laws, the Condominium Board will determine the amount of Common Expenses. On a monthly basis or at such other times as the Condominium Board determines, the Condominium Board will assess Unit Owners for Common Charges to meet Common Expenses. Typically, Common Charges will increase as cash requirements rise due to inflation and other factors. Such charges will be assessed against Unit Owners in proportion to their respective Common Interests in accordance with Sections 339-i and 339-m of the Condominium Act. The estimated Common Charges for each Unit offered hereunder for the first year of condominium operation are set forth in Schedule A.

After the closing of title to a Unit, a Unit Owner will be solely responsible for maintaining casualty insurance with respect to the fixtures, improvements, equipment and personal property situated within his Unit, as well as liability insurance with respect to occurrences in or about the Unit. The Condominium Board will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of the By-Laws. See the Section entitled "Rights and Obligations of Condominium Board/Summary of By-Laws" for a more complete discussion of the foregoing.

In addition, each Purchaser of a Unit will be required to make a contribution to the Working Capital Fund of the Condominium. Such contribution, to be made at the time of Closing of the Unit, shall be in an amount equal to two months' Common Charges in effect at the time of closing for each Unit purchased. (See the Section entitled "Working Capital Fund, Apportionments and Reserve Fund.")

In addition to the payment of Common Charges, each Unit Owner will be responsible for the payment of the real estate taxes which will be separately assessed against his Unit, interest and amortization payments on the mortgage, if any which such Purchaser may, at his option, obtain. Also, each Unit Owner will pay for the electricity and the natural gas which he or she utilizes within his or her own Unit for lighting, air conditioning and appliances, the charges for which will be billed directly to the Unit Owner by Con Edison.

There are no limitations on who may purchase Units including those persons who may purchase for investment rather than for personal occupancy. Under the New York Real Property Law, a condominium unit may be owned by an individual, a corporation, a partnership, an association, a trust or any other entity which is permitted to take title to real property pursuant to New York law. Notwithstanding the foregoing, Sponsor may, if it chooses, withhold one or more Units for future sale.

Non-purchasing Tenants who are not in default of their lease obligations and have a continued right to occupancy on the Presentation Date of Plan, may not be evicted in the event that they do not purchase their unit except if they are in default under their lease. Please see Section of the Plan entitled "Rights of Existing Tenants".

In the event that Sponsor elects to withhold certain Units from sale, Sponsor will amend the Offering Plan to disclose the same. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of any of the Condominium Board, any Unit Owner or mortgagee, to refuse to approve and execute (a) a Purchase Agreement for any Unit, and (b) a Purchase Agreement or Purchase Agreements, as the case may be, for more than one Unit to any one person or entity; provided, however, that, in either event, Sponsor shall not discriminate against any person because of his race, creed, color, sex, sexual orientation, disability, marital status, age, ancestry, national origin or other ground proscribed by law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both Purchaser and Sponsor has been exchanged and Sponsor has collected the funds constituting Purchaser's required deposit thereunder (see the Section entitled "Procedure to Purchase" for more details). Sponsor will not accept an offer of purchase from an individual younger than eighteen years of age or who is incompetent under law.

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

## DEFINITIONS

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

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

"Building" shall mean the building and improvements including above and below grade segments, known as 235 West 71st Street, New York, New York situated on the Land in which the Units of the Condominium are located.

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

"By-Laws" shall mean the by-laws governing the operation of the Condominium, which are set forth as an exhibit to the Declaration, as the same may be amended from time to time pursuant to the terms thereof.

"Closing of Title" or "Closing" shall mean the date upon which, among other things, a Unit and its appurtenant Common Interest is conveyed to a Purchaser by the delivery by Sponsor to a Purchaser of a deed upon payment by a Purchaser to Sponsor of the balance of the purchase price for the Unit.

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

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

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

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

"Condominium" shall mean the "235 West 71st Street Condominium" which will be established pursuant to the terms of the Declaration and which will be governed pursuant to the terms of the By-Laws.

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

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

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

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

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

"Existing Tenant" - Existing Tenant as used in this Plan shall include: (i) each *bona fide* residential tenant in occupancy of a dwelling unit in the building on the Filing Date of the Plan; (ii) each *bona fide* residential tenant with the right on such date to renew a lease for a dwelling unit in the building; and (iii) each *bona fide* residential tenant who has the right on such date to continued occupancy of a dwelling unit in the building. The following persons (among others) are not Existing Tenants and do not have the rights of Existing Tenants set forth herein: (1) a deceased tenant's estate or beneficiaries or the executor(s) of the estate; (2) an occupant whose tenancy and right to occupy have been terminated (unless it is ultimately determined, as a result of such termination being contested, that such termination was not effective); and (3) an unauthorized occupant or subtenant (*i.e.*, an occupant or subtenant who would not be entitled to a lease if the tenant of record vacates).

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

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

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

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

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

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

"Initial Control Period" shall mean the period ending on the earlier of: (i) the closing of title with purchasers under the Plan to Units having at least 75 percent of the aggregate Common Interest appertaining to all Units, or (ii) five years after the First Closing.

"Land" shall mean the land located in Section 4 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York as Block 1163, Lot 17 and more particularly described on Exhibit A to the Declaration.

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

"Managing Agent" shall mean the managing agent or manager of the Building at the time in question.

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

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

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

"Purchase Agreement" shall mean the agreement to purchase a Unit pursuant to the Plan.

"Purchaser" shall mean a purchaser of a Unit under a Purchase Agreement.

"Register's Offices" shall mean the New York County Office of the Register of The City of New York.

"Rent Laws" - When used anywhere in this Plan shall mean the Rent Stabilization Law of 1969, as amended; the Emergency Tenant Protection Act of 1974, as amended; the Amended Code of the Rent Stabilization Association of New York City, Inc.; the New York City Rent and Rehabilitation Law, as amended; the codes, rules, regulations and determinations of the New York State Division of Housing and Community Renewal ("DHCR"); Section 352-eeee of the New York State General Business Law; the Omnibus Housing Act of 1983; the Rent Regulation Reform Act of 1997; the New York State Real Property Law; the New York State Real Property Actions and Proceedings Law; and all codes, rules and regulations promulgated under any of the foregoing statutes and all administrative and/or judicial determinations and/or interpretations of or under any of the statutes set forth above.

"Rules and Regulations" shall mean the rules and regulations made in accordance with the By-Laws.

"Schedule A" shall mean the section of the Plan entitled Schedule A - Offering Prices and Related Information."

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

"Sponsor" shall mean 235 West 71st Development LLC, the present fee owner of the Property, and any of its designees, successors, assigns or affiliates.

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

"Unit Owner" shall mean any owner of a Unit. All such owners of Units are, collectively, referred to as "Unit Owners."

"Unsold Unit" shall mean those Units not sold to a Purchaser under this offering plan, including any Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or its designee at the time in question, or a Unit that is acquired, individually or collectively, by a principal of Sponsor or a group of which Sponsor or one or more principals of Sponsor is a member.

## OFFERING UNITS FOR SALE

Sponsor hereby offers 24 Residential Units in the Building for sale under this Plan. The purchase prices each of the Units and the estimated Common Charges and estimated real estate taxes for each of the Units are listed in the Section of this Plan entitled "Schedule A"). **THE PRICES CONTAINED IN THIS PLAN HAVE BEEN SET BY SPONSOR WITHOUT ARMS LENGTH NEGOTIATION AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR OTHER GOVERNMENTAL AGENCY.**

Unit 1A is not presently being offered for sale under this Plan but instead is being leased to the Board of Managers of the Condominium. See "Footnotes to Schedule B" and the Section entitled "Management Agreement, Resident Manager's Lease and Other Contractual Agreements" for further information.

All the Units being offered are intended to be sold as Condominium Units in accordance with this Plan at the prices noted in Schedule A. These prices have been established solely by Sponsor and are not subject to review or approval by the Department of Law or any other governmental agency.

Sponsor represents that it will endeavor in good faith to sell rather than rent at least 51 percent of the Units as they become vacant to Purchasers who represent that they are purchasing for their personal occupancy. If Sponsor makes a bulk sale of some or all of its Units, the transferee will be bound by and will assume Sponsor's foregoing obligation, subject to the provisions hereof.

Sponsor represents that it will decline to rent Units (other than to tenants who are in occupancy on the date the Plan is accepted for filing or to Purchasers pursuant to Interim Use and Occupancy Agreements) until it has sold at least 51 percent of the Units to Purchasers who represent that they are purchasing for personal occupancy. Notwithstanding the foregoing representation by Sponsor, Sponsor hereby reserves the right to rent rather than sell such Units if, in the reasonable opinion of Sponsor, a decline in the real estate market causes the value of the Unsold Units to decline twenty percent or more from the prices set forth in the Purchase Agreements counted towards the declaration of effectiveness for this Plan. Thereafter, Sponsor will resume sales of such Units when their market value increases to at least 80 percent of the prices set forth in the Purchase Agreements counted towards the declaration of effectiveness for this Plan. In addition, after 51 percent of the Units have been sold, Sponsor reserves the right to retain Units which become available, if, in the opinion of Sponsor, any such units are suitable for combination with another unit which is then subject to a lease agreement. Thereafter, upon the combination of such units, subject to the restrictions set forth above, Sponsor will endeavor to sell the same.

Subject to the restrictions set forth above:

1. Sponsor has reserved the right to rent or lease any vacant Unit to any other party. Therefore, residents of the condominium may be comprised of both Unit Owners and tenants leasing from either Sponsor or other Unit Owners. Individuals leasing Units from Sponsor will not, except as otherwise expressly provided in their respective leases, have any special rights to purchase such Units. Individuals who rent vacant Unsold Units from Sponsor are not Existing Tenants under the Plan and shall have no rights to purchase thereunder.

2. It is noted that although 24 Units are being offered pursuant to this Offering Plan, Sponsor is hereby reserving the right to withhold certain Units from sale. If this occurs, an amendment to the Plan will be filed setting forth the Units being withheld. If Sponsor leases certain Units to tenants and such Units subsequently are offered, Sponsor shall then amend the Plan accordingly. Please refer to Section entitled "Introduction".

In the event that Sponsor sells the Unsold Units in a bulk sale of some or all of its Units, the transferee or successor sponsor will be bound by the representations to sell Units contained in this Plan.

Sponsor hereby reserves the right to rent rather than sell Units which become available subsequent to the conversion of the Building to a Condominium if a decline in the real estate market causes the unsold Units to decline twenty percent or more in value from the prices set forth in the Purchase Agreements counted more in value from the prices set forth in the Purchase Agreement counted towards the declaration of effectiveness for this Plan or if Sponsor wishes to hold such Units which become available for combination with other Units which may become available at a future date.

Subject to the restrictions contained in the immediately preceding three paragraphs, although 24 Residential Units are being offered pursuant to this Offering Plan, Sponsor is hereby reserving the right to withhold certain Units from sale. If this occurs, an amendment to the Plan will be filed setting forth the Units being withheld. If Sponsor leases certain Units to tenants and such Units subsequently are offered, Sponsor shall then amend the Plan accordingly.

The Offer to Present Residential Tenants

Tenant-Purchasers (defined in the Section entitled "Rights of Existing Tenants"), have the exclusive right to purchase their respective Units within 90 days from the Presentation Date of this Plan to them (the "Exclusive Purchase Period") at the Purchase Prices set forth in Schedule A.

The purchase prices offered to Tenant-Purchasers for the Units are approximately ten percent less than the purchase prices offered to Non-Tenant Purchasers.

In order to qualify for the foregoing benefits during the Exclusive Purchase Period, a Tenant Purchaser must submit to Sponsor during the Exclusive Purchase Period, a signed Purchase Agreement and a Contract Deposit in an amount equal to ten percent of the Purchase Price for the Unit to be purchased (the "Contract Deposit"). See the Section entitled "Procedure to Purchase" for more details.

If, prior to the expiration of any Exclusive Purchase Period which begins prior to the First Unit Closing, Sponsor amends the terms and conditions of this Plan to be more favorable to Tenant Purchasers, a Tenant-Purchaser who executed and submitted a Purchase Agreement and Contract Deposit before Sponsor amended the terms of this Plan shall benefit from the more favorable terms and conditions.

Offer to Non-Tenant Purchasers

Sponsor hereby offers for sale those Units in the Building set forth in Schedule A to Non-Tenant Purchasers on the following terms:

(i) They shall have opportunity to purchase a vacant Unit (if any) at the prevailing "Purchase Price for Non-Tenant Purchasers" as set forth on Schedule A; and

(ii) They shall have the opportunity to purchase an occupied Unit either following the Exclusive Purchase Period afforded Tenant-Purchasers or upon receipt of a written waiver by the Tenant-Purchaser of his right to purchase during the Exclusive Purchase Period at the Purchase Price for Non-Tenant Purchasers as set forth on Schedule A.

A Non-Tenant Purchaser must submit to Sponsor an executed Purchase Agreement and the Contract Deposit in an amount equal to ten percent of the Purchase Price for the Unit to be purchased. Notwithstanding anything contained herein to the contrary, no Purchase Agreement shall be binding upon Sponsor unless and until a fully executed counterpart is returned to such Non-Tenant Purchaser or his or her representative. See the Section entitled "Procedure to Purchase" for more details.

General

For further details concerning the closing of title to the Units, the costs and adjustments with respect thereto and the time periods which must elapse before closings may occur, see the Sections entitled "Effective Date", "Closing Costs and Adjustments", and "Terms of Sale".

This Offering is made to individuals the age of eighteen years or over, corporations, limited liability companies, partnerships, trusts, estates and other business entities that may hold title to real estate pursuant to New York law.

The Units and their appurtenant Common Elements are being sold "as is" in the condition in which they exist on the Filing Date of this Plan, subject to ordinary wear and tear and further subject to Sponsor's obligation to maintain the Building until the First Unit Closing and further subject to Sponsor's obligations to make repairs, improvements or decorations as may be otherwise set forth in this Plan.

The estimated Common Charges for each Unit for the first year of operation of the Building as a Condominium are also set forth in Schedule A.

Additionally, each Purchaser of a Unit will be required to make a contribution to the Working Capital fund. Such contribution, to be made at the time of Closing of the Unit, shall be in an amount equal to two month's Common Charges in effect at the time of closing for each Unit purchases (see the Section entitled "Working Capital Fund and Apportionments").

In addition to the payment of Common Charges, each Unit Owner will be responsible for the payment of the real estate taxes which will be separately assessed against such Unit Owner's Units, interest and amortization payments on the mortgage, if any, which such Unit Owner may, at such Unit Owner's option, obtain, and charges for electricity consumed in such Unit Owner's Unit.

Schedule A also sets forth estimates of the amounts of real estate taxes which will be payable with respect to each Unit. See the Notes to Schedule A with respect to the bases of such estimates.

The charges for electricity consumed by each Unit Owner individually (including to operate air-conditioning equipment) and the charges for natural gas used for cooking will be separately metered and billed directly to the Unit Owners by Con Edison. Water charges and sewer rents, assessed by The City of New York, will be paid for by the Condominium and will constitute a portion of the Common Charges. The costs and expense of heating and hot water for the Units will be included in Common Charges. Please refer to Schedule B for the projected budget for the first year of Condominium operation.

Applicable Rent Laws

After the Declaration is recorded creating the Condominium, the spaces presently known as apartments will become Units of the Condominium. All such apartments are referred to as Units throughout this Plan.

The Plan is a non-eviction plan and is being presented in compliance with the requirements of Section 352-eeee of the General Business Law (the "GBL") which sets forth the procedure for converting dwelling units to condominium ownership. Under the GBL, Sponsor may declare this Plan to be effective when Purchase Agreements have been executed for at least fifteen percent of the Units in the Building by *bona fide* tenants in occupancy on the Filing Date or *bona fide* purchasers who represent that they or one or more specified members of their immediate family will occupy the Unit when it becomes vacant.

A Non-Purchasing Tenant of a Unit will not be evicted by reason of conversion of the Property to condominium ownership.

Five of the Units in the Building being offered for sale under this Plan are subject to the New York City Rent Stabilization Law and Code and three of the Units are subject to City Rent and Rehabilitation Law, NYC Administrative Code Section 26-402 ("Rent Control Law") and the rent regulatory scheme, codes, rules and regulations promulgated thereunder (the "Rent Laws"), as such Units are indicated on Schedule A. Fourteen Units (namely, Units 1B, 1C, 3, 4, 5C, 6A, 6C, 7B, 7C, 7D, 8A, 8C, 9A and 9C) are presently vacant. The status of each Unit under the Rent Laws is set forth in Schedule A. Please refer to the Sections of the Plan entitled "Rights of Existing Tenants" and "Obligations of Purchasers of Units Occupied by Non-Purchasing Tenants" for further details.

# DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location

The Condominium is located at 235 West 71st Street, in the Borough of Manhattan, City of New York.

Property and Improvements - General Description

The Building has nine stories, a two-story roof tank bulkhead and a cellar. The basement contains a portion of Residential Unit No.1C, the boiler room and oil tank enclosure, an elevator machinery room, a pump room, storage areas and a laundry. In addition to three Residential Units (one of which is a duplex with additional space in the basement level), and one Commercial Unit, the first floor contains a lobby which includes mailboxes for each of the Units, public hallway and entrance to the main stairwell and the elevators. The Building contains two elevators and two interior stairwells. The second, fifth and seventh floors each contain four Residential Units. The eighth floor will contain three Residential Units. The third, fourth, sixth and ninth floors will each contain two residential Units. The third and fourth floors each contain a single residential Unit.

Each Unit offered for sale by Sponsor is completely equipped and contains all major fixtures and appliances normally associated with a residential condominium unit. Each Unit will contain a refrigerator-freezer and range. All Units are being sold with the appliances installed therein on the date hereof, unless otherwise agreed in writing by Sponsor. Certain Units which have been renovated will contain through-the-wall air-conditioning units and washers and gas-operated dryers. The maintenance of such air-conditioning units will be the responsibility of the owners who own the Units in which such air-conditioning units are located. Part II of this Plan contains a detailed, comprehensive description of the Property and outlines specifications more fully and specifically defining the Building, its construction, Facilities and amenities. Purchasers are strongly advised to read the report in Part II of the Plan.

The Building also contains Common Elements, some of which are General Common Elements and some of which are Limited Common Elements.

Construction of Units and Common Elements

The Units and Common Elements are presently as shown on the plans drawn by Mario Arbore, Architect. The Building was erected in or about 1912 and was issued Certificate of Occupancy No. 96399 dated June 14, 1990, which is still in effect.

Limited Common Elements

The Board of Managers of the Condominium will operate, manage and control the Common Elements and the Limited Common Elements. The Declaration of Condominium provides the framework and procedures by which the Board of Managers will maintain and administer the Common Elements and the Limited Common Elements. The Declaration also obligates the Board of Managers to maintain and repair the Common Elements and the Limited Common Elements, provided however, the Unit Owners who have access to the Limited Common Elements shall be responsible for any installations made by such Unit Owners and the consequences of such installations, if any.

Services and Facilities

The Building shall contain the following services and facilities:

a. Cable Television Service

A cable television system is available for the use of the Unit Owners. The charges for primary connections and subsequent monthly fees related to the service will be determined by, and payable directly to, Time Warner Cable of New York by the Unit Owner. Additional cable service (*e.g.*, Home Box Office or Showtime) will also be available from Time Warner Cable of New York for an additional charge on the same basis.

b. Building Staff

The Building will have a full-time Resident Manager who will reside in the Building. There will also be three lobby attendants who will man the lobby approximately 24 hours per day commencing within 30 days after the First Unit Closing. There will also be a full-time porter to assist the superintendent.

c. Mail

In addition, all combined Units, *i.e.* 3, 4, 6A, 6C, 8A, 9A and 9C will each contain a washer and dryer within the Unit. There are individual mailboxes for the Units located in the elevator lobby on the first floor. All incoming mail will be delivered to the Unit Owners by the United States Postal Service and deposited by its personnel in the lobby. The doormen will distribute the mail to the Building residents.

d. Laundry Services

There is a laundry room located in the basement of the Building. The laundry room contains a double basin and single basin wash tub, three coin-operated Maytag washers and two coin-operated

gas dryers. The current charges are $1.75 per wash and $1.50 for 30 minutes of drying. The laundry room is operated as a concession by Coinmach Laundry Corporation.

e. Refuse Disposal

Unit Owners put their refuse outside their apartments on each floor. The refuse will be collected on a daily basis by the Building staff.

f. Smoke Detectors and Carbon Monoxide Detectors

Smoke detectors and Carbon Monoxide Detectors are provided in each Unit in compliance with applicable laws and codes.

g. Intercom System

The Building is equipped with an intercom system to facilitate communication between the Unit Owners and the lobby. Such intercom system includes a door release mechanism, which permits Unit Owners to release the door so that their visitors may enter the Building.

Except as set forth above, the Building contains no other common space or Facilities. There is no parking available at the Premises. There is parking in the vicinity on a space-available basis. As of the date of this Plan, the average cost for parking in the vicinity of the Premises is $400-$500 per month. Sponsor makes no representation as to whether Purchasers will be able to obtain parking in the vicinity of the Building.

## LOCATION AND AREA INFORMATION

Location

The Property is situated at 235 West 71st Street, in the Borough of Manhattan, City of New York which is located on West 71st Street between Broadway and West End Avenue. The Property is zoned R-8B. The zoning resolution of the City of New York permits a wide variety of residential occupancy in an R-8B zone, including hotels primarily for long term occupancy, residential care facilities, apartment buildings, and one, two and three family homes.

Surrounding Area

The Condominium is located on Manhattan's Upper West Side which extends from 59th Street to 110th Street and from Central Park to Riverside Park. The area contains many prewar Buildings along West End Avenue, Riverside Drive, Broadway and Central Park West. Many of the side streets are lined with brownstones.

Shopping, Commercial and Recreational Facilities

There are a wide variety of commercial establishments located near the premises including pharmacies, groceries, banks, restaurants and other stores. Fairway, a well-known fruit and vegetable market, and Citarella, are located on Broadway between 74th and 75th Street. Zabar's a famous food emporium is located at Broadway and 81st Street. Many speciality stores are located nearby. Cultural amenities abound in the vicinity of the Building. The Museum of Natural History, Lincoln Center and The Children's Museum are all located within a short distance of the Condominium. Loew's Lincoln Square/IMAX theater which screens first run movies is located at 1998 Broadway at 66th Street. There are various off-Broadway theaters and cinemas are also located in the neighborhood including the Beacon Theatre, located at 2124 Broadway. The Jewish Community Center of Manhattan is located at 76th Street and Amsterdam Avenue and offers a wide variety of programs. There are also commercial gym facilities located in the vicinity. New York Sports Club and Reebok Sports Club have locations located nearby.

There are a wide variety of parks and recreational facilities in the vicinity. Riverside Park and Central Park are both located within walking distance of the Premises.

Schools

Numerous private schools, public schools and parochial schools are easily accessible from the Premises. The public schools in the area include P.S. 199 located at 270 West 70th Street, (Elementary), Middle School 244 located at 100 West 77th Street, and Martin Luther King Middle School, located at 122 Amsterdam Avenue, New York, New York. High Schools in the vicinity include Dr. Martin Luther King High School and the Hunter Science High School are both located at 122 Amsterdam Avenue. Fiorello LaGuardia School for the Performing Arts is located at 100 Amsterdam Avenue. Certain public school programs require that parents apply for admission for their children. There are also many private schools in the area each of which has its own admissions policy. **SPONSOR MAKES NO REPRESENTATIONS AS TO WHICH PUBLIC SCHOOL OR PRIVATE SCHOOL THE CHILDREN WHO LIVE IN THE BUILDING WILL ATTEND.**

Transportation

New York City is served by three major airports – LaGuardia Airport, Kennedy International Airport and Newark International Airport. Passenger railroad service is provided from Pennsylvania Station, located at Seventh Avenue and West 33rd Street and Grand Central Station, located at Lexington Avenue and 42nd Street. Transportation to and from the Building, and through, New York City is available by taxi, limousine, and private automobile. Public transportation via subways and buses is also readily available. The Building is within a short walk of the 72nd Street Station which services IRT subway lines 1, 2 and 3. Bus service is also convenient to the Building. Bus lines M5 bus providing service between 178th Street and Broadway and Houston Street in Greenwich Village, M104 providing North-South service on Broadway and then to East 42nd Street, M72 which provides

cross-town service along 72nd Street and M57 which travels south along West End Avenue from 72nd Street and then provides cross-town service along 57th street all stop in the vicinity of the Building.

Police, Fire, Water, Sanitation, Snow Removal and Road Maintenance

These services are provided by The City of New York and all charges (except water and sewer) are financed through real estate taxes paid by Unit Owners to The City of New York. The Premises are located in the Twentieth Police Precinct which is located at 120 West 82nd Street . Fire protection is provided from the Ladder Co. #25 fire station located at 205 West 77th Street. Water charges for the Units will be metered and paid by Unit Owners as a Common Expense of the Condominium.

Medical and Religious Facilities

The closest hospital to the Building is Roosevelt Hospital located at 56th Street and Amsterdam Avenue. There are houses of worship of most major denominations in the vicinity of the Building.

**SPONSOR MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER REGARDING THE CONTINUED EXISTENCE OF ANY NEIGHBORHOOD SERVICES OR AMENITIES.**

# Schedule A
## 235 West 71st Street Condominium

| Unit Number | Rent Regulated Status (1) | Square Footage (2) | Limited Common Element (2) | # of Rooms, Bedrroms & Bathroms (3) | Percentage of Common Interest (4) | 90 Day Price to Tenant Purchasers (5) | Purchase Price | Projected Annual Common Charges Annual (6) | Projected Monthly Common Charges Monthly (6) | Projected Annual Real Estate Taxes (7) | Projected Monthly Real Estate Taxes (7) | Projected Total Monthly Carrying Charges (8) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1A | Super | 1,249 | | 4.5-2-2 | 2.7314% | | | $16,074.50 | $1,339.54 | $9,964.36 | $830.36 | $2,169.91 |
| 1B | V | 1,041 | | 4-0-.5 | 2.2766% | $547,250 | $995,000 | $13,397.57 | $1,116.46 | $8,304.97 | $692.08 | $1,808.54 |
| 1C | V | 2,687 | 958 | 8.5-5-3 | 5.4949% | $2,420,000 | $4,400,000 | $32,337.57 | $2,694.80 | $20,045.61 | $1,670.47 | $4,365.27 |
| 1D | RC | 1,006 | | 4-1-1 | 2.2000% | $742,500 | $1,350,000 | $12,947.12 | $1,078.93 | $8,025.74 | $668.81 | $1,747.74 |
| 2A | RS | 1,347 | | 4.5-2-2 | 2.9755% | $1,237,500 | $2,250,000 | $17,510.86 | $1,459.24 | $10,854.74 | $904.56 | $2,363.80 |
| 2B | RS | 1,578 | | 7-4-2 | 3.4858% | $1,375,000 | $2,500,000 | $20,513.84 | $1,709.49 | $12,716.25 | $1,059.69 | $2,769.17 |
| 2C | FM | 747 | | 3-1-1 | 1.6501% | $632,500 | $1,150,000 | $9,710.92 | $809.24 | $6,019.67 | $501.64 | $1,310.88 |
| 2D | RS | 1,058 | | 4-1-1 | 2.3371% | $852,500 | $1,550,000 | $13,753.89 | $1,146.16 | $8,525.85 | $710.49 | $1,856.64 |
| 3 | V | 4,771 | | 4.5-2-2 | 10.6445% | $5,830,000 | $10,600,000 | $62,642.74 | $5,220.23 | $38,831.37 | $3,235.95 | $8,456.18 |
| 4 | V | 4,771 | | 4.5-2-2 | 10.7499% | $6,049,450 | $10,999,000 | $63,262.96 | $5,271.91 | $39,215.84 | $3,267.99 | $8,539.90 |
| 5A | FM | 1,347 | | 4.5-2-2 | 3.0648% | $1,292,500 | $2,350,000 | $18,036.19 | $1,503.02 | $11,180.38 | $931.70 | $2,434.71 |
| 5B | RS | 1,578 | | 7-4-2 | 3.5904% | $1,430,000 | $2,600,000 | $21,129.25 | $1,760.77 | $13,097.73 | $1,091.48 | $2,852.25 |
| 5C | V | 747 | | 3-1-1 | 1.6996% | $605,000 | $1,100,000 | $10,002.25 | $833.52 | $6,200.26 | $516.69 | $1,350.21 |
| 5D | RS | 1,058 | | 4-1-1 | 2.4072% | $880,000 | $1,600,000 | $14,166.51 | $1,180.54 | $8,781.62 | $731.80 | $1,912.34 |
| 6A | V | 2,841 | | 4.5-2-2 | 6.5268% | $3,080,000 | $5,600,000 | $38,410.02 | $3,200.83 | $23,809.84 | $1,984.15 | $5,184.99 |
| 6C | V | 1,930 | | 7-4-2 | 4.4339% | $2,090,000 | $3,800,000 | $26,093.40 | $2,174.45 | $16,174.93 | $1,347.91 | $3,522.36 |
| 7A | RC | 1,347 | | 4.5-2-2 | 3.1243% | $1,347,500 | $2,450,000 | $18,386.41 | $1,532.20 | $11,397.48 | $949.79 | $2,481.99 |
| 7B | V | 1,578 | | 7-4-2 | 3.6601% | $1,485,000 | $2,700,000 | $21,539.53 | $1,794.96 | $13,352.06 | $1,112.67 | $2,907.63 |
| 7C | V | 747 | | 3-1-1 | 1.7326% | $687,500 | $1,250,000 | $10,196.47 | $849.71 | $6,320.65 | $526.72 | $1,376.43 |
| 7D | V | 1,058 | | 4-1-1 | 2.4540% | $935,000 | $1,700,000 | $14,441.59 | $1,203.47 | $8,952.14 | $746.01 | $1,949.48 |
| 8A | V | 2,841 | | 4.5-2-2 | 6.6523% | $3,300,000 | $6,000,000 | $39,148.67 | $3,262.39 | $24,267.72 | $2,022.31 | $5,284.70 |
| 8C | V | 747 | | 3-1-1 | 1.7491% | $742,500 | $1,350,000 | $10,293.58 | $857.80 | $6,380.85 | $531.74 | $1,389.54 |
| 8D | RC | 1,058 | | 4-1-1 | 2.4773% | $1,072,500 | $1,950,000 | $14,579.13 | $1,214.93 | $9,037.40 | $753.12 | $1,968.04 |
| 9A | V | 2,841 | 602 | 4.5-2-2 | 7.0708% | $3,850,000 | $7,000,000 | $41,611.44 | $3,467.62 | $25,794.36 | $2,149.53 | $5,617.15 |
| 9C | V | 1,930 | 422 | 7-4-2 | 4.8111% | $2,750,000 | $5,000,000 | $28,313.58 | $2,359.47 | $17,551.20 | $1,462.60 | $3,822.07 |
| | | | | | | | | | | | | |
| TOTAL | | 43,903 | 1,982 | | 100.0000% | $45,234,200 | $82,244,000 | $588,500.00 | $49,041.67 | $364,803.00 | $30,400.25 | $79,441.92 |

# SCHEDULE A

Notes to Schedule A

1. This column indicates whether a Unit is presently vacant (V), subject to a lease for a rent-stabilized tenant (S) or with a rent-controlled tenant (C) or to a lease with a tenant who pays fair market rent (FM).

2. Prospective Purchasers should refer to the Floor Plans included in Part II of the Plan for the dimensions and layouts of Units. Any floor plan or sketch shown to a prospective purchaser including those set forth in the Plan, is an approximation of the dimensions and layout of each Unit. Each Unit should be inspected to determine its actual dimensions, layout and physical condition prior to executing a Purchase Agreement. The square footage set forth herein includes the area measured horizontally from the exterior faces of exterior walls and from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the Units from the Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above. No deductions have been made for pipe chases, structural columns or other common elements contained within the Units. The square footage set forth in Schedule A exceeds the usable floor area of each Unit. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the"AS IS" condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A to the Condominium Declaration. The square foot area and dimensions of the Units listed in Schedule A or on the Floor Plans or in the Declaration are approximate and may vary. The Units are being sold in "AS IS" condition. Accordingly, no such variation between the Floor Plans set forth herein and the actual layout of a Unit will affect a Purchaser's obligations under the Purchase Agreement or the Plan.

3. The first number in this column indicated the number of rooms calculated in accordance with the New York Real Estate Board standard. The second number is the number of bedrooms and the third number is the number of bathrooms. Some of the apartments may have been altered and may not conform exactly to the standard layouts. Each apartment should be inspected to determine its present layout prior to the execution of a Purchase Agreement. Any variation between the Floor Plans which appear in Part II of the Plan and the actual layout of a Unit shall not give rise to a right of rescission on the part of any Purchaser.

4. The respective Common Interest of each Unit in the Common Elements, in accordance with the provisions of Section 339-i(1)(iv) of the New York Condominium Act, is based upon floor

space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit. In the event that Sponsor negotiates with individual purchasers to change the layout or dimensions of their respective Units and such changes involves the inclusion, in the Unit, of areas formerly designated as Common Elements, or involves adding to the Common Elements, space that was previously incorporated in the Units, the Common Interest of all of the Units may change slightly. Any such change in the Common Interest allocated to a Unit prior to the recording of the Declaration shall not be deemed a material change and shall not give rise to a right of rescission on the part of any purchaser.

5. Each Tenant Purchaser has the exclusive right to purchase his Unit for a 90-day period following the Presentation Date of this Plan at the price set forth on Schedule A in the column denominated "Prices for Tenant-Purchasers". The prices for Tenant Purchasers are approximately ten percent less than those offered to Non-Tenant Purchasers. The purchase prices and other terms of sale of Units may be negotiated by Sponsor and therefore may be changed. Accordingly, Purchasers may pay different purchase prices for similar Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Unit Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Unit at the time of the Closing of title. THE PRICES SET FORTH HEREIN HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

6. The estimates contained in this Schedule A were computed by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from January 1, 2008 through December 31, 2008, and are based on such Condominium Budget Experts estimate of the receipts and expenses of the Building for the projected year. The actual first year of Condominium operation may commence before or after January 1, 2008.

The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on his Unit, mortgage payments under a loan or loans, if any, obtained to finance the purchase of his Unit, the cost of electricity and natural gas supplied to his Unit, the cost of any insurance which he may wish to obtain for his Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to his Unit. The aggregate monthly rents presently payable to the Sponsor with respect to the Units is $11,802.21.

7. The value of the Property for real estate tax purposes is determined annually by the Department of Finance of the City of New York. Under current New York State law, increases in a property's assessed valuation due to changes in its market value are to be phased in over five years

in equal annual increments of twenty percent; increases in value that result from physical alterations and improvements rather than general market conditions, are not phased in. Any further increase in the assessed value during such five-year period resulting from a still higher market value is to be similarly phased in over an additional five-year period. The full increased assessed value targeted to be paid at the end of five years is called the "actual assessed valuation." The "transitional assessed valuations" represents the aggregate of all increments being phased in for a given tax year, plus any "physical" increases. Real estate taxes for a given tax year are based upon the lower of either the actual or transitional assessed valuation. That lower figure is referred to as the "taxable assessed valuation."

No representation is made or warranty given as to whether or not there will be (i) a further increase in the assessed valuation of the Property during the five year phase-in period, (ii) an increase in the tax rate, or (iii) a change in the method of determining the assessed fiscal year (2007/2008) valuation.

The transitional assessed valuation for the Building projected for the First Year of Condominium Operation is $2,829,900. The estimated annual real estate taxes for the first year of condominium operation are based on a ten percent increase over the taxes for the Property. Accordingly, the aggregate real estate taxes for the Units for the projected first year of condominium operation the 2007/2008 are estimated to be approximately $364,803. In estimating the real estate taxes for each Unit, in the first year of condominium operation the total taxable assessed valuation has been allocated among Units in the same ratio as the Unit's Common Interest. There is no assurance that the New York City tax authorities will allocate taxes among the Units in proportion to their respective Common Interest. Upon determination of individual tax lots and individual Unit assessments, the New York City tax authorities may allocate taxes between the Units in proportion to each Unit's purchase price rather than its Common Interest, and, if so, Units having the same Common Interest may pay different real estate taxes. However, in the event that at time of closing the Units have not been separately assessed, the Condominium will be authorized to make payment of all real estate taxes on the Property and will assess and collect the amount thereof from all Unit Owners in proportion to each Unit's Common Interest.

There can be no assurance that the tax rate for the Units will not exceed $11.928 per $100 of assessed value of the Property. Assessed valuations and property tax rates are subject to review and change by the taxing authorities.

Section 581 of the Real Property Tax Law provides that real property owned on a condominium basis shall be assessed for real estate tax purposes at a sum not exceeding the assessment which would be placed thereon if the property were not owned on a condominium basis. Section 339-y of the Condominium Act provides in part that each Unit and its Common Interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the Units plus their Common Interest exceed the total valuation of the Property were the property assessed as one parcel.

See the Section entitled "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" in Part I and the "Attorney's Income Tax Opinion" in Part II for a discussion concerning the deductibility of real estate taxes paid with respect to a Unit. Inasmuch as the taxes for the Units will vary in future years, the amount of the tax deduction available to the Unit Owners on account of real estate taxes will likewise vary.

Once the Units are separately assessed by the New York City tax authorities, real estate taxes will be payable directly to the taxing authority on the following basis:

| | |
|---|---|
| Annual Assessment Due Dates ($40,000 or less quarterly) | July 1, October 1, January 1 and April 1 |
| More than $40,000 | Semi-annually (July 1 and January 1) |

8. These figures represent the aggregate estimated carrying charges which include estimated Common Charges and estimated real estate taxes. The total carrying costs do not include costs for individual Unit Owner expenses such as maintenance and repairs of the interior of the Unit, insurance, electricity, natural gas and debt service on any financing arranged to purchase the Unit.

# SCHEDULE B

## THE 235 WEST 71ST STREET CONDOMINIUM

Estimated Budget for First Year of Operation projected to begin on or about January 1, 2008.

## INCOME:

Common Charges ..... $588,500

**TOTAL** ..... $588,500

## EXPENSES:

| | |
|---|---|
| Labor (Note 1) | $292,511 |
| Heat and Hot Water (Note 2) | 44,090 |
| Electricity (Note 3) | 28,818 |
| Water and Sewer Charges (Note 4) | 22,000 |
| Repairs, Maintenance and Supplies (Note 5) | 45,000 |
| Insurance (Note 6) | 48,500 |
| Resident Manager's Unit (Note 7) | 44,465 |
| Management Fees (Note 8) | 35,000 |
| Accounting and Legal (Note 9) | 10,000 |
| Administrative Expenses (Note 10) | 6,500 |
| Contingencies (Note 11) | 11,615 |
| | $588,500 |

## FOOTNOTES TO SCHEDULE B

Estimated Budget for the First Year of the Condominium projected to begin on or about January 1, 2008.

**INCOME** **$587,000**

**Common Charges:** **$587,000**

These figures represent the total Common Charges to be levied against and collected from the Residential and Commercial Units during the first year of Condominium Operation. The Common Charges will be utilized by the Board to finance the operating expenses of the Condominium. The operation is based on the assumption that the first year of operation will be January 1, 2008 - December 31, 2008. The actual first year of operation may be earlier or later than the projected period.

**EXPENSES**

**Labor:** **$292,512**

The building is staffed with one (1) full-time resident manager. The employee is neither a member of, nor affiliated with, a union. The electricity and gas to the Resident Manager's apartment is furnished by the Condominium, as is a monthly allowance for a telephone. Based upon the letter dated February 15, 2007 prepared by Engineering Solutions PLLC, 1140 Broadway, Suite 204, New York, NY 10001, the projected cost of supplying electricity to the Resident Manager's Unit is approximately $2,665 per year. The usage of electricity and gas in such residence is included in Footnote 7 to Schedule B. The estimated cost of the telephone allowance is $150 per month and is included as an Administrative Expense. There will also be four (4) lobby attendants who will man the lobby approximately twenty-four (24) hours per day. The projected staffing will increase the staff at the Building. The level of staffing is in conformance with the requirements of the Multiple Dwelling Law which requires only that the Building have a superintendent who resides within 200 feet of the Building. The projected cost of labor conforms with applicable minimum wage laws. The projected wages and benefits (including vacation) for the employees are as follows:

**Gross Payroll:** **$228,190**

| Employee | | Salary |
|---|---|---|
| One Resident Manager | $ 39,800 | |
| Four Lobby Attendants | $156,000 | |
| **TOTAL** | | $195,800 |

| Estimated Additional Wages | | Amount |
|---|---|---|
| Overtime (2 Weeks) | $ 9,690 | |
| Holidays and Bonuses | $ 10,460 | |
| Vacations (3 Weeks) | $ 12,240 | |
| | | $ 32,390 |
| **TOTAL SALARIES** | | $228,190 |

**Employer payroll taxes and fringe benefits:** **$64,321.25**

In addition to salaries, the Condominium will pay for health insurance and workman's compensation. Employee benefits include health care coverage provided through a contract with Oxford Health Care. The amounts set forth below include a projected three percent increase in the present contract. The employer is responsible for payroll taxes and employment benefits, as follows:

| | | |
|---|---|---|
| Health Care Contributions | $ 30,000 | |
| Worker's Compensation Insurance | $ 12,500 | |
| Total Benefits: | | $ 42,500 |
| Projected Payroll Taxes<br>Social Security & Medicare<br>(7.65 percent of Taxable Payroll) | $18,933.75 | |

| | | |
|---|---|---|
| New York Unemployment Insurance (5.5 percent of $7,000 for each employee) | $ 2,887.50 | |
| Total Payroll Taxes: | | $ 21,821.25 |
| TOTAL PAYROLL TAXES AND FRINGE BENEFITS | | $64,321.25 |

**(2) Heat and Hot Water: $43,543**

Prior to the First Unit Closing, Sponsor will be installing a new boiler to provide heat and domestic hot water. The new boiler will operate on natural gas. The boiler shall be a Slant/Fin Caravan Model No. GGHT 2000 which will be installed in the cellar of the Building. Sponsor reserves the right to substitute a substantially equivalent model. The new boiler will be more fuel efficient than the existing boiler. Inasmuch as Sponsor is replacing the systems which supply heat and hot water to the building, the budgeted figure is based upon a letter dated prepared by Engineering Solutions, PLLC, 1140 Broadway, Suite 204, New York, New York 10001 which is annexed hereto as Schedule B-1. Engineering Solutions, PLLC estimates consumption of 15,362 therms to provide heat to the Building during the first year of Condominium operation. The estimated average cost per therm, including tax is $1.80. Accordingly, the projected cost to heat the Building is $34,564.00 for the first year of the Condominium.

The new boiler will also heat the hot water used in the Building. Engineering Solutions, PLLC projects that the 17 combined apartments will use 9 gallons per hour for five hours per day, 365 days per year which equals 153 gallons per hour or 2.55 GPM. Engineering Solution estimates that it will take approximately usage of 4,654 therms to heat the hot water during the first year of the Condominium. At an average cost of $1.80 per therm, the estimated cost of providing hot water will be $8,979 per year. The cost per therm is based upon Con Edison's current rate schedule.

The foregoing amounts were budgeted using certain assumptions more particularly discussed in the letter dated June 20, 2007 prepared by Engineering Solutions PPLC, having an address at 1140 Broadway, Suite 204, New York, New York. Accordingly, the usage history is no longer relevant for the purpose of projecting the costs during the first year of condominium operation. Said letter is included herein as Schedule B-1. However, consumption will be affected by the severity of weather conditions and conservation considerations. In addition, costs may vary depending upon the level of consumption and the cost of natural gas.

**(3) Electricity and Cooking Gas: $28,818**

The utilities budget includes the cost of providing electricity to the common areas of the building, including the laundry room, the elevators, and the basement. In addition, the Common Charges include the cost of cooking gas supplied to individual Units. Electricity is individually metered to each Unit, and is payable, directly to Con Edison, by the occupant. The budget includes the cost of electricity for the superintendent's apartment.

The costs and consumption of electricity for the billing years indicated below are as follows:

| Year Ended | KWH | Cost |
|---|---|---|
| 1/27/05 | 60,080 | $17,048 |
| 1/27/06 | 54,421 | $28,421 |

Based on the average lighting in the lobby, cellar, ground floor, corridors, outdoor lighting, boilers hot water circulation pumps, domestic water pumps, elevators, and exhaust fans, Engineering Solutions, PLLC in letter dated June 20, 2007, estimates a total demand load of 42 KW and full load usage of 150 hours per month. The demand estimate is $960 per month or $11,520 per year and the usage estimate is 7,200 kWh or $1,160 per month using Con Edison Rate Schedule #9 averaging $0.16 per KWH. The annual estimate for energy usage is $13,910. The total estimated cost of electricity is $25,430 per year.

Sponsor has recently completed work in the Building removing the individual gas meters for each of the Units. Accordingly, cooking gas will be supplied by the Condominium and the cost therefor will be included in Common Charges.

Units 3, 4, 6A, 6C, 8A, 9A and 9C will each have a six burner range with a 74 MPH total input. The budget projections assume that each range in use for four full load hours, 52 weeks per year. The remaining 17 Units each contain a 4 Burner Range with 60 MBH total input. The budget estimate assumes four full load hours per week, 52 weeks per year. Engineering Solutions PLLC, in their letter dated June 20, 2007, estimates the therm usage to be 3,486 therms based on the following calculations: projected cost of cooking gas is $6,275 based upon the above calculation assuming an average cost per therm of $1.80 (7 x 74,000 btu/h plus 18 x 60,000 btu/h x 4 hrs/week x 52) divided by 100,000 btus/therms. The average cost per therm is based upon Con Edison rate schedule presently in effect.

The Sponsor has prepared the budget for the first year of Condominium Operation based upon estimates of a mechanical engineer because the Sponsor believes that it would be inaccurate to prepare the budget based upon historical usage due to (i) the reconfiguration of the Units; and (ii) the number of vacant units in the premises. Included herein as Schedule B-1 is a letter dated June 20, 2007 prepared by Engineering Solutions, PPLC, upon which the budgeted estimates are based.

**(4) Water Charges and Sewer Rents: $22,000**

Water usage and sewer rents are billed by The City of New York. Consumption of water is metered and measured by hundred cubic feet (ccf). The water charges and sewer rents billed for the previous two years, as indicated, are as follows:

| Period | CCF | Total Costs |
|---|---|---|
| 1/1/04 to 12/31/04 | 1,920 | $15,387 |
| 1/1/05 to 12/31/05 | 2,430 | $16,987 |

The Building presently pays frontage charges (or a flat fee) for its supply of water and sewer rent. The water usage set forth above is measured by monitor meters installed at the Building. However, the Building presently pays for water based upon frontage charges. The most recent frontage charge was $21,343. The budget for the first year of Condominium operation, is based upon the projections made by Engineering Solutions, PLLC, in letter dated June 20, 2007. Engineering Solutions P.C. estimated that the building will use 428,000 cubic feet, at an estimated cost of $4.68 per 100 cubic feet. Accordingly, the projected cost is $22,000 per year.

**(5) Repairs Maintenance and Supplies: $45,000**

The budgeted amount is based upon normal maintenance of, and repairs to the Building plus various cleaning supplies and material, lubricants, bulbs, public fixtures, general and hardware supplies, and painting of common areas. It does not include repairs, maintenance or supplies used with respect to individual apartments, the maintenance of which is the responsibility of the Unit Owners. This budget item does not include a provision for capital repairs, replacements or improvements. From the audited report of Robert Mayne, Certified Public Accountant, the following is the actual repairs, maintenance, service contracts, office and miscellaneous expenses incurred, in the years indicated, applicable to the Building as if it were a Condominium. The repair expenses for the two prior years include repairs in individual unit that will be the responsibility of the Unit Owners subsequent to the conversion.

| | 2004 | 2005 |
|---|---|---|
| Repairs, maintenance and service contracts | $71,560 | 62,590 |

Sponsor is presently maintaining service contracts for the Building with the following vendors:

| Name and address | Service | Contract Term | Annual Cost (Incl. Sales Tax) |
|---|---|---|---|
| El Tech Industries, Inc.<br>14 Van Cortlandt Avenue East<br>Bronx, NY 10468 | Elevator Maintenance for Service Elevator | Month-to-Month | $6,502.56 |
| Detox Pest Control<br>1616 68th Street<br>Brooklyn, NY 11204 | Exterminator | Month-to-month | $2,724.00 |

The budgeted amounts listed below include the cost of the foregoing service providers listed above, The Repair, Maintenance and Supplies costs for the first year of operation as a condominium are anticipated to be as follows:

| | |
|---|---|
| Repairs | $15,000 |
| Maintenance | $15,000 |
| Supplies | $15,000 |
| **TOTAL:** | **$45,000** |

Inasmuch as the Sponsor is replacing the boiler, the elevators and the plumbing risers it is anticipated that the cost of repairs during the first year of condominium operation will be less than in prior years. The budget does not include provisions for capital repairs, replacements and improvements.

**(6) Insurance:** **$48,500**

The following insurance is recommended for the building by Simon Paston & Son Agency, insurance broker, 381 Sunrise Highway, Lynbrook, NY 11553 for the first year of condominium operation. Such letter also sets forth an estimate of the anticipated insurance premiums therefor. This coverage will be in place at the time of the first unit closing:

Package Policy

| | |
|---|---|
| Property: | All Risk/Agreed Amount/Special Form |
| Valuation: | Replacement Cost |
| Co-Insurance | None |
| Building Limit: | $20,000,000 |
| Business Income: | $1,020,000 |
| General Liability: | $2,000,000 Each Occurrence |
| | $2,000,000 Aggregate |
| | $ 5,000 Medical Expenses |
| | $1,000,000 Personal & Advertising Injury |
| | $ 100,000 Fire Damage Legal Liability |

Estimated Premium: $41,000

Commercial Umbrella

Includes Terrorism coverage $50,000,000 Excess Limit Estimated Premium: $ 6,000

Directors & Officer Liability

Coverage $1,000,000 Limit
Special Form policy

Estimated Premium: $ 15,000

Each Unit Owner may be included under the Condominium's policy as a certificate holder. Notice of cancellation will be sent to the Board of Managers. A waiver of invalidity is included which provides that acts or omissions of any Unit Owner will not void the policy. In addition, the policy includes a waiver of subrogation. Each Unit Owner is an additional insured party. A Unit Owner may have other insurance in force covering the same property. The policy also includes a waiver of *pro rata* reduction for losses paid by such other policies. However, the Condominium policy is intended to be primary and will not contribute with such other insurance. The coverages are all with insurance carriers rated "A" by A.M. Best, Inc. The quotes are based upon current insurance market conditions and are subject to change at anytime.

Unit Owners are strongly encouraged to obtain coverage, at their own cost, to cover such risks as fire and casualty losses to unit contents, replacements, addition, upgraded fixtures and improvements, and liability coverage for occurrences within the unit.

**(7) Resident Manager's Residence - Unit 1A: $44,665**

The Unit occupied by the Resident Manager, Unit 1A, will be owned by Sponsor. The monthly rent expense for the Resident Manager's Unit to be paid to Sponsor is $3,500 and the annual rent is $42,000.

At closing, Sponsor will enter into a three-year lease with the Board of Managers of the Condominium at a monthly rent of $3,500. Sponsor will be responsible to pay all real estate taxes and Common Charges with respect to the Resident Manager's Unit. In addition, after the first year of the Condominium, the Board will also be responsible to pay for any increase in the real estate taxes for such Unit and any increase in the Common Charges. In addition, the Condominium will be responsible for the cost of supplying electricity to the Resident Manager's Unit. Engineering Solutions PLLC in their letter dated June 20, 2007, projects that the estimated electric usage for general lighting, the operation of appliances and air-conditioning in Unit 1A will be 10,660 KWH. The budgeted amount is based upon the projected usage and an estimated cost of $0.25 per KWH, or $2,665 for the year.

Sponsor reserves the right to substitute an equivalent apartment for Unit 1A. Sponsor shall have no obligation to renew such lease at the expiration of the three-year lease term. Accordingly, it will then be the responsibility of the Condominium Board to obtain another residence for the Resident Manager. Section 83 of the New York Multiple Dwelling Law requires the Building to have a resident manager who resides either in the Building or within 200 feet of the Building. Presently, the monthly rent of an apartment equivalent to Unit 1A in such vicinity presently rents for approximately $3,700 per month. The present cost of purchasing a similar apartment in the vicinity is approximately $1,150,000. In the event that Sponsor elects not to renew the Lease for the Residential Manager's Unit and the Board of Managers cannot lease a unit or purchase a unit for comparable carrying costs, it will be necessary to increase common charges to cover any increase in the cost of maintaining a Resident Manager's apartment. See the Section entitled "Management Agreement, Resident Manager's Lease and Other Contractual Arrangements" for further information.

**(8) Management Fees: $35,000**

As of the date of the First Unit Closing, the Condominium will enter into a Management Agreement for two years with Dominion Property Group, LLC, 200 Madison Avenue, Suite 2400, New York, NY (the "Managing Agent"). This management fee reflects the prevailing cost for similar services. James Rinzler, a principal of the Managing Agent, is also a principal of Sponsor. For a full discussion of the terms and conditions of the Management Agreement, see the section of this Plan entitled "Management Agreement, Resident Manager's Lease and Other Contractual Arrangements".

**(9) Legal and Audit Fees: $10,000**

All Unit Owners are entitled to receive annually from the Condominium, at the Condominium's expense, an annual financial statement, prepared by an independent certified public accountant, within four months after the end of each calendar year. The budget figure is based upon a fee of $6,500 for audited financial statements quoted by Robert Mayne, CPA, 1991 Smith Street, Merrick, New York in letter dated March 22, 2006. Miscellaneous ($3,500), but not major legal fees are also included.

**(10) Administrative Expenses $ 6,5000**

This estimate includes an annualized allowance for license fees, inspection fees, registration charges, and municipal permits required to operate the Building. Administrative expenses also include an allowance for telephone charges for the Resident Manager equal to $150 per month.

**(11) Contingency: $11,615**

This reserve may be used at the discretion of the Board of Managers toward unforeseen expenses, increase in expense in excess of the amounts projected above or other appropriate condominium expenses. The reserve for contingencies is separate and distinct from the Reserve Fund and the Working Capital Fund.

NOTE: While Sponsor has attempted to make accurate estimates, such realities as inflation, changes in the economy and unforeseen factors are likely to cause differences in actual expenditures from the projections set forth herein.

In the opinion of D&D Management Services Corp., the projected income is adequate to meet the estimated expenses for the first year of Condominium operation, assuming the first year will commence on or about January 1, 2008. The foregoing budget, however, is not intended, and should not be taken as a guarantee by anyone that the Annual Common Charges or Common Expenses for the first, or subsequent, year of operation of the Property by the Board.

It is possible that the actual Income and Expenses for the First Year of Condominium Operation will vary from the amounts shown in the budget. Sponsor reserves the right to enter into services, maintenance, employment, concessionaire and other agreements that will be binding on the Board upon commencement of Condominium Operation. However, Sponsor may not enter into any binding service, maintenance, employment, concessionaire or other agreements that will materially increase the first year's projected Common Charges or that will be binding on the Board for a period of more that two years from the commencement of Condominium Operation, unless disclosed in an Amendment.

If the actual or anticipated date of commencement of condominium operation is to be delayed more than six (6) months from the budget year projected in the Plan, the Plan must be amended to include a revised budget disclosing current projections. If such amended projections exceed the original projections by 25 percent or more, Sponsor must offer all purchasers the right to rescind and a reasonable period of time that is not less than fifteen days after the date of presentation to exercise the right, whether or not Sponsor offers to guarantee the previous budget projection. Sponsor must return any deposit or Contract Deposit to purchasers who rescind within a reasonable period of time. Sponsor may not declare a plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the Plan.

SCHEDULE B-1

ESC CONSULTING ENGINEERS

**ENGINEERING SOLUTIONS, PLLC**
1140 Broadway, Suite 204 New York, New York 10001 T 212.840.1030 F 212.684.2886

June 20, 2007

Re: 235 West 71st Street
New York, NY
Energy Analysis

To whom it may concern:

The following is an energy analysis for the residential building located at 235 West 71st Street, New York, NY. The building consists of (7) combined residential units, (18) existing residential units, (1) commercial unit, and common areas.

## I Heating Cost – Common (Natural Gas)

Therms/yr = (24 hrs/day x Q / 100,000 btus/therm) x (D/tr - to)

Q = Btu/hr heat loss for avg day = 670,000 btu/hr
Tr = Temperature inside 70F
To = Temperature outside 14F
D = Degree Days NYC 5,350 (A constant determined by degrees difference in temperature between the average outside air temperature, taken over a 24 hour period, and a temperature of 65F)

Therms/yr = (24 x 6.7 x 5,350)/ (70-14) = 15,362 Therms per Year

Based on an average rate of $1.80 per therm and 80% system efficiency

**Heating Cost = 15,362 Therms x $1.80/Therm / 0.80 = $34,564 / Year**

## II Hot Water Cost - Common (Natural Gas)

7 apartments using 12 gal per hour for 5 hours per day 365 days/ year =
84 gallons per hour or 1.40 GPM

18 apartments using 9 gal per hour for 5 hours per day 365 days/ year =
162 gallons per hour or 2.70 GPM

Q = 500 x (2.70 + 1.40) x temp rise (100F)
Q = 205,000 btus/hr

Therms/Yr = (205,000 x 5 Hrs/Day x 365 Days/year) / 100,000 Btus/Therm
= 3,741

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1140 Broadway, Suite 204 New York, New York 10001 T 212.840.1030 F 212.684.2886

**HW Cost = 3,741 Therms x $1.80/Therm / 0.75 efficiency = $8,979 / Year**

## III Residential Cooking Costs (Natural Gas)

Each of the seven (7) combination residence will have a 6 burner stove/ oven with a 74 MBH total input. Assume stove use is 4 full load hours per week 52 weeks per year.

Each of the (eighteen (18) existing residence with a 4 burner stove/ oven with a 60 MBH total input assume use is 4 full load hours per week 52 weeks per year. Assume stove use is 4 full load hours per week 52 weeks per year.

Therms = (7 x 74,000 btu/h + 18 x 60,000btu/h) x 52 weeks x 4 hrs/week) / 100,000Btus/Therm
= 3,486 Therms

**Residential Cost = 3,486 Therms x $1.80/Therm = $6,275.00**

## IV Water/Sewer - Common

The annual water consumption per combined residence is estimated to be 20,000 cuft/yr. The annual water consumption per existing residence is estimated to be 16,000 cuft/yr.

Using a combined Water/ Wastewater fee of $4.68 per 100 cu ft:

**Cost = (7 Combined Residential Units x 20,000 cu ft) + (18 Existing Residential Units x 16,000 cu ft) x $4.68/ 100 cu ft**

**Cost = $20,030/ Year**

## V Electrical - Common

Based on the average lighting in the lobby, cellar, ground floor, corridors, outdoor lighting, boilers, hot water circulation pumps, domestic water pumps, elevators, rooftop AC unitand exhaust fans, we estimate a total demand load of 48 KW and full load usage of 150 hours per month. The demand estimate is $960 per month or $11,520 per year and the usage estimate is 7,200 kWh or $1,160 per month using Con Edison Rate Schedule #9 averaging $0.16 per KWH. The annual estimate for energy usage is $13,910. The total estimated usage is $25,430 per year

**Electrical Cost = $25,430 / Year**

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ENGINEERING SOLUTIONS, PLLC
1140 Broadway, Suite 204 New York, New York 10001 T 212.840.1030 F 212.684.2886

## VI Electrical per Unit

The following is an estimate of the electrical consumption and annual cost for each residential unit. Air conditioning costs depend on comfort level and individual usage. Assuming that 950 full load hours are required for the cooling season (May – October). Combined apartments will have split AC system and washer/dryers. Existing residences will have individual through the wall or window AC units. Unit 2B will also have a washer/dryer.

We estimate residential use of 2 watts per square foot for general lighting and appliances @ 200 hours per month and office use of 4 watts per square foot for general lighting and appliances @ 300 hours per month.

| | |
|---|---|
| Apartment 1A (1,249 sq ft) | |
| Air Conditioning (3.25 tons) | 4,700 KWH |
| General Lighting & Appliances | 5,960 KWH |
| Total Cost per year @ $0.25/KWH | $2,665 |
| | |
| Office 1B (1,041 sq ft) | |
| Air Conditioning (3.25 tons) | 4,000 KWH |
| General Lighting & Appliances | 10,000 KWH |
| Total Cost per year @ $0.25/KWH | $3,500 |
| | |
| Apartment 1C (3,521 sq ft) | |
| Air Conditioning (6.5 tons) | 9,000 KWH |
| General Lighting & Appliances | 14,700 KWH |
| Total Cost per year @ $0.25/KWH | $5,925 |
| | |
| Apartment 1D (1006 sq ft) | |
| Air Conditioning (2.5 tons) | 3,600 KWH |
| General Lighting & Appliances | 4,800 KWH |
| Total Cost per year @ $0.25/KWH | $2,100 |
| | |
| Apartments 2A, 5A, 7A (1,347 sq ft) | |
| Air Conditioning (3.5 tons) | 5,000 KWH |
| General Lighting & Appliances | 6,400 KWH |
| Total Cost per year @ $0.25/KWH | $2,850 each |
| | |
| Apartments 2B, 5B, 7B (1,578 sq ft) | |
| Air Conditioning (4 tons) | 5,700 KWH |
| General Lighting & Appliances | 7,600 KWH |
| Total Cost per year @ $0.25/KWH | $3,325 each |

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| | |
|---|---|
| Apartments 2C, 5C, 7C, 8B (747 sq ft) | |
| Air Conditioning (2 tons) | 2,900 KWH |
| General Lighting & Appliances | 3,600 KWH |
| Total Cost per year @ $0.25/KWH | $1,625 each |

| | |
|---|---|
| Apartments 2D, 5D, 7D (1058 sq ft) | |
| Air Conditioning (2.75 tons) | 4,000 KWH |
| General Lighting & Appliances | 5,000 KWH |
| Total Cost per year @ $0.25/KWH | $2,250 each |

| | |
|---|---|
| Apartments 8C (1,059 sq ft) | |
| Air Conditioning (2.75 tons) | 4,000 KWH |
| General Lighting & Appliances | 5,000 KWH |
| Total Cost per year @ $0.25/KWH | $2,250 each |

**COMBINED RESIDENCES**

| | |
|---|---|
| Apartment 3A, 4A (4761 sq ft) | |
| Air Conditioning (12.50 tons) | 27,450 KWH |
| General Lighting & Appliances | 22,800 KWH |
| Total Cost per year @ $0.25/KWH | $12,562 each |

| | |
|---|---|
| Apartment 6A, 8A, 9A (2841 sq ft)** | |
| Air Conditioning (7.50 tons) | 16,500 KWH |
| General Lighting & Appliances | 13,600 KWH |
| Total Cost per year @ $0.25/KWH | $7,525 each |

*not including 9A roof area of 602sf

| | |
|---|---|
| Apartment 6B, 9B (1930 sq ft)* | |
| Air Conditioning (5.00 tons) | 10,950 KWH |
| General Lighting & Appliances | 9,200 KWH |
| Total Cost per year @ $0.25/KWH | $5,0375 each |

*not including 9B roof area of 422sf

Any questions please do not hesitate to call.

Sincerely,

ENGINEERING SOLUTIONS, PLLC




John V. Ryan, PE
Principal

235 West 71st Street LLC
Financial Statements
December 31, 2004

**ROBERT W. MAYNE**
*Certified Public Accountant*

**ROBERT W. MAYNE**
*Certified Public Accountant*
1991 Smith Street
Merrick, New York 11566

Email: info@grumet.us
Website: www.grumet.us

Tel: 516-868-2400
Fax: 516-868-6683

Independent Auditor's Report

235 West 71st Street LLC
New York, NY

I have audited the statement of income and certain operating expenses of the property located at 235 West 71st Street LLC, New York, NY for the year ended December 31, 2004. This financial statement is the responsibility of the Company's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying statement was prepared for the purpose of submission to the Attorney General of the State of New York (as part of the documents required in connection with the conversion of the property to a condominium status) and exclude certain material expenses, described in Note 1 that would not be comparable to those resulting from the proposed future operation of the property.

In my opinion, the financial statement referred to above present fairly the income and certain operating expenses of the property located at 235 West 71st Street LLC, New York, NY for the year ended December 31, 2004 in conformity with generally accepted accounting principles in the United States of America.

Robert W Mayne

Merrick, NY
March 22, 2006

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235 West 71st Street LLC
Statement of Income and Certain Operating Expenses
Year Ended December 31, 2004

| | |
|---|---|
| **Revenues:** | |
| Rental Income | $ 1,326,945 |
| **Certain Operating Expenses: (Note 1)** | |
| Management fees | 62,590 |
| Repairs and maintenance | 80,789 |
| Payroll - Superintendent | 21,287 |
| Payroll taxes | 1,983 |
| Telephone | 4,047 |
| Real estate taxes | 247,732 |
| Insurance | 29,261 |
| Miscellaneous | 1,996 |
| Commissions | 7,650 |
| Utilities - electric, gas, heat and hot water | 53,712 |
| Water charges and sewer rents | 1,081 |
| Professional fees | 24,080 |
| Filing fees | 500 |
| Administrative fees | 7,313 |
| Exterminating | 2,509 |
| Licenses | 1,328 |
| Fire and safety | 1,914 |
| **Total Expenses** | 549,772 |
| **Excess of Income Over Certain Expenses** | $ 777,173 |

See independent auditor's report and notes to statement of income and certain operating expenses.

235 West 71st Street LLC
Notes to Statement of Income and Certain Operating Expenses
Year Ended December 31, 2004

Note 1 - Certain Operating Expenses

Expenses relating to depreciation, amortization, mortgage interest, advertising and accounting fees in connection with the condominium offering have been excluded.

Note 2 - Related Party Transactions

Management fees include $26,428 to a related company.



**ROBERT W. MAYNE**
*Certified Public Accountant*

235 West 71st Street LLC
Financial Statements
December 31, 2005

**ROBERT W. MAYNE**
*Certified Public Accountant*

**ROBERT W. MAYNE**
*Certified Public Accountant*
1991 Smith Street
Merrick, New York 11566

Email: info@grumet.us
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Tel: 516-868-2400
Fax: 516-868-6683

Independent Auditor's Report

235 West 71st Street LLC
New York, NY

I have audited the statement of income and certain operating expenses of the property located at 235 West 71st Street LLC, New York, NY for the year ended December 31, 2005. This financial statement is the responsibility of the Company's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying statement was prepared for the purpose of submission to the Attorney General of the State of New York (as part of the documents required in connection with the conversion of the property to a condominium status) and exclude certain material expenses, described in Note 1 that would not be comparable to those resulting from the proposed future operation of the property.

In my opinion, the financial statement referred to above present fairly the income and certain operating expenses of the property located at 235 West 71st Street LLC, New York, NY for the year ended December 31, 2005 in conformity with generally accepted accounting principles in the United States of America.

Robert W. Mayne

Merrick, NY
March 22, 2006

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235 West 71st Street LLC
Statement of Income and Certain Operating Expenses
Year Ended December 31, 2005

| | |
|---|---|
| **Revenues:** | |
| Rental Income | $ 1,230,296 |
| **Certain Operating Expenses: (Note 1)** | |
| Management fees | 45,578 |
| Repairs and maintenance | 71,560 |
| Payroll - Superintendent | 20,800 |
| Payroll taxes | 1,898 |
| Telephone | 2,722 |
| Real estate taxes | 234,530 |
| Insurance | 17,901 |
| Miscellaneous | 530 |
| Commissions | 17,385 |
| Utilities - electric, gas, heat and hot water | 76,348 |
| Water charges and sewer rents | 20,413 |
| Professional fees | 44,914 |
| Filing fees | 500 |
| Administrative fees | 1,742 |
| Exterminating | 2,509 |
| Licenses | 9,278 |
| Fire and safety | 455 |
| **Total Expenses** | 569,063 |
| **Excess of Income Over Certain Expenses** | $ 661,233 |

See independent auditor's report and notes to statement of income and certain operating expenses.

235 West 71st Street LLC
Notes to Statement of Income and Certain Operating Expenses
Year Ended December 31, 2005

Note 1 - Certain Operating Expenses

Expenses relating to depreciation, amortization, mortgage interest, advertising and accounting fees in connection with the condominium offering have been excluded.

Note 2 - Related Party Transactions

Management fees include $12,847 to a related company.

235 West 71st Development LLC

Financial Statements

December 31, 2006

**ROBERT W. MAYNE**
*Certified Public Accountant*

**ROBERT W. MAYNE**
*Certified Public Accountant*
1991 Smith Street
Merrick, New York 11566

Email: info@grumet.us
Website: www.grumet.us

Tel: 516-868-2400
Fax: 516-868-6683

Independent Auditor's Report

235 West 71st Development LLC
New York, NY

I have audited the statement of income and certain operating expenses of the property located at 235 West 71st Street, New York, NY for the year ended December 31, 2006. This financial statement is the responsibility of the Company's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying statement was prepared for the purpose of submission to the Attorney General of the State of New York (as part of the documents required in connection with the conversion of the property to a condominium status) and exclude certain material expenses, described in Note 1, that would not be comparable to those resulting from the proposed future operation of the property.

In my opinion, the financial statement referred to above presents fairly the income and certain operating expenses of the property located at 235 West 71st Development LLC, New York, NY for the year ended December 31, 2006 in conformity with generally accepted accounting principles in the United States of America.

Robert W Mayne

Merrick, NY
March 31, 2007

For the Property Located at
235 West 71st Street
Statement of Income and Certain Operating Expenses
Year Ended December 31, 2006

| | |
|---|---|
| **Revenues:** | |
| Rental Income | $ 366,110 |
| Interest Income | 107,069 |
| **Total Revenues** | 473,179 |
| **Certain Operating Expenses: (Note 1)** | |
| Repairs and maintenance | 68,996 |
| Payroll - Superintendent | 4,426 |
| Payroll taxes | 552 |
| Telephone | 540 |
| Real estate taxes | 307,770 |
| Insurance | 55,270 |
| Miscellaneous | 540 |
| Commissions | 400 |
| Utilities - electric, gas, heat and hot water | 92,311 |
| Water charges and sewer rents | 8,830 |
| Professional fees | 19,178 |
| Filing fees | 120 |
| Administrative fees | 3,794 |
| Exterminating | 2,051 |
| Licenses | 11,985 |
| **Total Operating Expenses** | 576,763 |
| **Excess of Certain Operating Expenses Over Income** | $ (103,584) |

See independent auditor's report and notes to statement of income and certain operating expenses

For the Property Located at
235 West 71st Street
Notes to the Financial Statements
Year Ended December 31, 2006

Note 1 - Significant Accounting Policies

The significant accounting principles followed by the owners, as summarized below, are in conformity with accounting principles generally accepted in the United States of America.

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to mak estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Note 2 - Certain Operating Expenses

Expenses relating to depreciation, amortization, mortgage interest, advertising a accounting fees in connection with the condominium offering have been exclud

D & D MANAGEMENT SERVICES CORP.
6725 13th AVENUE
BROOKLYN, NEW YORK 11219
EMAIL: DDMSC@AOL.COM
Tel: 718-238-9879
Fax: 718-836-3713

September 20, 2007

Investment Protection Bureau
Real Estate Financing Section
New York State Department of Law
120 Broadway
New York, New York

Re:
235 West 71st Street
New York, New York

We have reviewed the allocation of Common Interest among the Condominium Units at the referenced property.

The allocation is based upon floor space, subject to the relative value to other space in the Condominium, the uniqueness of the unit, the availability of the common elements for exclusive or shared use, and the overall dimension of the particular unit pursuant to Section 339-i(1)(iv) of the New York Real Property Law.

In our opinion, the allocation of Common Interest among the Condominium Units is fair and reasonable.

This undersigned principal of this firm is a licensed real estate broker in the State of New York. We have projected budgets for proposed and existing condominium and cooperative properties in New York City for over fifteen years. We have acted as consultant, selling agent and/or managing agent for more than 40 properties

We have no financial interest in the Sponsor, the condominium or any other party interested in this transaction or in the land building covered by the Plan. You have advised us of your intent to reproduce this letter in the Plan and we hereby consent to such use.

Very truly yours,

D & D Management Services Corp.

By:_____
Name: Dorina Miletic
TItle: President

**GOLDBERG WEPRIN & USTIN LLP**

ATTORNEYS AT LAW

22ND FLOOR
1501 BROADWAY
NEW YORK, N.Y. 10036
(212) 221-5700
TELECOPIER (212) 730-4518

ANDREW W. ALBSTEIN*
ARNOLD I. MAZEL
MARK E. KAUFMAN
STEVEN R. UFFNER
IRIS A. ALBSTEIN
BARRY E. ZWEIGBAUM
DOUGLAS TAUS*
LISA R. RADETSKY

MATTHEW E. HEARLE
ROBERT W. LO SCHIAVO
ELIZABETH SMITH*▲†
ANTHONY BARONCI
BARRY M. BERNSTEIN
STEVEN J. SALTZMAN
DORAN I. GOLUBTCHIK
STEPHEN BORDANARO
MICHAEL S. FINZ
SERGIO J. TUERO*
LISA C. NASIAK*
AUBREY E. RICCARDI*
GERALD BUKARY
STUART T. BASSEL
SOFIA TSYTSAREV
BRIAN T. ISAACSON
STACY M. MARKUS
DOROTHY A. GALVIN
DANIEL A. SINGER
SCOTT D. SCHWARTZ
JENNIFER C. RINALDI**

MARK NESOFF
DAVID L. SMITH*▪
KENNETH P. HOROWITZ**
DAVID GALANTER
LEWIS KUPER
(OF COUNSEL)

EMANUEL GOLDBERG (1904-1988)
JACK WEPRIN (1930-1996)

* ALSO MEMBER OF NEW JERSEY BAR
** ALSO MEMBER OF CONNECTICUT BAR
▲ ALSO MEMBER OF TEXAS BAR
† ALSO MEMBER OF MASSACHUSETTS BAR
▪ ALSO MEMBER OF FLORIDA BAR

August 14, 2007

The Board of Managers of
The 235 West 71st Street Condominium
c/o Dominion Management Company
200 Madison Avenue, Suite 2400
New York, New York 10016

Re: 235 West 71st Street Condominium
235 West 71st Street, New York, New York

Ladies and Gentlemen:

We have acted as counsel for 235 West 71st Development LLC, a New York limited liability company (the "Sponsor"), in connection with the preparation of the condominium offering plan, declaration of condominium and the by-laws for the referenced condominium. We have been asked to write this opinion as to whether the allocation of the percentages of common interest allocated to the respective Units as set forth in Schedule A of the condominium plan is in conformance with the provisions of the Real Property Law, Article 9-B, Section 339-i (1) (iv). In such capacity, we have reviewed the provisions of Section 339-i (1) (iv) and the opinion of D & D Management Services Corp.

The Sponsor has used method (iv) set forth in Section 339-i(1)(iv) that is upon the floor space of the units, subject to the relative value to the other space in the Condominium, the availability of the common elements for exclusive or shared use, and the overall dimensions of the units.

In reliance solely upon the opinion letter prepared by D & D Management Services Corp., it is our opinion that the allocation of the percentages of common interest allocated to each of the respective units as set forth in Schedule A of the Plan is in compliance with the requirements of Section 339-i
(1)(iv).

We assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof. We do not express any opinion on any subject not expressly addressed herein. A copy of this letter may be included in the condominium offering plan.

Very truly yours,

GOLDBERG WEPRIN & USTIN LLP

# CHANGES IN PRICES AND UNITS

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

Sponsor reserves the right to negotiate with each Purchaser the following terms and conditions, among others, of the Purchase Agreement: purchase price; the amount of the Contract Deposit; financing and other contingencies; the availability of financing; the payment of Purchaser's financing fees and other closing costs; the availability of Common Charge rebates, work to be done in the Units, purchase price rebates and subsidies payable as a credit against the purchase price or on a periodic basis; extensions of time periods within which to perform obligations under the Purchase Agreement; the availability of Use and Occupancy Agreements and the amount of interim rent thereunder; and the application of interim rent towards the purchase price.

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

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 (except to the extent prohibited by law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice and without the consent of the Condominium Board, any Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Unit, (b) change the size and/or number of Unsold Units by dividing one or more such Units into two or more separate Unsold Units, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, altering any boundary walls between one or more Unsold Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway) which exclusively benefit an Unsold Unit into such Unsold Unit, and (c) if appropriate, reapportion among the Unsold Units affected by any such change, their aggregate Common Interests. In the event of any change pursuant to either (b) or (c) above, such change shall be disclosed in a duly

filed amendment to the Plan. No such change, including any change in the Common Interest or material change in the size or quality of Common Elements directly affecting or servicing a Unit, will be made with respect to any Unsold Unit for which a Purchase Agreement is then in effect and the Purchaser thereunder is not in default unless (i) the Purchaser consents to such change or (ii) such change is not a material change in the size, dimension, floor space or layout of such Unsold Unit. However, no change will be made in the size nor will any material adverse change be made in the quality of the Common Elements unless Purchasers who are not in default under their Purchase Agreements receive a right to rescind such Purchase Agreements of no less than fifteen days after the Presentation Date to exercise their right.

Once the Declaration is recorded, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid or otherwise, nor may the Common Interest of any Unit be changed, unless, in each such event, the Declaration and Floor Plans are amended by an amendment to the Declaration. The reasonable consent of each Unit Owner whose Unit is directly affected by such change is required, except as may be set forth herein and in the Declaration. Sponsor will have the right to amend the Declaration to reflect any such change and to file such amendment and any necessary plans and specifications in connection therewith.

It should be noted that as long as the dimensions of a Unit conform substantially to the Floor Plans, a Purchaser will not be excused from purchasing his Unit and will not have any claim against Sponsor as a result of any insubstantial or immaterial change from the dimensions set forth herein. The Units are being sold in their "AS IS" condition on the date hereof. Variations between the layouts set forth in the floor plans set forth in Part II hereof and the actual layout of a Unit shall not be the basis for rescission of a Purchase Agreement. Each prospective Purchaser should inspect his or her Unit prior to executing a Purchase Agreement.

## COMMERCIAL UNIT

There will be one Commercial Unit in the Condominium. The Commercial Unit is located on the street level of the Building and is presently leased to a physician. Such Unit is sometimes referred to herein as the "Commercial Unit". The Commercial Unit includes all equipment, apparatus and facilities located in such area or elsewhere in the Building which service, enclose or benefit only the Commercial Unit. All or any part of the Commercial Unit may be leased or subleased by the Commercial Unit Owner. The Commercial Unit is offered for sale hereunder, however, the present tenant in the space has no exclusive right to purchase the Commercial Unit.

No representation is made with respect to: (a) the uses to which the Commercial Unit or any part thereof may be put at any time, or (b) who, as tenant(s), will operate or occupy the Commercial Unit or any part thereof at any time, or (c) Sponsor's continued ownership of the Commercial Unit or any part thereof. The Commercial Unit may be used for any lawful purpose under the applicable building codes and zoning ordinances, including (without limitation), as model Unit, or a sales office, or an office for the leasing, rental or management of one or more such Units, without any charge or

fee by the Condominium Board, at such rents, and upon such terms and conditions, as Sponsor or the Unit Owner and any tenant(s) may agree. However, the Commercial Unit may not be used for any illegal, noxious or immoral purpose. In addition, Sponsor reserves the right to convert the Commercial Unit to a residence.

The Condominium Board and the Residential Unit Owners will not have the right to disapprove either any change in the use of the Commercial Unit (or any part thereof), or any amendment to the Building's Certificate of Occupancy to authorize another use for the Commercial Unit (or any part thereof).

The percentage interest of the Commercial Unit in the Common Elements is based upon floor area, location, uniqueness, overall dimensions and similar factors of relative value to other space in the condominium, pursuant to Section 339-i(1)(4) of the New York Condominium Act. Generally, the Commercial Unit Owner must pay its share of the Common Expenses based on its percentage interest in the Common Elements. In addition, the Commercial Unit Owner will be required to pay the expenses attributable to the cost of fire and casualty insurance to the extent that such cost exceeds the cost of comparable insurance in a building which does not contain any commercial space. The Commercial Unit Owner, however, is not required to contribute to the Common Expenses or to pay any special assessment to the extent same is used for repair, renovation or decoration of the Common Elements of the Condominium which are for the exclusive use of the Residential Unit Owners.

The Common Charges payable by the Commercial Unit Owner (as set forth in Schedule B) are in accordance with its share of the common interest and are sufficient to cover the expense fairly attributable to such Commercial Unit.

The Commercial Unit Owner may make alterations in the Commercial Unit without the consent of the Condominium Board or the other Unit Owners.

The Commercial Unit Owner has the right to freely sell or lease the Commercial Unit or any part thereof without the Condominium Board having any right of first refusal to purchase or lease, or to procure a third party to purchase or lease, the same (see "Rights and Obligations of the Unit Owners and the Condominium Board" for further discussion).

When the present tenant vacates the Commercial Unit, Sponsor will convert the Commercial Unit to a residence, Sponsor will obtain all requested permits and will do all work required to effect such change of use. Such Unit shall not be offered for sale as a residential unit until Sponsor has amended the Offering Plan and no Purchaser of such unit will be required to close until such time when the permits to change the use of such unit are "signed off". In the event that the Commercial Unit is converted to a residence, the right of first refusal shall apply to all owners other than the Sponsor or a holder of Unsold Shares.

# RIGHTS OF EXISTING TENANTS

Each Existing Tenant will have the exclusive right to purchase the Unit he occupies for a period of 90 days (the "Exclusive Period") after the Filing Date of the Plan at the "inside" purchase price offered to tenants as set forth in Schedule A above. The term Existing Tenants as used in this Plan and defined in the "Definitions" subsection of the "Introduction" of this Plan shall include (i) each *bona fide* tenant in occupancy of an apartment in the Building on the Filing Date of the Plan, (ii) each *bona fide* tenant with the right on such date to renew a lease for an apartment in the Building, and (iii) each *bona fide* tenant who has the right on such date to continued occupancy of an apartment in the Building. For purposes of determining who has the right to purchase a Unit during the Exclusive Period, a *bona fide* tenant of record with an unexpired lease shall be presumed to be a "tenant in occupancy" even though he has sublet his Unit in the Building or the Unit in the Building is not his primary residence. A *bona fide* sublessee in occupancy of a Unit in the Building on the Filing Date (which includes only those sublessees whose occupancy is consented to by Sponsor or whose occupancy is authorized as a matter of law) who sublets from a non-*bona fide* tenant or has obtained written permission to purchase the Unit in the Building from a *bona fide* tenant of record shall also have the right to purchase that Unit in the Building at the "Price for Tenant Purchasers" set forth on Schedule A during the Exclusive Period (unauthorized sublessees having no such rights). Nothing contained herein shall be construed to deprive Sponsor of any legal remedy for illegal occupancy.

No Existing Tenant will have any exclusive or preferential right to purchase any vacant Unit or any Unit occupied or leased by another. Any exclusive right granted to Existing Tenants hereunder shall apply only to purchases by Existing Tenants of the Units (apartments) occupied or leased by them. However, Existing Tenants as of the Filing Date may, if they wish, enter into Purchase Agreements for vacant Units or Units occupied by another, as if they were non-occupants of the Building. Sponsor is under no obligation to accept Purchase Agreements from Existing Tenants for vacant Units or Units occupied or leased by others.

During the Exclusive Period, no Unit subject to a lease held by an Existing Tenant will be shown to any prospective non-tenant purchaser unless the Existing Tenant has, in writing, waived his right to purchase such Unit.

The offer made in this Plan to tenants in occupancy on the date the Plan is accepted for filing shall be personal to such tenants and shall not extend to any tenant's testamentary beneficiaries or to any tenants' estate or the executor(s) thereof.

Existing Tenants may not assign or transfer their Purchase Agreements unless they obtain the prior consent of Sponsor, which consent shall be given only in accordance with the terms set forth in the section entitled "Assignment of Purchase Agreement by Existing Tenant."

The By-Laws of the Condominium provide that Non-Purchasing Tenants will be notified in writing of changes in ownership of the Units they occupy, within 30 days after any such change in ownership, by registered or certified mail, return receipt requested.

If prior to the effective date of the Plan or the expiration of an Exclusive Period which began prior to effectiveness, whichever is later, Sponsor amends the terms or conditions of this offering so as to be more favorable to Tenant-Purchasers, an Existing Tenant who executed and submitted a Purchase Agreement before Sponsor amended the Plan will be entitled to benefit from the more favorable terms and conditions.

The Plan will not be declared effective and will be abandoned unless, within fifteen months from the Filing Date, written Purchase Agreements have been executed and delivered to Sponsor for at least fifteen percent of all Units in the Building by *bona fide* tenants in occupancy or *bona fide* purchasers who represent that they intend that they or one or more members of their immediate families occupy the Unit when it becomes vacant. As to Existing Tenants who were in occupancy on the Filing Date, the Purchase Agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements. Existing Tenants who are relatives, business associates or affiliates of Sponsor will not be included in the computation unless they are pre-existing *bona fide* tenants in occupancy on the Presentation Date.

If the Plan is substantially amended after the Presentation Date but prior to the First Unit Closing, the time periods set forth above shall be extended, if applicable, from the date on which the amendment is presented to the Existing Tenants ("Amendment Presentation Date"), as follows:

> If the Amendment Presentation Date occurs during the 90 day Exclusive Period, such Exclusive Period shall terminate not less than 30 days after the Amendment Presentation Date; and
>
> If the Amendment Presentation Date occurs at any time after the 90 day Exclusive Period has expired but prior to the First Unit Closing, then for 30 days after such Amendment Presentation Date, an Existing Tenant shall have the exclusive right to purchase on the amended terms.

A substantial amendment is defined as an amendment which contains terms which are materially beneficial to any tenant-purchasers, such as: change from an eviction to a non-eviction plan; decrease in the offering price to tenants; significant increase in the working capital or reserve fund; agreement by Sponsor to make additional repairs or improvements, or to repurchase apartments; or the offer of new or better terms to tenants for financing the purchase price of an apartment.

In the event of a material amendment to this Plan prior to the First Unit Closing which adversely affects purchasers, each Purchaser will have the right to rescind his Purchase Agreement within fifteen days from the date of presentation of such amendment upon written notice to Sponsor. In the event of any such cancellation, any payments made by that person under his Purchase Agreement

will be returned to that person without interest, unless the monies are held in an interest-bearing account in which event the shall be returned with the interest accrued, and that person will have no further rights or obligations thereunder. It is currently contemplated that such payments will be held in interest-bearing accounts.

Sponsor will not show a Unit to prospective purchasers during the 90 days Exclusive Period if the Unit is occupied by the person who was the tenant thereof on the Presentation Date. However, if the Existing Tenant waives his right to purchases the Unit in writing, the Selling Agent may exercise whatever right Sponsor may have under the existing lease or then applicable law to show that Unit to prospective purchasers and also to accept a Purchase Agreement from any prospective purchaser, subject to any rights afforded to the Existing Tenant by the Rent Control Law, the Rent Stabilization Law of the Code and Amended Code or subsequent amendments to this Plan.

Any Purchase Agreement relating to an occupied apartment will be subject to cancellation in the event the tenant of the subject apartment purchases during any period in which he has the exclusive right to purchase.

It should be noted that non-purchasing tenants in occupancy may be subject to increases in rent in the event that major capital improvements are made to the property. Such rent increases are granted by the New York State Division of Housing and Community Renewal, which has indicated that it will not grant any such increase if money from the Local Law 70 Reserve Fund contributed by Sponsor is used to pay for the major capital improvement.

On the 30th, 60th, 88th and 90th days after the Presentation Date, at least once every 30 days thereafter until the Plan is declared effective or is abandoned, and on the tenth day and second day preceding the expiration of any exclusive purchase period, Sponsor will file a written statement under affirmation with the Attorney General's Office setting forth the percentage of the Units subscribed for by Existing Tenants or *bona fide* purchasers who represent that they or one or more members of their immediate families intend to occupy the Unit when it becomes vacant. Sponsor will also arrange to have a copy of the statement posted in a prominent place in the Building accessible to all Existing Tenants before noon on the day such statement is filed.

If the Plan is not declared effective within fifteen months of the Filing Date, it will be declared abandoned. In that event (or upon the earlier abandonment of the Plan) Existing Tenants of apartments which are then subject to the RSL and the Code whose leases expire shall have the right to demand leases on the terms and conditions set forth in the RSL and the Code, subject to the provisions of the Rent Regulation Reform Act of 1997 (which affects the rights of certain tenants to obtain renewal leases), and Units presently occupied by Existing Tenants whose occupancy rights are subject to the Rent Control Law will continue to be subject thereto. If this Plan is abandoned, no new plan may be presented for twelve months after the date of abandonment. As of October 1, 2006, the rent increase guidelines in effect are 4.25 percent for one-year renewals and 7.25 percent for two-year renewals.

No eviction proceeding will be commenced at any time against non-purchasing Existing Tenants for failure to purchase or any other reason applicable to expiration of tenancy, provided

however, such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the apartment of such Existing Tenant, refusal of reasonable access to the owner, maintaining hazardous, illegal or nuisance conditions in the Unit or a similar breach by the non-purchasing Existing Tenant of his obligations to the owner of the Unit, or if a tenancy expires pursuant to the provisions of the Rent Regulation Reform Act of 1997; and provided further that an owner of a Unit may not commence an action to recover possession of the Unit from a non-purchasing Existing Tenant on the grounds that he seeks the Unit for the use and occupancy of himself or his family.

Non-purchasing Existing Tenants who reside in Units subject to governmental regulation as to rentals and continued occupancy prior to the conversion of the Property to condominium ownership shall continue to be subject thereto. However, once such Units are vacated by the Non-purchasing Tenant who resided therein on the date that this Plan was accepted for filing, such Units will no longer be subject to any form of rent regulation.

The rentals of non-purchasing Existing Tenants who reside in Units not subject to governmental regulation as to rentals and continued occupancy and non-purchasing Existing Tenants who reside in Units with respect to which governmental regulations of rentals and continued occupancy is eliminated or becomes inapplicable after the Filing Date of this Plan shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses. Complaints concerning such increases may be referred to the New York State Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, New York 10271.

The Plan may not be amended at any time to provide that it shall be an "Eviction" Plan.

All of the residential apartments are subject to Section 352-eeee of the General Business Law. Five (5) of the apartments are subject to the New York City Rent Stabilization Law and Code, three (3) of the apartments are subject to the New York City Rent and Rehabilitation Law, NYC Administrative Code Section 26-402 (the "Rent Control Laws") and the rent regulatory scheme, codes, rules and regulations promulgated thereunder and now administered by the Division of Housing and Community Renewal of the State of New York ("DHCR") pursuant to the Omnibus Housing Act of 1983, as such laws were amended by the Rent Regulation Reform Act of 1997 affecting certain lease renewals (such laws are hereinafter sometimes collectively referred to as the "Rent Laws"). Tenants occupying those apartments as a residence are therefore either "stabilized" or "controlled" tenants and their rights are protected by the Rent Laws. At the expiration of his present lease and each renewal thereof, a rent-stabilized tenant may demand and, if he wishes to remain in possession, must sign a renewal lease at an increased rent determined in accordance with the Rent Stabilization Code, except that, under the Rent Regulation Reform Act of 1997, apartments may be "deregulated" under the circumstances described in the following sentence whereby the tenant(s) thereof may no longer have the right to obtain renewal leases. The circumstances resulting in deregulation are: (a) the apartment having a rental of more than $2,000 per month; (b) the apartment having a household income which exceeded $175,000 per year for each of the two (2) most recent years; (c) landlord having applied to DHCR for an order of deregulation; and (d) DHCR having issued an order of deregulation. At such

time when the Existing Tenant vacates its Unit, such Unit shall no longer be subject to either rent control or rent stabilization. Present tenants of the Building are under no legal obligation to purchase their apartments. The rights granted to purchasers under the Plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, Section 352-eeee of the General Business Law.

Sponsor has elected to present this Plan as a "non-eviction plan" under Section 352-eeee of the General Business Law. Accordingly, a tenant in occupancy of a dwelling unit in the Building at the date this Plan is accepted for filing has the right to remain in occupancy of the dwelling unit even if the unit is sold to any other person, as long as the tenant in occupancy is not in default of his obligations under his lease or tenancy, and is otherwise entitled to remain in possession. Under present law, tenants in occupancy of dwelling units are under no obligation to purchase their dwelling units in order to retain rights of continued occupancy. Such non-purchasing tenants shall continue to have the right to have their rent increases limited in accordance with rent stabilization guidelines. No Existing Tenant has access to or the exclusive right to use any portion of the Common Elements. The management agreement and Purchase Agreements submitted by purchasers of apartments occupied by non-purchasing tenants will contain provisions to the effect that non-purchasing tenants will be provided with all services and facilities required by law on a non-discriminatory basis.

GBL-352-eeee also provides for the following:

> An offering plan may not be accepted for filing if an excessive number of long-term vacancies exist on the date the offering plan is first submitted for review to the Department of Law. Long term vacancies are apartments not leased or occupied by bona fide tenants for more than five months prior to the date of such submission. Excessive means a vacancy rate in excess of the greater of (x) ten percent or (y) a percentage that is double the normal average vacancy rate for the building or group of Building or development for two years prior to the January preceding the date of the submission.

It shall be unlawful for any person to engage in any course of conduct (including but not limited to interruption or discontinuance of essential services) which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his apartment or the facilities related thereto. A tenant may apply to the Attorney General for a determination that such conduct does exist or has taken place. The Attorney General may also apply to a court of competent jurisdiction for an order restraining such conduct, and if he deems it appropriate, an order restraining the owner from selling the apartment or from proceeding with the Plan.

All apartments occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other apartments in the building. Existing Tenants shall have access to and the

right to use the Common Elements of the Condominium. All services and facilities required by law on a non-discriminatory basis. Sponsor shall guarantee the obligation of the Managing Agent to provide all such services and facilities until such time as Sponsor surrenders control of the Board of Managers.

Tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the Plan to the Department of Law, during normal business hours, upon written request made by them to Sponsor, provided such representatives are registered architects or professional engineers licensed to practice in the State of New York.

If there is any inconsistency between the terms of this Plan, on the one hand, and GBL-352-eeee, on the other hand, the terms and provisions of GBL-352-eeee shall prevail to the extent of such inconsistency as if those statutes and regulations were set forth above in the Plan verbatim, so that all requirements of GBL-352-eeee applicable to the Plan are met hereby.

Lead Paint:

All prospective purchasers are hereby advised that, pursuant to regulations promulgated by the U.S. Department of Housing and Urban Development (24 CFR Part 35) and the Environmental Protection Agency (40 CFR Part 745) in accordance with Section 1018 of the Residential Lead Paint Hazard Reduction act of 1992, each purchaser has the right to make his obligations under his Purchase Agreement contingent on a ten-day period to perform a risk assessment or inspection in the Unit and the Premises for lead-based paint and/or lead-based paint hazards ("Risk Assessment").

Pursuant to the aforementioned laws and regulations, each purchaser will be required to acknowledge having been advised that: (i) exposure to lead from lead-based paint may place young children at risk of developing lead poisoning; (ii) lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory; and (iii) lead poisoning also poses a particular risk to pregnant women.

Sponsor does not have any actual knowledge of any lead-based paint or lead-based paint hazards in any Unit or in the Premises, and does not have any actual knowledge of any records or reports regarding any lead-based paint (or absence thereof) in the Unit or in the Premises. However, since the Premises were constructed prior to 1978, it is possible that either the Premises or any Unit may contain lead-based paint and/or lead-based paint hazards. Sponsor has not undertaken and will not undertake any separate investigation or Risk Assessment as to the presence of lead-based paint and/or lead-based paint hazards in the Premises and/or in any Unit.

Each Purchaser will be required to represent that he has either (a) performed a Risk Assessment or inspection prior to the execution of his Purchase Agreement, or (b) waived his right to do so and any attendant rights he otherwise may have had to cancel his Purchase Agreement for reasons related to the presence, if any, of lead-based paint and/or lead-based paint hazards. By virtue of such waiver, each such purchaser will assume all risks, if any, arising from or relating to lead-based paint and/or

each such purchaser will assume all risks, if any, arising from or relating to lead-based paint and/or lead-based paint hazards in any Unit or in the Premises.

A copy of the pamphlet entitled "Protect Your Family From Lead in Your Home" appears in Part II of this Plan as Exhibit L. Each purchaser will be required to acknowledge receipt of a copy of that pamphlet.

A copy of the Disclosure Form with respect to lead-based paint and/or lead-based paint hazards appears as Exhibit M in Part II of this Plan at the end of the form of Purchase Agreement. Each purchaser will be required to complete, execute, and submit that form at the same time he tenders an executed purchase agreement.

In addition to the above-described federal law, and subject to the court decision referred to below, for all buildings erected prior to 1960, Local Law 38 of 1999 of the City of New York requires an annual lead paint inspection to be performed in each Unit where a child under the age of six is known to reside, and further requires a lead paint inspection to be performed in a Unit upon its vacancy. If a lead paint hazard (*i.e.*, chipping or peeling lead paint or deteriorating sub-surfaces) is discovered upon any such inspection, then the hazard must be removed in compliance with law (*i.e.*, proper removal of paint chips and peeled paint, and painting over any exposed area) which work, in the case of a vacancy, must be performed prior to any new occupancy of the Unit. Records of all such inspections and remedial actions must also be kept.

In the case of a condominium, the above-described obligations and responsibilities may be passed on to the Unit Owners (rather than to the Board of Managers). Hence, each Unit Owner of a Unit in the 235 West 71st Street Condominium will be responsible for fulfilling the above-described obligations under said New York City law.

In a recent decision of the New York State Supreme Court in New York County, the above-described New York City Local Law 38 of 1999 was held to be invalid. Counsel for the City announced its intention to appear, but, in any event, the status of the law is currently unsettled.

Each Purchaser will be required to acknowledge that, pursuant to the Condominium's By-Laws, the Unit Owner (*e.g.* Purchaser) is responsible for compliance with laws and regulations regarding lead paint hazards.

## OBLIGATIONS OF OWNERS OF UNITS OCCUPIED BY NON-PURCHASING TENANTS

The occupied Units in the Building are subject to leases, some of which are subject to the Rent Laws. The leases of non-purchasing Existing Tenants will not be affected by the conversion of the building to condominium ownership. Moreover, certain non-purchasing Existing Tenants have certain

rights to renew their apartment leases subject to the provisions of the Rent Regulation Reform Act of 1997.

Consequently, a purchaser of an occupied Unit will acquire title to the Unit subject to: (a) the lease for the Unit; (b) any existing statutory tenancy or occupancy of the Unit; (c) all of the rights of any Existing Tenant of any Unit (who has not purchased his Unit) afforded by the RSL, the Code, and GBL-352-eeee, including the right (among others) to continue to reside in their Units without having any eviction proceedings or lease termination proceedings commenced against them at any time other than for nonpayment of rent, illegal use or occupancy of the premises, refusal of access to the owner or similar breach of their obligation to the owner of their Unit, or if a tenancy expires pursuant to the provisions of the Rent Regulation Reform Act of 1997; and (d) any applicable federal laws, regulations and rules limiting or controlling rent and occupancy terms and the landlord's rights to evict tenants or other occupants now existing or hereinafter enacted. A Purchaser of a Unit occupied by a tenant whose lease is subject to the Rent Laws will also be responsible to register the Unit annually with the Division of Housing and Community Renewal. However, once such Units are vacated by the Existing Tenant who was in occupancy on the date this Plan was accepted for filing, such Units will no longer be subject to the Rent Laws.

If a Unit is purchased by someone other than the tenant or occupant thereof, the tenant or occupant will become the Unit Purchaser's tenant on the Unit Closing Date and the Unit Purchaser will become such tenant's landlord.

A Unit Purchaser who acquires an occupied Unit will be required to pay the amount due as common charges, special assessments and real estate taxes for that Unit, whether those expenses are greater or less than the rent payable or received by the Unit Purchaser from the Existing Tenant, and shall also bear all litigation costs, fees and any dues related to the tenancy. By reason of the RSL, the Code, and GBL-352-eeee, the Unit Purchaser will also be responsible for the due performance of all of the obligations of the landlord under the lease of the Existing Tenant, and will also have the obligation to provide to the Existing Tenant all services required by law to the extent applicable, including the obligation to make all repairs to the Unit which are not the responsibility of the Board of Managers. Those services may include, but are not limited to, painting, repairs to interior plumbing and wiring and replacement (when needed) of fixtures, appliances, doors, hardware and windows. While Sponsor is in control of the Board of Managers, Sponsor will guarantee that said services will be provided if required by applicable law.

In order to assure the fulfillment of a Unit Purchaser's obligations to the Existing Tenant of an occupied Unit under GBL-352-eeee, the Unit Owner shall execute an agreement at the closing of such occupied Unit irrevocably appointing the managing agent for the Condominium as his agent to perform for the account and at the expense of Unit Purchaser all services required to be furnished or performed by a landlord under the non-purchasing Existing Tenant's lease and the laws and regulations specified above that are not to be provided by the Condominium (including, but not limited to, interior repairs and apartment painting). In addition, a Unit Owner (but not Sponsor, Sponsor-affiliate or a Holder of Unsold Units) shall be required to deposit with the Managing Agent at such Unit closing an amount equal to the greater of: (i) two months' common charges, or (ii) two months' rent for the Unit

to be used as working capital to furnish the services required under the non-purchasing Existing Tenant's lease and the laws and regulations specified above. The fund shall be replenished by the Unit Purchaser within 30 days after receipt of notice from the Managing Agent that the amount on deposit has been reduced by more than one month's common charges, and the failure of the Unit Purchaser to replenish the fund timely shall result in a lien being filed against the Unit by the Board of Managers, on behalf of all Unit Owners.

Any person interested in purchasing a Unit in which he does not reside is urged to examine any lease pertaining to the Unit, verifying not only the expiration date of the lease (or any renewal thereof) and the obligations of the landlord thereunder, but also the rent currently payable for the Unit. That rent may be more or less than the common charges that will be payable by the Unit Purchaser to the Condominium for the Unit after such Closing Date. Litigation costs, fees, and dues related to the tenancy of the non-purchasing tenant are the sole responsibility of the Unit Purchaser.

**IT IS ALSO RECOMMENDED THAT EVERY PURCHASER OF AN OCCUPIED UNIT CONSULT AN ATTORNEY IN ORDER TO BECOME FULLY APPRIZED OF THE EFFECT OF GBL-352-eeee ON HIS RIGHTS AS A PURCHASER AND HIS OBLIGATIONS TO ANY EXISTING TENANT OR OCCUPANT.**

A purchaser of a Unit subject to a lease will be entitled to receive from Sponsor the unapplied portion of any security deposit held under the terms of the lease. Said purchaser will be required to execute an agreement, in form approved by counsel to Sponsor, indemnifying Sponsor from any liability therefor. Such security must be held by the Unit Purchaser in a special, interest-bearing bank account in accordance with Section 7-103 of the New York General Obligations Law.

In the opinion of counsel to Sponsor, the Plan complies with the Rent Stabilization Law, the Code, and GBL-352-eeee, as those laws are in effect on the Presentation Date. No representation or warranty is made that the Attorney General, The New York City Department of Housing Preservation and Development, the New York State Division of Housing and Community Renewal, or any other governmental authority, or any court will so hold, and in no event will Sponsor, counsel to Sponsor, the Managing Agent, or anyone else be liable if, for any reason, it shall be determined that the Plan does not so comply or at any future time ceases to so comply with, or does not meet the requirements of any portion thereof.

No warranty is made that the Rent Stabilization Law, the Code, and GBL-352-eeee will (or will not) continue to apply to the Property or to the Plan, or that there will or will not be any further amendments to the Rent Stabilization Law, the Code, or GBL-352-eeee or other applicable law, regulation or code, the Plan may be amended to reflect the amended law, regulation or code, as the case may be. Neither counsel to Sponsor nor Sponsor makes any representation or statement of any kind as to the requirements of the RSL, the Code, and GBL-352-eeee or any other law, regulation or code, except as specifically set forth herein with respect to the Plan. Under current law, when the tenant who was in occupancy on the Presentation Date of the Plan vacates his or her Unit, the Rent Laws will no longer apply.

Real Property Law Section 339-kk

Real Property Law Section 339-kk was enacted into law on July 22, 1998 and is applicable to all condominium in the state of New York. The Section is intended to provide additional financial protection for a condominium association if a sponsor or other non-occupant unit owner fails to make monthly payments for common charges, assessments and other amount owed in connection with such owner's unit(s).

Section 339-kk provides in pertinent part, as follows:

a. If a unit owner who does not occupy the unit rents any dwelling unit and then fails to make payments due for common charges, assessments or late fees for such unit within 60 days of the expiration of any grace period following the earliest date payment is due, then, upon notice from the Board of Managers as described below, all rental payments due from the tenant shall be payable directly to the condominium.

b. If common charges, assessments or late fees due for any unit have not been paid in full within 60 days after the expiration of any grace period following the earliest date they were due, the Board of Managers shall provide written notice to the tenant and to the non-occupying owner providing that commencing immediately, and continuing until such time as all payments for common charges, assessments and/or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium. Where a majority of the Board of Managers has been elected by and from among the unit owners who are in occupancy of their units, the Board may elect not to require that rental payments be made payable to the condominium.

c. 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 by the Board of Managers within three business days to the rental tenant and non-occupying owner. Thereafter, all rental payments for the unit shall be made payable to the non-occupying owner or to said non-occupying owner's designated agent.

d. A non-occupying owner who disputes the Board of Manager's claim to a rental payment pursuant to this law 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 30 days of the date that the Board receives notice that the owner seeks to dispute such claim.

e. Payment by a rental tenant to the condominium made in connection with said section shall relieve the 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.

f. Nothing in the statute shall limit any rights of unit owners or the Board of Managers existing under any other law or agreement.

Sponsor makes no representation or guarantee that any Unit Owner (other than Sponsor), any tenant, or the Condominium, will, in fact, comply with Section 339-kk and Sponsor shall have no liability for their failure to do so.

Section 339-kk does not address a number of issues. Accordingly, Sponsor makes no representation as to (i) the effect of the section on the lien priority of a loan make to a non-occupant unit owner and secured by the unit, (ii) the effect on an assignment of leases and rents given by a non-occupant owner to a mortgagee in connection with a mortgage granted with respect to a unit, (iii) the Condominium's remedies if a tenant fails or refuses to make payments of rent to the Condominium Board after receipt of notice from the Condominium Board (in accordance with RPL Section 339-kk), or (iv) the consequence of the Condominium Board's failure to give notice to a tenant and whether or not such failure will be deemed a waiver of the Condominium Board's rights. Finally, no representation is made about the tax consequences of the exercise of Section 339-kk.

In *Paikoff v. Harris*, 178 Misc. 2d 366, 679 N.Y.S. 2d 251 (1998) ("*Paikoff*"), the Civil Court in Kings County held that a tenant who rents an apartment in a cooperative from the sponsor of an offering plan, after the closing under the plan and the issuance to that sponsor of the stock allocated to such apartment, qualifies as a "non-purchasing tenant" as that term is used in General Business Law section 352-eeee, and that, as such, said tenant is entitled to the offer of a renewal lease (when his lease expires) without an unconscionable rent increase. The *Paikoff* decision was modified, but affirmed, on appeal by the Appellate Division, Second Department. Subsequently, in *Park West Village Associates v. Chiyoko Nishoika*, 721 NYS 2d 459 (2000), the First Department held that persons who enter into possession of a unit subsequent to the effective date of plan, are not entitled to the protections of sections 352-eeee of the GBL and, therefore, a landlord is not required to offer such persons a renewal lease. Due to the these conflicting rulings, the state of the law on this issue remains unsettled at this time.

## INTERIM LEASES

Sponsor reserves the right, to rent or lease any Unit that is vacant on the filing date or becomes vacant subsequent thereto, for such rent and term and on such other conditions as may be agreed upon by Sponsor and any Purchaser who has paid the Contract Deposit under a Purchase Agreement. However, once a Purchase Agreement for a vacant Unit has been executed, and for so long as such Purchase Agreement is in effect, Sponsor shall only lease the Unit to the Purchaser thereof.

The term of such interim leases will expire in one year from the possession date or on the Closing Date, whichever is earlier. In addition, Sponsor may require Purchasers who execute interim leases to take physical possession of the Unit within a reasonable time after an interim lease is executed. If the Plan is abandoned, the tenant under an interim lease may either (i) remain in

possession of the Unit in accordance with his lease, or (ii) terminate such lease and vacate the Unit as of the last day of any month on not less than 30 days' prior written notice to Sponsor. In the event that the Plan is abandoned and the Interim Lessee elects to remain in the Unit, such tenancy shall be subject to the Rent Laws to the extent that the same may be applicable. As security for the interim lease, Sponsor reserves the right to increase the Contract Deposit (as defined in the Section entitled "Procedure to Purchase") to 20 percent of the Purchase Price.

All such interim leases executed by a Unit Purchaser will provide, among other things, that (i) an uncured default under the Purchase Agreement for the Unit will constitute a substantial and material default under the interim lease, entitling the landlord (Sponsor), at its sole option, to immediately terminate such interim lease, and (ii) an uncured default under the interim lease will constitute a substantial and material default under the Purchase Agreement. However, before Sponsor may utilize any such default under the interim lease to declare a default under the Purchase Agreement, either: (i) Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the interim lessee or (ii) the interim lessee must have vacated the Unit.

In the event an interim lease is terminated by Sponsor upon a default under such lease or a Purchase Agreement, the interim lessee shall have 30 days in which to vacate the Unit.

Sponsor does not presently offer the right of rescission of a Purchase Agreement. However, should such right be offered in the future, and be accepted by Purchaser, then the Purchaser will be required to surrender possession of the apartment and leave the same vacant and broom clean within 30 days thereafter. If Purchaser fails to timely vacate, Purchaser will be liable for all expenses including legal fees and court costs incurred in any proceeding to remove the Purchaser from the apartment. He must also pay any rent due under his Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage caused to the apartment or any liability under the Purchase Agreement.

The rent payable for any such Unit and other terms under an interim lease will be negotiated by Sponsor and the interim lessee, but will in no event exceed the maximum rent that may be legally collectible, if any.

It should be noted that until the Purchaser acquires title to the Unit, Purchasers of Units will not be able to claim the income tax deductions described in the Plan. Such deductions may become available only when and if (a) the Plan is declared effective and there is a sale to Purchasers hereunder, and (b) the conditions set forth in the Attorney's Income Tax Opinion have been met, and then only for the period subsequent to the Closing Date of such Unit. **NO PART OF THE RENT PAID PURSUANT TO AN INTERIM LEASE WILL BE APPLIED TOWARD THE PURCHASE PRICE OF ANY UNIT.**

Purchasers or any other persons entering into an Interim Lease/ Use and Occupancy Agreement for a Unit shall be required to pay the sum of $500 (subject to increase) to Sponsor's attorney for legal fees in connection therewith upon execution of the Use and Occupancy Agreement. All other charges or other fees due under a Use and Occupancy Agreement shall be adjusted as of the Closing to the

Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any Use and Occupancy Agreement.

Sponsor or its successor further reserves the right to use or occupy itself or to rent or lease to a tenant who is not a Purchaser (for such rent and term and on such other conditions as may be agreed to between such parties) any vacant Unit not conveyed or with respect to which a Purchase Agreement is not then outstanding.

## PROCEDURE TO PURCHASE

A prospective Purchaser desiring to purchase a Unit will be required to execute a Purchase Agreement in quadruplicate (four original counterparts), which will be in the form set forth in Part II of the Plan as Exhibit A.

Prospective Purchasers shall be given not less than three business days to review the Plan and all amendments thereto prior to executing a Purchase Agreement. If a Purchaser has not received and read the Plan at least three full business days prior to executing a Purchase Agreement, a Purchaser shall have the right to rescind the Purchase Agreement within seven days from the date of the Purchase Agreement. 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 Plan and the Purchase Agreement, the provisions of the Plan shall control. Although a Purchaser may obtain financing from a lending institution or any other source, Purchaser's obligation to purchase a Unit pursuant to the Purchase Agreement shall not be contingent on Purchaser obtaining financing for such purchase, unless otherwise agreed to by Sponsor.

Purchase Agreements will not be binding on Sponsor until approved and executed by it, and delivered by Sponsor to the prospective Purchaser. Sponsor will have 30 days after delivery by Purchaser of an executed Purchase Agreement and the Contract Deposit required thereby, within which to accept or reject such Purchase Agreement. 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 is not accepted by Sponsor within the aforesaid 30 day period, the Purchase Agreement shall be deemed to have been rejected and cancelled and the Contract Deposit shall be returned to Purchaser within 30 days thereafter. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without prior notice or prior amendment to the Plan and without the consent of the Condominium Board, to refuse to approve and execute (a) a Purchase Agreement for any Unit, except as prohibited by law, and (b) a Purchase Agreement(s) for more than one Unit to any one person or entity.

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

Purchase Agreement, a Purchaser is required to make a Contract Deposit in an amount equal to ten percent of the purchase price. All Contract Deposits must be made payable to the direct order of "Goldberg, Weprin & Ustin, LLP, Escrow Agent." All checks delivered in payment of the Contract Deposit shall be accepted by Sponsor subject to collection, and if any such check is returned for insufficient funds or any other reason, Sponsor shall have the right, among other things, to deem such Purchase Agreement to be cancelled and of no further force or effect.

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

After the amendment declared the Plan effective has been accepted for filing, Sponsor will set dates for Closing for all Units for which purchase agreements have been executed by service notice on all purchasers and tenants stating the date of the First Closing and setting each closing date. Such notice shall be served no less than 30 days prior to such designated closing date. Purchasers, at their sole option, may elect to waive the aforesaid 30-day notice provision.

The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Unit by an official bank check or an unendorsed certified check drawn on or issued by a New York bank or trust company which is a member of The New York Clearinghouse Association and shall be payable to the direct order of Sponsor, or otherwise, if Sponsor should so notify Purchaser. The deed will be substantially in the form set forth in Part II of the Plan as Exhibit C. Interest, if any, on Purchaser's Contract Deposit will be credited or paid to Purchaser at Closing. At Closing, Purchaser will be required to deliver a Power of Attorney in favor of the Board of Managers substantially in the form included herein as Exhibit B. Such Power of Attorney shall be returned to the Condominium within 30 days of the Closing. Failure to return the Unit Owner's Power of Attorney within 30 days shall subject Unit Owner to a $500.00 fine.

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

In the event of any default by Purchaser under his Purchase Agreement, and if Purchaser does not cure such default within 30 days after Sponsor gives written notice to the Purchaser of default, Sponsor may, at its option, either (a) cancel such Purchase Agreement and retain the Contract Deposit made by Purchaser, together with any interest earned thereon, as liquidated damages, in which event all rights, obligations and liabilities of Sponsor and Purchaser shall wholly cease and terminate, or (b) bring an action against Purchaser for specific performance. A Purchaser will receive at least fifteen days' prior notice of the originally scheduled Closing Date and, in the event Purchaser fails to close on the designated date, then Purchaser will have a 30-day period after written notice within which to

cure, time being of the essence, such default, following which Sponsor shall have the remedies set forth above.

If a Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date: (a) the closing apportionments described in the Section entitled "Unit Closing Costs and Adjustments" will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, and (b) a Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's increased carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and the Plan, an amount equal to 0.04 percent of the purchase price of his Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

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 which consent may be withheld in Sponsor's sole and absolute discretion.

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

From date after the Closing of each Unit, 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 his Unit, whether or not he has taken possession of his Unit, and whether or not all work required to be performed by anyone in or to his Unit 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 takes possession of such 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 a 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 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 Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit or if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws, or the Declaration, specifically the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws"), the Purchase Agreement shall be deemed cancelled and of no further force or effect and

Sponsor shall return Purchaser's Contract Deposit to Purchaser, whereupon the parties to the Purchase Agreement shall be released and discharged from all obligations and liability thereunder and under this 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.

The Units are being sold in the "as is" condition in which they exist at the time a Purchaser signs a Purchase Agreement, subject to ordinary wear and tear. Each Purchaser should examine the Unit prior to closing.

At closing, each Unit will contain only those appliances, counter-tops, cabinets, sinks, vanities, heating, hardware and other fixtures, equipment and appliances, to be installed therein as set forth in this Plan. Each Unit is being sold unfurnished. All fixtures, equipment and appliances will be in working order at closing unless otherwise agreed in writing.

## ESCROW AND TRUST FUND REQUIREMENTS

All Contract Deposits will be held in escrow in conformity with the disclosure contained in this Section of the Plan. Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 152-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. Purchaser 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 Contract Deposits made by Purchasers prior to the closing of each individual transaction, whether received before or after the date of "consummation of the Plan" (as such term is defined in the Attorney General's regulations), will be placed, within five business days after a Contract is executed by Sponsor, in a segregated special escrow account of Goldberg, Weprin & Ustin, LLP, the escrow agent (the "Escrow Agent"), whose address is 1501 Broadway, New York, New York 10036, and whose telephone number is (212) 221-5700. Escrow Agent has established a master escrow account at Sterling National Bank Escrow Account No [redacted] (the "Master Escrow Account"). All Contract Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. Andrew W. Albstein, Arnold Mazel, Steven Uffner, Iris Albstein and Lisa R. Radetsky are the signatories on the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) or a Form W-8 (Certificate of Foreign Status), as applicable, to Sponsor or Selling Agent at the time Purchaser tenders the Contract Deposit and the Purchase Agreement. If a Contract Deposit is accompanied by a completed and signed Form W-9 or Form W-8 with an IRS issued indentification number, the Contract

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 with an IRS issued identification number, the Contract Deposit will remain in the non-interest bearing checking portion of the Master Escrow Account. At such time as the Contract Deposit is released, the Contract 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. Sterling National 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 Contract Deposit in excess of $100,000 for the purchase of a Unit, such Contract Deposit will not be federally insured in excess of $100,000; and (ii) while the Contract Deposit is in the non-interest bearing checking portion of the Master Escrow Account, the Contract Deposit may not be fully federally insured even if the Contract Deposit does not exceed $100,000.**

The Contract 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 Contract Deposit shall be deemed tendered by Purchaser on the date it is actually received by Sponsor or Selling Agent.

Acceptance of the Contract Deposit by Sponsor or Selling Agent and the deposit thereof by Escrow Agent into escrow shall not be deemed a binding agreement by Sponsor to sell to Purchaser unless and until Purchaser executes a Purchase Agreement and Sponsor or Selling Agent executes a duplicate thereof and delivers the Purchase Agreement to Purchaser in accordance with the terms of the Plan.

If a Purchaser tenders a Contract Deposit without an executed Purchase Agreement, Sponsor shall have the right to reject the Contract Deposit and return it to Purchaser: (i) within five business days after tender, if the Deposit has not been deposited into escrow, and (ii) at any time, if the Contract Deposit has been deposited into escrow.

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 Contract Deposit. All interest will be credited to Sponsor only in the event that: (i) the Plan is declared effective, (ii) a minimum of one unit has been conveyed to a Purchaser, and (iii) Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts which currently is 1.00 percent. Interest will begin to accrue within: (i) one business day, if the Contract Deposit is cash or cash equivalent, or (ii) three business days, if the Contract Deposit is other than cash or cash equivalent, of the transfer of the Contract Deposit from the checking account portion of the Master Escrow Account into the sub-escrow savings account portion of the Master Escrow Account.

All instruments shall be made payable directly to the order of "Goldberg, Weprin & Ustin, LLP, Escrow Agent." Endorsed instruments will not be accepted. In the event a check delivered by a Purchaser fails collection, the Purchase Agreement will be deemed void *ab initio* ( as if the Purchase

Agreement had never been executed) at the option of Sponsor, who reserves the right to exercise this option in its discretion by written notice to Purchaser given within five business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

Within ten business days after tender of the Contract 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 business days after tender of the Contract Deposit, Purchaser may cancel the Purchase Agreement and rescind so long as the right to rescind is exercised within 90 days after tender of the Contract Deposit or may apply to the Attorney General for relief using the form set forth in Part II of the Plan. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Contract Deposit was timely deposited and requisite notice was timely mailed to Purchaser in conformity with the Attorney General's regulations.

Since all Purchase Agreements are contingent upon the Plan's becoming effective, under no circumstances will Sponsor apply for release of the Contract Deposit of a defaulting Purchaser until after "consummation of the Plan."

Escrow Agent will hold the Contract 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 Contract Deposit to Sponsor until Escrow Agent has given Purchaser written notice of no less than ten business days. Thereafter, the Contract 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 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 Contract Deposit to:

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

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

The Purchase Agreement provides that Purchaser will not object and will be deemed to have agreed, without the need for further written agreement, to the release of the Contract 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 Contract Deposit and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is set forth in Part II of the Plan. The party applying for a determination must send to all other parties by certified mail, return receipt requested, a copy of the application.

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

Set forth in Part II of the Plan is a copy of the form of escrow agreement between Sponsor and Escrow Agent which incorporates the terms of the Attorney General's regulations.

Escrow Agent shall be permitted to act as counsel to Sponsor in any dispute as to the disbursement of the Contract Deposit or any other dispute between Sponsor and a Purchaser whether or not Escrow Agent is in possession of the Contract 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 Agents 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 Contract Deposit nor deducted from the Contract Deposit by any financial institution under any circumstance, except if an instrument tendered by a Purchaser is returned for failure of collection, in which event the Bank's standard fee therefor may be deducted from a subsequent deposit.

Escrow Agent will maintain all records concerning the Master Escrow Account for seven years after the release of funds.

Before escrow funds are transferred to a new escrow account, or if the Escrow Agent is replaced, the Plan must be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement as was originally provided. A bond, letter of credit or other security may be substituted for the escrow account only after the Department of Law approves in writing the use of such alternate form of security.

## ASSIGNMENT OF PURCHASE AGREEMENT BY EXISTING TENANT

The rights of a Purchaser under his/her Purchase Agreement are not assignable to any party unless and until the express prior written consent of Sponsor is obtained. In the event Sponsor consents to or authorizes the assignment by a tenant purchaser (a purchaser who is an Existing Tenant) of his/her Purchase Agreement, that Purchase Agreement will be counted toward effectiveness only if: (i) an amendment to this Plan states conditions for such consent or authorization which are specific and reasonable and applied on an objective and non-discriminatory basis (*i.e.*, a uniform policy); and (ii) Sponsor receives a purchase agreement signed by the Existing Tenant together with the full Contract Deposit and an affidavit stating that the assignee was not procured by Sponsor, the Selling Agent, or the Managing Agent, and that the assignee intends that he or she or a specified member of his or her immediate family will personally occupy the dwelling unit (the form of which will be attached to said amendment).

A Purchaser does not have the right to assign the Purchase Agreement without the prior written consent of Sponsor. Any purported assignment by a Purchaser in violation of the Purchase Agreement will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle a Purchaser to cancel the Purchase Agreement or give rise to any claim for damages against Sponsor. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion or substitution of names on the Purchase Agreement, then the Purchaser shall be required to pay Sponsor's attorneys a fee of $450, in advance, for preparation of an assignment agreement.

## EFFECTIVE DATE

The offering by Sponsor under the Plan is contingent upon the Plan being declared effective and the First Closing shall not occur until the Plan has been declared effective. The Plan may be declared effective, at Sponsor's option, at any time when *bona fide* tenants-in-occupancy or *bona fide* purchasers, who represent that they or a specified member of their immediate family intends to occupy the Unit, have executed Purchase Agreements with respect to no less than fifteen percent of the Units offered under the Plan. As to tenants-in-occupancy on the date the Plan was accepted for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without fraud or discriminatory repurchase agreements or other discriminatory inducements. The Plan must be declared effective at such time as Purchase Agreements have been executed and are in effect with respect to 80 percent of the Units offered under the Plan.

The Plan may be declared effective by (a) a duly filed amendment and a copy of such amendment will, thereafter, be sent to all Purchasers or (b) by personal service of notice on every Purchaser or by service by regular mail, certified mail or registered mail stating that the Plan is declared effective and submitting an amendment to the Department of Law within five days thereafter confirming that the Plan was declared effective on a specified date. The first unit closing will not

occur until the Plan is declared effective. Sponsor will submit to the Department of Law, if requested to do so, copies of all Purchase Agreements (and any amendments or modifications thereto) within five business days after such request is made.

The Plan will not be declared effective based on Purchase Agreements: (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) signed by Purchasers who have not been afforded at least three business days to review the Plan and all filed amendments prior to executing a Purchase Agreement or at least seven days to rescind; or (iii) signed by any Purchaser who is Sponsor, the Managing Agent or a principal of either, or is related by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner of Sponsor, the Selling Agent, the Managing Agent or a principal of either (except that such a Purchaser other than Sponsor or a principal thereof may be counted only if Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is *bona fide*).

The Plan may be withdrawn or abandoned by Sponsor for any reason whatsoever at any time prior to its being declared effective, in which event Purchasers will be notified by Sponsor in writing, by registered or certified mail.

Once the Plan has been declared effective, it may not thereafter be abandoned or withdrawn, except that, prior to the First Closing, the Plan may, at the option of Sponsor, be abandoned in the event of: (l) the existence of one or more title defects affecting any one or more Units or the Property that cannot be removed, cured or complied with prior to the date set for the First Closing, without litigation; a substantial damage to or destruction of the Building (or any portion thereof) by fire or other casualty that cannot be repaired prior to the date set for the First Closing for less than 0.5 percent of the total offering amount; or (2) a taking of a material portion of the Property in condemnation proceedings or by eminent domain. Excluded from the dollar amounts set forth in (1) and (2) above are attorneys' fees and title defects or determinations of any authority or regulatory association which exist on the Filing Date of the Plan and are either known to Sponsor or are a matter of public record.

In the event the Plan is withdrawn or abandoned, all Contract Deposits will be returned to Purchasers within 30 days following such withdrawal or abandonment. Upon the return or retention of the Contract Deposits, the Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under the Plan or the Purchase Agreements. Sponsor shall promptly submit an amendment to the Department of Law confirming such abandonment or withdrawal and shall file a notice of abandonment on form RS-3 or such other form as the Department of Law may require and explain the reason for the abandonment and disposition of all Contract Deposits received.

## TERMS OF SALE

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed at the closing free and clear of all liens, encumbrances and title exceptions other than those described in

the Plan and the proposed unit deed which appears in Part II of the Plan. Title to each Unit and its appurtenant interest in the Common Elements shall be conveyed subject to the following:

1. Taxes and assessments, not yet due and payable;
2. Covenants and restrictions contained in deed recorded in Liber 1222, Cp. 640;
3. Covenants and Restrictions contained in deed recorded in Liber 1871, Cp. 363;
4. Terms, Covenants, Restrictions, Reservation of Easements and Conditions set forth in the Declaration and By-Laws to be recorded;
5. State of facts shown in a current accurate survey of the Premises.

All personal property owned by Sponsor, located within the Unit on the date the Purchase Agreement is signed, or, in the case of Units being renovated, described in the Description of Property, or located withing the Common Elements on the date the Declaration is filed is included in the conveyance, unless otherwise specifically provided herein.

The risk of any material loss or damage to the Units or the personal property included in this sale by fire or other cause, until the time of Closing, is assumed by Sponsor, but without any obligation on the part of Sponsor, except at Sponsor's option, to repair or replace any material loss or damage. Sponsor shall notify Purchasers of the occurrence of any material casualty within ten days after the happening thereof. Sponsor may elect to cancel a Purchase Agreement if a loss occurs and upon such election, Purchaser shall receive a refund Purchaser's Contract Deposit including any interest earned thereon. Such election shall be exercised by notice to the other party within 30 days of the date of Sponsor's notice of the loss. The foregoing shall not be deemed to relieve Sponsor of any of its obligations to repair a Unit under the applicable Rent Laws. In the event that Sponsor does not elect to cancel a Purchase Agreement, Sponsor shall repair the damage and Purchaser shall close following the completion of the work required to restore the Unit.

The Closing of each Unit shall be held at the offices of Sponsor's attorneys, or at such other place as Sponsor may designate. The Closing of each Unit shall take place only after or concurrently with the following events:

(a) the Plan has been declared effective in accordance with its terms and an amendment disclosing the same has been accepted for filing by the Department of Law;

(b) the recording or filing of the Declaration, By-Laws, Floor Plans and engineers 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 from the lien of all mortgages, if any;

(d) the delivery to Purchaser of written notice of the time and place of the Closing to his Unit no less than 30 days prior to the Closing Date specified therein, including a reasonable opportunity for

Purchasers who are not Tenants-in-Occupancy to examine his or her Unit, during normal business hours and in the company of Sponsor's agent, prior to Closing;

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

(f) the execution and delivery by Purchaser of the Unit Owner Power of Attorney designating the Board of Managers as attorney-in-fact for the Unit Owner which power of attorney must be returned to the Managing Agent within fifteen days following the execution of such power of attorney, the form of which is set forth in Part II of the Plan;

(g) if Purchaser has requested title insurance, the issuance to Purchaser (at Purchaser's sole expense) of a policy of title insurance in at least the amount of the purchase price of the Unit, insuring that (i) Purchaser has fee title to his Unit free and clear of all liens and encumbrances except for (A) Permitted Encumbrances and standard printed exceptions, (B) liens and encumbrances (other than Permitted Encumbrances) to which title of his Unit is subject as set forth herein, which have been expressly accepted by Purchaser by Purchaser's execution of a Purchase Agreement, and (c) any mortgage and related security documents that Purchaser executes in connection with the financing of the purchase price of his Unit, and (ii) the Condominium has been validly created pursuant to the Condominium Act;

(h) the execution by and the delivery to Purchaser of the bargain and sale deed with covenants against grantor's acts as set forth in item (e) above, in proper form for recording and containing the provisions set forth in subdivision 5 of Section 13 of the Lien Law upon delivery to Sponsor of the balance of the purchase price and such other checks and documents required pursuant to the Plan and the Purchase Agreement.

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 be responsible for the cost of recording or filing such instruments.

The acceptance of a deed by a Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be performed under the Plan except those (if any) which may be expressly stated in the Plan, in the Purchase Agreement, in 13 NYCRR, Part 23 (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.

# UNIT CLOSING COSTS AND ADJUSTMENTS

Closing Costs

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

(a) A contribution to the Working Capital Fund of the Condominium in an amount equal to two month's Common Charges then applicable to each Unit being purchased.

(b) If Purchaser elects to obtain fee or mortgage title insurance, Purchaser will pay a premium which will vary depending upon the amount of insurance requested. The premium for fee or mortgage title insurance if ordered from Lex Terrae Insurance Company, 331 Madison Avenue, New York, New York 10017 (212-599-1300), Attention: Mr. Michael Samuels, will be as follows:

FEE TITLE INSURANCE:

$402.00 for the first $35,000.00 of coverage; plus from $7.00 to $4.59 for each $1,000.00 of additional fee insurance or fraction thereof depending on the amount of insurance.

MORTGAGE TITLE INSURANCE:

$344.00 for the first $35,000.00 of coverage; plus from $6.00 to $3.82 for each $1,000.00 of additional mortgage title insurance or fraction thereof depending on the amount of insurance.

(c) If a Purchaser elects to simultaneously obtain both fee title insurance and mortgage title insurance from Lex Terrae, as agent for Chicago Title Insurance Company, the premium for the mortgage title insurance will be at a simultaneous rate.

The premium for fee title insurance issued simultaneously is computed as described in subparagraph (b) above. To the extent there are any savings of title premiums for fee or mortgage insurance by virtue of a title company using a reissue or similar rate rather than the full rate for the purchase of such insurance (as a result of title premiums previously paid by or on behalf of Sponsor) the Purchaser shall be required to pay the amount of such savings directly to Sponsor as reimbursement for premiums previously paid by Sponsor in connection with Sponsor's acquisition of the Property. Purchasers are free to obtain title insurance from the title insurance company of their choice without incurring additional charges.

(d) A fee for recording the Deed and Power of Attorney, being $17.00 for each instrument plus $5.00 per page and a service charge to the title company of approximately $10.00 per instrument, together with a fee of $25.00 for filing the New York City Real Property Transfer Tax return.

(e) New York State Real Estate Transfer Tax ("State Transfer Tax") currently equal to $2 per $500 of purchase price plus, if applicable, a Special Additional Tax of one percent where the purchase price equals $l million or more and the New York City Real Property Transfer Tax ("RPT Tax") currently equal to one percent of the purchase price where the purchase price is $500,000 or less and 1.425 percent of the purchase price where the purchase price is more than $500,000.

The City of New York, Department of Finance has taken the position that where the purchaser of property assumes the obligation for the State Transfer Tax and the RPT Tax, the amount of the tax which would otherwise be payable if the seller were to pay such taxes will be treated as additional consideration for the transaction subject to tax. Consequently, the amount of the RPT Tax is computed as follows:

(i) Multiply the purchase price by the RPT Tax rate to compute the City Tax on the amount of the Purchase Price;

(ii) Multiply the purchase price by the NYS Tax rate to compute the NYS tax due on the on the amount of the Purchase Price;

(iii) Add the amounts obtained by the computations in steps (i) and (ii) to the Purchase Price (the number is hereinafter referred to as the "Grossed-Up Purchase Price".

(iv) Multiply the result of (iii) by the RPT Tax rate to determine the RPT Tax payable;

(v) Multiply the result of (iii) by NYS rate to determine the NYS Tax payable.

Example:

Purchase Price = $2,300,000

(1) $2,300,000 x 1.425 percent = $32,775

(2) $2,300,000 x 0.4 percent = $9,200.00

(3) Grossed-up Purchase Price is $2,300,000 + 32,775 + $9,200.00 = $2,341,975

(4) RPT Tax: = $2,341,975 x 1.425 percent = $33,373

(5) NYS Tax = $2,341,975 x 0.4 percent = $9,368

In addition, where a purchaser purchases two or more Units, the NYC RPT Tax rate, where the consideration if $500,000 or less will be 1.425 percent, while the tax rate where the consideration is in excess of $500,000 will be 2.625 percent.

Thus, the effective RPT tax rate is approximately 1.014 percent of the purchase price where the purchase price is $500,000 or less and 1.451 percent where the purchase price is $500,000 or more. A similar position has been taken by the New York State Department of Taxation and Finance and as a result the effective tax rate for the State Transfer Tax is $4.06 per thousand dollars of the purchase price for the Unit where the consideration is less than $500,000 and $4.076 per thousand dollars of the purchase price of the Unit where the consideration is $500,000 or more. However, payment by Purchaser of the Special Additional Tax is not considered additional consideration to Sponsor for purposes of the calculation of the State Transfer Tax.

(f) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of the mortgage recording tax, mortgage recording fees, origination, appraisal and closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, the mortgage recording tax for mortgages under $500,000 is 2.05 percent of the face amount of the mortgage and 2.175 percent of the face amount of the mortgage if the mortgage is $500,000 or more. Of the total tax due, the lender pays an amount equal to 0.25 percent of the face amount of the mortgage. In addition, there is a $30 exemption for residential real property. No representation or warranty is made with respect to the amounts of such closing costs and expenses or the availability or cost of mortgage loans from any sources. As indicated above, a discounted rate may apply where fee and mortgage title insurance policies are issued simultaneously.

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 of the estimated annual real estate taxes and tax assessments which are assessed or to be assessed against the Unit, together with one-twelfth of the annual fire and casualty insurance policy premiums for the Unit, or other amounts, and, at Closing, Purchaser may be required to deposit with the lender an amount equal to the aggregate of such one month's real estate taxes, tax assessments and insurance premiums, if applicable, in order that sufficient funds will be available for the lender to pay the same when due.

(g) Fees payable to Sponsor's attorney in accordance with the following schedule, all of which fees will be cumulative to the extent applicable to any individual closing:

(1) $2,000 for the preparation of closing documents, calculation of adjustments, attendance at closing at the place designated by Sponsor in the closing notice and supervision of execution of documents.

(2) If the Purchaser requires that the Closing occur other than at the offices of Sponsor's attorney or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an additional attendance fee of $400 for each Closing held within Manhattan and $600 for each Closing held in any borough outside Manhattan.

(3) If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion or substitution of names on the Purchase Agreement, a fee of $450, payable in advance, for preparation of an assignment agreement.

(4) If the Closing is adjourned by Purchaser or Purchaser's Lender, on less than two business days' notice, an adjournment fee of $450;

(h) If Purchaser has dealt with any broker other than the Selling Agent or any other broker engaged in writing by Sponsor in connection with his purchase, then Purchaser will be required to pay any commission due to such broker.

Purchaser may pay more than one fee pursuant to subparagraph (g) above with respect to a Unit. In addition to an attendance fee in connection with a completed Unit transfer, Sponsor's attorneys shall also be entitled to an attendance fee in the amount set forth above if they attend a scheduled Closing, but the Closing is adjourned due to Purchaser's failure to comply with Purchaser's closing obligations. In addition, more than one assignment fee shall be payable if Sponsor consents to more than one request.

All legal costs, fees and expenses of Sponsor's attorneys, other than those specifically set forth above, will be the sole responsibility of Sponsor.

Closing 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, and (c) accrued rent and any other charges pursuant to a lease between Sponsor and Purchaser including, without limitation, an interim lease or use and occupancy agreement, if any, covering Purchaser's Unit. In the event the Units have not been separately assessed for real estate tax purposes prior to the First Closing, Sponsor shall place in a special escrow account with Sponsor's attorney an amount equal to the unpaid real estate taxes which will be payable with respect to the Property for the six-month period following the First Closing or until the Units are separately assessed, whichever is shorter, or Sponsor will pay the real estate taxes with respect to the Property from the special escrow account as and when such taxes become due and payable, and Sponsor will be reimbursed for such payments by the Condominium Board. Until the Units are separately assessed and billed, each Unit Owner will pay his *pro rata* share (in the proportion that his Unit's Common Interest bears to the aggregate Common Interest of all Units) of all real estate taxes with respect to the Property to the Condominium Board. The Condominium Board will pay such taxes either to the Department of Finance of The City of New York or directly to Sponsor if Sponsor has already paid such real estate taxes. If any Unit Owner fails to pay his *pro rata* share as set forth above, the Condominium Board will have a lien on such Unit for non-payment thereof, as if such charges were Common Charges. (See the Section entitled "Rights and Obligations of Unit Owners--Common Charges: Collection and Lien for Non-Payment" for further discussion.) At such time as a Unit is separately assessed and separately billed, its Unit Owner will pay such taxes directly to the taxing authority.

If a Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date, (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, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and the Plan, an amount equal to 0.04 percent of the purchase price of his Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

Closing Costs for a Unit with a purchase price of $2,300,000 assuming purchaser obtains a purchase money mortgage loan of $1,200,000:

| | | | |
|---|---|---|---|
| 1. | New York City Real Property Transfer Tax | | $32,775 |
| 2. | New York State Real Estate Transfer Tax | | $ 9,200 |
| 3. | Mortgage Recording Tax | | $25,470 |
| 4. | Fee and Mortgage Insurance | | $ 7,405* |
| 5. | Recording Fees | | $ 700 |
| 6. | Working Capital Fund | | $ 2,950 |
| 7. | Legal Fee for Sponsor's Attorney | | $ 2,000 |
| 8. | Real Estate Tax Adjustment (Estimated) | Approx | $ 3,000 |
| 9. | Common Charge Adjusted (Estimated) | | $ 700 |
| | **Total Estimated Closing Costs** | | $84,200 |

* The discounted combined premium rate indicated herein is available only for the initial conveyance from the Sponsor.

Although a mortgage loan is contemplated and the above estimate assumes mortgage recording tax and mortgage title insurance, the foregoing estimates do not include origination fees, appraisal costs and credit reports with respect to purchaser's loan and legal fees paid to Lender's counsel because such amounts vary widely by institution. The foregoing also does not include the legal fees due to Purchaser's attorney.

Except as specifically set out in the Plan, Sponsor must pay all costs and expenses incurred in connection with the promulgation and consummation of the Plan and the initial sale of Units, including, but not limited to, all selling expenses and commissions payable to Selling Agent for the initial sale of Units pursuant to the Plan, advertising, printing and architect's fees, the fees of Sponsor's attorneys, engineering and appraisal costs and governmental filing fees, whether incurred prior or subsequent to the effective date of the Plan, in connection with the obligations of Sponsor (see the Section entitled "Rights and Obligations of Sponsor").

# RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Obligations with Respect to the Building

Subject to the terms and conditions of the Plan, Sponsor shall have the following obligations and all Purchasers upon execution of their respective Purchase Agreements will be deemed to have accepted, approved and agreed to abide and be bound by the following:

(a) Each Unit and the fixtures and personal property contained therein, are being sold and delivered "AS IS", as described in the Plan, at the time the Purchase Agreement for such Unit is executed, unless Sponsor and Purchaser otherwise agree in writing. Each Unit is being sold unfurnished. Sponsor will maintain each Unit, and the fixtures and personally contained therein, up to the time of the transfer of title to the Unit in question. The Purchaser of a Unit may inspect such Unit prior to the Closing Date.

(b) Prior to the Closing of title for each Unit, Sponsor will cause such Unit and its appurtenant Common Interest, benefits, rights and easements as described in the Declaration and By-Laws to be released from the lien of any mortgages or security agreements encumbering the Unit (other than any such agreements obtained by the Purchaser).

(c) Sponsor will bear all costs and expenses incurred by it in connection with the preparation of the Plan and all selling expenses and compensation payable to sales or other personnel of Sponsor.

(d) Sponsor will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in any renovation or construction at the Building in accordance with the New York Lien Law, for work performed and fixtures, material and equipment supplied or installed during any such construction and will cause any and all mechanic's liens arising out of such construction, if any, to be discharged by bonding, or otherwise, promptly after the filing of any such liens.

(e) Sponsor shall have the obligation to defend any suit or proceeding arising out of Sponsor's acts or omissions and to indemnify the Condominium Board or Unit Owner(s) in any such action or proceeding.

(f) Sponsor will deliver a set of "as-built plans" to the Condominium Board.

(g) In accordance with Section 339(p) of the Condominium Act, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans are an accurate copy of portions of the plans of the Building as filed with and approved by the municipal or other governmental authority having jurisdiction over the Building.

(h) Sponsor will pay all Common Charges, real estate taxes and special assessments allocated to any Unsold Units in accordance with the provisions of the By-Laws. Sponsor represents and warrants that it has the financial resources to meet such obligations as the same become due. Sponsor

intends to use revenues derived from rents, sales proceeds and income from other sources to pay their monthly common charges, real estate taxes and other obligations with respect to the Unsold Units. No bond or other security will be posted by Sponsor with respect to this obligation.

(i) Sponsor will initially procure on behalf of the Condominium Board the insurance relating to the Condominium which is required to be maintained by the Condominium Board in accordance with the provisions of the By-Laws. (See the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws") the cost of which insurance has been reflected in the First Year's Budget.

(j) 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 from the date of the recording of the Declaration. In addition, a set of Floor Plans showing the layout, location and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's office when the Declaration is recorded, and an additional set will be furnished to the Condominium Board.

(k) Sponsor is obligated to deliver to the Condominium Board all books and records pertaining to the Building's operation that are in Sponsor's possession as of the date of the First Closing.

(l) Sponsor may dissolve or liquidate at any time after the transfer of 20 percent or more of the total number of units of the Condominium, Sponsor's obligations under the Plan will be assumed by financially responsible persons or entities who will assume the status and all of the obligations of Sponsor for those units under the Offering Plan, applicable laws or regulations.

(m) For so long as Sponsor shall control the Condominium Board, Sponsor shall cause the Condominium Board to maintain the Building in substantially the same condition and manner as on the date of the presentation of the Plan.

(n) Sponsor has no obligation to repair or improve Units or the fixtures or personal property attached to or used in connection with the operation of Units, except as otherwise expressly provided in this Plan. Sponsor will not warrant the materials or workmanship of any Unit, or the materials or workmanship of the Common Elements. Sponsor, however, shall assign to each Purchaser all warranties, if any, in Sponsor's possession at the Closing for any Unit. All warranties, if any, in Sponsor's possession as of the First Closing which relate to General Common Elements will be assigned to the Condominium Board at the First Closing.

(o) In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit or if the Unit

Owners do not resolve to make such repair or restoration pursuant to the By-Laws, or the Declaration, specifically the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws"), the Purchase Agreement shall be deemed cancelled and of no further force or effect and Sponsor shall return Purchaser's Contract Deposit to Purchaser, whereupon the parties to the Purchase Agreement shall be released and discharged from all obligations and liability thereunder and under this 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.

(p) All representations contained in the Plan and all of Sponsor's obligations under the General Business Law of the State of New York Section 352-eeee, which are to be performed subsequent to the Closing, shall survive the delivery of the deed.

Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for the purpose of fulfilling Sponsor's obligations under the Plan and performing certain alterations and repairs in or about the Unsold Units. Sponsor will use reasonable efforts in order to exercise such access in such a manner as will not unreasonably interfere with the use of any Unit for its permitted purposes. If reasonable care under the circumstances is exercised to safeguard the Unit Owner's property, such entry shall not render Sponsor or its authorized agents liable for any damage to the Unit or to the personalty or fixtures contained therein.

Sponsor does not represent that it will endeavor to sell, rather than rent, the remaining 49 percent of the Units. The Units reserved by Sponsor may remain unsold indefinitely, and Sponsor may dispose of such Units as it chooses.

Sponsor hereby reserves the right to rent rather than sell Units which become available subsequent to the conversion of the Building to a Condominium if a decline in the real estate market causes the unsold Units to decline twenty percent or more in value from the Offering Prices to Non-Tenant Purchasers set forth in the Purchase Agreements counted towards the declaration of effectiveness for this Plan or if Sponsor wishes to hold such Units which become available for combination with other Units which may become available at a future date.

The foregoing sets forth all of the obligations of Sponsor hereunder and no others shall be implied, except that nothing contained herein shall be deemed to limit the rights of Unit Owners under their respective Purchase Agreements. The Units and the Common Elements are being sold in their "AS IS" condition as of the date hereof and Sponsor makes no representation or warranty as to the condition of the Units, the materials, appliances, equipment or fixtures other than as set forth in the Plan. Prospective Purchasers should inspect the Units prior to executing a Purchase Agreement.

The obligations of Sponsor hereunder with respect to the Building shall be enforceable by the Condominium Board on behalf of all Unit Owners. Obligations of Sponsor shall be enforceable by individual Unit Owners if either (i) the Condominium Board fails to take reasonable action to enforce such obligations within 90 days following the giving of notice of such claim by any Unit Owner to the Condominium Board, or (ii) the applicable statute of limitations with respect to any claim by a Unit

Owner which would otherwise be enforceable by the Condominium Board will expire during the aforesaid 90-day period.

Except as set forth above or as required by law or governmental regulation, Sponsor has not furnished any bond or other security for the performance of the obligations of Sponsor under the Plan.

All representations under the Plan, all obligations pursuant to the General Business Law, and such additional obligations under the Plan which are to be performed subsequent to the First Closing will survive delivery of a deed to a Purchaser of a Unit.

Use of Unsold Units

Sponsor reserves the right, without prior notice or amendment to the Plan, to use any Unsold Unit as sales and rental offices and/or as a model apartment. In the event Sponsor thereafter elects to sell any such Unsold Units, Sponsor 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 Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Unit to the Purchaser of such Unit unless such Purchaser agrees to pay Sponsor an amount as determined by Sponsor in addition to the purchase price for such Unit.

## CONTROL BY SPONSOR

The sale of Units by Sponsor does not require the approval of or a first offer to the Condominium Board, and no transfer fee may be charged to Sponsor or to successor owners of the Unsold Units by the Condominium Board.

The Condominium Board shall initially consists of one person designated by Sponsor. James K. Rinzler, president and a principal of Sponsor is the initial member of the Board of Managers. The Condominium Board will call for a special meeting of the Unit Owners to elect a new Condominium Board within 30 days of the first anniversary of the First Closing or no more than 30 days prior to such anniversary.

Commencing with the first annual meeting, the Condominium Board shall consist of five persons. All such persons shall be elected by the Unit Owners (including Sponsor). The number or composition of Condominium Board members may not be changed except in accordance with the procedures described in the By-Laws.

Sponsor shall have the right to vote all of the Common Interests attributable to Unsold Units when voting for members of the Condominium Board. Sponsor may not control the Condominium Board after (i) the Closing of Title with purchasers under the Plan to Units having more than 50 percent of the aggregate Common Interests pertaining to all Units, or (ii) five years after the First

Closing, whichever is first to occur. Prior to the occurrence of either (i) or (ii) above, Sponsor may control the Condominium Board (the "Initial Control Period").

After the Initial Control Period, Sponsor as owner of Unsold Units, shall not designate and cast its votes for more than two members of the Condominium Board; provided, however, that after the Initial Control Period, Sponsor shall have the right to designate the following minimum number of members of the Condominium Board representing the Unit Owners: (a) two members, for so long as the Common Interests attributable to the Unsold Units equal, in the aggregate, less than 50% percent but more than 15 percent of the Common Interests of all Units; (b) one member, for so long as Sponsor owns at least one Unsold Unit. However, the Condominium By-Laws do not include a provision which requires that a majority of the members of the Board be owner-occupants of the Condominium or members of an owner-occupant's household unrelated to Sponsor and its principals. Accordingly, Purchasers for their own occupancy may never obtain control of the Board of Managers.

Within approximately 30 days after the Initial Control Period, the applicable number of members of the Condominium Board representing the Unit Owners which were designated by Sponsor shall resign and their replacement shall be filled by a majority vote of the members of the Condominium Board representing the Unit Owners (excluding members designated by Sponsor) at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

The number of members of the Condominium Board representing the Unit Owners may not be increased or decreased without the consent of Sponsor as owner of the Unsold Units for so long as there remains one Unsold Unit.

Until Sponsor no longer elects a majority of the members of the Condominium Board, Sponsor will through its control of the Condominium Board have control of the maintenance and operation of, and the services to be provided by the Condominium and will determine the Common Charges to be paid by all Unit Owners.

The Condominium Board may not, for as long as Sponsor has title to Units having more than 25 percent of the aggregate Common Interests pertaining to all Units, but in no event later than five years after the First Closing, whichever shall first occur, take any of the following actions without Sponsor's prior written consent (notwithstanding the number of votes Sponsor controls): (a) make any addition, alteration or improvement to the Common Elements or to any Unit unless the same are required to comply with applicable laws or regulations, (b) assess any Common Charges or Special Assessments for the creation of, addition to or replacement of or addition to all or part of a reserve, contingency or surplus fund, (c) increase or decrease the number, or change the kind of, employees from that described in the First Year's Budget, (d) enter into any service or maintenance contract for work or otherwise contract for work or services not covered in the First Year's Budget, except as is required to reflect normal annual increases in operating services, (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in items (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board

to comply with applicable laws or regulations or to remedy any notice of violation or work order of the Condominium's insurer.

During the time that Sponsor or its successors have the right to control the Condominium Board or to control the expenditures of the Condominium as provided above, Sponsor or its designees will effectively control the budget of the Condominium, the selection of a management company, the maintenance charges imposed upon Unit Owners or similar matters which will ultimately be the responsibility of resident members of the Condominium Board.

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

The term of office of the members of the Condominium Board and Condominium Board shall be for one year or until their successors are elected. Any member of the Condominium Board 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 Condominium Board. Notwithstanding the term of such member's office, such resignation shall take effect at the time specified therein.

A member of the Condominium Board may be removed with or without cause by an affirmative vote of a majority of Unit owners (as defined in the By-Laws) who are present at a meeting containing a quorum of Unit Owners; provided, however, that Condominium Board members designated by Sponsor may only be removed with cause and replaced by another Sponsor designee. No member of the Condominium Board shall continue to serve on the Condominium Board if, during his term of office, such member shall cease to be a Unit Owner or an interested party as described in Section 2.7 of the By-Laws; provided, however, that this provision respecting Unit ownership and Condominium Board membership shall not apply to members of the Condominium Board designated by Sponsor.

Upon the affirmative vote of a majority of the members of the Condominium Board, any officer may be removed with or without cause. A successor officer may be elected at any regular Condominium Board meeting or at any special Condominium Board meeting called for such purpose.

## RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sales and Leases of Units

Each Unit Owner may sell or lease his Unit provided the Unit Owner selling or leasing his Unit (the "Transferor") first gives the Condominium Board, on behalf of all Unit Owners, notice of his intention to sell or lease such Unit and an opportunity to purchase or lease such Unit at the same price or rental and on the same terms as were offered in good faith by a prospective Purchaser or lessee as set forth in a signed contract or lease, as the case may be, as more specifically provided in Article 7 of the By-Laws. If the Condominium Board does not elect to purchase or lease the Unit within 30 days

after receipt of the offering Unit Owner's notice, the Transferor will have an additional 60 days to either convey the Unit to the prospective purchaser or deliver possession of the Unit to the lessee, as the case may be, on the terms set forth in said notice. In the event such sale or lease is not consummated within said 60-day period, the Transferor will be required to again first offer the same to the Condominium Board, provided that the Condominium Board shall be entitled to waive, or to permit an extension of, such 60-day period. The Condominium Board may not exercise its option to purchase or lease any Unit without prior approval of a majority in interest of Unit Owners present in person or by proxy and voting at a meeting at which a quorum is present. In any vote of all of the Unit Owners, the Transferor shall have the right to vote in any vote conducted by the Condominium Board for the purpose of determining whether the Condominium Board shall exercise its right of first refusal to purchase or lease the Transferor's Unit. Any such deed given by a Transferor shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be materially modified, amended, or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign the lease or sublet the demised premises or any part thereof without the prior consent in writing of the Condominium Board, and that the Condominium Board, if permitted by applicable law, shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. The form of any such lease shall be a printed, reasonably applicable form of residential lease which is generally accepted in New York City such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, except for such changes therein as provided in the By-Laws.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Condominium Board.

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

The restrictions upon the sale and lease of Units shall not apply to Sponsor with respect to any Unsold Units, or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure, and they shall be free to sell or lease without first offering to sell or lease to the Condominium Board.

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

a sale, transfer or other disposition of the specific interest in the Common Elements by all affected Unit Owners.

A Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than Permitted Mortgages) are paid and/or satisfied at or prior to closing. In addition, the Condominium Board may establish reasonable fees for the processing of sale and lease notices, which shall be payable by the selling or leasing Unit Owner, as the case may be, to the Managing Agent.

Notwithstanding anything contained herein to the contrary, prior to the closing of title to a Unit, the Purchase Agreement prohibits a Purchaser from listing such 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.

Use of Units

Units shall be used only as a residence (except as described below), and not more than one family may occupy a Unit at one time, subject to applicable laws and regulations. A Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity may only be occupied by said individual, an officer, director, stockholder or employee of such corporation, a partner or employee of such partnership, the fiduciary or beneficiary of said fiduciary, a principal or employee or such other entity, respectively, or by members of the immediate family or guests of any of the foregoing.

Notwithstanding the foregoing, Sponsor or its successors who own the Unsold Units, may, without the permission of the Condominium Board (a) use or grant permission for the use of an Unsold Unit as a professional office, provided that such use is permitted by applicable law and regulations, and (b) retain ownership of one or more Units for use as models, sales rental and/or promotional offices.

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

No nuisance, immoral, improper, offensive or unlawful use shall be allowed in the Building. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof relating to any portion of the Property shall be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whoever or whichever shall have the obligation to maintain or repair such portion of the Property.

No "For Sale", "For Rent", "For Lease" signs, or any other sign evidencing a similar purpose, or other window display or advertising shall be maintained or permitted in any Unit, except that these sign restrictions shall not apply with respect to Unsold Units.

No awnings, air-conditioning equipment or ventilators shall be installed or modified in the Building without prior written approval of the Condominium Board. No radio or television aerial or other similar device shall be erected on the roof or exterior walls of the Building or on the Property, without obtaining in each instance the written consent of the Condominium Board.

No pets other than fish (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in a Unit without the consent of the Board of Managers. Each Unit Owner who keeps any type of pet in his Unit will be required to: (a) indemnify and hold harmless the Condominium, 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 of the Condominium Board adopted with respect thereto.

Each Unit Owner shall keep his 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 his own Unit in accordance with the provisions of the By-Laws and the rules and regulations of municipal departments or agencies having jurisdiction thereof. The Rules and Regulations concerning the use of Units may be amended from time to time by the Condominium Board provided that copies thereof are furnished to each Unit Owner prior to the time that they become effective (except that no amendment thereof affecting the Unsold Units may be made unless agreed to by Sponsor). Further restrictions on the use and leasing of Units are set forth in the By-Laws and the Rules and Regulations.

Mortgage of Units by Unit Owners

Each Unit Owner may mortgage his Unit, provided that the conditions with respect thereto set forth in the By-Laws are first complied with by him. As more fully set forth in the By-Laws, these conditions include the requirements that (a) the mortgage be substantially in the form of the New York Board of Title Underwriters form of mortgage, except for such changes or additions as may be required to permit a lender to make the loan, (b) the Condominium Board is notified in writing of the making of such mortgage and receives a conformed copy of the note and mortgage and (c) the owner making such mortgage first satisfies all unpaid liens against his Unit, other than Permitted Mortgages. Sponsor shall have the right to mortgage any Unsold Unit without any restriction or limitation.

As more particularly set forth in the Section entitled "Amendments to Condominium Documents", in certain instances the consent of the Mortgage Representatives are necessary in order to amend the Declaration, By-Laws or Rules and Regulations. The By-Laws provide that no more than three Mortgage Representatives shall be designated by the holders of mortgages (a) which satisfy the conditions set forth in the By-Laws (as described above) and (b) which holders of such mortgages are (i) Sponsor or a successor owner of the Unsold Units, (ii) a bank, trust company, insurance company, real estate investment or mortgage trust, or (iii) a governmental or union employee, welfare, pension or retirement fund or system.

Common Charges: Determination and Assessment

Common Expenses, which are payable only by Unit Owners and are included in their Common Charges, are allocated among Unit Owners in proportion to their respective Common Interests. Common Expenses include, among other things, all costs and expenses (including the payment of wages) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements, and may include amounts for certain other items as the Condominium Board may deem proper, such as amounts for reserves or in connection with the purchase or lease by the Condominium Board of any Unit.

At least annually the Condominium Board will prepare a budget for Common Expenses and allocate, as aforesaid, and assess among all Unit Owners, Common Charges to meet Common Expenses.

The Condominium Board will furnish copies of each budget on which Common Charges are based to all Unit Owners and advise such Unit Owners of the amount of Common Charges payable by them. Unless otherwise determined by the Condominium Board, Common Charges will be payable monthly in advance on the first day of each month.

Common Charges: Collection and Lien or Non-Payment

Under the provisions of the By-Laws, the Condominium Board, on behalf of all Unit Owners, will have a lien on each Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit in proportion to the respective Common Interests of the Units. All such liens, however, to the extent permitted by applicable law, will be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the particular Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the Register's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever shall occur sooner. The By-Laws provide that such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing such lien.

No Unit Owner may exempt himself from liability for his Common Charges by waiving use of any of the Common Elements or by abandonment of his Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a permissible sale, transfer or other conveyance by him of such Unit. In addition, as more specifically set forth in the By-Laws, a Unit Owner may, by conveying his Unit without consideration to the Condominium Board and complying with certain conditions in connection therewith, exempt himself from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and assessments then due and payable with respect to his Unit and such Unit being free and clear of all liens and encumbrances other than Permitted Mortgages. However, in no event shall

Sponsor be permitted to convey any Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unit thereafter accruing, unless: (i) the aggregate Common Interests appurtenant to the Unsold Units constitutes fifteen percent or less of the total Common Interests then appurtenant to all Units; (ii) at least five years have elapsed from the date of the First Closing; and (ii) at the time of conveyance, Sponsor shall pay the Condominium Board a sum equal to the product of the then current monthly Common Charges for the Unsold Units being conveyed multiplied by 24. The foregoing also does not prohibit Sponsor from selling a Unit to the Condominium Board.

On a resale of a Unit, the purchaser thereof will be liable for the payment of Common Charges accrued and unpaid against such Unit prior to his acquisition. Prior to the permissible sale, transfer or other conveyance of a Unit, any seller or purchaser of a Unit shall be entitled to a statement from the Condominium Board, setting forth the amount of the unpaid Common Charges accrued against the Unit and neither such seller nor purchaser shall be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid Common Charges against such Unit accrued prior to such conveyance in excess of the amount set forth in such statement. In the event of a foreclosure by the Condominium Board of its lien on any Unit for unpaid Common Charges, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the Unit Owner will remain liable for the unpaid balance. Neither (a) a Permitted Mortgagee acquiring title to a Unit at foreclosure sale, nor (b) a purchaser at a foreclosure sale shall be liable, and the Unit shall not be subject to a lien, for the payment of the Common Charges assessed prior to the acquisition of title to such Unit by such Permitted Mortgagee or purchaser. However, such Permitted Mortgagee or purchaser at a foreclosure sale shall be liable for payment of all Common Charges after the acquisition of title to such Unit. The Condominium Board will have the right to assess such unpaid balance as a common charge among all Unit Owners.

Repairs to and Maintenance of Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, (a) in or to any Unit (other than to the Common Elements), including the heating/cooling systems and the interior side of entrance doors thereto, will be made by the owner of such Unit at such Unit Owner's sole cost and expense, and (b) in or to the Common Elements will be made by the Condominium Board and the cost and expense thereof will be charged to all Unit Owners as a Common Expense.

The interior glass surfaces of all windows located in any Unit shall not be colored or painted and are to be washed and cleaned by the Unit Owner at such Unit Owner's sole cost and expense. Any replacement of glass windows in any Unit because of breakage or otherwise shall be made by the Unit Owner thereof at the sole cost and expense of the Unit Owner (unless such breakage is caused by the Condominium Board or the negligence of any other Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Condominium Board or such Unit Owner).

The By-Laws provide that each Unit and all portions of the Limited Common Elements which are used exclusively by certain Unit Owners shall be kept in first-class condition (and with respect to

any roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner. In the event any Unit Owner fails to keep his Unit or such Unit Owner's designated Limited Common Element in such condition, the Board may, at the expense of such Unit Owner, enter such Unit and/or the Limited Common Element and perform such acts as are necessary to cure such default. (See the Section entitled "Rights of Access").

The By-Laws further require that those public or other areas of the Building exposed to public view that are required to be maintained by each Unit Owner or the Condominium Board, be kept in good appearance in conformity with the dignity and character of the Building by such Unit Owner or the Condominium Board.

Alterations and Improvements of Units and Common Elements

No Unit Owner may make any structural alteration, addition, improvement or repair in or to his Unit or the Limited Common Element without the prior written approval of the Condominium Board but, as more fully set forth in the By-Laws. Except as otherwise permitted in the By-Laws, no Unit Owner may make any alteration, addition, improvement or repair in or to the Limited Common Elements without the prior written approval of the Condominium Board. The Condominium Board may not unreasonably withhold or delay its consent to any such proposed alterations, additions, improvements or repairs in or to the Units. The Condominium Board may impose fees upon such Unit Owner to reimburse the Condominium for costs incurred in connection with review or supervision of such Unit Owner's work. Notwithstanding the foregoing, Sponsor and its successors who own the Unsold Units may make structural alterations, additions, improvements or repairs in or to their Units or the Limited Common Elements appurtenant thereto without the consent or permission of the Condominium Board.

Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Unit, the Condominium Board shall have the right to reasonably approve the Unit Owner's contractors and suppliers and may, at its option, require the Unit Owner to execute an agreement in form and substance satisfactory to the Condominium Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done.

Any contractor performing work shall not employ any personnel or means that may cause labor disturbances or stoppage in the work of Building employees or other contractors or subcontractors employed in the Building.

No application or other document shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Unit, unless approved and executed, if necessary, by the Condominium Board. The Condominium Board will not unreasonably refuse to approve and execute, if necessary, any application or other document required to be filed in connection with approved structural alterations, additions, improvements or repairs, provided that the Condominium Board and the other Unit Owners shall not be subject to any expense or liability by reason of such approval and execution or, by reason of such addition, alteration or improvement,

including, without limitation, liability to any contractor, subcontractor, material man, architect or engineer, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to an Unsold Unit, provided any alteration to such Unit shall be in accordance with, and only as permitted by, the Condominium Act and all governmental regulations. Generally, all alterations or improvements in or to the Common Elements will be made by the Condominium Board and the cost and expense thereof will be charged to all Unit Owners as a Common Expense.

Insurance

The Condominium Board is required to obtain and maintain the forms of insurance described in the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws." The Condominium Board is not required to obtain or maintain any insurance with respect to any property contained in a Unit. Consequently, individual Unit owners are strongly urged to consider obtaining casualty insurance with respect to the improvements, and the fixtures, furniture, furnishings and other personal property located within their respective Units and liability insurance with respect to occurrences in or about their respective Units.

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board and any managing agent, manager, Resident Manager and other persons authorized by the Condominium Board, will have a right of access to any Unit for the purposes of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in the Unit or elsewhere in the Building, to remove violations, cure defaults by a Unit Owner, correct any condition originating in any Unit and threatening another Unit or any Common Element, and for any other purposes provided in the Plan, Declaration or as may be required by law or governmental regulation, provided that requests for entry (except in emergency situations) are made in advance and that any such entry (except in emergency situations) is at a time reasonably convenient to the Unit Owner and the tenants of any Unit. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

In accordance with the provisions of the multiple dwelling laws, each Unit Owner must deliver a complete set of keys for his or her Unit to the Board of Managers of the Condominium to facilitate any necessary entry. Provided reasonable care is exercised to safeguard the Unit Owner's property, any entry described herein shall not render the Condominium Board or its authorized agents liable for damage incurred in connection with the exercise of such right of entry.

Compliance with Terms of Declaration, By-Laws and Rules and Regulations

Each Unit Owner must strictly comply with the provisions of the Condominium Documents. Pursuant to Section 339(j) of the Condominium Act, failure to comply is grounds for an action for damages or injunctive relief, or both, but such forms of relief shall not be exclusive of other remedies

provided by law. The By-laws, together with the Rules and Regulations, will be recorded with the Declaration in the Register's Office.

Examination of Books and Records

Each Unit Owner and each mortgagee of a Unit shall be permitted twice during any calendar year, upon prior request, to examine the books of account of the Condominium and other records of the Condominium during normal business hours on business days at the office of the Condominium.

Self-Help

In the event that any Unit Owner fails to maintain or repair his Unit or any Limited Common Elements appurtenant to such Unit, if any, or in the event of any breach of the Condominium Documents, then, as set forth in Article 9 of the By-Laws, the Condominium Board shall have certain rights to perform such maintenance or repairs, or to cure such breach, at such Unit Owner's expense.

Units Held by Non-Occupying Unit Owners

If a Non-Occupying Unit Owner rents any dwelling unit to a 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, all rental payments from the tenant shall be directly payable to the Condominium. A "Non-Occupying Owner" shall mean a Unit Owner who does use his or her dwelling unit for occupancy by themselves or a member of their immediate family.

If the common charges, assessments or late fees due for any Unit have not been paid in full within 60 days after the expiration of any grace period of the earliest due date, the board of directors shall provide written notice to the rental tenant and the Non-Occupying Owner providing that, commencing immediately and until such time as all payments for maintenance, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the cooperative corporation at the address listed on the notice. Where a majority of the Board of Managers has been elected by and from among the owners who are in occupancy, the Board of Managers may elect not to require that rental payments be made payable to the Condominium. At such time as payments for maintenance, assessments and late fees from the Non-Occupying Owner are once again current, notice of such fact shall be given within three business days to the rental tenant and Non-Occupying Owner. Thereafter, all rental payments for such unit shall be made payable to the Non-Occupying Owner or to a designated agent. A Non-Occupying Owner who disputes the Condominium's claim to rental payments pursuant to this section 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 30 days.

# RIGHTS AND OBLIGATIONS OF THE CONDOMINIUM BOARD/SUMMARY OF BY-LAWS

Condominium Board

The affairs of the Condominium shall be governed by the Condominium Board, which shall initially be comprised of one member designated by Sponsor. The initial member of the Board of Managers shall be James K. Rinzler, President and a principal of Sponsor. Within 30 days of the first anniversary of the First Unit Closing, the Condominium Board will call for the first annual meeting of Unit Owners. At such meeting, the incumbent Condominium Board shall resign and, subject to Sponsors right to designate members of the Condominium Board, the Unit Owners shall elect a new Condominium Board consisting of five members: four elected by the Residential Unit Owners and one designated by the Commercial Unit Owner. (See the "Meetings and Votes of Unit Owners" below and "Control by Sponsor"). Thereafter, at each annual meeting, members of the Condominium Board shall be elected and shall serve until the next annual meeting thereof and until a successor has been elected and qualified.

Except for the Condominium Board members designated by Sponsor, all members of the Condominium Board must be either Unit Owners or certain interested parties as described in the By-Laws. However, the By-Laws do not require that Unit Owners who are Board members reside in the Building. Accordingly, Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of this Plan. No member of the Condominium Board shall continue to serve on the Condominium Board if, during his term of office, said member shall cease to be a Unit Owner or an interested party. All Board members shall serve without compensation.

Powers and Duties of and Determinations by the Condominium Board

The Condominium Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium. Generally, all determinations with respect to the administration of the affairs of the Condominium shall be made by the Condominium Board.

As more fully set forth in the By-Laws, all determinations required to be made by the Condominium Board shall be by majority of the votes cast at any meeting at which a quorum is present.

Notwithstanding anything to the contrary contained herein, so long as Sponsor shall continue to own units with an aggregate common interest of more than 25 percent of the Common Elements, but in no event later than five years from the First Closing, the Condominium Board may not without Sponsor's prior written consent (notwithstanding the number of votes Sponsor controls): (a) make any addition, alteration, or improvement to the Common Elements or to any Unit unless the same are required to comply with applicable laws or regulations; (b) assess any Common Charges for the creation or replacement of, or addition to, all or part of a reserve, contingency, or surplus fund; (c)

increase or decrease the number or change the kind of employees from that described in the First Year's Budget; (d) enter into any service or maintenance contract for work or otherwise provide services in excess of those set forth in the First Year's Budget, except as is required to reflect normal annual increases in operating services; or (e) borrow money on behalf of the Condominium; or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such action is necessary (and no alternatives are available) to enable the Condominium Board to: (i) comply with applicable laws or regulations; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

Meetings and Votes of Unit Owners

Annual meetings of Unit Owners shall be held within approximately 30 days of each anniversary of the first annual meeting. At such meetings, the Unit Owners shall elect the three member Condominium Board, subject to any rights of Sponsor to designate Condominium Board members, and there shall also be transacted such other business as may properly come before such meetings. In addition, special meetings may be held from time to time pursuant to the By-Laws. The Secretary of the Condominium Board shall mail a notice of each annual or special meeting to all Unit Owners of record. The notice, which will be given not less than ten nor more than 30 days prior to any such meeting, shall state the purpose of the meeting as well as the time and place where it is to be held. Except as otherwise provided in the By-Laws or Declaration, at all meetings of Unit Owners, the presence in person or by proxy of Unit Owners owning more than 40 percent of the Common Interests attributable to all Units shall constitute a quorum and a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Unit Owners.

At all meetings, each Unit Owner (or his proxy) entitled to vote thereat (including Sponsor or its designees with respect to Unsold Units) shall be entitled to cast one vote for each 0.5 percent of interest in the Common Elements attributable to his Unit or Units.

Officers

The principal officers of the Condominium shall be a President, a Vice-President and a Secretary-Treasurer, all of whom shall be elected by the Condominium Board. The Condominium Board may appoint additional officers. None of the officers of the Condominium need be Unit Owners or have any interest therein or be Condominium Board members until the first organizational meeting of the Condominium Board following the first annual meeting. Thereafter, the President, the Vice-President and Secretary-Treasurer must be members of the Condominium Board. Except as otherwise provided by the Condominium Board, no officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Condominium are to be executed by any two officers thereof or by such other person or persons as may be designated by the Condominium Board. However, any significant expenditure by the Condominium Board must be countersigned by two members of the Condominium Board. If, for any reason whatsoever, one member refuses to

countersign such an expenditure which has been authorized, the Condominium Board shall designate and authorize another Board member to countersign the expenditure.

Repair or Reconstruction after Fire or Other Casualty

In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will, except as set forth below, arrange for the prompt repair and restoration thereof (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit).

If the Building is damaged or destroyed by fire or other casualty and the insurance proceeds are insufficient to cover, or exceed, the cost of repairs and restoration, the deficit or surplus, as the case may be, will be shared entirely by all Unit Owners in proportion to their respective Common Interests. Notwithstanding anything in this paragraph to the contrary, no payment of surplus insurance proceeds shall be made to a Unit Owner until there has first been paid out of his share of such funds such amounts as may be necessary to reduce unpaid liens on his Unit, other than mortgages which are not Permitted Mortgages, in the order of priority of such liens. The provisions of this paragraph are subject to the next paragraph.

If 75 percent or more of the Building is destroyed or substantially damaged and if 75 percent or more in Common Interest of all Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Property shall be subject to an action for partition instituted by any Unit Owner or lien or, 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 has been paid out of his share of such funds such amounts as may be necessary to discharge all unpaid liens on his Unit (other than mortgages which are not Permitted Mortgages) in the order of the priority of such liens.

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained by the Condominium Board shall be payable to the Condominium Board in the event of a loss amounting to $100,000 or less. In the event that such proceeds are in excess of $100,000, such proceeds shall be payable to a New York City bank or trust company designated by the Condominium Board as insurance trustee pursuant to the provisions of the By-Laws. The insurance trustee shall hold all such proceeds in accordance with Section 254-(4) of the New York Real Property Law.

Insurance

The Condominium Board is required to obtain and maintain, in accordance with the provisions of the By-laws, to the extent obtainable and to the extent determined by the Condominium Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit), together

with all service machinery contained therein and covering the interests of the Condominium, and all Unit Owners and Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings); (b) rent insurance in an amount equal to Common Charges for one year; (c) worker's compensation and New York State disability benefits insurance; (d) plate glass insurance to the extent, if any, determined by the Condominium Board; (e) water damage insurance to the extent, if any, determined by the Condominium Board; (f) elevator liability and collision insurance; (g) directors and officers liability coverage; and (h) such other insurance as the Condominium Board may determine.

The fire insurance policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions described in the By-laws.

The amount of fire insurance and all risk extended coverage to be maintained until the first Condominium Board meeting following the First Annual Meeting of the Unit Owners shall be in at least the sum set forth in the First Year's Budget.

All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured, or (iv) *pro rata* reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least ten days prior written notice to all of the insureds, including all Unit Owners and Permitted Mortgagees. Duplicate originals or certificates of insurance of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and Permitted Mortgagees at least ten days prior to the expiration of the then current policies.

The Condominium Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Property, in such limits as the Condominium Board may from time to time determine, covering (1) the Condominium Board, the Managing Agent or agents thereof, each Condominium Board member and each officer and employee of the Condominium, and (2) each Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within his own Unit or within the Common Elements, if any, exclusive to his Unit. The Condominium Board shall review such limits not less than once each year. Until the first meeting of the Condominium Board following the First Annual Meeting of Unit Owners, such liability insurance shall be in at least the sum set forth in Schedule B with respect to bodily injury and property damage, combined single limit. The insurance discussed above shall also include cross-liability claims of one insured against another.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as Condominium Board determines. The premiums for all insurance referred to above shall be a Common Expense.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation, if available, and further provided that the liability of the carriers issuing insurance obtained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Liability of the Condominium Board and Unit Owners

Every contract made by the Condominium Board or by any managing agent or manager thereof shall state that (a) it is made only as agent for all Unit Owners and the Condominium Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to such contract shall be limited to such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners. To the extent permitted by law, the Condominium Board members shall have no liability to Unit Owners except that a Condominium Board member shall be liable for his 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 Condominium Board member against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Condominium Board may contract or effect any transaction with any Condominium Board member, any Unit Owner, Sponsor, or any affiliate of any of them provided however, members of the Board have a fiduciary duty to the Unit Owners and accordingly, shall not contract with any party for amounts which are in excess of the fair market value of any goods or services required by the Condominium. Provided that no contract is in excess of the fair market value of any goods or services, members of the Condominium Board may enter into contracts with affiliates of members of the Condominium Board without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct.

Reports to Unit Owners

An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Condominium Board to all Unit Owners within four months after the end of each fiscal year.

Amendments to Condominium Documents

Generally, subject to certain exceptions concerning, among other things, Sponsor, and Unsold Units, and provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations affecting the Common Elements or all Unit Owners may be amended, modified, added to or deleted by affirmative vote of at least 66 percent in number and in Common Interest of all Unit Owners; provided, however, that the Common Interest appurtenant to each Unit may not be altered without the written consent of all Unit Owners directly affected thereby.

No amendment, modification, addition or deletion of the Declaration, By-Laws or Rules and Regulations (other than those required by law) shall be effective (a) against Sponsor or any Unsold

Unit unless Sponsor has given its written consent thereto, or (b) against the holder of any mortgage, pledge or other lien or security interest covering any Unsold Unit unless such holder has given its prior written consent thereto.

Action for Partition of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least 100 percent in number and in Common Interest of all Unit Owners. Such vote shall not be effective, however, unless written consents are obtained from the Mortgage Representatives, if any.

In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

Units Acquired by Condominium Board

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

The purchase of any Unit by the Condominium Board on behalf of the Unit Owners, may be made from the funds deposited in the capital and/or operating accounts of the Condominium Board. If the funds in such account is insufficient to effectuate any such purchase, the Condominium Board may levy an assessment against each Unit Owner in proportion to his respective Common Interest, as a Common Charge and/or the Condominium Board may, in its discretion, finance the acquisition of such Unit; provided, however, that financing may only be obtained when permitted by the By-Laws and that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its appurtenant interests in the Common Elements.

Procedure to Review Real Estate Tax Assessments

The Condominium Board, on behalf of and as agent for all Unit Owners, will be authorized to commence, pursue and settle certiorari proceedings to obtain reduced real estate tax assessments with respect to the Units.

Borrower by Board of Managers.

Section 339-jj of the Real Property Law authorizes the Condominium Board to incur debt provided that such debt (a) is incurred no earlier than the fifth anniversary of the First Closing and (b) is approved by Unit Owners owning Units appurtenant to a majority of the Common Elements. 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 Condominium Board cannot secure such debt by a lien on the Common Elements without the consent of the majority of the Unit Owners.

## INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of a Unit as a personal residence was prepared by Sponsor based, in part, upon the income tax opinion of Goldberg, Weprin & Ustin, LLP, counsel to Sponsor, a copy of which is set forth in Part I of this Plan.

GOLDBERG, WEPRIN & USTIN, LLP IS COUNSEL TO SPONSOR AND NOT THE UNIT OWNERS. EACH PURCHASER SHOULD CONSULT HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THE PLAN.

Income Tax Deductions to Unit Owners

Each Unit Owner will own his Unit and its appurtenant interest in the Common Elements in fee simple and each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. Since each Unit Owner will own his Unit in fee simple, the Unit Owner may mortgage such Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

It is the opinion of Goldberg, Weprin & Ustin, LLP that a Unit Owner who uses his Unit as a personal residence will, under present law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that mortgage interest is deductible generally only with respect to (1) secured debt used to acquire, construct or substantially improve a principal or second residence (or which constitutes a refinancing of such debt) (up to a total indebtedness of $1 million or up to $500,000 each for married couples filing separately), plus (2) other debt (not in excess of $100,000) secured by a principal or second residence. Interest on home mortgage debt in excess of these limitations would not be deductible. In addition, Unit Owners should note that special limitations may apply to the deductibility of points and prepaid interest, if any, on their mortgage loans and to the overall allowance of itemized deductions.

Each Unit Owner's proportionate share of the income received by the Board of Managers, including, but not limited to, income, if any, from the sale or leasing of Units owned by the Board of Managers or its designee on behalf of all Unit Owners (or from similar sources), will either be inculpable by the Unit Owner as taxable income for Federal and New York State income tax purposes, or taxed on the Condominium itself if the Condominium is required to pay taxes, the amount thereof will be levied as an additional Common Charges. In such event the additional Common Charges may also be subject to tax.

Tax Status of the Condominium

Under Section 528 of the Internal Revenue Code, the Condominium may be eligible to be exempt from taxation on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met. Based upon the information provided by Sponsor, the Condominium will be eligible for Section 528 election for the first year of operation, however, each year the condominium must make an election for such eligibility and it is not possible at this time to express a definitive opinion as to the Section's continuing applicability.

The opinion of Sponsor's Counsel is not a guarantee. It is based upon existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel based this opinion will not change. In no event will Sponsor, Sponsor's counsel, the Board or Manager of the Condominium, or any other person be liable if the Unit Owners cease to meet the requirements of the Internal Revenue Code of 1986, as amended, or the New York State tax law, as amended, if there are changes in the facts on which counsel relied in issuing its opinion, or if there are changes in the applicable statutes or regulations.

IRS Circular 230 Disclosure:

In compliance with the requirements of the Internal Revenue Service, any advice with respect to U.S. Income Taxes contained in this Plan including, without limitation, any advice set forth in this offering plan is not intended to and cannot be used for the purpose of (i) avoiding or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

## 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 such Unit Owner's *pro rata* share (in the proportion that such Unit Owner's Unit's Common Interest bears to the aggregate Common Interest of all Units) of all real estate taxes with respect to the Property to the Condominium Board as Common Charges.

The New York City real estate taxes for the first year of condominium operation are based upon an opinion of Goldberg Weprin & Ustin LLP which assumed that (i) a transitional assessed valuation for the Property for 2007/2008 in the amount of $2,829,900; and (ii) a tax rate of $11.928 per $100 of assessed valuation for the Units.

Based upon these assumptions, Goldberg Weprin & Ustin LLP has projected that the aggregate real estate taxes for the first year of condominium operation will be $364,803.

The value of the Property for real estate tax purposes is determined annually by the Real Property Assessment Bureau of the City of New York. Under current New York State law, increases or decreases in a property's assessed valuation due to changes in its market value are to be phased in over five years in equal annual increments of twenty percent. Any further increase or decrease in the assessed value during such five-year period resulting from a still higher or lower market value is to be similarly phased in over an additional five-year period from the date of such increase. The full increased or the decreased assessed value targeted to be paid at the end of five years is called the "actual assessed valuation". The amount of assessed value reflecting the phase in increases or decreases is called the "transitional assessed valuation". Taxes are paid on the lower of the "Transitional Assessed Valuation or the Actual Assessed Valuation". The final assessed valuations and tax rates for the 2004/2005 and subsequent tax years are as follows:

| **TAX ASSESSMENTS** | | | |
|---|---|---|---|
| Tax Year | Residential Tax Rate Per $100 of Assessed Valuation | Transitional Assessed Valuation | Actual Assessed Valuation |
| 2004/2005 | 12.216 | $2,108,700 | $2,605,500 |
| 2005/2006 | 12.396 | $2,316,000 | $2,817,000 |
| 2006/2007* | 12.737 | $2,598,600 | $2,808,000 |
| 2007/2008 | 11.928 | $2,829,900 | $3,069,000 |

*Tentative

No representation is made or warranty given as to: (a) whether or not there will be (i) a further increase or decrease in the assessed valuation of the Property during the five year phase-in period, or (ii) an increase in the tax rate or (iii) an increase or decrease in the assessed valuation of the Property by reason of the conversion of the Property to condominium ownership, or (b) the method of determining the assessed valuation, (c) the amount of any increase or decrease in the assessed valuation of the Property, or (d) the allocation of assessed valuation between the Units.

Section 581 of the Real Property Tax Law provides that real property owned on a condominium basis shall be assessed for real estate tax purposes at a sum not exceeding the assessment which would be placed thereon if the property were not owned on a condominium basis. Section 339-y of the

Condominium Act provides in part that each Unit and its Common Interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the Units plus their Common Interest exceed the total valuation of the property were the property assessed as one parcel.

The estimated real estate taxes for each Unit for the first year of condominium operation assumes that the amount of real estate taxes payable with respect to each Unit will be levied in the proportion that its purchase price bears to the purchase prices of all Units as set forth on Schedule A. There is no assurance that the New York City taxing authority will allocate taxes among Units in proportion to their respective purchase prices. Accordingly, owners of Units having the same or similar purchase prices may pay different amounts of real estate taxes. Until the Units are separately assessed, the Condominium Board will pay all real estate taxes with respect to the property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest.

SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY OR THE TAX RATE WILL NOT BE CHANGED.

The By-Laws provide that the Condominium 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 Condominium Board from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

**GOLDBERG WEPRIN & USTIN LLP**

ATTORNEYS AT LAW

ANDREW W. ALBSTEIN*
ARNOLD I. MAZEL
MARK E. KAUFMAN
STEVEN R. UFFNER
IRIS A. ALBSTEIN
BARRY E. ZWEIGBAUM
DOUGLAS TAUS*
LISA R. RADETSKY

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BRIAN T. ISAACSON
STACY M. MARKUS
DOROTHY A. GALVIN
DANIEL A. SINGER
SCOTT D. SCHWARTZ
JENNIFER C. RINALDI**

22ND FLOOR
1501 BROADWAY
NEW YORK, N.Y. 10036
(212) 221-5700
TELECOPIER (212) 730-4518

MARK NESOFF
DAVID L. SMITH*^
KENNETH P. HOROWITZ**
DAVID GALANTER
LEWIS KUPER
(OF COUNSEL)

EMANUEL GOLDBERG (1904-1988)
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* ALSO MEMBER OF FLORIDA BAR

# COUNSEL'S INCOME TAX OPINION LETTER

June 20, 2007

The Board of Managers of
The 235 West 71st Street Condominium
c/o Dominion Management Company
200 Madison Avenue, Suite 2400
New York, New York 10016

Re: Offering Plan for Condominium Ownership of Premises
235 West 71st Street, New York, New York

Gentlemen/Mesdames:

You have requested our opinion concerning (i) the availability of certain deductions for Federal, New York State and New York City income tax purposes (but not for purposes of the New York City earnings tax on residential use ("Residential Unit Owners")) under the Plan, and (ii) the proper treatment by the Condominium Board of the Common Charges paid or borne by all Unit Owners for such income tax purposes. Except where otherwise indicated herein, the terms in this opinion have the same meanings as in the Plan.

The 235 West 71st Street Condominium will be organized under the laws of the State of New York for the purpose of providing for the management, maintenance and care of the nine-story residential building located at 235 West 71st Street, New York, New York. The Building will contain 25 units which will be designated as residences and one unit which will be designated as a

commercial unit on the building's Certificate of Occupancy. In addition, Sponsor will reserve the right to convert Unit 1B, presently a professional Unit to residential use at such time when the present tenant of the Unit vacates such space. The By-Laws of the Condominium provide that in addition to the status conferred upon the Condominium Board pursuant to the provisions of the New York Condominium Act, to the extent permitted by applicable law, the Condominium Board is deemed to constitute an unincorporated association for all purposes under the provisions of the General Association Law of the State of New York.

In this connection, we have reviewed the Plan, relevant sections of the Internal Revenue Code of 1986, as amended ("Code"), the New York State Tax Law, the New York City Administrative Code, the Regulations promulgated thereunder and such other materials as we deemed relevant, and we have assumed that the first closing under the Plan will occur in 2007.

## I. Deductions for Mortgage Interest and Real Estate Taxes

A residential Unit Owner will own his Unit and its Appurtenant Interest in the Common Elements in fee simple absolute. Accordingly, each Unit will be taxed as a separate tax lot for real estate tax purposes and the residential Unit Owner will be individually liable for the payment of such real estate taxes. A residential Unit Owner, pursuant to the terms of this Offering Plan, may also mortgage such Unit(s) and become individually liable for the payment of any finance charges or interest on such mortgage indebtedness.

In our opinion, a non-corporate residential Unit Owner who itemizes his deductions will be entitled to a deduction in computing his taxable income for Federal Income tax purposes for bona fide mortgage interest incurred with respect to his Unit in the year paid or accrued provided that (a) the indebtedness is incurred in acquiring, constructing or improving the Unit, (b) the indebtedness is secured by the Unit, (c) the indebtedness does not exceed $1 million ($500,000 for married couples filing separately), and (d) the Unit is a "qualified residence." Interest paid on indebtedness that refinances indebtedness incurred to acquire, construct or improve a Unit is similarly deductible. A Unit will be a "qualified residence" if it is either (i) the Owner's "principal residence" within the meaning of Code Section 121 or (ii) a residence as defined by Code Section 280A(d)(1) that the owner selects as a qualified residence. Thus, a single taxpayer or a married couple filing a joint return may have two, and only two, qualified residences. In the case of a married couple filing separate returns, each taxpayer may take into account a single "qualified residence", unless by written agreement both parties consent to one of them taking the deduction for both residences. Under Section 461(g) of the Code, no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (other than points paid in certain cases).

In our opinion, a residential Unit Owner who itemizes his deductions and whose Unit is used by him for residential purposes will, for Federal income tax purposes, be entitled to a deduction for real estate taxes incurred with respect to his Unit in the year paid or accrued under Section 164 of the Code.

It is also our opinion that each residential Unit Owner whose Unit is used in an active profession and/or trade or business, other than the rental of such Unit, in which the residential Unit Owner materially participates, will, for Federal Income tax purposes, be entitled to a deduction for real estate taxes incurred with respect to his Unit for the year paid or accrued under Section 164 of the Code.

Other rules are applicable to a residential Unit Owner if the Unit is to be used in a trade or business or is to be held for rental. In these cases, no opinion is offered as to the tax consequences to such a residential Unit Owner.

It is also our opinion that each residential Unit Owner will, for New York State and New York City income tax purposes, be entitled to the same deduction which is allowed for Federal income tax purposes for the mortgage interest and real estate taxes paid or accrued during the taxable year. Section 615 of the New York State Tax Law. Section 11.715 of the Administrative Code of the City of New York. However, in the case of a residential Unit Owner whose New York State or New York City adjusted gross income exceeds $100,000.00, the amount of such deduction will be reduced by up to 25 percent of such deduction.

It should be noted, however, that the benefit of a Unit Owner's deductions for interest and real estate taxes may be reduced if the Unit Owner is subject to the Federal alternative minimum tax. Section 55 of the Code. In addition, it should be noted that state and local taxes, including real estate taxes, are not deductible for purposes of calculating an individual's federal alternative minimum taxable income.

## II. Common Charges

Common charges will be borne by the Unit Owners and assessed and collected by the Board of Managers ("Condominium Board").

Under Section 528, added to the Code by the Tax Reform Act of 1976, some Condominium Boards may be eligible to be exempt from tax on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met.

The qualification of an organization under the provisions of Section 528 is to be determined annually at the close of each taxable year and it is possible, therefore, that if the Condominium does not qualify in one year, it may nevertheless, qualify in one or more future years. To qualify as a condominium management association, the Condominium must meet all of the following conditions: (1) it must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property, (2) at least 60 percent of its gross income for each taxable year must consist solely of amounts received as membership dues, fees or assessments from Residential Unit Owners, (3) 90 percent or more of its expenditures for each taxable year must be made for the acquisition, construction, management, maintenance and care of association property, (4) no part of its net earnings can inure to the benefit of any private shareholder or individual (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by rebate of excess membership dues, fees or assessments), and (5) the Condominium must annually elect to be treated as a condominium management association. The regulations also set forth a safe harbor stating that *"substantially all"* of the units be used as residences. Units or areas of the Condominium which are used for purposes auxiliary to residential use, such as the laundry room, storage rooms and areas used by maintenance personnel shall be considered used for residential purposes. Treasury Regulation 1.528-4(b) states that substantially all of the units of a condominium management association will be considered as used by individuals for residences if at least 85 percent of the total square footage of all units within the project is used by individuals for residential purposes.

Inasmuch as 34 of 35 the Units will be used as residences, the Condominium will satisfy the requirement set forth the regulations that substantially all of the units be used for residential purposes and assuming (i) actual gross income and expenditures of the Condominium for its taxable year ending December 31, 2007 (the "First Year") are the same (or are in the same proportions) as the estimated gross income and expenditures for the Condominium's First Year of operations, as otherwise operates in accordance with the terms of the Plan and the Plan Documents, and (iii) there are no changes in the facts and/or the relevant provisions of current law, the Condominium will be eligible to elect to be treated as a homeowners association under Section 528 of the Code commencing on the Condominium's First Year of Operation.

Even if the Condominium Board makes a Section 528 election, it would still be subject to tax on any income not received as assessment or other such payment from Unit Owners, thus, if the Condominium Board realized interest income from funds on deposit, such interest may be taxable to it.

If an election under Section 528 is not in effect for the taxable year, the tax status of the Condominium board will be governed by the rules in effect prior to the enactment of Section 528 ("existing law").

Under existing law, the tax status of the Condominium Board is uncertain. The By-Laws provide that the Condominium Board will act as the agent of the Unit Owners. Thus, the Condominium Board may take the position that it is simply a conduit for receipts and payments of the Unit Owners for whom it acts as agent and not a separate entity. In such case, the Unit Owners would themselves be taxable on any interest or similar income which is earned from investments of the amounts which are assessed and collected from the Unit Owners and/or held as reserve funds.

However, the Internal Revenue Service may contend that for purposes of those matters administered through the Condominium Board, such as the assessment and expenditure of Common Charges, the Unit Owners through the Condominium Board, constitute an association taxable as a corporation. In such event, such association may be deemed subject to the Federal corporate income tax (and also to New York State and New York City corporate income taxes) on the portion of the Common Charges which is deemed to constitute gross income of such association, to the extent that such portion (together with any income earned from other sources, such as interim investments of funds by such association) exceeds the current expenses paid or incurred through the Condominium Board which are deductible for Federal income tax purposes.

In this connection, published rulings indicate that Common Charges which are assessed by the Condominium Board and designated for use solely to make specified capital improvements and which are maintained in a separate bank account should not constitute gross income to such Board, either because it is deemed to receive and hold such Common Charges as agent for the Unit Owners from which the assessments were collected, Rev. Rul. 75-370, 1975-2 Cum. Bull. 25, or because the assessed Common Charges are deemed to be nontaxable contributions to the capital of the association. Rev. Rul. 75-371, 1975-2 Cum. Bull. 52 Cf. Concord Village, Inc., 65 T.C. 142(1975). However, if treated as contributions to the capital of the association, it should be noted that when such amounts (together with any other funds accumulated by the association) are expended for capital improvements, the Internal Revenue Service may contend that the capital expenditures benefit the Unit Owners, and that each Unit Owner should therefore be treated as receiving a distribution equal to the fair market value of that benefit; under the usual rules applicable to distributions of associations, a distribution is first treated as taxable ordinary income to the extent of the distributor's proportionate share of the association's earnings and profits, then as a tax-free recovery of basis to the extent thereof, and the balance, if any, as capital gain.

In this condition, it should be noted that if the Condominium Board is determined to be a separate taxable entity for federal income tax purposes, it is possible that the limitations of Section 277 may be found to apply. If this were the case, the Condominium Board's income from sources other than Unit Owners, if any, could be offset by the Condominium Board's expenses incurred in the provision of services to Unit Owners. It is unclear how interest or other income earned on the investment of a required reserve fund would be treated for this purpose; if such income were treated as not derived from the Unit Owners in consideration of services rendered them by the Condominium Board, then such income may not be reduced by the Condominium Board's operating expenses with respect to the property and may result in a liability for taxes.

In the event that the Condominium Board is required to pay any Federal, New York State or New York City income tax, and the Condominium Board makes an additional assessment in order to meet this tax liability, it should be noted that the additional amount collected through such assessment may itself be subject to tax. *See,* Old Colony Trust Co. v. Commission, 279 U.S. 716 (1929); Rev. Rul. 74-75. 1974-1 Cum. Bull. 19; Rul. 86-14 I.R.B. 1986-5, 33.

We express no views as to any Federal, New York State and/or New York City tax consequences or as to any aspects of the Plan other than those consequences and aspects explicitly discussed in this opinion, or as to any tax status of the Plan of a Unit under the laws of any other U.S. or foreign jurisdiction.

Thus, this opinion does not deal with tax consequences which may result from ownership of a Unit in connection with the Unit Owner's trade or business other than set forth herein, or for purposes of investment or the production of income, or which may result to a foreign Unit Owner by reason of his foreign status. This opinion also does not deal with the tax consequences which may arise if Units or Limited Common Elements are acquired and/or leased by the Condominium Board. It is also to be noted that, under certain circumstances, an owner of any Unit, by virtue of such ownership, may be deemed to become a resident of New York City and that this opinion does not deal with the circumstances under which this may occur, or with the income, estate or other tax consequence that may arise therefrom. Thus, each person contemplating the purchase of a Unit is strongly advised to consult his own tax advisor as to all such tax matters (as well as with respect to the tax matters discussed in this opinion.)

In our opinion, Residential Unit Owners will be entitled to income tax deductions. However, this opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurance can be given that the tax laws upon which counsel base this opinion

will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Managers of the Condominium or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service Rulings on which counsel relied which cause Residential Unit Owners not to be entitled to income tax deductions.

We hereby authorize the use of this opinion, or a reproduction thereof, in the Plan.

Very truly yours,

Goldberg Weprin & Ustin LLP

Goldberg Weprin & Ustin LLP

IRS Circular 230 Disclosure:

In compliance with the requirements of the Internal Revenue Service, any advice with respect to U.S. Income Taxes contained in this Plan including, without limitation, any advice set forth in this offering plan is not intended to and cannot be used for the purpose of (i) avoiding or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

# GOLDBERG WEPRIN & USTIN LLP

ATTORNEYS AT LAW

ANDREW W. ALBSTEIN*
ARNOLD I. MAZEL
MARK E. KAUFMAN
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22ND FLOOR
1501 BROADWAY
NEW YORK, N.Y. 10036
(212) 221-5700
TELECOPIER (212) 730-4518

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' ALSO MEMBER OF MASSACHUSETTS BAR
* ALSO MEMBER OF FLORIDA BAR

WRITER'S DIRECT DIAL (212) 301-6954
WRITER'S DIRECT FAX (212) 221-6350


February 23, 2007

235 West 71st Development LLC
c/o Dominion Management Company
200 Madison Avenue
New York, New York 10016

Re: 235 West 71st Street
Block: 1163, Lot 17
Borough of Manhattan

Gentlemen:

On April 4, 2006 we provided our opinion regarding an estimated assessed value for the above building after its change of ownership to a condominium association. Based upon the information supplied by your office we arrived at an estimated assessed value of $3,178,944 for tax year 2007/2008. We also provided an estimate regarding the real estate taxes liability for tax year 2007/2008 .

In our prior letter we explained that the City determines the real estate tax bill by using the "transition assessment system". The system requires that any changes in assessed value be spread over 5 fiscal tax years. Properties are then taxed based upon the lower of the two assessments the actual or the transition assessment.

On January 12, 2007 the Department of Finance published it's 2007/2008 Tentative Assessment Roll. The assessed value for the above property was tentatively set at $3,069,000 an increase from the 2006/2007 assessed value of $2,808,000. Based upon this new information we must revise our opinion concerning the real estate tax liability for tax year 2007/2008.

The 2007/2008 assessed value of $3,069,000 leads to a transition assessed value of $2,829,900 for 2007/2008. Based on the existing and projected actual and transition assessments and assuming a class two tax rate of 12.891 per hundred of assessed value for tax year 2007/2008 we project your real estate taxes for tax year 2007/2008 as follows:

| Tax Year | Taxable Assessed Value | Real Estate Taxes |
|---|---|---|
| 2007/2008 | $2,829,900 | $364,803 |

If you have any further questions please do not hesitate to contact me.

Very truly yours

Arnold Mazel

**AM:sr**

# WORKING CAPITAL FUND, APPORTIONMENTS AND RESERVE FUND

**Working Capital Fund**

At the closing of title to each Unit, the Condominium will collect two months' Common Charges from each Purchaser for its working capital (the "Working Capital Fund"). No portion of the Working Capital Fund is being contributed by Sponsor. This Working Capital Fund is to be used initially to pay any of the Condominium's closing adjustment expenses incurred as of the date of the First Unit Closing.

As of the date of the First Unit Closing, Sponsor will apportion with the Condominium the following items as of midnight of the day preceding the First Unit Closing:

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

(2) deposits with utility companies, if any, and fees for assignable permits and licenses, if any;

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

(4) charges and receipts in connection with service, maintenance and concession contracts;

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

(6) cost of Building supplies on hand at Sponsor's cost (including sales tax);

(7) premiums for transferable insurance policies, if any;

(8) management fees; and

(9) other customary closing adjustments.

If any of the foregoing items to be apportioned cannot be adjusted at the First Unit Closing because they are not fully ascertainable, they shall be apportioned and adjusted to the extent reasonably possible at the First Unit Closing, and final adjustment will be made as soon thereafter as the undetermined amounts are ascertained. Except as herein otherwise expressly provided, the customs in respect to title closings adopted by the Real Estate Board of New York, Inc., as amended, shall apply to apportionments and other matters herein mentioned.

If the result of the closing adjustments is a net credit in favor of the Condominium, Sponsor will contribute the amount of such net credit to the Working Capital Fund. If the result of the closing adjustments is a net credit in favor of Sponsor, the payment of any net credit shall be deferred and paid to Sponsor by the Condominium in one installment on the first anniversary of the First Closing, without interest, pursuant to an unsecured, negotiable, promissory note to be executed by the Condominium Board and delivered to Sponsor at the First Closing. Such promissory note may be prepaid, in whole or in part, by the Condominium at any time, without penalty.

The Working Capital Fund will be held and used for working capital, a reserve for repairs or for such other appropriate purposes as will be determined by the Condominium Board and may be augmented by allocations from the monthly Common Charges collected from each Unit. While Sponsor controls the Condominium Board (see the Section entitled, "Control By Sponsor"), the Working Capital Fund will not be used to reduce Common Charges. At the closing of title to each Unit, Sponsor will collect two months' Common Charges from each Purchaser for the Condominium's working capital (the "Working Capital Fund"). Thereafter, Sponsor will be reimbursed in the same amount by a Unit Purchaser when each Unit is sold. This fund is to be used initially to pay any of the Condominium's closing adjustment expenses incurred at the First Unit Closing.

**Reserve Fund**

The New York City Council has enacted Local Law No. 70 which amends Chapter 51 of the Administrative Code of the City of New York (hereinafter the "Reserve Fund Law"), which is set forth in Part II of this Plan. The Reserve Fund Law requires Sponsor of an offering plan for the conversion of a building from rental to condominium status to establish a reserve fund (the "Reserve Fund") to be used exclusively for making certain capital repairs, replacements and improvements necessary for the health and safety of the residents of such building. The Reserve Fund shall be in addition to the Working Capital Fund.

While Sponsor is in control of the Board of Managers, neither the Reserve Fund nor the Working Capital Fund may be used to reduce the Common Charges as projected in Schedule A of this Plan.

Sponsor shall, within 30 days after the First Unit Closing, establish and transfer to the Condominium Board, a Reserve Fund in an amount equal to either:

(a) three percent of the sum of the cost of all Units offered for sale pursuant to this Plan at the last price which was offered to tenants in occupancy of the Building prior to the Effectiveness Date of this Plan regardless of the number of sales made (the "Total Price"), or

(b) the aggregate of: (i) three percent of the actual sales prices of all Units offered for sale pursuant to this Plan which are sold by Sponsor at the Effective Date of this Plan, provided, however, that if such amount is less than one percent of the Total Price, then the Reserve Fund shall be established as a minimum of

one percent of the Total Price; plus (ii) supplemental contributions to be made by Sponsor at a rate of three percent of the actual sales price of Units for each Unit offered for sale under this Plan held by Sponsor and sold to bona fide purchasers subsequent to the Effective Date of this Plan and within five years of the First Unit Closing notwithstanding that the total amount contributed may exceed three percent of the Total Price, and provided further, that if five years from 30 days after the First Unit Closing, the total contributions by Sponsor to the Reserve Fund are less than three percent of the Total Price, Sponsor shall pay the difference between the amount contributed and three percent of the Total Price. The supplemental contributions made under this subparagraph (ii) shall be made within 30 days after each sale of a Unit under this Plan.

The Reserve Fund may not be reduced by closing adjustments but Sponsor may receive credit against the mandatory initial contribution for the actual cost of capital replacements begun after this Plan is submitted for filing to the Department of Law and before this Plan is declared effective as described in the Special Risk section of this Plan. Such credit may not exceed the lesser of the actual cost of the capital replacements or one percent of the Total Price.

The exact amount of the Reserve Fund under the Reserve Fund Law cannot be determined until the First Unit Closing since it depends on which option Sponsor chooses under the Reserve Fund Law. Under no circumstances will the Reserve Fund be less than two percent of the Total Price. No Purchaser will be entitled to rescind his Purchase Agreement solely because the actual amount of the Reserve Fund is less than the estimated amount.

The Reserve Fund Law also requires Sponsor, not later than the 30th day following the Filing Date of this Plan and until the First Unit Closing, to post and maintain in a prominent place accessible to all tenants in the Building a list of all violations of record against the Building as determined by the Department of Buildings and the Department of Housing Preservation and Development. All newly issued violations must be posted within 48 hours of their issuance. Sponsor hereby designates the management office at the Building where such listing will be made available for inspection by the tenants.

In the event that at any time prior to the First Unit Closing, the Reserve Fund Law is repealed, Sponsor will not be obligated to comply with its requirements and may not provide a Reserve Fund. In such event, all Purchasers will be given fifteen days after receipt of an amendment disclosing such repeal of the Reserve Fund Law to rescind their Purchase Agreements and be refunded all monies paid thereunder. In the event that on or after the First Unit Closing, the Reserve Fund Law is repealed, Sponsor agrees to comply with its requirements as set forth in this Plan notwithstanding such appeal.

The means and options available to the Condominium to finance needed capital expenditures (such as renewal or replacement of building components or systems or to remedy major building defects) include (i) special assessments to the Unit Owners, or (ii) the Board of Managers borrowing money in the name of the Condominium from a lending institution, which may be in the form of a line

of credit, which may be unsecured or may be secured by, among other things, an assignment to the lending institution of Common Charges payable by the Unit Owners.

If additional monies are required over and above the Reserve Fund, it may be necessary to increase Common Charges or levy a special assessment against the Unit Owners. The Reserve Fund may not be used to reduce Common Charges. No representation can be made, however, that after Sponsor relinquishes control, the Condominium Board may not decide to use the Reserve Fund for a purpose other than for which it has been established.

Sponsor intends to perform certain work in the Building prior to Closing including the replacement of both passenger elevators with an automatic elevator at an estimated cost of approximately $450,000 and the replacement of the boiler at an estimated cost of $150,000. Sponsor intends to take a credit against the Reserve Fund, to the extent permitted by law, for the cost of the aforementioned work.

EXCEPT AS SET FORTH ABOVE, THE PROPERTY IS BEING OFFERED IN ITS CURRENT CONDITION "AS IS", WITH NO REPRESENTATIONS OR UNDERSTANDINGS EXCEPT AS EXPRESSLY SET FORTH HEREIN. SPONSOR WILL HAVE NO OBLIGATION TO MAKE ANY REPAIRS OR IMPROVEMENTS EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS PLAN OR REQUIRED BY LAW. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR UPON THE PHYSICAL CONDITION OF THE BUILDING.

As long as Sponsor retains control of the Board of Managers, the Reserve Fund shall not be used to reduce estimated Common Charges.

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

## MANAGEMENT AGREEMENT, RESIDENT MANAGER'S LEASE AND OTHER CONTRACTUAL AGREEMENTS

**Management Agreement**

At the First Unit Closing, the Board of Managers will enter into a written management agreement with Dominion Property Group LLC (the "Managing Agent"), maintaining an office c/o 200 Madison Avenue, 24th Floor, New York, New York 10016-4001 effective as of the First Unit Closing, at an annual fee of $35,000 payable in monthly installments plus customary fees for other services requested by the Condominium or the Unit Owners from time to time, but the Managing Agent will not impose fees on the Condominium in connection with work performed inside Units owned by Sponsor at least for as long as the Managing Agent and/or its principals are affiliated with or related to Sponsor or Sponsor's principals. The management agreement shall have an initial term

of three years and will be automatically renewed thereafter at an annual fee equal to five percent of the gross income of the Condominium. Thereafter, either the Board of Managers or the Managing Agent may terminate the agreement, by giving the other party at least 30 days prior written notice. For a description of the services to be performed by the Managing Agent, see "Rights and Obligations of Board of Managers; Summary of By-Laws". James Rinzler, a principal of Sponsor is also a principal of the Managing Agent. However, Mr. Rinzler will not actively participate in the management of the Condominium subsequent to the First Closing.

The services to be rendered by the Managing Agent will include billing and collection of common charges, hiring and discharging of employees, supervision of routine building maintenance and repairs, purchase of supplies for the building (which will be paid for by the Condominium), bookkeeping and payroll services, and attendance at Managers' and Unit Owners' meetings, at no extra charge. The Managing Agent will make no repair expenditures in excess of $2,000, without the authorization of the Board of Managers of the Condominium, except in the case of emergencies.

The Condominium, at its own expense, will retain a certified public accountant to maintain the Condominium's books and records, and to prepare annual financial reports and tax statements for the Condominium, said statements to be furnished to Unit Owners of the Condominium.

The Condominium will be obligated to reimburse the Agent for expenses incurred or to indemnify the Agent against liability for acts properly performed by it pursuant to the Agreement.

Subsection 3 of Section GBL 352-eeee requires that all Units occupied by non-purchasing Existing Tenants shall be managed by the same managing agent who manages all other Units in the Condominium. Such managing agent is required by law to provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. Sponsor guarantees the obligation of the managing agent to provide all such services and facilities until such time as Sponsor surrenders control to the Board of Managers, at which time the Condominium shall assume responsibility of all services and facilities required by law on a non-discriminatory basis.

Resident Manager's Lease

At the first Unit Closing, Sponsor will enter into a three-year lease for Unit 1A to be occupied by the Condominium as a residence for the Resident Manager of the Condominium. The lease provides for an annual rent of $42,000 payable in equal monthly installments of $3,500. Sponsor will be responsible to pay the real estate taxes and the Common Charges for the Unit. Sponsor shall have no obligation to renew such lease at the expiration of the three-year term. Thereafter, it will be the responsibility of the Condominium Board to obtain another residence for the Resident Manager.

Other Contractual Agreements

Upon commencement of operation of the Condominium, the Property will be subject to the maintenance, service and concession agreements described in Schedule B. Until the Declaration of Condominium is recorded, Sponsor reserves the right to extend any or all of such service or concession contracts, or to renew or replace any such contracts which may expire prior to such date. No such contract will be for a term expiring later than one year after Sponsor loses control of the Board of Managers, unless the contract is subject to cancellation by the Board of Managers following expiration of said one year period upon not more than 90 days written notice. Sponsor will endeavor to obtain all such renewal and replacement contracts on terms competitive with those generally prevailing in the area of the Property.

## IDENTITY OF PARTIES

Sponsor

Sponsor is 235 West 71st Development LLC, a New York limited liability company with an office in care Dominion Management Corp., 200 Madison Avenue, 24th Floor, New York, NY 10024. Sponsor was formed in January 2004. The principals of Sponsor are James K. Rinzler, Milton S. Rinzler, Bradley T. Rinzler, Ross Berman and Jerome Berman. James K. Rinzler, Milton S. Rinzler and Bradley T. Rinzler have been principals of Sponsor or the holder of unsold shares or unsold units offering plans for the following buildings: 105 Chambers Street, 323-27 West 11th Street, 299 West 12th Street, 145 East 29th Street, 133 East 30th Street, 304-24 East 41st Street, 310 East 49th Street, 415 West 57th Street, 44-46 West 65th Street, 20 East 65th Street, 3 East 75th Street, 170 East 77th Street, 41 West 72nd Street, 22 Riverside Drive, 305 East 83rd Street, 500 West End Avenue, 599 West End Avenue, 35 West 90th Street, 190 Riverside Drive, 345 East 93rd Street, 255 West 98th Street, all in New York, New York, 1165 East 54th Street, Brooklyn, NY, 1199 East 53rd Street, Brooklyn, NY, 1200 East 53rd Street, Brooklyn, NY, 1270 East 51st Street, Brooklyn, NY, 5700-5800-5900 Arlington Avenue, Riverdale, NY. Messrs. Rinzler have always been current with respect to their obligations in connection with unsold shares and unsold units at the aforementioned properties. Ross Berman and Jerome Berman have not participated in any prior offerings. Copies of the foregoing plans are available for inspection at the offices of the Department of Law.

Attorneys for Sponsor

Sponsor has retained Goldberg, Weprin & Ustin, LLP having an office at 1501 Broadway, New York, New York 10036, to represent it in connection with the Plan. Lisa R. Radetsky, Esq. of Goldberg, Weprin & Ustin, LLP prepared the Plan, and the forms of Purchase Agreement, Unit Deed and Unit Power of Attorney and has also rendered an opinion with respect to the availability of income tax deductions to Purchasers of Units. Goldberg, Weprin & Ustin, LLP will serve as Escrow Agent and may represent Sponsor in connection with matters relating to Closings of Units.

Architect/Engineer

The Description of Property and Building Construction was prepared by Mario Arbore, Architect, PC, 648 Broadway, Suite 604, New York, NY 10012 and Engineering Solutions, PLLC, 1140 Broadway, Suite 204, New York, NY 10001. Mario Arbore, Architect, P.C., 648 Broadway, Suite 604, New York, NY 10012 also prepared the drawings of the Building to be annexed to the Declaration and the Floor Plans included in Part II hereof.

Condominium Budget Expert

D&D Management Services Corp., having an address at 6900 Eighth Avenue, Brooklyn, New York 11228, reviewed and certified all amounts of income and expenses in "Schedule B - First Year's Budget" in consultation with Sponsor. Said firm has rendered a Certification as to the adequacy of the First Year's Budget and a Certification regarding the adequacy of Commercial Common Charges which may be found in Part II of the Plan.

Title Company

Lex Terrae, Ltd., as agent for Chicago Title Insurance Company, having an office at 331 Madison Avenue, 9th Floor, New York, New York 10017, has reviewed the Plan and the Condominium Documents and has committed to insure that a valid condominium will be created pursuant to the Condominium Act. Lex Terrae, Ltd. is prepared to issue fee and/or mortgage title insurance policies to those Purchasers who request them.

Related Parties

Sponsor and its principals have no affiliation with the Condominium Budget Expert, the Architect/Engineer or any person or firm who will provide services to the Condominium subsequent to the First Closing except for the Managing Agent, Dominion Management Corp. in which certain principals of Sponsor hold an interest. Neither the Condominium Budget Expert, nor the Engineer have any financial interest in the Property, the Units, the Condominium, or this offering, except for their fees for services rendered.

## SPONSOR'S PROFIT

Sponsor acquired the Property on January 31, 2006 for a purchase price of $30,500,000. In addition, the Sponsor incurred approximately $500,000 in costs associated with the acquisition. Sponsor projects that the capital expenditures and the costs associated with the conversion to be approximately $9,000,000. Accordingly, the aggregate acquisition costs, together with the projected expenses of the conversion, are estimated to be approximately $40,000,000. In addition, Sponsor's lender will be entitled to a profit participation of approximately $540,000. The projected proceeds from the sale of all Units to Tenant-Purchasers is $48,534,000. Thus, the Sponsor's projected profit if all Units are sold to Tenant Purchasers, Sponsor's Profit will be approximately $7,200,000 and if

all Units are sold to Non-Tenant Purchasers, Sponsor's profit may be as much as $16,000,000. However, the actual profit to be realized by Sponsor cannot now be determined with certainty and will depend upon such variable factors as the actual price at which the Units are sold, the actual amount of the offering expenses incurred, the uncertainty of future market conditions, the length of time required to sell all the Units offered under the Plan, losses and disbursements arising from obligations assumed by Sponsor under this Plan and other contingencies.

## REPORTS TO UNIT OWNERS

It is the obligation of the Condominium Board 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 year (such statement shall be certified while Sponsor is in control of the Condominium Board);

(2) prior notice of the annual Unit Owner's meeting; and

(3) a copy of the proposed annual budget of the Condominium within ten days prior to the date set for adoption thereof by the Condominium Board (while Sponsor is in control of the Condominium Board, such budget shall be certified in compliance with the Attorney General Regulations).

## 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 from the date of First Closing. In addition, a set of Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's Office following the recording of the Declaration, and an additional set, together with a copy of the recorded Declaration, if available, will be furnished to the Condominium Board at the time of the closing of the first Unit.

The Declaration and the By-Laws will be recorded in advance of or concurrently with the First Closing. The recording of all deeds conveying individual Units will also be in the City Register's Office.

# SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor makes the following representations concerning the description and condition of the building and its improvements (including size of the parcel of land on which it stands and other information relating thereto). With reference to the Sponsor's preparation of such material, Sponsor consulted with Mario Arbore, Architect and commissioned a report from him. Sponsor adopts the Description of Property and Building Condition contained in Part II of such Plan and represents that it has no knowledge of any material defects or need for major repairs to the Property except as set forth in the Description of Property and Building Condition.

Sponsor represents that Sponsor does not know of any material defects or need for major repairs or existing condition in the building except as set forth in the report and that to the best of Sponsor's knowledge the following description set forth in such report accurately states the condition of the building and its equipment.

Any official inspection reports reflecting on the condition of the Premises, such as notice of Building Code Violation and any reports required by C26-1053 of the Administrative Code, are reproduced in Part II of the Plan.

The Units are being sold "as is" in the condition in which they exist at the time a Purchaser signs a Purchase Agreement subject to ordinary wear and tear, except as otherwise set forth herein. Sponsor will maintain and operate the Building until the First Closing in substantially the same manner and condition as on the Filing Date of the Plan (subject to ordinary wear and tear) except to the extent Sponsor is precluded from so doing by Acts of God, fire or other casualty, storm, strikes, lockouts, labor difficulties, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which Sponsor is reasonably unable to exercise control. If for any of the reasons set forth in the preceding sentence, other than fire or other casualty, Sponsor is prevented from so maintaining the Building and the Common Elements (or causing the same to be maintained), Sponsor shall make or cause to be made, within a reasonable period of time after such act ceases to exist, any repairs subsequent to the First Closing that it was obligated to make prior to the First Closing.

# GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact. Sponsor believes that the Plan contains a fair summary of the material provisions of the documents referred to in the Plan, including those documents contained in Part II of the Plan. Exact copies are contained in Part II of the Plan of the form of Declaration, form of By-Laws, form of Purchase Agreement, form of Unit Deed, form of 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 Purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding, which could materially and adversely affect this offering, the purchasers of Units, the Property, the Condominium or the operation thereof, which are not covered by insurance.

No party other than the respective Purchasers shall have any right or benefit herein or herefrom, including without limitation, the right to insist upon or enforce against Sponsor the performance of all or any of Sponsor's obligations hereunder and no such third party shall be deemed to have received any benefit as a result of any of the provisions of the Plan.

Sponsor reserves the right, from time to time prior to the First Closing, without obtaining the consent of Purchasers or others, to substantially revise the terms and conditions upon which the Units are to be sold, including changes affecting the rights, obligations and liabilities of Sponsor, 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 fifteen days from the Presentation Date of said amendment. Sponsor shall promptly return any Contract Deposit to Purchasers who rescind, except that Sponsor shall retain the Contract Deposit (and any interest thereon) of any Purchaser who is in default under the Purchase Agreement beyond any applicable grace period.

In accordance with the provisions of the laws of the State of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any person in the sale of Units offered by the Plan or in the leasing of any such Units because of such person's sex, sexual orientation, race, creed, color, national origin, marital status, age, disability or any other ground proscribed by law.

Unless the context otherwise requires, words used in the singular in Part I of the Plan include the plural and vice versa, and a reference herein to any one gender, masculine, feminine or neuter, includes the other two.

No person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

The Property and the Building have not been the subject of a prior public offering made by Sponsor within the three-year period preceding the submission of this Plan to the Department of Law.

# PART II

# EXHIBIT A

## PURCHASE AGREEMENT
**(to be executed in quad-duplicate)**

## THE 235 WEST 71ST STREET CONDOMINIUM
**235 WEST 71ST STREET**
**NEW YORK, NEW YORK**

---

Purchaser(s) Name:_____

Address:_____

Telephone: Bus.:_____Home:_____

Social Security No.:_____

Unit No.:_____

Unit Purchase Price. . . . . $_____

Contract Deposit. . . . . $_____

Balance due at Closing . . . . . $_____

[1]Amount of Mortgage $_____
(for a term of not less than _____ years) ( ) variable ( ) fixed

Name(s) and manner in which title will be taken:

_____

_____

[1] If Purchase Agreement is contingent on financing, see Subsections 4.3 through 4.6. If Purchase Agreement is not contingent upon financing, subsections 4.3 through 4.6 will be deleted.

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Schedule A - Encumbrances

# THE 235 WEST 71ST STREET CONDOMINIUM
## 235 WEST 71ST STREET
## NEW YORK, NEW YORK

PURCHASE AGREEMENT dated as of _____, 200__ by and between 235 West 71st Development LLC, a New York limited liability company, having an address in care of Dominion Management Corp., 200 Madison Avenue, 24th Floor, New York, New York, 10016, (herein referred to as "Sponsor" or "Seller"), and the party named on the cover page hereto ("Purchaser").

W I T N E S S E T H:

1. The Plan. Purchaser acknowledges having received and read a copy of "The 235 West 71st Street Condominium Offering Plan, 235 West 71st Street, New York, New York", and all amendments thereto filed with the Department of Law of the State of New York (hereinafter collectively referred to as the "Plan" or the "Offering Plan") at least 72 hours prior to the execution of this Purchase Agreement (hereinafter referred to as the "Agreement" or the "Purchase Agreement") by Purchaser. 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 Plan shall govern.

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. Sponsor agrees to sell and convey, and Purchaser agrees to purchase, the unit ("Unit") designated on the cover page hereto, together with the applicable percentage of undivided interest in the Common Elements appurtenant thereto, upon and subject to the terms and conditions set forth herein.

4. Purchase Price.

4.1 The purchase price for the Unit ("Purchase Price") is $_____.

The Purchase Price is payable as follows:

(a) $_____(the "Contract Deposit"), 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 be drawn on a New York bank or trust company which is a member of the New York Clearinghouse System. All checks in payment of the Contract Deposit stated on the cover page of this Purchase Agreement shall be made payable to the direct order of "Goldberg Weprin & Ustin LLP, Escrow Agent for "The 235 West 71st Street Condominium" and all checks in payment of the Balance Due at Closing stated on the cover page of this Purchase Agreement shall be made payable to the direct order of "235 West 71st Street Development LLC." or as Sponsor may direct on notice given no less than two (2) business days prior to Closing. If any check is returned for insufficient funds or any other reason, Sponsor, at its option, may declare this Agreement void ab initio and may bring an action against Purchaser for the collection of the Contract Deposit as liquidated damages or may declare a default by Purchaser under this Agreement.

[2] 4.3 This Agreement is conditioned upon Purchaser obtaining a written mortgage loan commitment from a lending institution for a mortgage loan covering the Unit in the amount and type set forth on the cover page hereof.

4.4 Within five (5) days after Sponsor's acceptance and delivery of the fully executed Purchase Agreement, Purchaser must furnish to the lending institution of Purchaser's choice the information and data which such lending institution deems necessary to process Purchaser's mortgage application and execute and deliver to such lending institution the completed mortgage application and such other documentation as the lending institution may require. Sponsor shall have the right, but not the obligation, to cancel the mortgage financing contingency if Purchaser fails to submit evidence to Sponsor that he has applied for such mortgage financing within such five (5) day time period. Purchaser shall have 45 days from the date Sponsor accepts and delivers the fully executed Purchase Agreement to obtain a written loan commitment for financing. In the event Purchaser fails to obtain a written loan commitment within such time period or in the event the loan commitment is subsequently withdrawn, Purchaser must notify Sponsor of same within five (5) days. Unless waived by Sponsor, Sponsor shall then have 60 days after receipt of such notice to secure a mortgage loan commitment for Purchaser from a lending institution of Sponsor's choice in the same amount and at the same or then prevailing interest rate. In the event no such financing is furnished, the Purchase Agreement may be declared null and void by either party by written notice to the other postmarked or delivered within five (5) days subsequent to such 60 day period or notification to Purchaser that such financing will not be furnished, whichever is sooner. In such event, the Contract Deposit shall be returned to Purchaser with interest, if any. If such notice is not sent within such five (5) day period, this financing contingency clause shall be deemed waived. No other financing contingency is permitted by this Purchase Agreement. Notwithstanding anything to the contrary

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[2]Sections 4.3 through 4.6 to be deleted if Purchase Agreement is not contingent upon financing.

contained herein, Sponsor shall have no obligation to secure a mortgage loan for Purchaser from another bank.

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

4.6 Purchaser's failure to provide information to Purchaser's lending institution promptly upon request therefor or to accept a commitment issued to Purchaser on the terms set forth herein, shall constitute an event of default for which Sponsor shall have the right to cancel this Agreement as provided in Section 13 hereof.

5. Closing of Title.

5.1 The closing of title shall take place on the date and at the time and place Sponsor shall designate to Purchaser on no less than 30 days' prior written notice to Purchaser. This notice period may be waived by Purchaser. Such date shall be no earlier than 30 days after the date on which written notice is given to Purchaser that the Plan has been declared effective (unless Purchaser and Sponsor shall agree on an earlier Closing Date). Sponsor shall have the right, from time to time, to adjourn the Closing Date on written notice to Purchaser. If adjourned, Sponsor shall fix a new date and time for the closing of title and shall give Purchaser not less than five (5) days' written notice of the new scheduled Closing Date. Purchaser shall be entitled to one reasonable adjournment of up to fifteen (15) days, on five (5) days' written notice by Purchaser to Sponsor. In the event this Agreement is executed after the First Unit Closing, the closing of title shall occur 30 days after the date of this Agreement.

5.2 The closing of title shall occur only after or concurrently with the compliance with the prerequisites as set forth under "Sponsor's Conveyance of Title to Units" in Part I of the Plan.[3]

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 Power of Attorney to the Condominium Board.

6.1 At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with

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[3]Recording charges, fees and taxes are based on the rates in effect on the date of the Plan and are subject to change without notice, provided however, Sponsor shall amend the Plan in the event that there are any material changes in such fees and taxes.

covenants against grantor's acts conveying title to the Unit to Purchaser. The deed shall be prepared by Sponsor substantially in the form set forth as Exhibit C in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording.

6.2 Simultaneously with the delivery of the deed, Purchaser (i) shall cause the proceeds of any mortgage loan to be transferred to Sponsor on account of the total Purchase Price (as set forth on the cover page of this Agreement), (ii) shall execute and deliver to the mortgagee the note and mortgage, and any other documents required by the mortgagee, as well as any documents required by Sponsor, (iii) shall deliver the Balance Due at Closing (as set forth on the cover page of this Agreement), and (iv) shall pay into the Working Capital Fund an amount equal to two (2) month's Common Charges attributable to the Unit.

6.3 At the closing of title, Purchaser shall pay all New York State and New York City real property transfer taxes, including the filing fee for the filing of the New York City Real Property Transfer Tax Return and Sponsor and Purchaser shall duly execute and swear to a New York City Real Property Transfer Tax Return (including the required Smoke Detector Affidavit) and a New York State Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate prepared by Sponsor.

6.4 At the closing of title and simultaneously with the delivery of the deed conveying the Unit to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Condominium Board substantially in the form set forth as Exhibit B in Part II of the Plan.

6.5 The deed and said power of attorney to the Condominium Board 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 New York County office of the Register of the City of New York (the "City Register's Office"). Purchaser shall pay all recording fees for the deed and the power of attorney.

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 set forth in Schedule A annexed hereto and made a part hereof and mortgages, if any, covering the Unit, which Purchaser assumes. Any encumbrance to which title is not to be subject shall not be an objection to title if: (a) the instrument required to remove it of record is delivered to the proper party together with the recording or filing fees, or (b) Purchaser's title insurance company will 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 adjustment shall be made as of the Closing Date with respect to the Unit:

(a) real estate taxes and assessments, if any, (including water charges and sewer rates if separately assessed), from midnight preceding the date of the closing through the end of the tax period within which the Closing Date occurs, which shall be either a quarter of a year or one-half of a year provided, however, that Sponsor shall be reimbursed at closing by Purchaser for the cost of any real estate taxes which Sponsor would not otherwise pay but for an unauthorized delay in closing of title by Purchaser;

(b) Common Charges for the month in which title closes from midnight preceding the date of the closing provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any Common Charges which Sponsor would not otherwise pay but for an unauthorized delay in closing of title by Purchaser;

(c) accrued rent and any other charges pursuant to a lease, including the security deposit, if any, covering the Unit; and

(d) such other items as are customarily included in closing adjustments in the City of New York.

8.2 If the Unit has been assessed separately but the closing of title occurs before the real estate tax rate ("Tax Rate") is fixed, adjustment of taxes shall be based upon the latest Tax Rate applied to the most recent 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 the Unit has not been assessed separately 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 Common Elements. 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.

8.3 Real estate taxes, assessments, if any, Common Charges, rent and security deposits, if applicable, shall be adjusted between Sponsor and Purchaser as of midnight preceding the Closing Date, provided, however, if the closing of title is delayed by Purchaser, adjustments shall be as of midnight preceding the date originally scheduled as the closing date, as such date may be adjourned by or with the consent of Sponsor.

8.4 Provided Sponsor is ready, willing and able to close title in accordance with this Agreement, if Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date (a) the closing apportionments described in Section 9.1 of this Agreement will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual closing of title occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under this Agreement and the Plan, an amount equal to 0.04 percent of the Purchase Price for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date. If, through no fault

of Purchaser, Sponsor postpones the originally scheduled Closing Date, these provisions shall apply to the rescheduled Closing Date if Purchaser fails for any reason to close title to his Unit on the rescheduled Closing Date.

8.5 Any errors or omissions with respect to apportionments at closing shall be corrected and the appropriate payment shall be made promptly after discovery. The provisions of this subsection shall survive the Closing Date.

9. Closing Costs. Purchaser shall pay the following costs and expenses at the time of closing of title:

(a) if Purchaser elects to obtain fee title insurance, Purchaser will pay a premium therefor at rates to be determined by its title company; (b) the fee to City Register for recording the Condominium Unit Deed to City Register; (c) the fee to City Register for recording the power of attorney for the Condominium Board; (d) New York State Real Estate Transfer Tax (including the "Mansion Tax", if applicable) and New York City Real Property Transfer Tax; (e) the fee for filing the New York City Real Property Transfer Tax Return; (f) the contribution to the Working Capital Fund in the amount of two months' Common Charges per Unit payable to the Condominium Board; (g) the fees of Sponsor's attorneys as set forth in the Section of the Plan entitled "Closing Costs and Adjustments"; and (h) if Purchaser obtains a mortgage loan, Purchaser will pay: (i) Sponsor a sum equal to the partial mortgage tax credit available pursuant to Section 339-ee(2) of the New York Real Property Law with respect to the mortgages encumbering the Unit and its appurtenant interest in the Common Elements, if available; (ii) mortgage recording tax on an amount equal to the difference between Section 339-ee(2) credit and the mortgage recording tax payable with respect to the mortgage; (iii) mortgage title insurance policy costs, and (iv) recording fee of approximately $200 for recording the mortgage.[3]

In addition, if Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all closing costs and expenses in connection therewith in the amounts determined by such lender. These costs customarily include, among others: (i) commitment fee, (ii) origination fee, (iii) application fee, (iv) credit fee, (v) Lender's attorney's and appraisal fees, and (vi) other closing costs and expenses, if any, charged by the lending institution.

10. Monies to be Held in Trust; Payment of Purchase Price; Notice of Closing.

10.1 The Contract Deposit required pursuant to this Agreement is ten (10%) percent of the total purchase price for the Unit. All monies received by Sponsor through its agents or employees pursuant to this Purchase Agreement will be deposited with, in an interest-bearing account entitled "Goldberg Weprin & Ustin, LLP, Escrow Account" or similar name, with Sterling National Bank at its branch located 512 Seventh Avenue, New York, New York 10018 in accordance with Section 71-a(3) of the Lien Law. The Escrow Agent will hold and dispose of said monies in

accordance with the terms of the Plan and in accordance with the escrow and trust provisions of Sections 352(h) and 352-e2(b) of the New York General Business Law and the regulations promulgated by the Attorney General. The monies received under each Purchase Agreement may not be withdrawn from the escrow account until (a) Sponsor and an authorized signatory of the law firm of Goldberg Weprin & Ustin LLP agree in writing to withdraw such monies, and (b) either (i) title to the Unit is transferred to Purchaser, in which event the Escrow Agent shall deliver said monies to Sponsor at closing and shall deliver to Purchaser, within a reasonable time thereafter, the interest earned on such monies, or (ii) the Purchase Agreement is cancelled, in which case such monies and the interest earned thereon, if any, shall be paid to the party entitled to receive the same as set forth in the Purchase Agreement. Except as provided by law, Contract Deposits, with accumulated interest, if any, shall remain the property of Purchaser until paid to Sponsor as provided herein.

10.2 The Contract Deposit will be retained in escrow as set forth above until: (i) Sponsor performs under the terms of the Purchase Agreement, (ii) Purchaser rescinds or defaults in performance, thereby excusing performance by Sponsor, (iii) release or discharge of Sponsor's liability to refund such Contract Deposit, (iv) transfer of title to the Unit to Purchaser, or (v) withdrawal by mutual consent of Sponsor and Purchaser.

10.3 Anything contained in this Purchase Agreement to the contrary notwithstanding, in the event of an uncured default by Purchaser in his obligations under the Purchase Agreement, no more than ten (10%) percent of the Purchase Price plus any interest earned thereon, may be retained as liquidated damages. Alternatively, and not by way of an election of remedies, Sponsor may seek the remedy of specific performance in connection with Purchase Agreements as to which there has been a default by Purchaser.

10.4 The balance of the Purchase Price will not be payable until closing of title to the Unit.

10.5 Following the declaration of effectiveness of the Plan, Purchaser will be given at least 30 days' prior written notice of the Closing Date for his Unit. The notice to Purchaser shall also specify when Common Charges will be due and payable.

11. 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.

12. Mortgage to be Released or Subordinated. 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 mortgages heretofore or hereafter made and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by Purchaser.

Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of his other obligations hereunder or be the basis for any claim against, or liability of, Sponsor, provided that any such mortgage is subordinated to the Declaration or the Unit is released from the lien of such mortgage.

13. Default by Purchaser. The following shall constitute a default hereunder:

(i) Purchaser's failure to pay any portion of the Purchase Price or the contribution to the Working Capital Fund when due; or

(ii) Purchaser's failure to close title on the date, hour and place specified by Sponsor pursuant to Section 5 hereof; or

(iii) If Purchaser is or becomes the tenant of record of the Unit, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations; or

(iv) If Purchaser is or becomes the tenant of record of the Unit and Purchaser vacates or abandons the Unit; or

(v) Purchaser's assignment of any of Purchaser's property for the benefit of creditors, or Purchaser's filing a voluntary petition in bankruptcy; or

(vi) If a non-bankruptcy trustee or receiver is appointed over Purchaser or Purchaser's property, or an involuntary petition in bankruptcy is filed against Purchaser; or

(vii) Purchaser's failure to perform any of Purchaser's other obligations hereunder (including, without limitation, the obligation to furnish the Selling Agent and/or any lender promptly with such information as the Selling Agent and/or such lender may require, and the obligation to accept a commitment letter on the terms set forth in this Agreement)

Any such failure shall constitute a default by Purchaser. Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he has 30 days after Sponsor gives written notice to the Purchaser to cure such default.

**TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THIS AGREEMENT ON OR BEFORE THE 30TH DAY OF SUCH 30 DAY PERIOD.**

If such default is not cured within 30 days 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 the Purchase

Agreement. In such event, the amounts specified in subsection 10.4 of this Agreement 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 Sponsor shall elect to cancel this Agreement, Sponsor shall certify to its attorneys, Goldberg Weprin & Ustin LLP, that title has not closed because of Purchaser's default, that a notice to cure the default was delivered to Purchaser and Purchaser has failed to cure the default within 30 days after Sponsor gives written notice to the Purchaser and that Sponsor has elected to cancel this Purchase Agreement by reason thereof, and Goldberg Weprin & Ustin LLP shall thereupon notify the holder of sums paid by Purchaser hereunder, as set forth in Section 10 hereof, to pay over to Sponsor as liquidated damages the Contract Deposit, 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. If this Purchase Agreement shall be cancelled by Sponsor pursuant to the provisions of this Section 13, 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. Goldberg Weprin & Ustin LLP 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. Agreement Subject to Plan Being Effective; Sponsor's Right to Cancel.

14.1 This Purchase Agreement is contingent upon Sponsor declaring the Plan effective pursuant to the terms and requirements of the Plan and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan. The Plan may be abandoned or withdrawn by Sponsor at any time prior to its being declared effective and before 80 percent of the Units have been purchased. Once the Plan has been declared effective, Sponsor may not abandon the Plan for any reason other than (i) a defect in title which cannot be cured without litigation or cannot be cured for less than 0.5 percent of the total offering plan, or (ii) work orders of a mortgagee or violations that cannot be cured for less than 0.5 percent of the total offering plan, or (iii) substantial damage or destruction of the Building or any portion thereof by fire or other casualty which cannot be cured for less than 0.5 percent of the total offering plan (as estimated by the insurance adjuster retained by Sponsor), or (iv) the taking of any material portion of the Property by condemnation or eminent domain. Sponsor shall have no obligation to incur any expenses or engage in litigation to cure title defects.

14.2 If the Plan is abandoned or does not become effective, this Purchase Agreement shall be deemed cancelled. If, after the Plan is declared effective, title to the Unit shall not close within the time set forth in Section 5 hereof, or in the Plan, for any reason other than Purchaser's default, then Purchaser shall have the option to cancel the Purchase Agreement and to have the Contract Deposit refunded pursuant to Section 5 hereof. Upon such repayment, neither party shall have any claim against the other and both shall be released from all obligations hereunder.

14.3 Sponsor may cancel this Purchase Agreement by forwarding its check in the full amount paid by Purchaser, together with a notice in writing, addressed to Purchaser at his address herein above set forth in the event of the occurrence of any of the following: (a) that any

governmental bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials necessary in the construction of residential housing and such restrictions shall prevent Sponsor from obtaining such materials from its regular suppliers or from using same in the construction and/or completion of the dwellings; or (b) that Sponsor is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies, acts of God or if the installation of public utilities is restricted or curtailed.

15. Equipment and Furnishings. Sponsor will provide Purchaser only with the fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the Purchase Price of the Unit or, at the option of Sponsor, with suitable substitutions of equal quality. Furnishings, equipment, appliances and decorations in any model unit or sales office that are not referred to in the Plan are excluded from this sale.

16. Acceptance of Condition of Unit; Risk of Loss.

16.1 Purchaser shall accept title (without abatement in or credit against the Purchase Price or provision for escrow) notwithstanding that construction of (a) minor details of the Unit, or the Building, or (b) other Units, or (c) portions of the Common Elements have not been completed. Purchaser will examine his Unit, if applicable, with a representative of the Sponsor during normal business hours prior to the Closing Date.

16.2 Prior to the closing of title to a Unit, no Purchaser who is not a tenant-in-occupancy on the date the Plan is accepted for filing shall be permitted to enter the Unit without the prior consent of Sponsor or the Selling Agent. Purchaser shall have the right to enter and inspect such Unit prior to the closing of title but shall be obligated to make an inspection appointment with Sponsor or the Selling Agent. Under no circumstances shall Purchaser perform or cause to be performed any work in such Unit prior to the closing of title thereto.

16.3 Purchaser represents to Sponsor that he has examined the Unit, if any, and agrees that his execution of this Purchase Agreement shall constitute acceptance of the Unit and the Building and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein "AS IS", in their present condition on the date of this Purchase Agreement, subject to reasonable use, wear, tear and natural deterioration between the date of this Purchase Agreement and the Closing Date and subject to any obligations of Sponsor under the terms of the Plan. The failure of Sponsor to complete any "punch list" type work shall not be a basis for Purchaser delaying the Closing Date provided that Sponsor agrees to complete such work promptly after Closing.

16.4 The risk of loss from fire or other casualty with respect to the Unit shall remain with Sponsor until the closing of title for the particular Unit. Notwithstanding the above, in the event that (i) Purchaser enters into actual possession of a Unit prior to the closing of title, or (ii) another person

enters into actual possession of a Unit and prior to the closing of title at the direction of Purchaser, then Purchaser shall bear the risk of loss or other casualty with respect to that Unit.

17. Possession of Unit Prior to Closing. It is expressly understood and agreed that Purchaser shall in no event take possession of the Unit, prior to the time of delivery of the deed and full compliance by Purchaser with the terms of this Agreement, and should Purchaser violate this provision, Purchaser consents that Seller shall have the right to remove him from the Unit as a squatter and intruder by summary proceedings. Upon Purchaser's unauthorized possession, Purchaser shall be deemed in default hereunder at the option of Seller, and if Seller so elects, Seller may cancel this Agreement and the amount deposited hereunder shall belong to Seller as liquidated damages deemed earned hereunder. It is further understood and agreed that Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the Property before, on or after the closing of title herein.

18. No Representations. Purchaser acknowledges that he 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, Building, or the size or 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, or any other data, except as specifically represented herein and/or in the Plan, Purchaser having relied on his own examination and investigation thereof. No person has been authorized to make any representations on behalf of Sponsor except as specifically set forth herein or in the Plan. No oral representations or statements shall be considered a part of this Agreement. Purchaser agrees (a) to purchase the Unit, without offset or any claims against, or liability of, Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the Floor Plans, is accurate or correct, provided the layouts and dimensions conform substantially to such Floor Plan and (b) that Purchaser shall not be relieved of any of his obligations hereunder by reason of any minor inaccuracy or error, or due to minor defects in workmanship. The provisions of this Section 18 shall survive the closing of title.

19. Broker. Purchaser represents to Sponsor that Brown Harris Stevens 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, if any, pursuant to 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 free and harmless Sponsor from and against any and all liabilities and expenses in connection therewith, including reasonable legal fees. The provisions of this Section 19 shall survive the delivery of the deed.

20. Agreement May Not Be Assigned. Purchaser shall not have the right to assign this Agreement without the prior written consent of Sponsor.

21. Binding Effect. This Agreement shall not be binding on Purchaser or Sponsor until a fully executed copy hereof has been furnished to Purchaser. If this Agreement is not accepted within 30 days from the date hereof by furnishing to Purchaser a fully executed copy, this Agreement shall be deemed to have been rejected and cancelled and the deposit paid on the execution hereof, with interest accrued thereon, if any, shall be returned promptly to Purchaser.

22. Notices. Any notice, request or other communication hereunder or under the Plan shall be in writing and sent, postage prepaid, by registered or certified mail, to Purchaser at the address given at the beginning of this Agreement, and to Sponsor at the address given at the beginning of this Agreement, with a copy to Goldberg Weprin & Ustin LLP, 1501 Broadway, New York, New York 10036, Attention: Lisa R. Radetsky, Esq., or to such other address as either party may hereafter designate to the other in writing. Except as otherwise expressly provided herein, all such notices and communications shall be deemed to have been received on the date of personal delivery or on the fifth day after mailing.

23. 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.

24. Liability of Sponsor. Sponsor shall not have any liability to Purchaser with respect to any of Sponsor's obligations under this Agreement or the Plan or otherwise in excess of the net proceeds paid to Sponsor either as a Contract Deposit by Purchaser hereunder if the transaction does not close or paid to Sponsor on the sale of the Unit to Purchaser after payment of, or reserve for, any liabilities of Sponsor arising out of the consummation of the transactions contemplated in the Plan, subject, however, to the provisions of the New York State General Obligations Law, the General Business Law and 13 NYCRR-Part 23.

25. Right of Recission. Purchasers who have not had an opportunity to review the Plan and any filed amendments for at least three (3) days prior to their executing a Purchase Agreement shall be given seven (7) days, after delivering an executed Purchase Agreement, together with the required Contract Deposit, to rescind the Purchase Agreement and have the full Contract Deposit refunded promptly. Such recision must be in writing, addressed and sent to Sponsor in care of and at the address of the Selling Agent, and be postmarked or hand delivered by midnight of the seventh day subsequent to Purchaser's executing and delivering such Purchase Agreement. Purchasers who execute a Purchase Agreement after having had an opportunity to review the Plan and any filed amendments for not less than three (3) days prior to their executing a Purchase Agreement shall not be permitted the aforementioned time period to rescind for any reason.

26. 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.

27. Prohibition Against Advertising. Prior to the closing of title to the Unit, Purchaser shall not list the Unit for resale or rental with any broker or to advertise or offer, promote, or publicize the availability of the Unit for sale or lease, without Sponsor's prior express written consent.

28. 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.

29. 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.

30. Governing Law. The provisions of this Agreement shall be governed by the laws of the State of New York.

31. 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. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, nor move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

32. Entire Agreement. This Agreement supercedes any and all understandings and agreements between the parties and constitutes the entire agreement between them.

33. 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 otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Agreement.

34. Captions. The captions in this Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

35. Successors and Assigns. Subject to the provisions of Section 20 hereof, 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.

36. 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.**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SPONSOR

235 WEST 71ST DEVELOPMENT LLC

By:_____
James K. Rinzler, President

PURCHASER

_____

_____

# SCHEDULE A

## Encumbrances

1. Zoning and building regulations, resolutions, restrictions and ordinances of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, provided same will not be violated by the contemplated structures and use.

2. State of facts shown in an updated and accurate survey of the land provided such survey does not render title unmarketable.

3. The Declaration, the By-Laws (and the Rules and Regulations made thereunder), the power of attorney from Purchaser to the Condominium Board and maps and the Floor Plans, all as may be amended from time to time, to be recorded or filed in the City Register's Office.

4. Covenants and restrictions contained in deed recorded on Page 640, in Liber 1222.

5. Covenants and restrictions contained in deed recorded on Page 363, in Liber 1871.

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

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

8. Revocability of the right to maintain street vaults and other areas, under the sidewalks and streets.

9. All easements created by the Declaration.

10. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, ledges, window sills, balconies, sidewalk elevators, fences, fire escapes, vaults, chutes, fuel oil lines, drainage pipes, sewerage pipes, air conditioning units, canopies, cornices, foundations, footings and similar projections, retaining walls, if any, on, over, or under the Property or the streets or sidewalks abutting the Property and the rights of governmental authorities, and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any.

11. Leases and service, maintenance and license agreements, if any, in effect on the date of the First Unit Closing.

12. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units, Limited Common Elements, or Common Elements on the Unit, existing as a result of construction of the Building, or construction of the Units, or which may have come or may come into existence as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units, the Limited Common Elements and the Common Elements.

13. Beams and beam rights and party walls and party wall agreements, if any.

14. Any variations between tax lot lines and lines of record title.

15. All covenants, restrictions, reservations, agreements and easements of record which are still in force and effect on the date of the First Unit Closing, provided that they are not violated by and do not prevent the use of any Unit at the Property for dwelling purposes, nor prevent the existence of the promised structure.

16. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, which shall be adjusted at the closing of title.

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

18. Any other declaration or other instrument affecting the Property which Sponsor deems necessary or appropriate to comply with any law, ordinance, regulations, 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. Sponsor shall file an amendment to the Plan to reflect any such other declaration or other instrument affecting the Property which is not already disclosed herein.

19. Standard printed exceptions contained in the form of title insurance policy then issued by the title insurance company insuring Purchaser's title to his or her Unit and appurtenant interests.

20. Any encumbrance as to which Lex Terrae, as agent for Chicago Title Insurance Company, would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that such encumbrances (a) will not be collected out of the Unit if it is a lien and (b) will not prevent the use of the Unit for dwelling purposes.

21. Any other encumbrance against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling purposes, or which does not render title unmarketable, subject to the Permitted Encumbrances, or with respect to which a title insurance company is willing to insure against collection out of the Unit.

22. The terms, provisions and conditions of the Plan.

# EXHIBIT B

## CONDOMINIUM UNIT POWER OF ATTORNEY

Terms used in this Condominium Unit Power of Attorney which are used (a) in the Declaration ("Declaration") establishing a plan for condominium ownership of the premises known as The 235 West 71st Street Condominium and by the street number 235 West 71st Street, New York, New York under Article 9B of the Real Property Law of the State of New York, dated _____, 200__, and recorded in the New York County office of the Register of The City of New York (the "City Register") on _____, 200___, in Reel _____, Page _____, or (b) in the By-Laws of The 235 West 71st Street Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, having an address at _____ _____, the owner(s) of the Condominium Unit (the "Unit") known as Unit No. _____ in The 235 West 71st Street Condominium, said Unit being designated and described in the Declaration and also designated as Tax Lot _____ in Block 1163 of Section 4 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board (or in the name of their designee corporation or otherwise), on behalf of all Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) to acquire or lease any Unit, together with its Appurtenant Interests, as the case may be, from any Unit Owner desiring to sell, convey, transfer, assign, lease or surrender the same, (b) to acquire any Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, on such terms and (with respect to any transfer under (a) or (b) above) at such price or at such rental, as the case may be, 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 (2) to execute, acknowledge and deliver and record in the City Register and elsewhere, if required by law, regulation or administrative practice such instruments and documents, including, without limitation (a) 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 (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements which the Condominium Board deems necessary or appropriate.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact. This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the _____ day of _____, 200___.

_____

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

On the _____ day of _____ in the year 200___, before me, the undersigned, a Notary Public in and for 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

# EXHIBIT C

## CONDOMINIUM UNIT DEED

THIS INDENTURE, made the _____ day of _____, 200____, between 235 West 71st Street Development LLC, a New York limited liability company, having an address in care of Dominion Management Corp., 200 Madison Avenue, 24th Floor, New York, New York (the "Grantor"), and _____ having an address at _____ (the "Grantee"),

**WITNESSETH:**

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

The Condominium Unit (the "Unit") known as Unit No. _____ in the premises known as The 235 West 71st Street Condominium and by the street number 235 West 71st Street, Borough of Manhattan, County of New York and State of New York (the "Property"), said Unit being designated and described as Unit No. _____ in the Declaration Establishing a Plan for Condominium Ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act"), dated _____, 200__, in Reel _____, Page _____, and also designated as Tax Lot ___, in Block 1163 of Section 4 of the Borough of New York on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of said building, certified by Mario Arbore, licensed architect, on _____, 200__, and filed with the Real Property Assessment Department of The City of New York on _____, 200__, as Condominium Plan No. _____ and recorded in the City Register's Office on _____, 200__, as Condominium Plan No. _____. The premises within which the Unit is located are more particularly described in Schedule 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 235 West 71st Street Condominium. (Said By-Laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.");

Together with an undivided _____% percent interest in the Common Elements:

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which shall constitute covenants

running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

Subject also to such other liens, agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit and/or to the Property as more particularly described in Schedule B attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns of the Grantee, forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the New York 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 New York 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 New York Condominium Act, the applicable provisions of Article 16 of the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board or provided in the Declaration or the By-Laws, the Unit is intended for residential purposes.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and By-Laws (and any Rules and Regulations adopted under the By-Laws).

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the 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 purposes.

The Grantee accepts and ratifies the provisions of the Declaration and By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

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

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

IN WITNESS WHEREOF, the Grantor and the Grantee have duly executed this indenture as of the day and year first above written.

235 WEST 71ST DEVELOPMENT LLC

By:_____
James K. Rinzler, President

_____
Grantee

_____
Grantee

STATE OF NEW YORK )

:ss.:

COUNTY OF )

On the _____ day of _____ in the year 200___, before me, the undersigned, a Notary Public in and for said state, personally appeared James K. Rinzler, 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

STATE OF NEW YORK )

:ss.:

COUNTY OF )

On the _____ day of _____ in the year 200___, before me, the undersigned, a Notary Public in and for 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

## SCHEDULE A

ALL THAT CERTAIN plot, piece or parcel of land lying and being in the Borough of Manhattan, City and State of New York, being bounded and described as follows:

BEGINNING at a point on the northerly side of 71st Street distant 397 feet easterly from the corner formed by the intersection of the northerly side of 71st Street with the easterly side of West End Avenue;

RUNNING THENCE northerly parallel with West End Avenue and part of the way through a party wall, 102 feet 2 inches to the center line of the block;

THENCE easterly along said center line of the block, 69 feet 8 inches;

THENCE southerly again parallel with West End Avenue and part of the way through another party wall, 102 feet 2 inches to the northerly side of 71st Street;

THENCE westerly along the northerly side of 71st Street, 69 feet 8 inches to the point or place of BEGINNING.

## SCHEDULE B

## PERMITTED ENCUMBRANCES

1. Zoning and building regulations, resolutions, restrictions and ordinances of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, provided same will not be violated by the contemplated structures and use.

2. State of facts shown in an updated and accurate survey of the Land provided such survey does not render title unmarketable.

3. The Declaration, the By-Laws (and the Rules and Regulations made thereunder), the power of attorney from Purchaser to the Condominium Board and maps and the Floor Plans, all as may be amended from time to time, to be recorded or filed in the City Register's Office.

4. Covenants and Restrictions contained in deed recorded in Liber 1222, Page 640.

5. Covenants and Restrictions contained in deed recorded in Liber 1871, Page 363.

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

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

8. Revocability of the right to maintain street vaults and other areas, under the sidewalks and streets.

9. All easements created by the Declaration.

10. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, ledges, window sills, balconies, sidewalk elevators, fences, fire escapes, vaults, chutes, fuel oil lines, drainage pipes, sewerage pipes, air conditioning units, canopies, cornices, foundations, footings and similar projections, retaining walls, if any, on, over, or under the Property or the streets or sidewalks or property abutting the Property and the rights of governmental authorities, and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any.

11. Leases and service, maintenance and license agreements, if any, in effect on the date of the First Unit Closing.

12. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units, Limited Common Elements, or Common Elements on the Unit existing as a result of construction of the Building, or construction of the Units, or which may have come or may come into existence as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units, Limited Common Elements and the Common Elements.

13. Beams and beam rights and party walls and party wall agreements, if any.

14. Any variations between tax lot lines and lines of record title.

15. All covenants, restrictions, reservations, agreements and easements of record which are still in force and effect on the date of the First Unit Closing, provided that they are not violated by and do not prevent the use of any Unit at the Property for dwelling purposes, nor prevent the existence of the promised structure.

16. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, which shall be adjusted at the closing of title.

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

18. Any other declaration or other instrument affecting the Property which Sponsor deems necessary or appropriate to comply with any law, ordinance, regulations, 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. Sponsor shall file an amendment to the Plan to reflect any such other declaration or other instrument affecting the Property which is not already disclosed herein.

19. Standard printed exceptions contained in the form of title insurance policy then issued by the title insurance company insuring Purchaser's title to his or her Unit and appurtenant interests.

20. Any encumbrance as to which Lex Terrae, as agent for Chicago Title Insurance Company, would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that such encumbrances (a) will not be collected out of the Unit if it is a lien and (b) will not prevent the use of the Unit for dwelling purposes.

21. Any other encumbrance against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling, as the case may be, or which does not render title unmarketable, subject to the Permitted Encumbrances, or with respect to which a title insurance company is willing to insure against collection out of the Unit.

22. The terms, provisions and conditions of the Plan.

# EXHIBIT D

# ARCHITECT'S REPORT ON DESCRIPTION OF PROPERTY AND SPECIFICATIONS




June 26, 2007

The 235 West 71st Street Condominium
235 West 71st Street
New York, NY 10023

**A. LOCATION OF USE AND PROPERTY**

1. The subject property is located at 235 West 71st Street, New York, NY 10023. The Building is on the North side of West 71st Street, 311'-1" West of Broadway.

2. The Building is located on Tax Block 1163, Lot 17. The Building does not comply with Local Law 58/87.

3. Current zoning is R8B.

   Permissible uses are residential, and community facility. The Building has existed on this site since 1912.

**B. STATUS OF CONSTRUCTION**

1. The Building is existing and was erected in 1912.

2. The class of construction is Old Code, Fireproof (non-combustible).

3. Existing building certificate of occupancy No. 96399 information is as follows:

| Story | Live Loads | Persons | Use |
|---|---|---|---|
| Basement | OG | (not listed) | Lower part of apartment<br>Boiler Room, Machine Room,<br>Laundry Room, Storage,<br>Pump Room |
| 1st Floor | 40 PSF | 8 | Community Facility,<br>Doctor's Office<br>Apartments<br>Upper part of Apartment |
| 2nd through 9th Floor | 40 PSF | (not listed) | Apartments |

4. The construction and renovation work will be permitted by NYC Department of Buildings.

5. The construction work will include the general interior renovation of the existing dwelling units, including new partitions, plumbing fixtures, kitchens, windows, finishes, electrical lighting and outlets, and HVAC. The existing configuration of four (4) dwelling units per floor on floors 2 and 5 will be maintained. The plans will be configured to house two dwelling units per floor on floors 6, 7, 8 and 9, and one dwelling unit per floor on floors 3 and 4.

6. The anticipated completion date for renovation is October, 2007.

**C. SITE**

1. The property is located on the North side of West 71st Street between Broadway and West End Avenue, 311'-1" West of Broadway. The lot is rectangular in shape and description. The existing building occupies 72% of the zoning lot. The approximate lot size is 7,134 square feet.

2. This building is, and will continue to be, occupied as a mixed use building with a Doctor's office on the ground floor and residential use elsewhere.

3. The existing sidewalks and curbing adjacent to the property on West 71st Street are located on city property. Existing street catch basins will accommodate water runoff. The concrete sidewalk is in fair condition with broken and missing sections along the curbline and two flags at the east side of the property that are deteriorated.

4. Existing city street lighting will remain and will be maintained by the City of New York.

**D. UTILITIES**

1. Electric:

   Presently, the source of electricity is Consolidated Edison of New York. It is anticipated that they will remain the providers. Each residential unit will continue to be directly metered by the utility. Further, the house charges, (i.e., common fans, corridor lighting and other common electrical) will be separately metered and billed to the Condominium and in turn will be incorporated into the common charges for the unit owners.

2. Gas:

   Presently, the source of gas is Consolidated Edison of New York. It is anticipated that they will remain the providers. Each apartment is individually metered.

3. Water and Sewer:

   The source of water will be the City of New York. Water and sewer will be collectively metered and billed to the condominium and in turn will be incorporated into the common charges for the unit owners.

4. Telephone:

   Local telephone service will be provided by Verizon and billed to each occupant individually. Cable television and phone conduit will be installed by the sponsor for all renovated residential units. Cable television in Manhattan is provided by Time Warner Cable. Each occupant will establish a separate account with Time Warner Cable.

**E. SUB SOIL CONDITIONS**

There is no apparent danger of flooding in the area, of overflow from bodies of water, or of danger from mudslides or erosion. There is no evidence of uneven foundation movement or water seepage or other subsoil problems in the basement.

**F. LANDSCAPING AND ENCLOSURES**

A rear yard is existing and is a paved area. There is a narrow flower bed along the northern property line. The rear yard is bounded on three sides by a four foot high masonry wall, topped with a wood fence and barbed wire. There are two side yards, both bounded by buildings on each side.

There is no front yard. Access from the street to the West Courtyard is via a grating in the sidewalk at the front of the building. A locked gate prohibits access into the West Courtyard.

**G. BUILDING SIZE AND HEIGHT**

The Building is 69.8' wide and 86.2' deep.

Height from the curb to the roof level of the existing building is 90'-0"

There are 9 floors in the existing building.

All existing service and equipment rooms in the basement as listed on Certificate of Occupancy No. 96399 are to remain as shown on the Floor Plans.

The total proposed number of residential units will be altered from the current configuration. There are currently four apartments per floor on floors two through nine. The number of units shall be as follows:

Basement

Lower part of Apartment #1C,
Boiler Room
Machine Room
Laundry Room
Storage Room
Pump Room

1st Floor

Doctor's Office (non-renovated)
(1) Two-Bedroom Apartment (#1A) (non-renovated)
(1) One-Bedroom Apartment (#1D) (non-renovated)
Upper part of Apartment #1C (non-renovated)

2nd Floor

(1) One-Bedroom Apartment (non-renovated)
(3) Two-Bedroom Apartments (non-renovated)

3rd Floor

(1) Six-Bedroom Apartment (renovated)

4th Floor

(1) Six-Bedroom Apartment (renovated)

5th Floor

(1) One-Bedroom Apartment (non-renovated)
(3) Two-Bedroom Apartments (non-renovated)

6th Floor

(1) Four-Bedroom Apartment (renovated)
(1) Three-Bedroom Apartment (renovated)

7th Floor

(1) One-Bedroom Apartment (non-renovated)
(3) Two-Bedroom Apartments (non-renovated)

8th Floor

(1) Four-Bedroom Apartment (renovated)
(2) One-Bedroom Apartments (non-renovated)

9th Floor

(1) Four-Bedroom Apartment (renovated)
(1) Three-Bedroom Apartment (renovated)

## H. STRUCTURAL SYSTEM

1. Exterior Building:

General

The condition of the Building's structure is good with no evidence of exterior cracking or settlement. The only noticeably damaged area is beneath the 5th Floor south balcony. See the section on balconies and terraces for further details. There is evidence of preventative maintenance. Masonry re-pointing has occurred at the east and west exterior walls. However, the joint contours are not concave and therefore less effective in keeping out moisture.

Walls

New interior gypsum wall board and metal stud partitions will have a fire rating of either one or two hours. Select walls will receive sound insulation materials. Newly furred partitions shall be insulated with R19 insulation.

All public corridors will continue to consist of two-hour rated fireproof construction.

Local Law #11/98 applies to buildings greater than seven stories in height. Local Law #11/98 applies to this building.

Howard L. Zimmerman Architects, P.C. has been retained to fully review the existing balcony and façade conditions and to provide remedial solutions. All structural repairs required shall be completed in accordance with those recommendations to ensure all public and private safety.

The specifications for the new windows are as follows: All new windows will be furnished with a dark, anodized finish and double glazing. All apartments will receive new windows. Existing window sills and lintels are in good condition. Any found by Zimmerman Architects in need of repair or replacement shall be rectified as needed. Front façade windows will be tilt-turn windows in combination with fixed sidelights for the center three bays, and paired casement window assemblies at the outer two bays. The rear building windows shall be center tilt-turn windows with fixed sidelights for the center three bays, with paired casement windows at the outer two bays. All other windows shall be double-hung windows.

There will be one new exterior door at the roof bulkhead. All other exterior doors shall remain.

There are limited lot line windows on both the east and west elevations. They are located in apartment numbers 3B, 4B, 5C, 6B, 7A, 7B, 7C, 7D, 8A, 8B, 8C, 8D, 9A, 9B.

Landmark status: The building is not located within a Landmark District.

2. Parapets and Copings:

   The top of the southern parapet wall has been recently replaced and is in good condition. Remaining parapets have been damaged by having the waterproof membrane installed onto the inside face of the brick. There is exposed damage to the brick where the membrane has been pulled back in the southern section of the roof at the east and west walls. It is assumed that all remaining unexposed areas with the same condition have suffered similar damage. Brick walls and stone copings shall be replaced with similar as determined by Howard L. Zimmerman Architects, P.C.

3. Chimneys:

   An exterior metal boiler chimney is surface-mounted to the exterior wall in the western courtyard. This chimney is in good condition.

4. Balconies and Terraces:

   All balconies are located on the primary, southern façade. The largest projecting balcony is on the 5th floor spanning the width of the (3) central window bays. The underside of this balcony exhibits severe water damage and is missing the easternmost decorative support scroll below. There is also severe cracking at the decorative motifs at the 4th floor window lintels immediately below the balcony. Very small balconies are also located at the central window bays on the 9th floor. These balconies are in good condition. The Fifth Floor Balcony shall be either repaired or removed & replaced with flat, decorative façade trim and cast iron railings at the window bays.

5. Exterior Entrance:

   There is one existing entrance to the building.

   The existing mailboxes in the elevator lobby are in good condition. The lobby contains many elements original to the building. The white marble floor border is in good condition. The plaster walls have pilasters with faux marble inlays. The ceiling has a decorative crown molding that is in good condition except for a missing section opposite the elevators.

   Existing lighting at the exterior will remain.

6. Service entrances:

   No service entrances are existing or will be provided.

7. Roof and Roof Structures:

   a. Structure: Typical roof structure for a building of this era is concrete slab and cinder fill. Testing has indicated delamination of concrete and steel and corrosion of the steel in various locations. The rooftop slab and structure shall be removed and reconstructed.

   b. Membrane: The existing membrane is in good condition with no history of leaking. The membrane intersection with the existing parapet perimeter walls however does not have any flashing at approximately 70% of the parapets and only cap flashing at the remaining 30%. The membrane material has been attached directly to the face of the brick parapet walls, which is a practice that is not recommended by manufacturers. This condition shall be rectified as part of the proposed re-roofing.

c. Surface Finish: Existing membrane, silver.

d. Bond and Guarantee: There is no guarantee for the roof membrane.

e. Flashing and counter flashing: Copper cap flashing only is located at three walls of the southern section of the roof. There is no other flashing.

f. Roof drainage: There are two existing roof drains. The original strainers are missing.

g. Skylights: There are (3) former metal skylights and bulkheads on the roof. They have all been abandoned and the glass panes are painted over. The bulkheads are coated with hot tar. There is a metal ventilating skylight over the egress stair. It is in fair condition with heavy rust stains on the glass panes. This skylight shall be re-glazed and the existing metal framework shall be repaired and painted.

h. Bulkheads: There is one large bulkhead that contains the stair and the freight elevator. The freight elevator portion is two stories high. The brick bulkhead wall has been coated with hot tar which is in fair condition. The upper level of the freight elevator bulkhead has glass lites. The mullion system for these lites has been coated with hot tar and this assembly is in poor condition. There is some evidence of water damage at the interior ceiling of the stair bulkhead. The source of this water damage shall be traced and corrected. The stair and elevator bulkheads shall be re-roofed.

Rooftop facilities: There are no rooftop facilities. Steel dunnage shall be installed to hold the new rooftop chiller units for the condominiums.

8. Fire escapes

There are no fire escapes.

9. Yards and courts

The existing property has a narrow rear yard that is paved and in good condition. There is a narrow flower bed at the northern property line. The property also has large interior courts in the middle of the building on the east and west sides. On the west side there is an exit passageway that connects the rear yard to the street through the inner court. The west court has a severely deteriorated paint finish. The eastern court has been recently painted.

10. Interior stairs

The main egress stairs are common areas that are accessible from the roof to the entry lobby. The walls of the stair enclosure are two hour-rated and constructed of existing fireproof construction. While the walls dividing the apartments from the stairway are two hour-rated, the stairway itself is open from top to bottom. The stair is metal with marble treads that are in good condition. The stair handrail is painted metal with a painted wood cap and is in good condition. The stair landing at each floor have decorative mosaic tile with a multi-color border in good condition. The stair has a standpipe with a fire hose station at every floor.

11. Interior doors and frames

New apartment entry doors and frames in the common area stairwell will be new ninety-minute-rated self-closing doors and frames of painted hollow metal construction with standard residential hardware, viewer and chime. All these new doors are recessed panel. Doors and frames within the apartments will be newly painted solid core paneled or flat-paneled wood construction with painted wood frames.

12. Elevators

There are two existing elevators in the building: one freight elevator and one passenger elevator. Both elevators are dated, and the freight elevator in is poor condition. The passenger elevator is in satisfactory condition. The leveling mechanism needs to be adjusted.

The following work shall be performed to modernize the two (2) existing winding drum elevators, maintaining the present design standards relative to size, capacity, speed, and travel distance for maximized operating performance, safety, and traffic handling efficiency:

a. New microprocessor-based signal controls for automatic operations on a duplex basis.
b. New variable voltage, variable frequency-alternating current (VVVF-AC) power drives.
c. New traction-type hoisting machinery with wire ropes, deflector sheaves, and appurtenances.
d. New corridor entrances for power-operated automatic door systems.
e. New operating/signal fixtures per New York City Local Law Standards.

13. Elevator cabs

The painted metal cab of the freight elevator is in severe disrepair and must be completely renovated. The painted metal interior of the passenger elevator is in fair condition and needs to be refurbished.

New cab enclosures, designed for maximized interior clearances shall be installed. The cabs and the entire elevator system shall be designed in accordance with Federal ADA Standards for handicap accessibility applicable to existing residential properties. The cabs shall be outfitted with wood paneled walls and ceilings, downlights and stone tile flooring.

**I. AUXILIARY FACILITIES**

1. Laundry Rooms:

There is an existing laundry room in the basement. This room contains a double dryer, which is vented to the East Courtyard, and also contains two washing machines and a slop sink. All of these appliances are in satisfactory condition.

<u>The laundry equipment in the basement shall be removed, as the condo owners shall have in-house laundry equipment in their apartments. Existing non-condo tenants to remain shall be given a rent credit for the loss of the building Laundry Room.</u>

2. Refuse disposal: There is an existing trash room in the basement.

Curbside pickup schedule by New York City Department of Sanitation is on Tuesday, Thursday and Saturday.

ESC CONSULTING ENGINEERS

**ENGINEERING SOLUTIONS, PLLC**
1140 Broadway, Suite 204 New York, New York 10001 T 212.840.1030 F 212.684.2886

June 20, 2007

Re: 235 West 71st Street
New York, NY
AG Report – MEP Sections

To whom it may concern:

The following is the MEP Sections related to the AG Report for the residential building located at 235 West 71st Street, New York, NY. The building consists of (7) combined residential units, (18) existing residential units, (1) commercial unit, and common areas.

## J. Plumbing and Drainage

(1) Water supply:

Domestic water is supplied by the City of New York through a water main located on West 71st Street. A 3" domestic water service provided with NYC approved strainer and meter and DEP approved backflow preventer will serve the domestic water needs of the building. Hot and cold water risers of sufficient diameter shall serve the units in common. These main and branches shall be copper pipe.

Hot and cold water risers distribute water to the units in common. The mains and branches are steel or copper pipe.

The sprinkler/ standpipe is served by a fire pump and siamese connection.

(2) Fire protection system:

(i) Standpipe: A 4" sprinkler standpipe is located in the stairwell with 2-1/2" angle valves on each floor and roof manifold.
(ii) Hose Racks: Shall be provided on each floor and cellar. Rooftop manifold will be provided within the stair bulkhead at the roof level.
(iii) Sprinkler heads: An automatic, wet sprinkler service shall be complete with all controls, backflow devices and valves to furnish sprinkler coverage in the common hallways and at the dryers in the cellar. The system shall be a wet system consisting of Schedule 40 black steel pipe with fusible link heads. All appropriate drawings and forms and permits and sign offs shall be obtained.
(iv) Siamese connection: A Standpipe Siamese is located on West 71st Street facade at grade level provided with check valves and drip valve.

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(3) Water Storage: N/A.

(4) Water Pressure: The domestic water service shall be provided with a duplex booster pump located in the Basement with pressure reducing valves at branch riser take-offs to plumbing fixtures. The fire service shall be provided with a Fire Pump and Jockey pump located in the basement.

(5) Sanitary sewage system: Sanitary sewage is drained through standard weight cast iron pipe sized in accordance with New York City Building Code to a house trap in the cellar at the West 71st Street side. The house trap is connected to an 8" diameter cast iron combined sewer, which is connected to the combined street sewer. The sanitary system is vented through a system of cast iron pipe. All plumbing pipe below the cellar floor shall be service weight cast iron with extra heavy connectors.

(i) Sewage piping: Cast iron sanitary system inside the building is connected to the house sewer leading to the combination street sewer.

(ii) Sewage disposal: City of New York

(6) Permit(s) required: See Architect's Report. Refer to item B (4) above.

(7) Storm drainage system: All storm water is drained through standard weight cast iron pipe sized in accordance with New York City Building Code to a storm house trap in the cellar at West 71st Street. The house trap is to an 8" diameter cast iron combined sewer, which is connected to the combined sewer on West 71st Street. All plumbing pipe below the cellar floor shall be service weight cast iron with extra heavy connectors.

(i) Catch basins: None

(ii) Roof drains: Two scuppers will drain into two exterior roof leaders. The elevator bulkhead roofs are drained via scupper to the roof below.

(iii) Piping: Piping is cast iron.

(iii) Sump pumps: Shall be located at the base of the elevator pits in the cellar for the ejection of water.

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**K. Heating:**

(1) Space heating and distribution of domestic hot water: The heating plant will be capable of maintaining 70deg F within all habitable areas with exterior conditions of 11deg F with 15 mph winds.

The domestic hot water system will be capable of providing adequate hot water for a 2-hr peak morning period assuming a shower demand of 3gpm and a total building load of 136 people.

(2) Number of boilers and description: The boiler plant will be a modular boiler assembly, gas-fired with atmospheric draft. Domestic hot water heaters shall be gas fired.

(3) Manufacturer of Boilers: The modular boiler system will be Slant/ Fin Caravan Model #GGHT2000E, or equivalent, located in the cellar with natural gas input of 1995 MBH.

Domestic hot water heaters shall be three (3) gas-fired A.O. Smith hot water heaters model BTR-275, or equivalent, 100-gallon storage capacity, 267-gph recovery rate, each.

(4) Burners: Natural gas.

(5) Type of controls: The boilers will be provided with an automatic lead/lag controller and hot water supply temperature will be controlled with outdoor air temperature reset controller.

(6) Radiators, piping, insulation, valves and pumps: Heating system consists of perimeter radiators, cabinet heaters, hot water converter, and hydronic coils on fan coil units and air handling units. Hot water piping and risers will be copper with insulation, 150-psi gate and globe valves, in-line circulator pumps with backup and auto-controller.

All units will be heated through hydronic heating coils within air handling units, fan coil units or radiators.

Electric radiant floors are provided in master bathrooms for additional comfort.

A gas fired rooftop unit will provide heat for the central stair/ corridors.

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Domestic hot water distribution system shall consist of a recirculation loop, insulated copper pipe, bronze recirculation pump and return piping, and expansion tank.

(7) Fuel: Natural gas

(8) Oil tank: to be removed

(9) Capacity of Oil Tank: N/A

**L. Gas Supply**:

(1) Type: Natural gas service is provided from the street main.

(2) Meters: Gas meters are provided and installed per Con Edison for common space heating and residential unit consumption.

(3) Piping: Standard weight black steel.

**M. Air Conditioning**

Each air conditioning system serving the combined unit shall be capable of maintaining 72 deg F indoor temperatures in the units with exterior conditions of 89/73 deg F dry-bulb/wet-bulb.

(1) Type of System: The Lobby will be provided with split AC system with exterior condensing unit. The elevator machine room will be provided with a wall-through AC unit. Chilled water AC systems will serve renovated condo units, with floor mounted fan coil units or ceiling/ floor mounted air handling units provided with chilled water and hydronic heating coils. Each system will have their own outdoor chiller unit located on the roof with chilled water pump, expansion tank, air separator and 40% glycol filled chilled water piping distributed to each fan coil/ air handling unit.

Existing condo units will be served by window-through AC units provided by individual condo unit owners.

(2) Central System: A rooftop AC unit will be provided to cool the central stair/ corridors.

(3) Cooling Towers: N/A

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(4) Individual Units: Chilled water fan coil units shall provide cooling with acoustically lined or insulated ductwork distribution and air outlets.

N. **Ventilation**

(1) Kitchen hoods shall be provided with recirculation hoods.

(2) Interior Bathrooms are ventilated through building façade with a raincap

(3) Dryers will be exhausted through building façade with a raincap.

(4) Habitable rooms are ventilated through operable windows.

(5) Corridors and basement areas are ventilated through natural means.

(6) Central stair will be ventilated by a rooftop AC unit.

(7) Combustion air will be provided to the boiler room with ductwork through an exterior louver.

**O. Electrical System**

(1) Service from Con Edison to building switchgear: 120/208 V, 3 phase, 4 wire, with four (4) service switches as follows:
SS#1 400AS/300AF – Commercial Meters
SS#2 1200AS/1200AF – Residential Meter Bank
SS#3 800AS/800AF – House Distribution Panel "DP-H"
SS#4 1200AS/1000AF – Fire Pump

(2) Service to individual units: Each unit is metered separately. A separate house meter is provided for common spaces and mechanical equipment, and commercial meters are supplied for commercial tenants.

(3) Compartment Switchgear: The service switches, meter bank assembly, and incoming Con Ed service is located in the cellar.

(4) Unit Service: Non-renovated units will maintain their existing services. Renovated North Apartments will be provided with a 150amp, 240 V, 1-phase service and panel. Renovated South Apartments will be provided with a 200amp, 240 V, 1-phase service and panel.

(5) Adequacy:

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(i) Service – average number of circuits per apartment and capacity to handle modern appliances – specifically air conditioners, dishwashers, and dryers: Apartment service accommodate appliances, air conditioners, lighting, and miscellaneous household electrical requirements.

(ii) Lighting and fixtures: Kitchens, bathrooms, halls and foyers have ceiling or wall mounted incandescent or fluorescent fixtures. The lighting system shall meet code requirements. Battery pack emergency lights shall be provided in egress pathway: Halls, Stairwell and Lobby.

(iii) Convenience outlets are provided within each unit. Kitchen appliances will be wired with dedicated circuits. Bathroom receptacles will be provided with dedicated circuits and receptacles are GFI type.

(iv) Combination carbon monoxide/ smoke detectors are located in apartments, mechanical, electrical and elevator machine rooms per NYC Code.

P. **Intercommunication and/or Door Signal Systems, Security Closed Circuit TV.**

All units are connected to an intercom and remote door release system with an annunciation panel located at the lobby entrance. Each unit shall have cable television and telephone connection terminals.

Q. **Public Area Lighting.**

The lobby entrance, lobby, and public stairway shall be adequately lit with surface mounted lighting. The common areas in the cellar are lit by wall or ceiling surface mounted lighting.

Any questions please do not hesitate to call.

Sincerely,

ENGINEERING SOLUTIONS, PLLC

John V. Ryan, PE
Principal

STATE OF NEW YORK JOHN V. RYAN 074226 LICENSED PROFESSIONAL ENGINEER

**R. PARKING GARAGE**

Not applicable

**S. SWIMMING POOL**

Not applicable

**T. TENNIS COURT**

Not applicable

**U. PERMITS AND CERTIFICATES**

The following is a list of permits and D.O.B. applications which apply to this building:

Alteration Type II (Alt 2) No. 100082394 (1990)
Alteration Type II (Alt 2) No. 100283729 (1991)
Alteration Type II (Alt 2) No. 100786767 (1994)
Alteration Type II (Alt 2) No. 100786721 (1994)
Alteration Type II (Alt 2) No. 100786730 (1994)
Alteration Type II (Alt 2) No. 100786758 (1994)
Alteration Type II (Alt 2) No. 100786749 (1994)
Alteration Type II (Alt 2) No. 101095244 (1995)
Alteration Type II (Alt 2) No. 101095253 (1995)
Alteration Type II (Alt 2) No. 101422658 (1997)
Alteration Type II (Alt 2) No. 101422667 (1997)
Alteration Type II (Alt 2) No. 101710873 (1997)
Alteration Type II (Alt 2) No. 101710882 (1997)
Alteration Type II (Alt 2) No. 101710864 (1997)
Alteration Type II (Alt 2) No. 101587793 (1997)
Alteration Type II (Alt 2) No. 102187571 (1999)
Alteration Type II (Alt 2) No. 102140283 (1999)
Alteration Type II (Alt 2) No. 102140274 (1999)
All D.O.B. applications prior to 2006 were interior renovation work.

Alteration Type II (Alt 2) No. 104438299 (2006)
Alteration Type II (Alt 2) No. 104461137 (2006)
Alteration Type II (Alt 2) No. 104537663 (2006)
Alteration Type II (Alt 2) No. 104573766 (2006)
Alteration Type II (Alt 2) No. 104573766 (2006)

Asbestos ACP-5 forms will be required as for all renovation applications at the NYC Department of Buildings.

All NYC Building Department applications will be signed off. A Certificate of Occupancy is not required.

**V. VIOLATIONS**

There are currently ten (10) open DOB violations and (1) open ECB violation on the property. These violations are all related to previous elevator issues and shall be cured as part of the proposed elevator renovation work.

**W. UNIT INFORMATION**

There are typically four apartments per floor on the non-renovated floors: (3) two-bedroom apartments and (1) one-bedroom apartment. There are typically two apartments per floor

on the newly renovated floors: (1) three-bedroom apartment and (1) four-bedroom apartment. Unit designations use the floor and the number of the apartment. The fifth floor, for example, contains units 5A, 5B, 5C and 5D.

In the non-renovated apartments,

1. Finishes:
   The floors are wood and the ceiling and walls are painted plaster.

2. Bathroom fixtures:
   All existing bathrooms have fixtures and they are generally in good condition.

3. Laundry equipment:
   There is a laundry room in the basement. No new laundry equipment shall be installed in the non-renovated apartments.

In the newly renovated apartments,

4. Finishes:
   The floors shall be wood and the ceiling and walls shall be painted sheetrock.

5. Bathroom fixtures:
   All bathrooms shall be constructed with new layouts, new fixtures and new stone tile.

6. Laundry equipment:
   Each of the newly renovated apartments shall have a washer and dryer within the apartment.

## X. FINISH SCHEDULE OF SPACES

*Public Halls and Stairways:*

| | |
|---|---|
| Walls and ceilings: | existing plaster to be painted |
| Floor: | new stone flooring |
| Base: | existing to remain |

*Entrance Hall and Lobby:*

| | |
|---|---|
| Walls and ceilings: | existing plaster to be painted |
| Floor: | new stone flooring |
| Base: | new stone wall base |

*Laundry Appliances:*

| | |
|---|---|
| Washer: | existing to remain |
| Dryer: | existing to remain |

**Non-renovated apartments**
*Living, Dining and Bedrooms:*

| | |
|---|---|
| Walls and ceilings: | existing to remain |
| Floor: | existing to remain |
| Base: | existing to remain |

*Kitchen:*

| | |
|---|---|
| Walls and ceiling: | existing to remain; |

repairs as needed where new plumbing risers shall be installed

Floor: existing to remain

Cabinetry: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Kitchen Countertops:* existing to remain;
repairs as needed where new plumbing risers shall be installed

*Kitchen Equipment and Appliances:*

Stove: existing to remain

Refrigerator: existing to remain

Dishwasher: existing to remain

*Master Bathroom:*

Ceiling: existing to remain;
repairs as needed where new plumbing risers shall be installed

Floor: existing to remain;
repairs as needed where new plumbing risers shall be installed

Walls: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Second Bathroom:*

Ceiling: existing to remain;
repairs as needed where new plumbing risers shall be installed

Floor: existing to remain;
repairs as needed where new plumbing risers shall be installed

Walls: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Bathroom Vanity tops:* existing to remain

*Bathroom Fixtures:*

*Shower*

Master Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

2nd Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Toilet*

Master Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

2nd Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Lavatory*

Master Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

2nd Bath: existing to remain;
repairs as needed where new plumbing risers shall be installed

*Bathtub*

| | |
|---|---|
| Master Bath: | existing to remain;<br>repairs as needed where new plumbing risers shall be installed |
| 2nd Bath: | existing to remain;<br>repairs as needed where new plumbing risers shall be installed |

**Newly-renovated apartments**

*Living, Dining and Bedrooms:*

| | |
|---|---|
| Walls and ceilings: | new sheetrock to be painted |
| Floor: | solid wood floors |
| Base: | painted wood |

*Kitchen:*

| | |
|---|---|
| Walls and ceiling: | new sheetrock to be painted |
| Floor: | solid wood floors |
| Cabinetry: | wood veneer finish |

*Kitchen Countertops:* new stone

*Kitchen Equipment and Appliances:*

| | |
|---|---|
| Cooktop: | Miele (gas-powered) or equivalent |
| Wall ovens: | Miele (electric) or equivalent |
| Refrigerator: | Sub-Zero or equivalent |
| Dishwasher: | Bosch or equivalent |

*Master Bathroom:*

| | |
|---|---|
| Ceiling: | new sheetrock to be painted |
| Floor: | stone tile |
| Walls: | stone tile wainscot and painted sheetrock |

*Secondary Bathrooms:*

| | |
|---|---|
| Ceiling: | new sheetrock to be painted |
| Floor: | stone tile |
| Walls: | stone tile wainscot and painted sheetrock |

*Bathroom Vanity tops:* stone slab

*Bathroom Fixtures:*

*Shower*

| | |
|---|---|
| Master Bath: | stone tile |
| Secondary Bathrooms: | stone tile |

*Toilet*

| | |
|---|---|
| Master Bath: | Toto or equivalent |
| Secondary Bathrooms: | Toto or equivalent |

*Lavatory*

| | |
|---|---|
| Master Bath: | Waterworks or equivalent |
| Secondary Bathrooms: | Waterworks or equivalent |

*Bathtub*

| | |
|---|---|
| Master Bath: | Toto or equivalent |
| Secondary Bathrooms: | Toto or equivalent |

*Laundry Appliances:*

| | |
|---|---|
| Washer: | LG or equivalent |
| Dryer: | LG or equivalent |

**Y. SAFETY AND WARNING DEVICES**

The building has a standpipe in the stairwell. Each apartment will be provided with combination smoke and carbon monoxide detectors.

The lobby is undergoing renovations to include locks on both the lobby doors and street entrance doors, with a new intercom/security system located outside the building. All renovated apartments will have a video intercom system and existing non-renovated apartments will be upgraded to include a new voice intercom system.

Additional lobby upgrades include a new air-conditioning system, new plaster and paint, new stone tile work, a new desk area for the doorman and a new package-storage room off of the entrance hall for the doorman.

**Z. ADDITIONAL INFORMATION REQUIRED**

There is no spalling, cracks, bulges, leaning, moisture penetration, or any other sign of distress in the existing foundation, basement floor, basement walls or ceiling.

**AC. ASBESTOS**

The asbestos inspection report is attached.

THE SPONSOR RESERVES THE RIGHT TO SUBSTITUTE ANY OF THE MATERIALS SPECIFIED IN THE PLANS, THIS DESCRIPTION OF PROPERTY AND BUILDING CONDITION, OR ELSEWHERE IN THE PLAN, MATERIALS OF EQUAL OR BETTER QUALITY AND DESIGN.

Plans (attached):

Basement Plan
First Floor Plan
Second Floor Plan
Third Floor Plan
Fourth Floor Plan
Fifth Floor Plan
Sixth Floor Plan
Seventh Floor Plan
Eighth Floor Plan
Ninth Floor Plan
Roof Plan

# EXHIBIT E

# ASBESTOS REPORT

# People's Environmental, Inc.

Consulting Environmental Engineers and Inspectors

One Seven Seven Foch Avenue • Lawrenceville, New Jersey 08648 • Telephone (609) 977-0826 • Fax (609) 882-1598
**E-mail aperedbasket@aol.com**


March 29, 2006

Attn: James Rinzler

DOMINION MANAGEMENT
200 Madison Avenue,
New York, NY

RE: Asbestos Survey at 235 West 71st Street, New York, NY.

**Dear Mr. Rinzler,**

Please find enclosed the final report for the Asbestos survey of the above referenced building performed by People's Environmental Inc. (PEI). We appreciate and thank you for the opportunity to have been of service to your organization and any questions about this report and project are of course welcome. I can best be reached at (917) 553-8560.

Yours truly,

Dipo H. Aka-Bashorun
**People's Environmental, Inc**

# Two Thirty-Five West 71st Street, New York, NY
# Asbestos Survey Report

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**ATTACHMENT A - Laboratory Data**

**ATTACHMENT B - Site Photographs**

**ATTACHMENT C - Inspector Certification**

**Two Thirty-Five West 71st Street, New York, NY**
**Asbestos Survey Report**

## 1.0 INTRODUCTION

On March 21 & 23, 2006, People's Environmental, Inc. performed an asbestos survey of selected apartment units at **235 West 71st Street** in Manhattan County, New York. The purpose of the inspection was to identify, sample and determine by laboratory analysis, any Asbestos Containing Materials (ACM) within the building.

The asbestos inspection was conducted in order to satisfy the EPA's National Emission Standard for Hazardous Air Pollutants Act (NESHAP) as amended on November 20, 1990. The NESHAP final rule requires the identification and removal of all regulated ACM in an area of a building prior to renovating or demolishing that area.

During the sampling process, suspect ACM was separated into three USEPA categories. These categories are: Thermal System Insulation (TSI), Surfacing ACM and Miscellaneous ACM. Examples of TSI are pipe covering, boiler insulation, duct wrap and mudpack fitting cement. Surfacing ACM includes all ACM that is sprayed, troweled or otherwise applied to an existing surface. These applications are commonly used in fireproofing, decorative applications and acoustical applications. Miscellaneous materials include all ACM not listed as thermal or surfacing such as linoleum, vinyl floor tiles and ceiling tiles.

Four apartments **(#43, #64, #74, & #94)** were inspected and samples of building materials collected from wall and ceiling plaster, floor tiles and pipe insulation. The apartments were vacant at the time of the survey and all common areas of the building including the boiler room and laundry room were accessible.

**Two Thirty-Five West 71st Street, New York, NY**
**Asbestos Survey Report**

## 2.0 SITE SURVEY

The building is a Nine-story multi-family residential dwelling with thirty-three units in a quiet, mostly residential area. The built-up roofing materials are intact and in good condition.

At the time of the inspection, it was observed that certain walls and ceiling in one of the vacant apartments had peeling paint from water damage. The visible pipe insulation material encountered throughout the building functional areas like the stairway, basement area, and Laundry room were fiberglass and Non-Asbestos pipe lagging material.

The Boiler had suspect asbestos damper (see photos Nos.4 & 5). The Boiler insulation is also suspected of containing asbestos materials encased in a jacket of thin metal. The insulation was not sampled as it would require destructive sampling of a boiler currently in use.

## 3.0 SAMPLING PROTOCOL

The required number of representative bulk samples of all "suspect" material as specified in the Environmental Protection Agency's "Guide for Controlling Asbestos Containing Material in Buildings" (EPA 560/5-85-024, June 1985) was collected in each homogenous area. Representative sampling is based upon the following criteria:

- The distribution or quantity of "suspect" material throughout the survey area.
- The "suspect" material's physical characteristics and application.

All individual samples were collected in a manner sufficient to provide accurate results. The minimum of three (3) samples was collected from each homogenous area. A total of Twenty-Nine (29) bulk samples of suspect ACM were collected during the course of the AHERA type building inspection from materials such as floor tiles, wall and ceiling plaster, and pipe insulation.

The suspect asbestos containing material samples were sent to ALPHA LABS, a New York State approved laboratory, for analysis by Polarized Light Microscopy (PLM) as specified in the EPA 600/R-93/116 and NY State ELAP 1981.1 method.

**Two Thirty-Five West 71st Street, New York, NY**
**Asbestos Survey Report**

## 4.0 RESULTS

Sample analysis results (Attachment A –Laboratory Data) are reported in percentage of asbestos and non-asbestos components. The EPA defines any material that contains greater than one percent (1%) asbestos, utilizing PLM, as being asbestos containing material (ACM). Results indicating "no asbestos detected" or NAD is interpreted as non-asbestos containing material.

However Non-friable material shown to contain equal to or less than one percent (1%) asbestos or trace amounts of asbestos must be further analyzed by Transmission Electron Microscopy (TEM) via the NYS ELAP Method 198.4. This is the acceptable method of analysis that is capable of providing statistically reliable results when analyzing samples with very low asbestos concentrations. If these low concentration samples are found to contain equal to or less than one percent (1%) asbestos by TEM analysis, the samples are determined to be non-asbestos containing materials.

The 9" X 9" floor tiles in the lobby as expected tested positive for the presence of chrysotile asbestos. As destructive sampling was not within the scope of work, and so pipe chase behind walls could not be inspected. However pipe insulation samples collected from the basement boiler room and laundry room area tested negative for asbestos. The rest of the samples of wall and ceiling plaster also tested negative for the presence of asbestos. The Built-up Roofing material is assumed to contain asbestos due to the age of the building.

The following materials tested positive and assumed positive for the presence of Asbestos:

**TABLE 1**

| Sample No. | Location | Material | Condition | Asbestos Type |
|---|---|---|---|---|
| 004, 005, 006 | Ground Floor | Floor Tiles | Good | 3.6% Chrysotile |
| No Sample | Boiler Room | Boiler Insulation | Intact | Assumed |
| No Sample | Boiler Room | Boiler Damper | Intact | Assumed |
| No Sample | Roof | Roofing Membrane | Intact | Assumed |

## 5.0 RECOMMENDATIONS

The floor tiles at the rear of the lobby are intact and in good condition (see photo No. 1 in Attachment B). Prior to any renovation work that will impact the tiles, the floor tiles should be removed. The "suspect" boiler insulation is intact and was not sampled. All asbestos abatement work shall be performed in accordance with all applicable federal, state and local rules and regulations. The abatement project shall be filed with all agencies having jurisdiction over this project, such as the New York State Department of Labor (NYSDOL) and the New York City Department of Environmental Protection (NYCDEP).

A licensed abatement contractor that will implement all feasible engineering controls, which will result in the protection of the environment and public health, must perform the removal of all ACM.

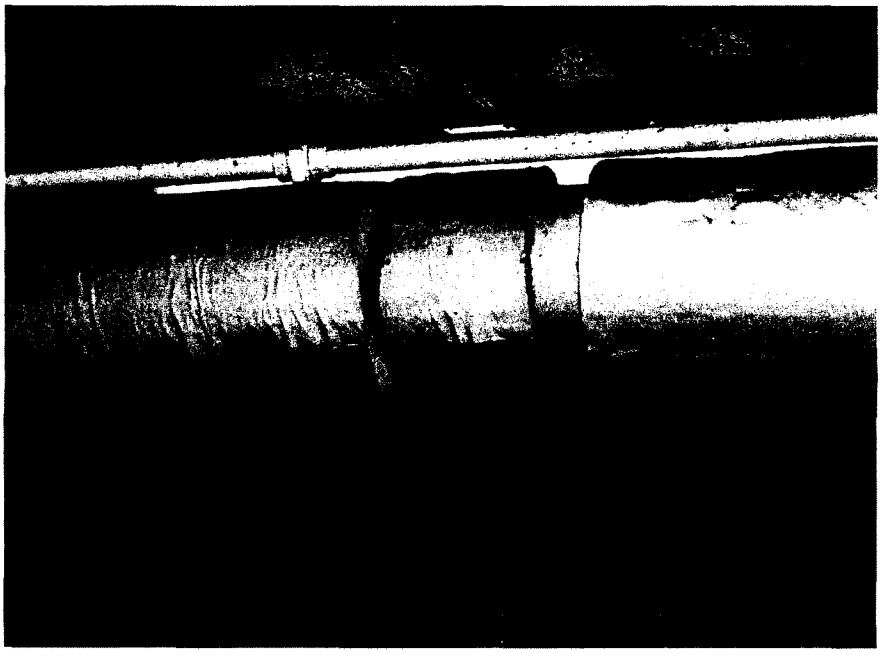
Project Air Monitoring should be performed during the abatement operations by an independent firm to determine the concentration of asbestos fibers within the containment. The method of sampling and analysis to be performed will be based on the requirements of the NYCDEP's Title 15.

The EPA requires an implementation of an Operations, Maintenance and Repair (**O&M**) program whenever any friable building materials is present or assumed to be present in a building. The O&M program shall include an awareness training of the custodial staff and any building maintenance staff that will perform any work that might impact identified friable ACM. The minimum two hour training shall include but not be limited to information regarding uses of asbestos, information regarding health effects associated with exposure, location of assumed ACM in the building and location of th3e management plan

# ATTACHMENT A



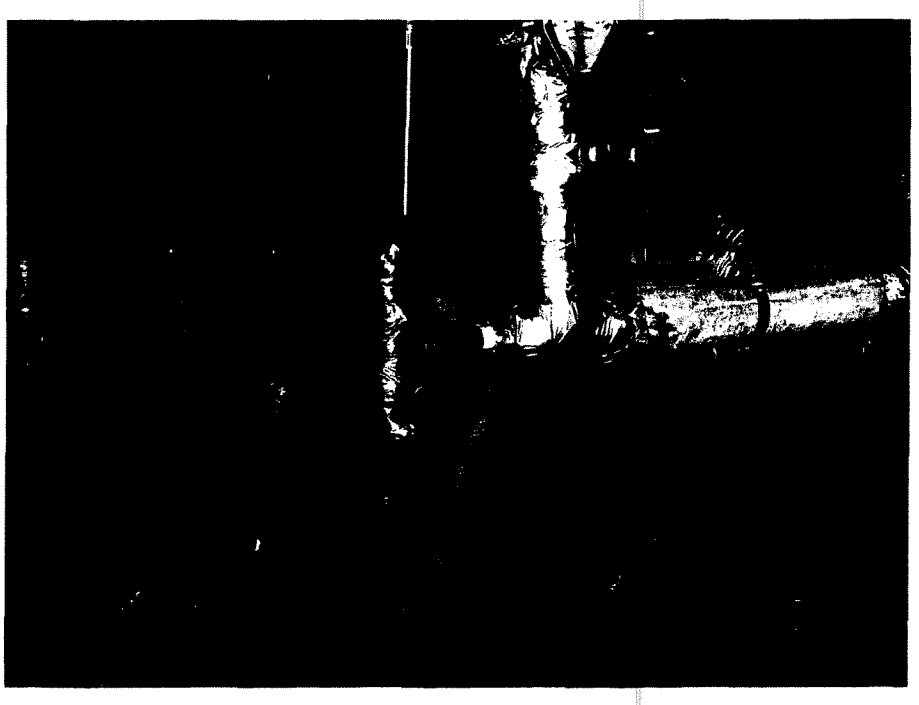
Photograph No. 1 – View of 9" X 9" Floor Tiles in the rear of the 1st Floor. Tiles are intact and in good condition. Tiles tested positive for Asbestos.



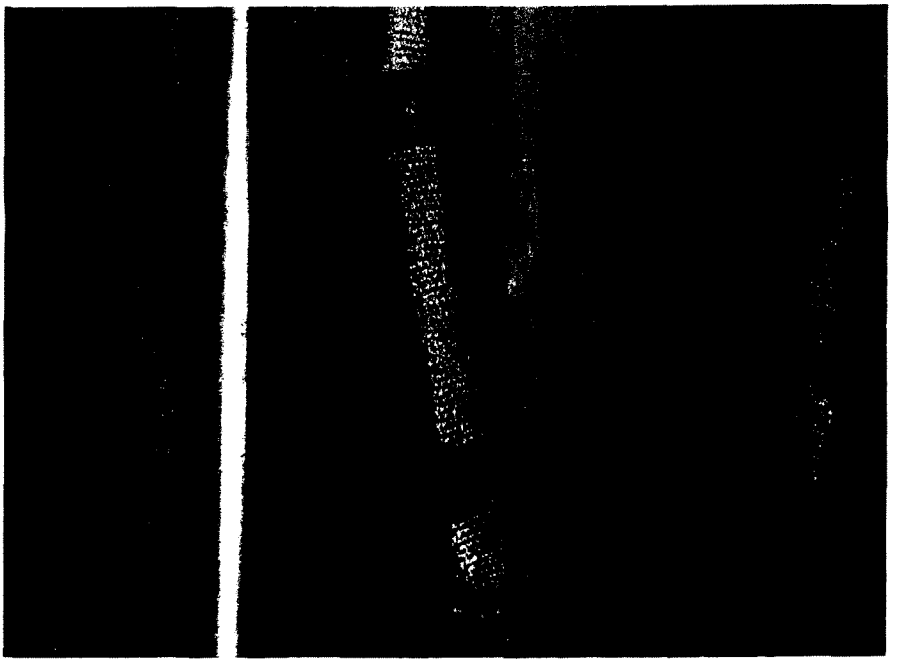
Photograph No. 2 – Pipe Lagging Insulation in the Laundry Room. Insulation tested negative for Asbestos.



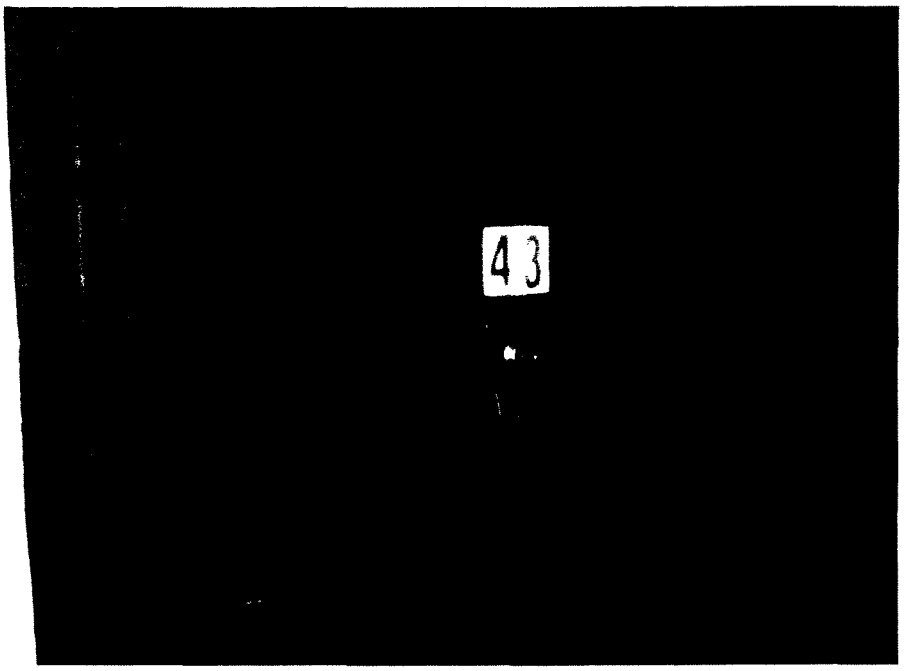
Photograph No. 3 – View of Pipe Riser Insulation in the Stairwell. Pipe Insulation is Non-Asbestos Fiberglass.



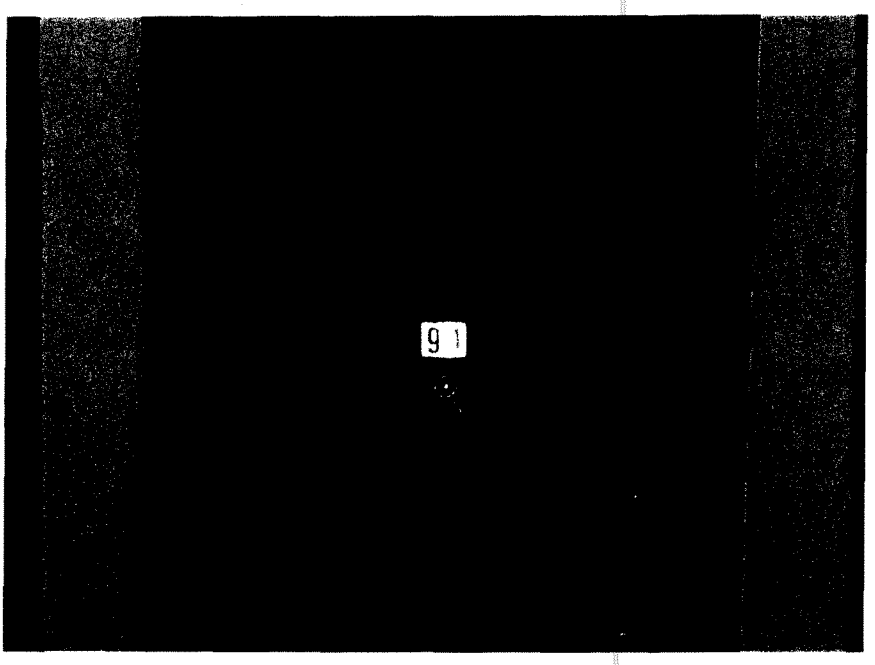
Photograph No. 4 – View of Bare pipes and Fiberglass pipe insulation in the Boiler Room. Pipe insulation in Boiler room tested negative for ACM.



Photograph No. 5 – View of Boiler Damper & Cover. Damper and insulation under Boiler Jacket are assumed Asbestos Containing Material (ACM).



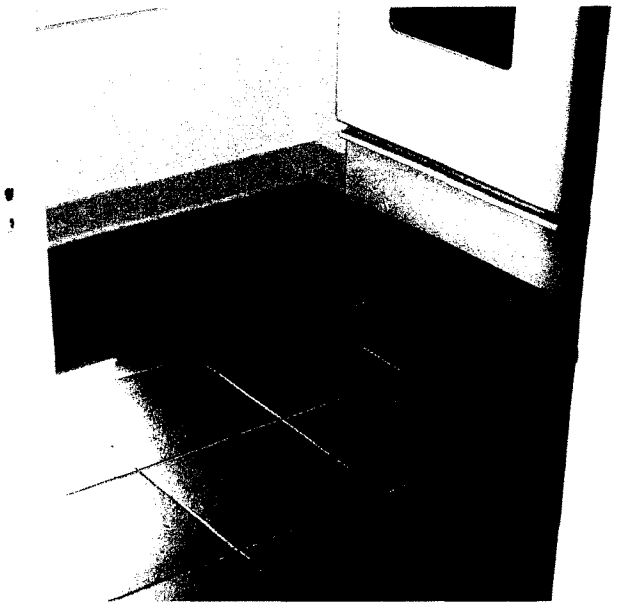

Photograph No. 6 – View of Doorway Entrance of Apartment #43.



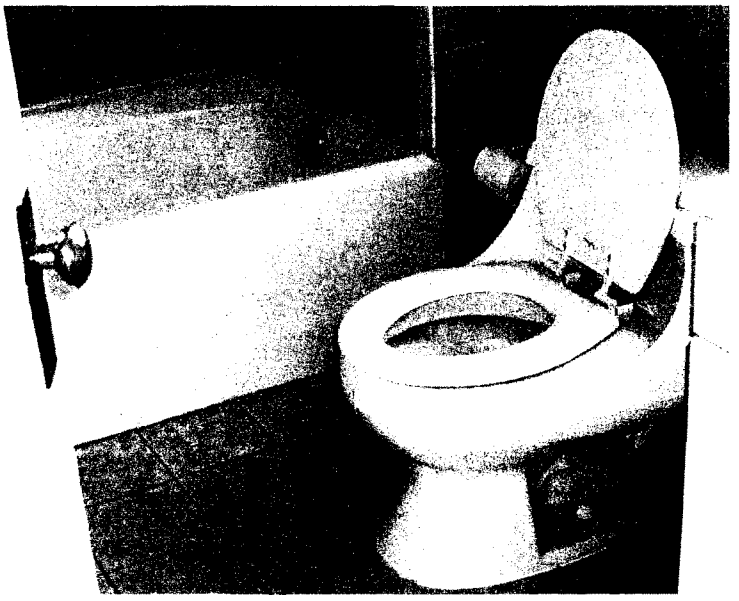

Photograph No. 7 – View of Doorway Entrance of Apartment #94.



Photograph No. 8 – View of Living Room of Typical Apartment. All hardwood floors.



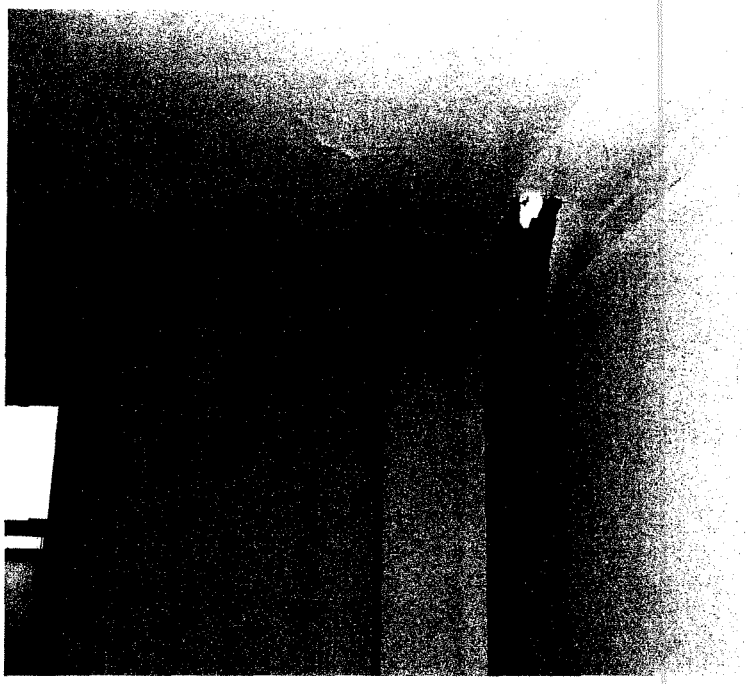
Photograph No. 9 – View of Kitchen of Typical Apartment. Ceramic Flooring.



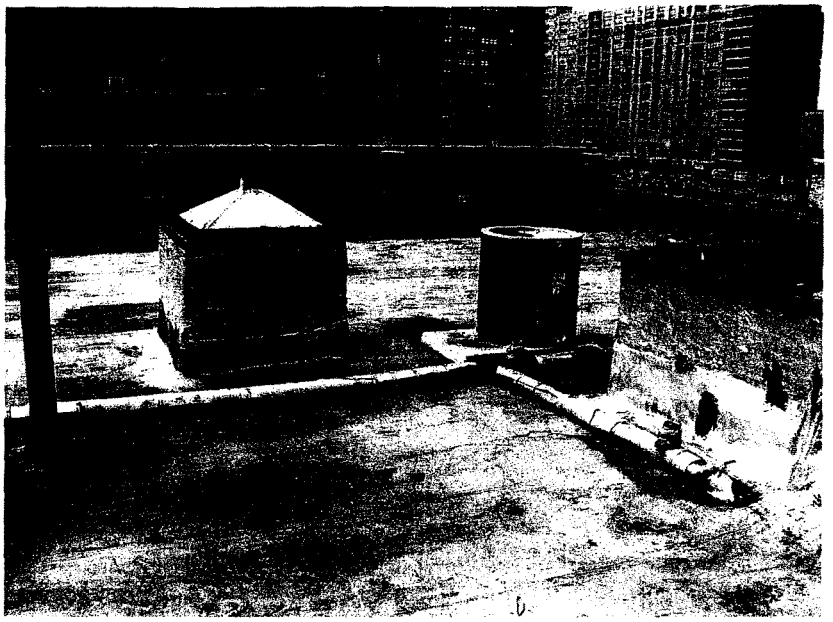
Photograph No. 10 – View of Bathroom of Typical Apartment. Flooring is ceramic.



Photograph No. 11 – View of Hallway in Typical Apartment.



Photograph No. 12 – View of delaminated ceiling and wall of Apartment #43 Living Room. Plaster samples tested negative for Asbestos.



Photograph No. 13 – View of Roof from Roof Doorway. Built-up Roofing materials is Assumed ACM.



Photograph No. 14 – View of Bulkhead. Tar material is assumed ACM. Condition of material is good.

# ATTACHMENT B

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43-01 21st Street-Suite 225 Long Island City, NY 11101
Tel.: (718) 482-7525 • Fax: (718) 482-7524 www.alphalabsllc.com

# BULK SAMPLE ANALYSIS REPORT

**CLIENT:** PEOPLE'S ENVIRONMENTAL, INC, 177 Seven Foch Avenue, Lawrenceville, NJ 08648
**BUILDING ADDRESS:** 235 W 71 St., NYC – Aptm # 43, 64,74 & 94.

| Client Sample ID# / Lab Sample ID# | Sample Description | Sample Location | Appearance | GRAVIMETRIC PREPARATION | | | PLM | | | TEM |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | % Ashed Organic Component | % Acid Soluble Inorganic Component | % Acid Insoluble Inorganic Component | % Fibrous | % Non-Fibrous | ASBESTOS % & Type | ASBESTOS % & Type |
| 001<br>06-03-50-01 | Pipe insulation | Basement laundry room | Brown Homogeneous Fibrous | Not Applicable | | | 95% CELL | 5% | NAD | |
| 002<br>06-03-50-02 | Pipe insulation | Basement laundry room | Brown Homogeneous Fibrous | Not Applicable | | | 95% CELL | 5% | Trace CH | |
| 003<br>06-03-50-03 | Pipe insulation | Basement boiler room | Brown Homogeneous Fibrous | Not Applicable | | | 96% CELL | 5% | NAD | |
| 004<br>06-03-50-04 | 9"x9" floor tiles | Lobby rear of stairs | Grey Homogeneous Non Fibrous | 21.4 | 53.2 | 25.4 | 0% | 98.4% | 3.6% CH | |
| 005<br>06-03-50-05 | 9"x9" floor tiles | Lobby rear of stairs | Grey Homogeneous Non Fibrous | 20.6 | 55.1 | 24.3 | | | NA/PS | |
| 006<br>06-03-50-06 | 9"x9" floor tiles | Lobby rear of stairs | Grey Homogeneous Non Fibrous | 20.6 | 54.7 | 24.8 | | | NA/PS | |
| 007<br>06-03-50-07 | Wall plaster white coat | Room 43 hallway | Tan Homogeneous Fibrous | Not Applicable | | | 2% SYNTH | 98% | NAD | |
| 008<br>06-03-50-08 | Wall plaster brown coat | Room 43 hallway | Tan Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 009<br>06-03-50-09 | Wall plaster white coat | Room 43 living room | Tan Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 010<br>06-03-50-10 | Wall plaster brown coat | Room 43 living room | Grey/Brown Homogeneous Fibrous | Not Applicable | | | 25% CELL | 75% | NAD | |
| 011<br>06-03-50-11 | Wall plaster white coat | Room 64 kitchen wall | Grey Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 012<br>06-03-50-12 | Wall plaster brown coat | Room 64 kitchen wall | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |



FROM : FAX NO. :609 8621598 Mar. 29 2006 03:07PM P1
03/29/2006 09:23 7184827524 ALPHA LABS PAGE 01
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# BULK SAMPLE ANALYSIS REPORT

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| Client Sample ID# / Lab Sample ID# | Sample Description | Sample Location | Appearance | GRAVIMETRIC PREPARATION | | | PLM | | | TEM |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | % Ashed Organic Component | % Acid Soluble Inorganic Component | % Acid Insoluble Inorganic Component | % Fibrous | % Non-Fibrous | ASBESTOS % & Type | ASBESTOS % & Type |
| 013<br>06-03-50-13 | Ceiling plaster white coat | Room 64 kitchen ceiling | White Homogeneous Fibrous | Not Applicable | | | 5% CELL | 95% | NAD | |
| 014<br>06-03-50-14 | Ceiling plaster brown coat | Room 64 kitchen ceiling | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 015<br>06-03-50-15 | Ceiling plaster white coat | Room 64 bedroom (master) ceiling | Grey Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 016<br>06-03-50-16 | Ceiling plaster brown coat | Room 64 bedroom (master) ceiling | Grey Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 017<br>06-03-50-17 | Joint compound | Room 74 entry way door way | Grey Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 018<br>06-03-50-18 | Joint compound | Room 74 entry way door way | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 019<br>06-03-50-19 | Joint compound | Room 74 entry way door way | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 020<br>06-03-50-20 | Ceiling plaster white coat | Room 74 living room ceiling | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 021<br>06-03-50-21 | Ceiling plaster brown coat | Room 74 living room ceiling | Grey Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 022<br>06-03-50-22 | Wall plaster white coat | Room 74 living room wall | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 023<br>06-03-50-23 | Wall plaster brown coat | Room 74 living room wall | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 024<br>06-03-50-24 | Wall plaster white coat | Room 94 bedroom wall | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |



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03/29/2005 09:23 7194827524 224 ALPHA LABS PAGE 02

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# BULK SAMPLE ANALYSIS REPORT

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**BUILDING ADDRESS:** 235 W 71 St., NYC – Aptm # 43, 64,74 & 94.

| Client Sample ID# / Lab Sample ID# | Sample Description | Sample Location | Appearance | GRAVIMETRIC PREPARATION | | | PLM | | | TEM |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | % Ashed Organic Component | % Acid Soluble Inorganic Component | % Acid Insoluble Inorganic Component | % Fibrous | % Non-Fibrous | ASBESTOS % & Type | ASBESTOS % & Type |
| 025 06-03-50-25 | Wall plaster brown coat | Room 94 bedroom wall | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 026 06-03-50-26 | Ceiling plaster white coat | Room 94 bathroom ceiling | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 027 06-03-50-27 | Ceiling plaster brown coat | Room 94 bathroom ceiling | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 028 06-03-50-28 | Ceiling plaster white coat | Room 94 hallway ceiling | White Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |
| 029 06-03-50-29 | Ceiling plaster brown coat | Room 94 hallway ceiling | Brown Homogeneous Fibrous | Not Applicable | | | 0% | 100% | NAD | |

Date Received: 03/26/06
Date of Analysis: 03/28/06
Date of Report: 03/29/06

Analyst: E. DIMITRAKAS
Emanuel Dimitrakas

Lab Director: E. DIMITRAKAS
Emanuel Dimitrakas

NAD = No Asbestos Detected; NA/PS = Not Analyzed / Positive Stop; Trace = < 1%, CH = Chrysotile, AMO = Amosite, CRO = Crocidolite, ANTH = Anthophyllite, TRE = Tremolite, ACT = Actinolite, FBGL = Fiberglass, CELL = Cellulose. Polarized Light Microscopy (PLM) analysis of samples is performed by Method EPA 600/M4-82-020 and ELAP PLM Analysis Protocol 198.1 (friable sample) and protocol 198.6 (NOB samples). Transmission Electron Microscopy (TEM) analysis of samples is performed by Method ELAP TEM Analysis Protocol 198.4. Analytical equipments: Stereobinocular microscope (NTB02B), Polarized Light Microscope (MEIJI ML-9000-Serial # 902028). PLM is not consistently reliable in detecting asbestos in floor coverings and similar non-friable organically bound materials. Quantitative transmission electron microscopy is currently the only method that can be used to determine if this material can be considered or treated as non-asbestos-containing. Samples will be stored for sixty (60) days and then returned to the client upon request. The results relate only to the items calibrated or tested. This report may not be reproduced, except in full, without the written approval of Alpha Labs LLC. The report must not be used by the client to claim endorsement by NVLAP or any agency of the US Government.

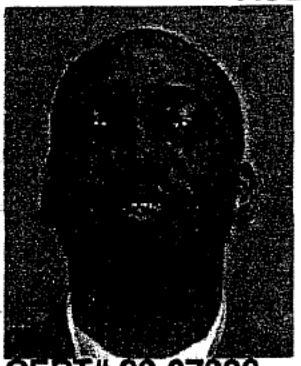
**NYS-DOH ELAP # 11833** **NVLAP #: 200691-0** **AIHA#: 174078**



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03/29/2006 09:23 7184927524 ALPHA LABS PAGE 03
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# ATTACHMENT C

**STATE OF NEW YORK - DEPARTMENT OF LABOR**
**ASBESTOS CERTIFICATE**



OLADIPO H AKA-BASHORUN
CLASS(EXPIRES)
C ATEC(02/07) D INSP(02/07)
G SUPR(02/07) H PM (02/07)

CERT# 93-07380
DMV# 908639827
MUST BE CARRIED ON ASBESTOS PROJECTS

EYES BLK
HAIR BLK
HGT 6' 01"

IF FOUND RETURN TO:
NYSDOL - L&C UNIT
ROOM 290A BUILDING 12
STATE OFFICE CAMPUS
ALBANY NY 12240

# PEOPLE'S ENVIRONMENTAL, INC.

## Dipo Aka-Bashorun – Environmental Hygienist

## Experience Summary

Mr. Aka-Bashorun has 15 years experience as an environmental hygienist. He has performed asbestos, lead based paint and hazardous waste surveys of various major projects. He has also provided abatement and cleanup oversight at different levels of management on several major projects.

**1990 – 1995 CONTEST INC./ ATC & ASSOCIATES (NY, CT & PA)**

As a senior field technician, he performed asbestos project monitoring and building inspections at various NYC, Philadelphia, Massachusetts and Connecticut Public Schools including NYC's "Operation Clean House" project of 1993/94. On the asbestos and lead abatement projects, his responsibilities included on-site air monitoring, ensuring contractor's compliance with applicable sections of the regulations, and performing post-abatement visuals and air clearances.

Mr. Aka-Bashorun was the project manager for the PCB inspections of the entire Philadelphia School District; LBP and Asbestos surveys for both the Harrisburg and Philadelphia Housing Authorities and 20 postal facilities in Pittsburgh, PA.

**1995 – 1997 Environmental Services and Technology, Inc. (ESTI)**

Mr. Aka-Bashorun as Branch Manager directed comprehensive asbestos and lead based paint surveys at various New York City Housing Authority housing projects and facilities. In this capacity, he was also responsible for site investigations, radon gas surveys, indoor-air quality surveys, lead in drinking water surveys and environmental risk assessments on various commercial buildings and government facilities throughout the northeast.

**1997 – 2000 GRB Environmental, Inc.**

As a senior project manager, Mr. Aka-Bashorun directed field activities which included surveys of various New York City bridges: Williamsburg Bridge, Bronx – Whitestone Bridge, Shore Road Bridge, Queensboro Bridge, Six Bridges project and several minor bridges.

Mr. Aka-Bashorun developed the work plan, directed work-site oversight activities, reviewed containment drawings, health and safety plans and regulatory compliance plans for the environmental stage of the 4-year $130 million rehabilitation of the

Macombs Dam Bridge over the Harlem River. The work plan included TSP high volume air monitoring, visible emission monitoring, real time air monitoring, hazardous waste management and OSHA compliance monitoring.

On the NYCDOS Manhattan 74th Street Incinerator/Garage demolition project, Mr Aka-Bashorun was involved in the "Cradle to Grave" environmental aspect of this project. This included performing the surface-to-surface lead inspection and evaluation and directing the asbestos survey, managing the field oversight for the monitoring of asbestos and lead abatement; the removal of hazardous materials that included Fly Ash, PCB containing equipment, mercury and Chloro Fluoro Carbon containing equipment.

**2000 – Present People's Environmental, Inc**

As an environmental consultant, Mr. Aka-Bashorun has provided on-site project oversight for various projects including the Connecticut Housing Authority, Stamford and Hartford Hospitals, Norden Plaza Air Force Facility and private and commercial buildings. As an asbestos inspector / investigator, he has conducted building surveys for the presence of asbestos in private and commercial for renovation and demolition purposes in New York and Connecticut.

Mr. Aka-Bashorun has also performed indoor-air quality and site assessments in several office and apartment buildings around the WTC area. Mr. Aka-Bashorun, as an environmental consultant, has been involved in over 1000 asbestos, lead based paint and hazardous materials survey. Also at various points in his Career, he has instructed Asbestos and Lead training courses and managed asbestos abatement projects.

## Education

BS Electrical Engineering

**Certifications**

NYS Asbestos Inspector
NYS Project Monitor/NYS Air Sampling Technician
NYS/NYC Asbestos Supervisor
NYC Asbestos Investigator
State of Connecticut Asbestos Project Monitor
State of Connecticut Asbestos Inspector
EPA Lead Inspector and Lead Risk Assessor
EPA Lead Abatement Supervisor
OSHA 32Hours Site Safety and Health in Construction Officer
SSPC C-3 Supervisor/Competent Person for De-Leading of Industrial Structures
40-hour OSHA HAZWOPER
Scitec "MAP 4" XRF Operator
Scitec "MAP 4" Advanced Report Manager
LeadStar XRF Analyzer Operator

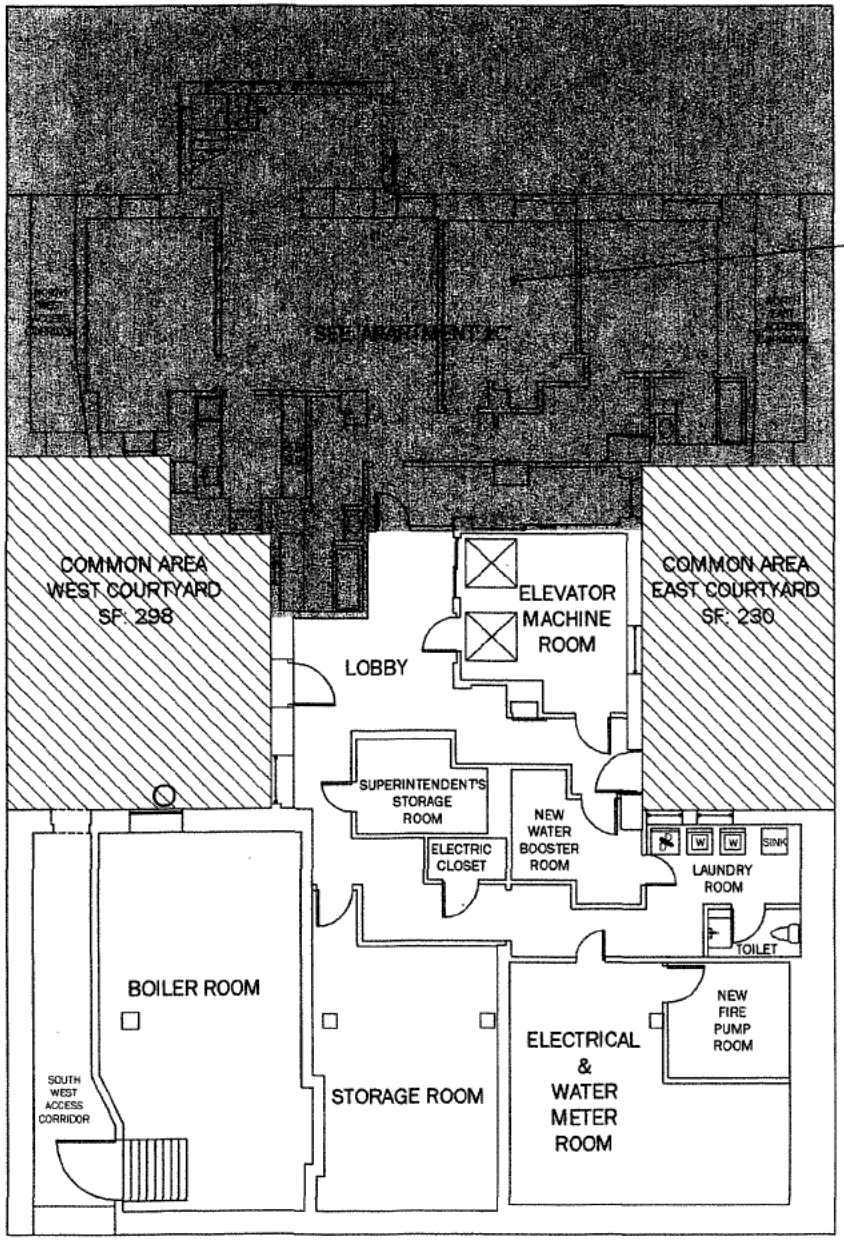
Niton XRF Operator
EPA Model 24Hour Indoor Air Quality/Mold Remediation Training
NIOSH 582 – Sampling and Evaluation of Airborne Asbestos
NACE 1 Coating Inspector

# EXHIBIT F

# FLOOR PLANS OF CONDOMINIUM UNITS

THE FOLLOWING PAGES SET FORTH THE FLOOR PLANS. PROSPECTIVE PURCHASERS ARE ADVISED THAT ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO NORMAL CONSTRUCTION VARIANCES AND TOLERANCES. DIMENSIONS ARE MAXIMUM OVERALL, SUBTRACT CUTOUTS. THE FLOOR NUMBERS INDICATED ON THE FLOOR PLANS ARE AS PRESENTLY EXISTING IN THE BUILDING AND NOT AS DESIGNATED BY THE NEW YORK CITY DEPARTMENT OF BUILDINGS.

Sponsor reserves the right to make changes in the arrangements and dimensions of the Units in accordance with the Offering Plan.




Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

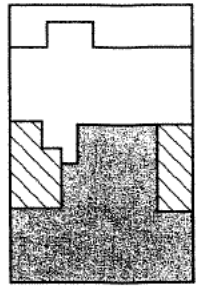
**'CELLAR'**
**COMMON AREA 3817 SF**



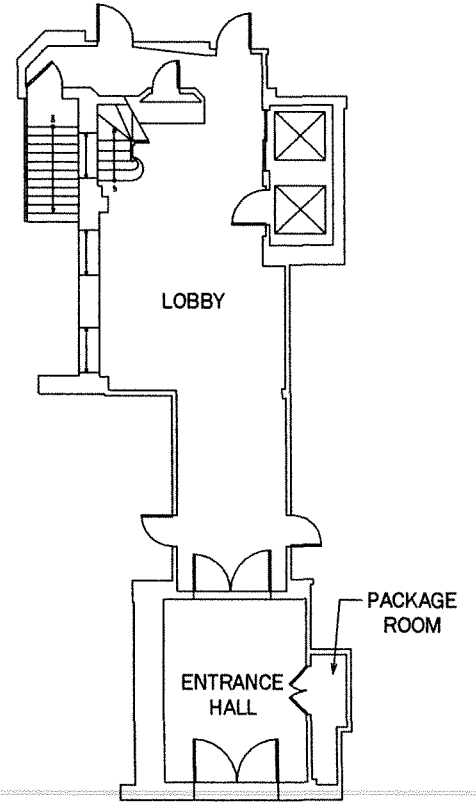




SCALE: 1/16" = 1'-0"



WEST 71st STREET

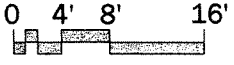



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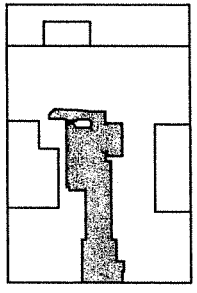


**'FIRST FLOOR'**
**COMMON AREA SF: 861**

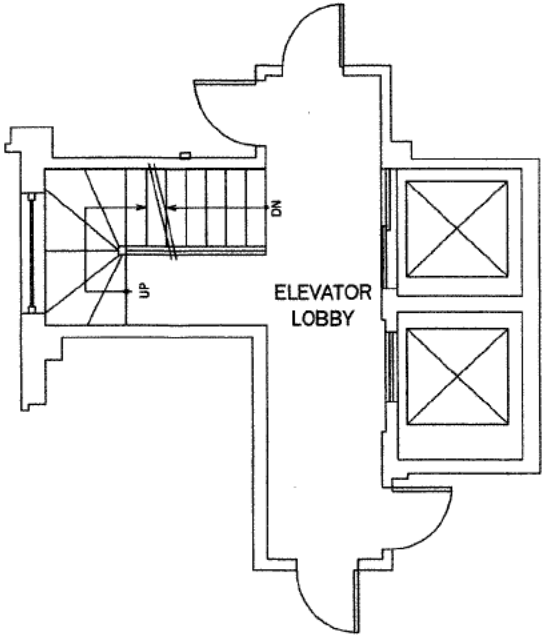



SCALE: 1/16" = 1'-0"



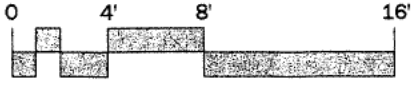
WEST 71st STREET



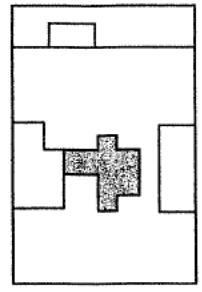

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**COMMON AREA: FLOORS '2', '5', '7'**
**COMMON AREA SF: 115**

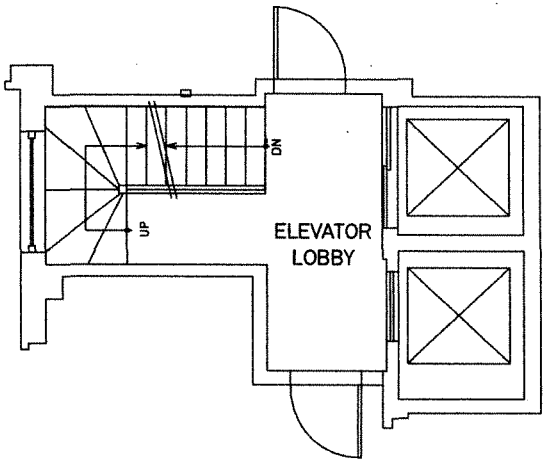



SCALE: 1/8" = 1'-0"



WEST 71st STREET

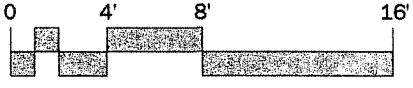



Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

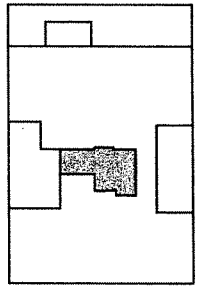


**COMMON AREA: FLOORS '3', '4', '6', '9'**
**COMMON AREA SF: 74**

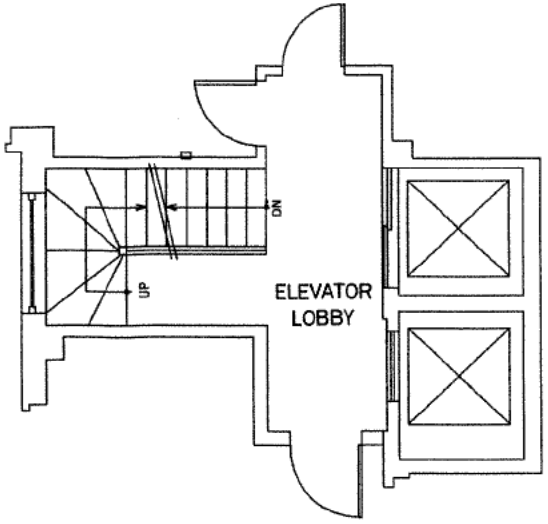



SCALE: 1/8" = 1'-0"



WEST 71st STREET

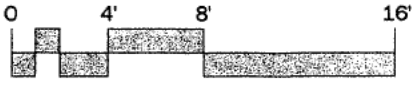



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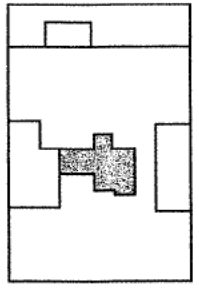


**'EIGHTH FLOOR'**
**COMMON AREA SF: 199**

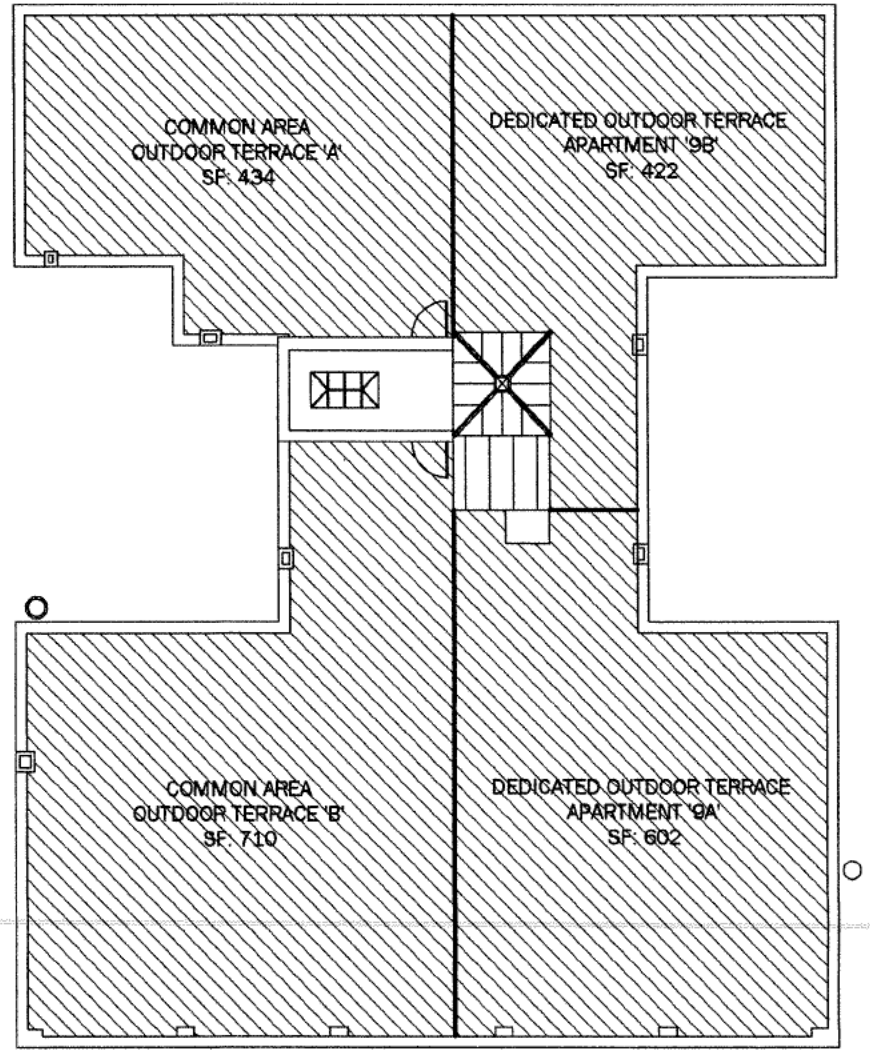



SCALE: 1/8" = 1'-0"



WEST 71st STREET




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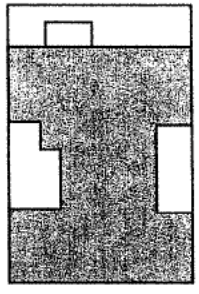
**'ROOF'**
**TOTAL AREA: 2160 SF**
**COMMON AREA: 1144 SF**
**PRIVATE AREA: 1024 SF**
**(SEE APTS. '91' AND '92')**



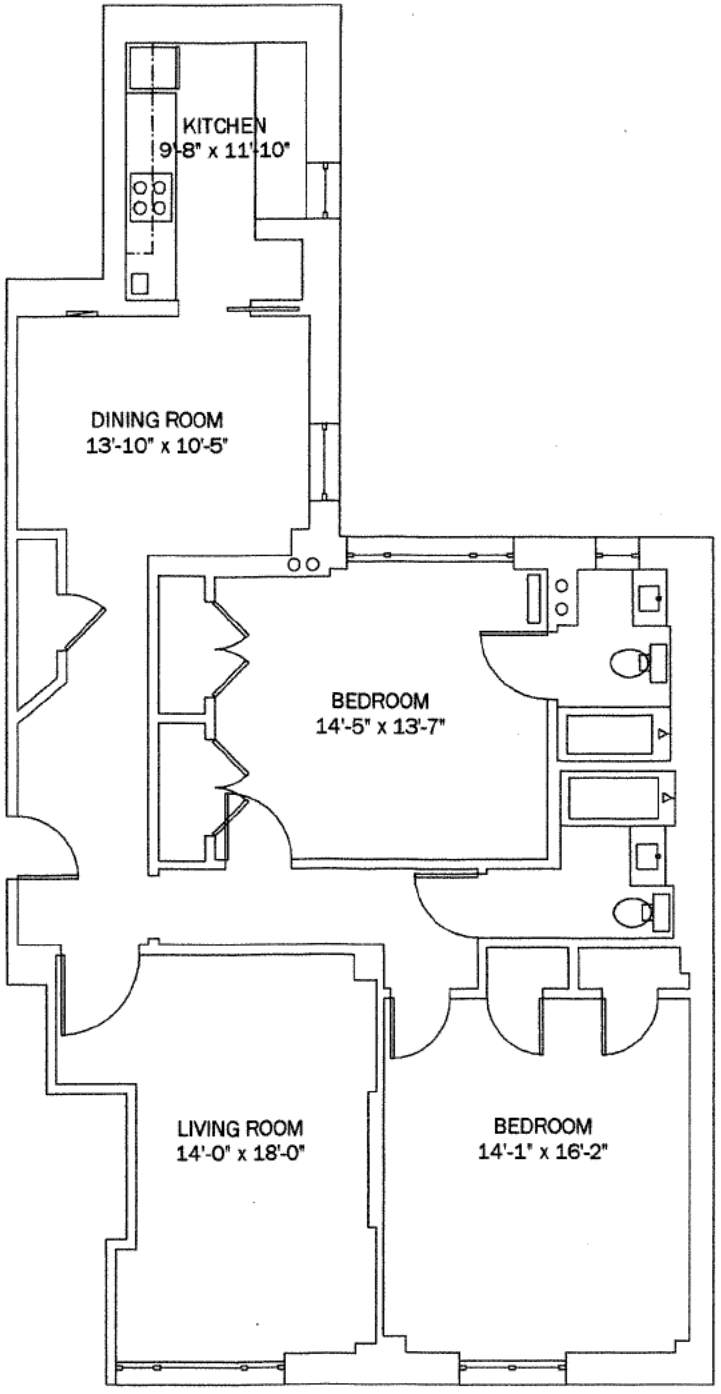




SCALE: 1/16" = 1'-0"



WEST 71st STREET



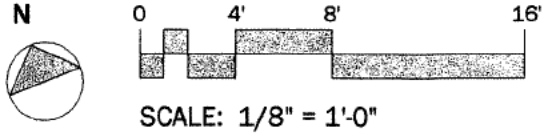

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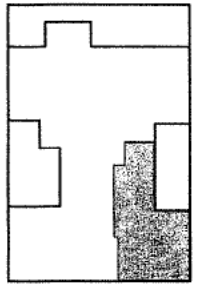
**APARTMENT '1A'**
**UNIT SF: 1249**

**2 BEDROOMS**
**2 BATHROOM**

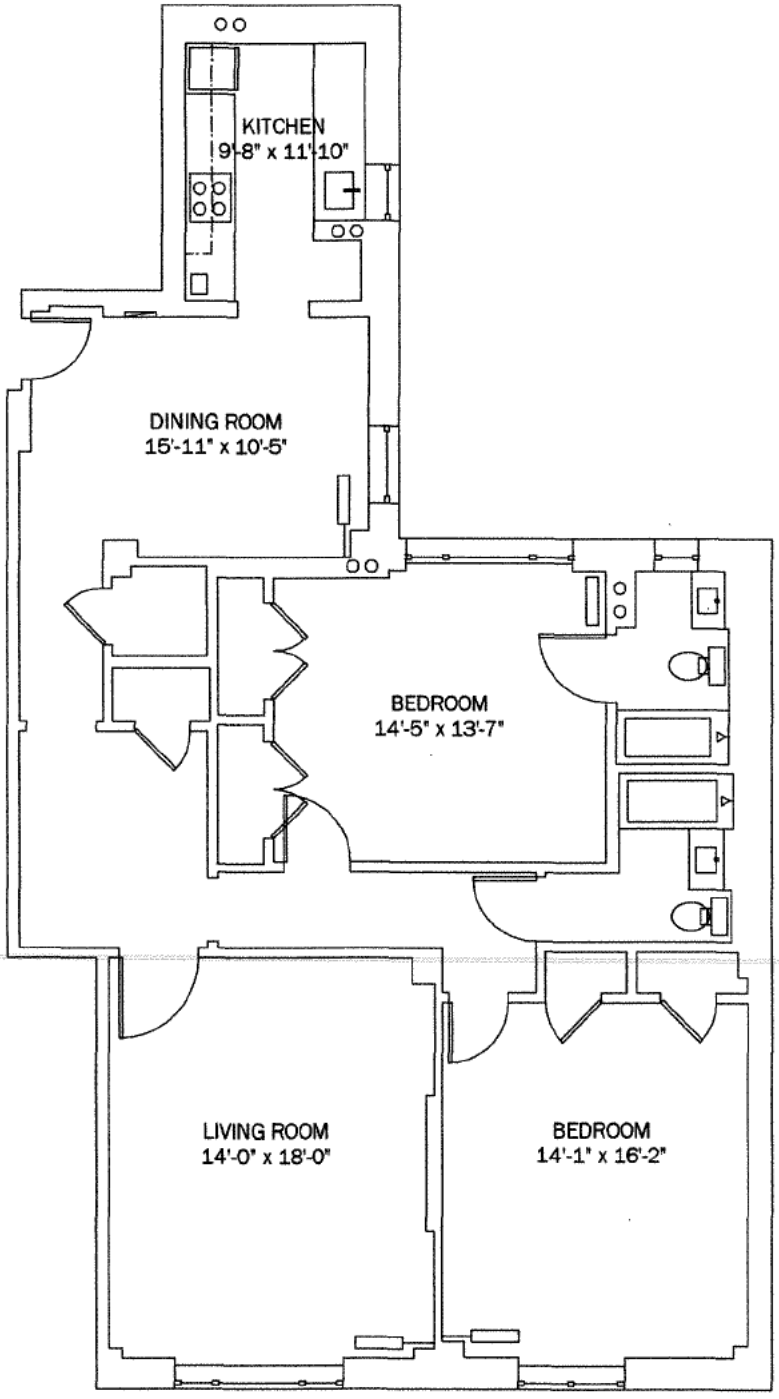
**TAX LOT:**_____




SCALE: 1/8" = 1'-0"



WEST 71st STREET

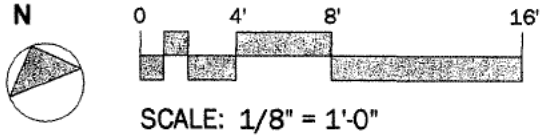



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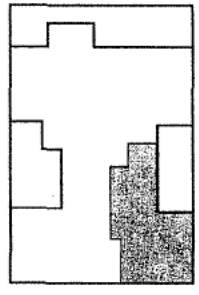


**APARTMENT '2A', '5A'**
**UNIT SF: 1347**
**2 BEDROOMS**
**2 BATHROOMS**

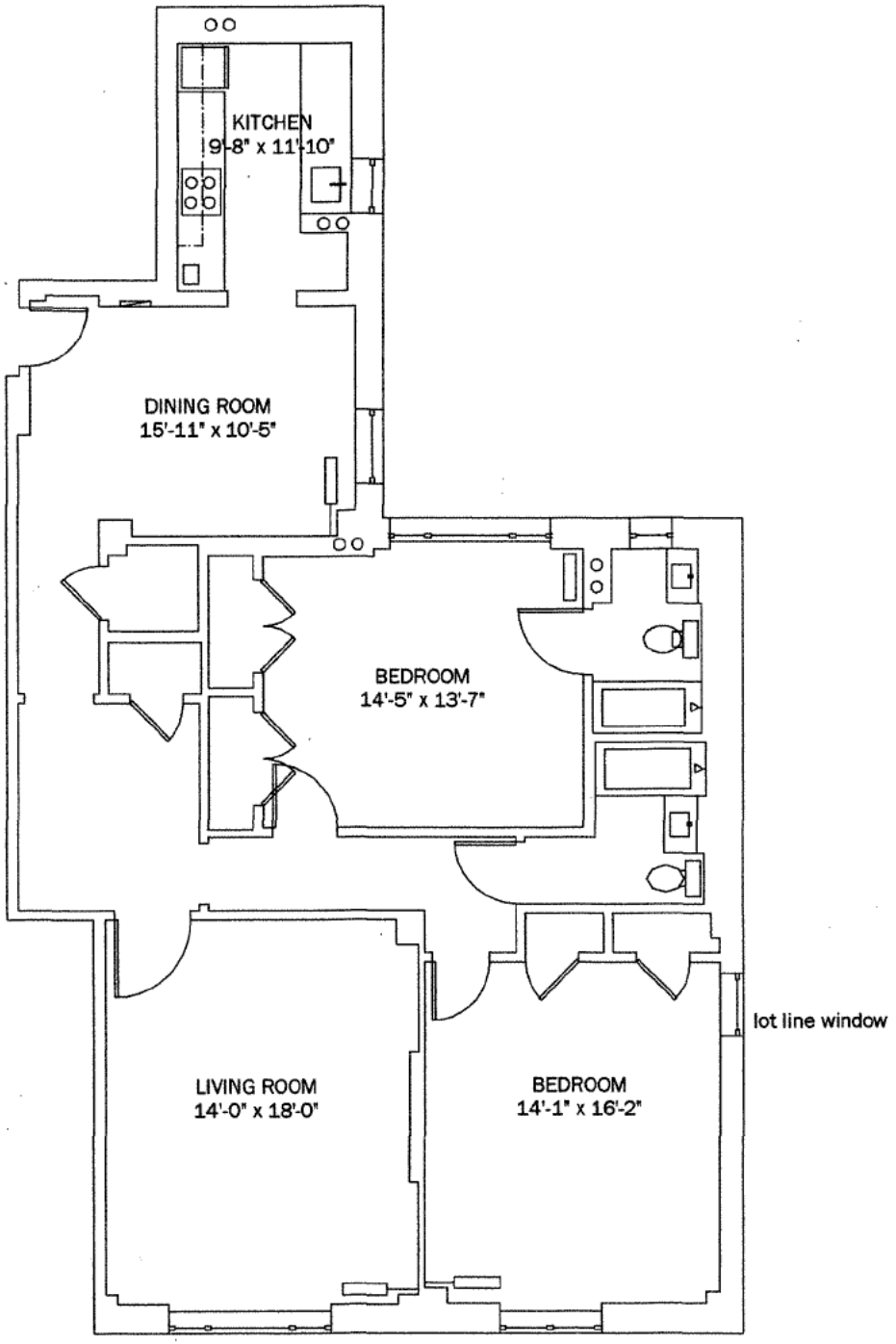
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



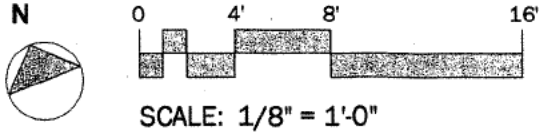
WEST 71st STREET



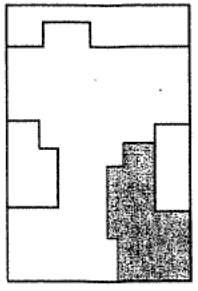

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**APARTMENT '7A'**
**UNIT SF: 1347**
**2 BEDROOMS**
**2 BATHROOMS**

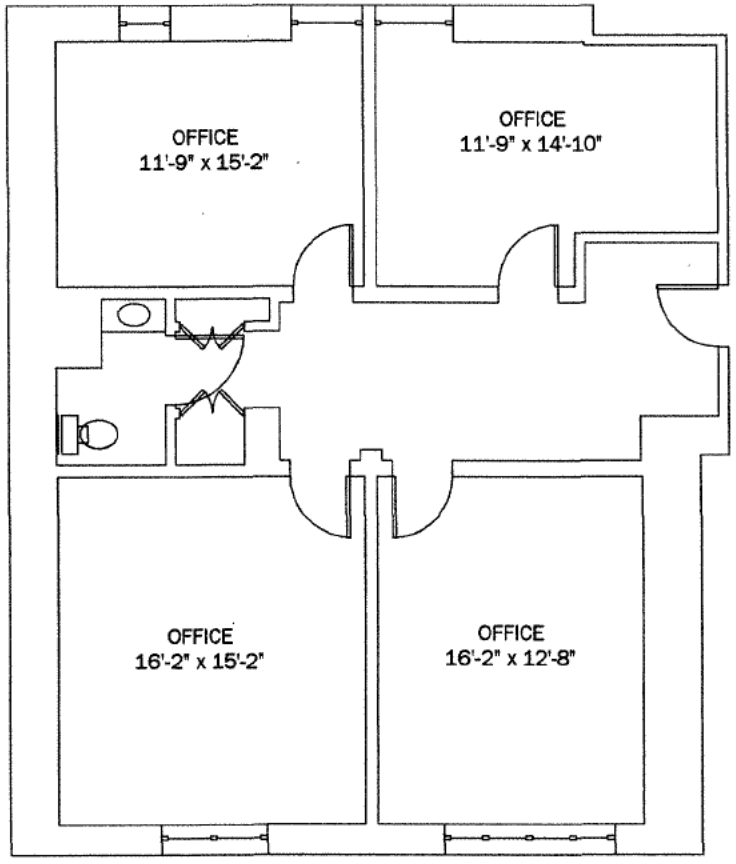
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



WEST 71st STREET



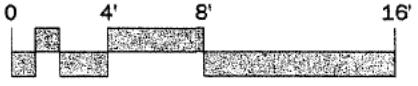

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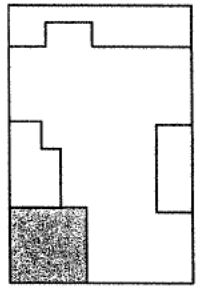
**OFFICES'1B'**
**UNIT SF: 1041**
**4 OFFICES**
**1 BATHROOM**

**TAX LOT:_____**

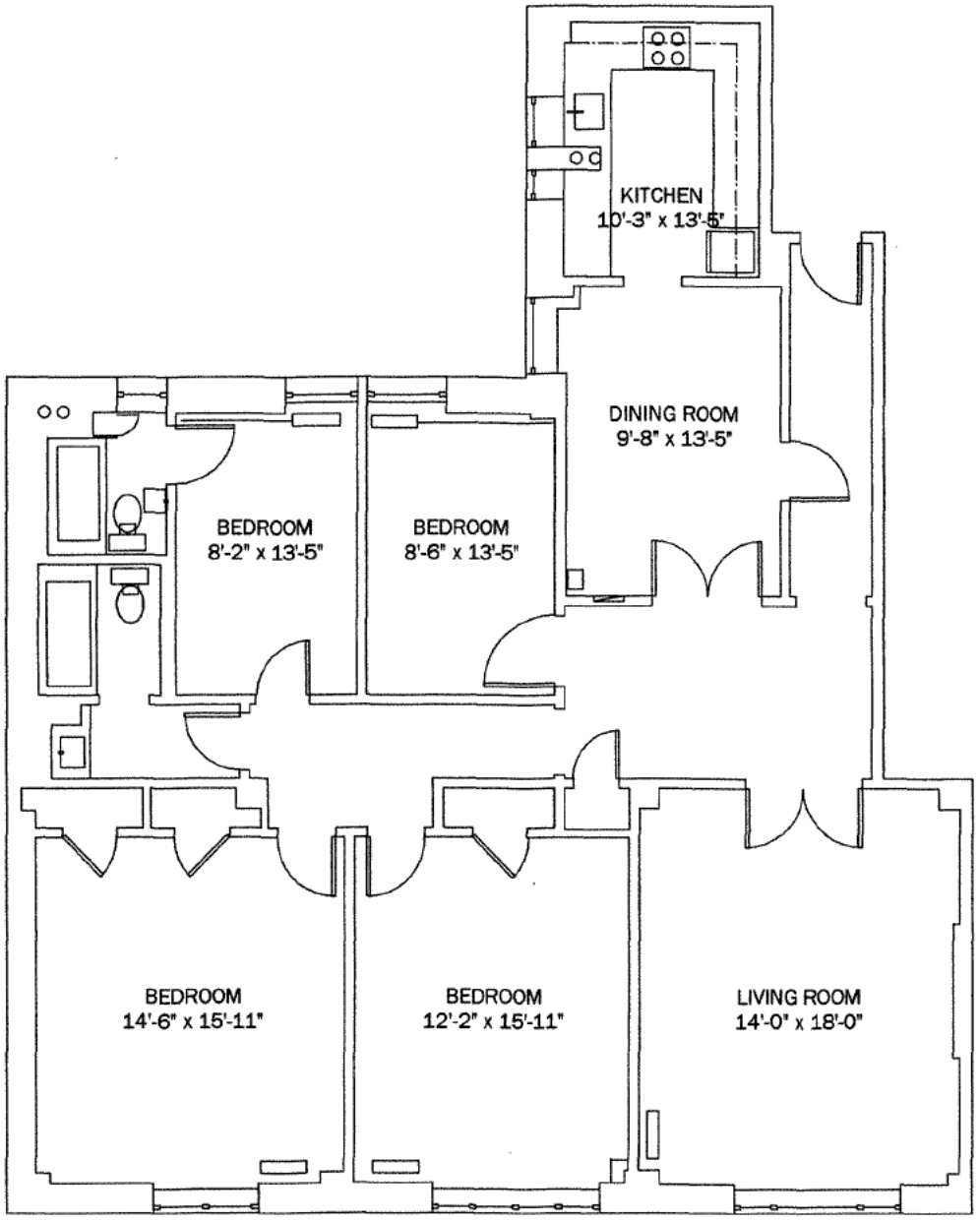



SCALE: 1/8" = 1'-0"



WEST 71st STREET



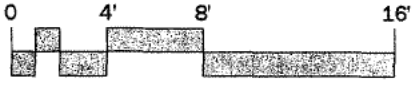

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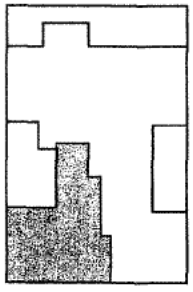
**APARTMENT '2B', '5B'**
**UNIT SF: 1578**
**4 BEDROOMS**
**2 BATHROOMS**

**TAX LOT:_____**

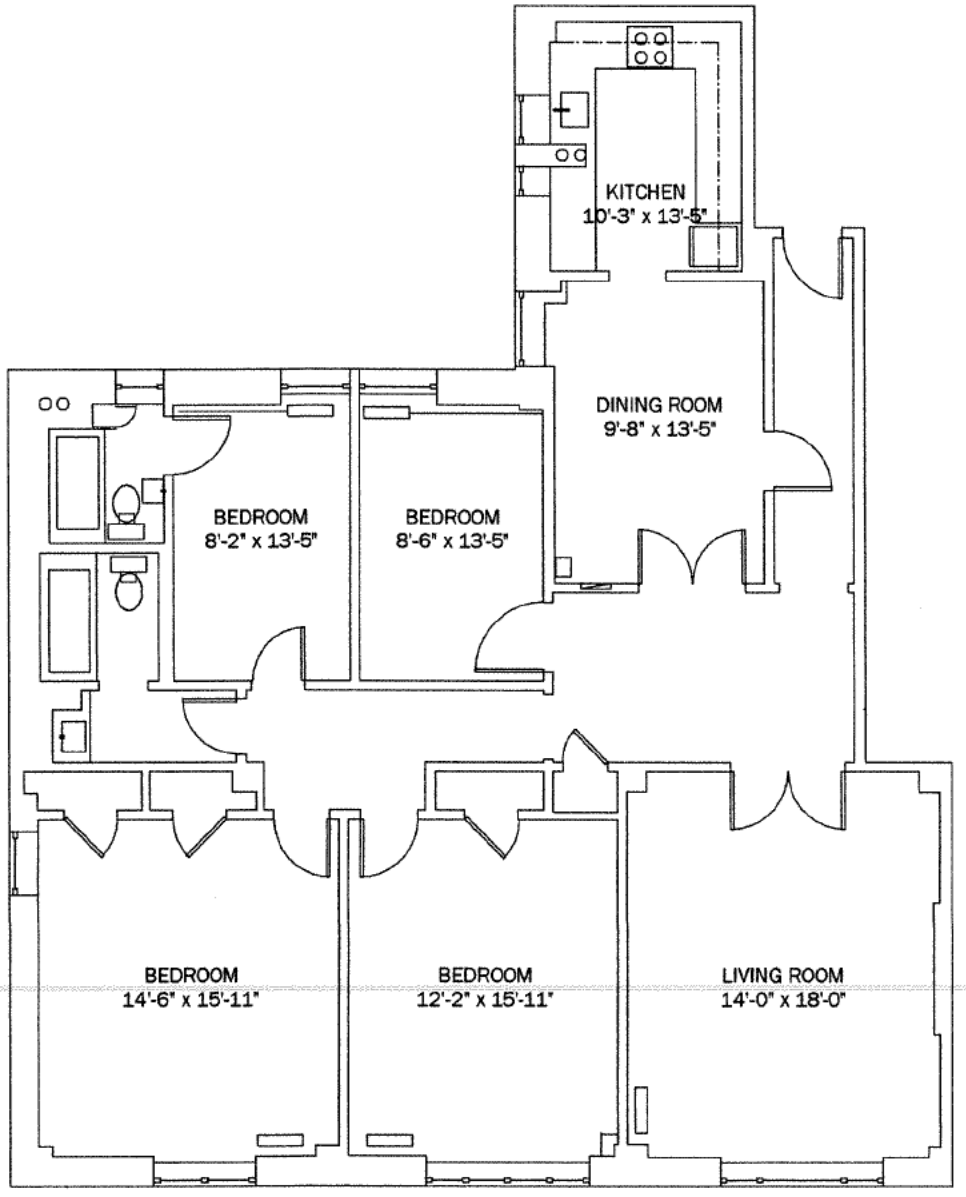



SCALE: 1/8" = 1'-0"



WEST 71st STREET




lot
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ndow

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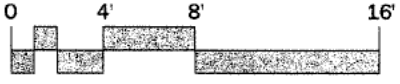


**APARTMENT '7B'**
**UNIT SF: 1578**

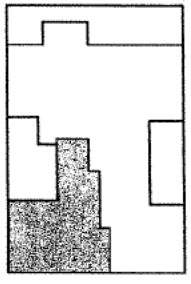
**4 BEDROOMS**
**2 BATHROOMS**

**TAX LOT:_____**

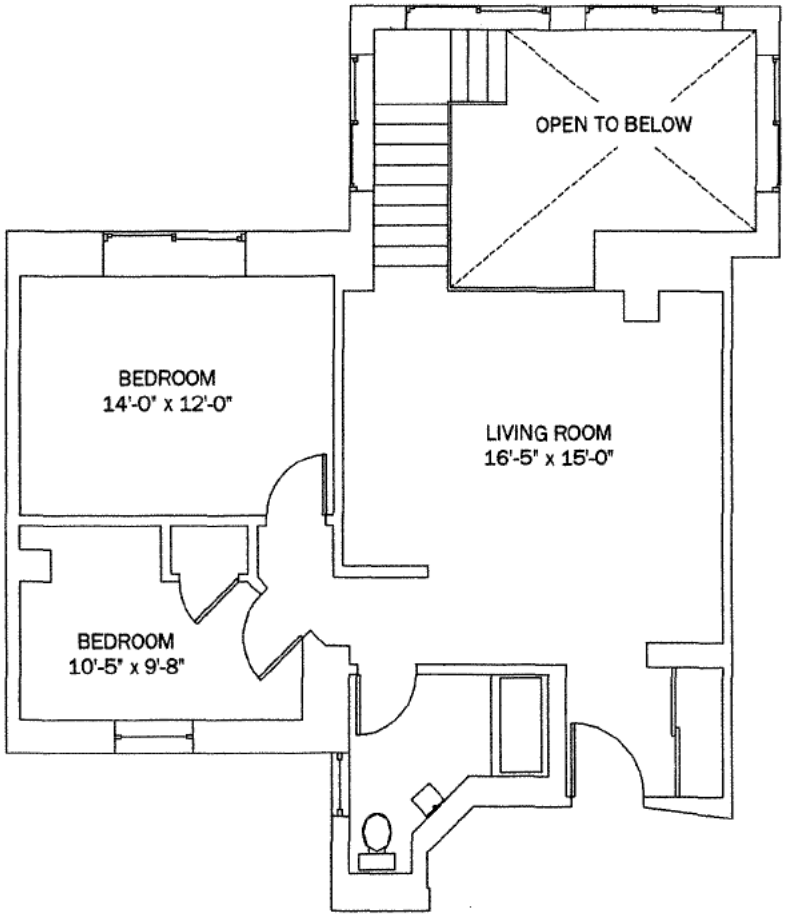



SCALE: 1/8" = 1'-0"



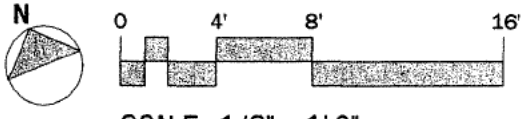
WEST 71st STREET



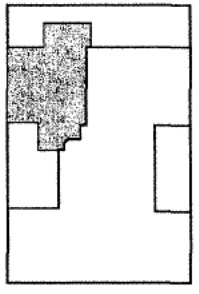

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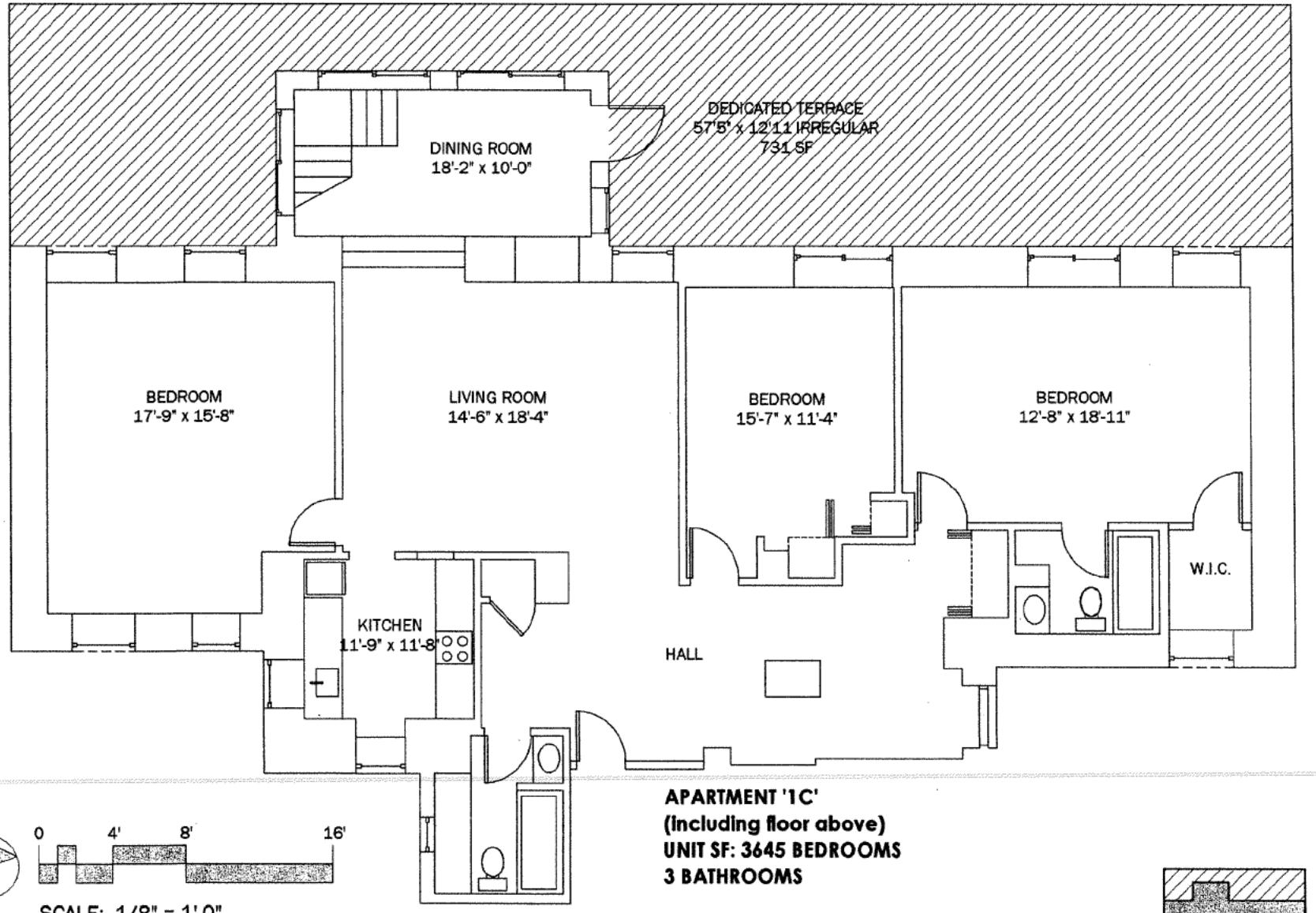
**APARTMENT '1C'**
*top floor of duplex, see notes for floor below*




SCALE: 1/8" = 1'-0"



WEST 71st STREET



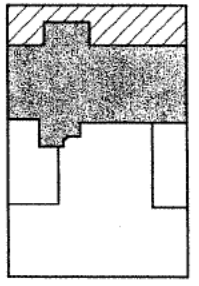

N

0 4' 8' 16'

SCALE: 1/8" = 1'-0"

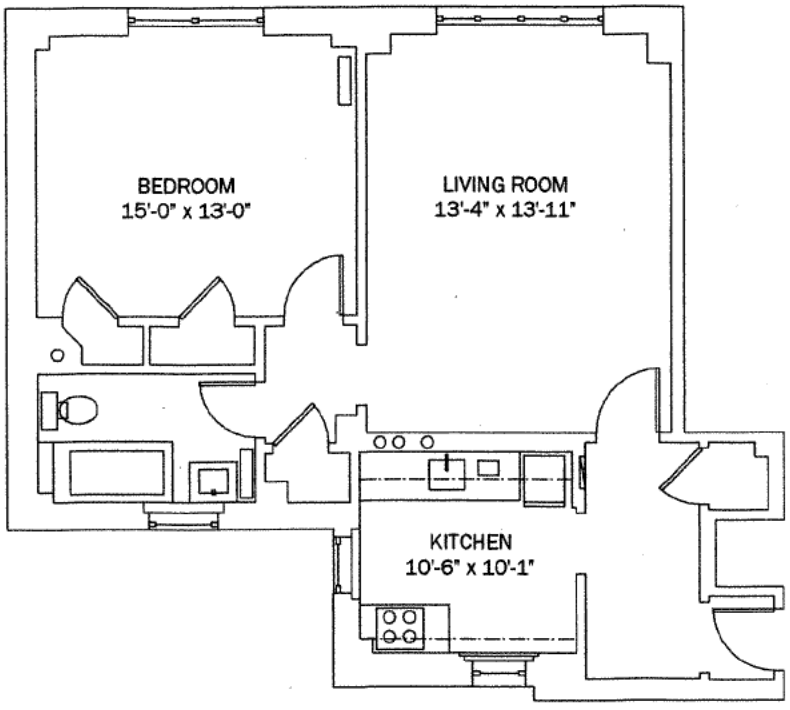
**APARTMENT '1C'**
**(Including floor above)**
**UNIT SF: 3645 BEDROOMS**
**3 BATHROOMS**

**TAX LOT:**_____



WEST 71st STREET

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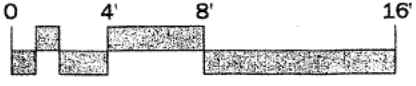


**APARTMENT '2C'**
**UNIT SF: 747**

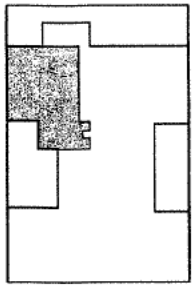
**1 BEDROOM**
**1 BATHROOM**

**TAX LOT:_____**

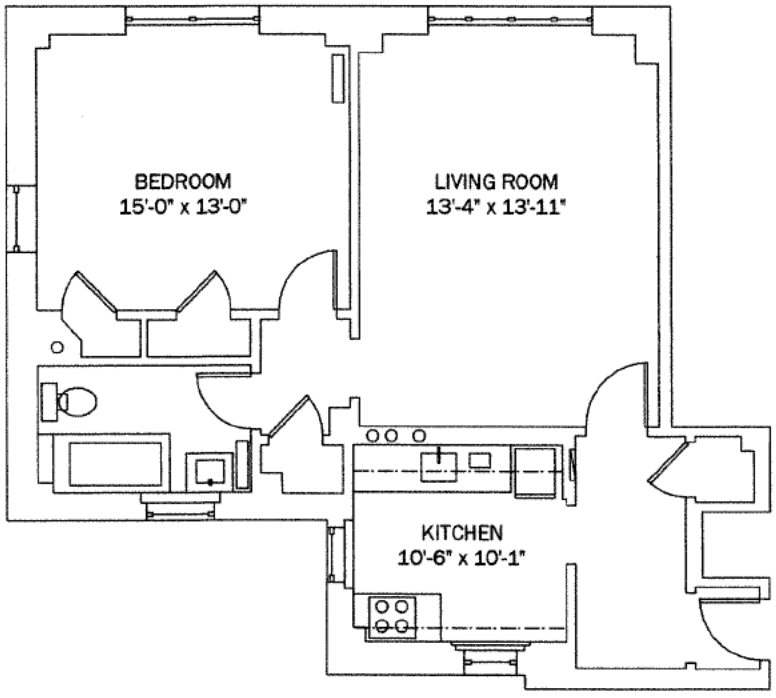



SCALE: 1/8" = 1'-0"



WEST 71st STREET

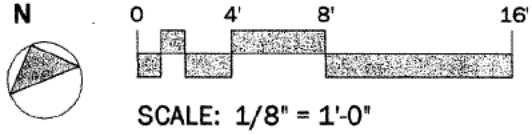



Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

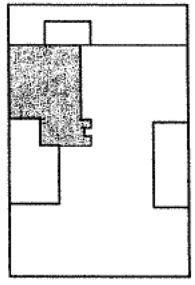


**APARTMENT '5C', '7C', '8B'**
**UNIT SF: 747**
**1 BEDROOM**
**1 BATHROOM**

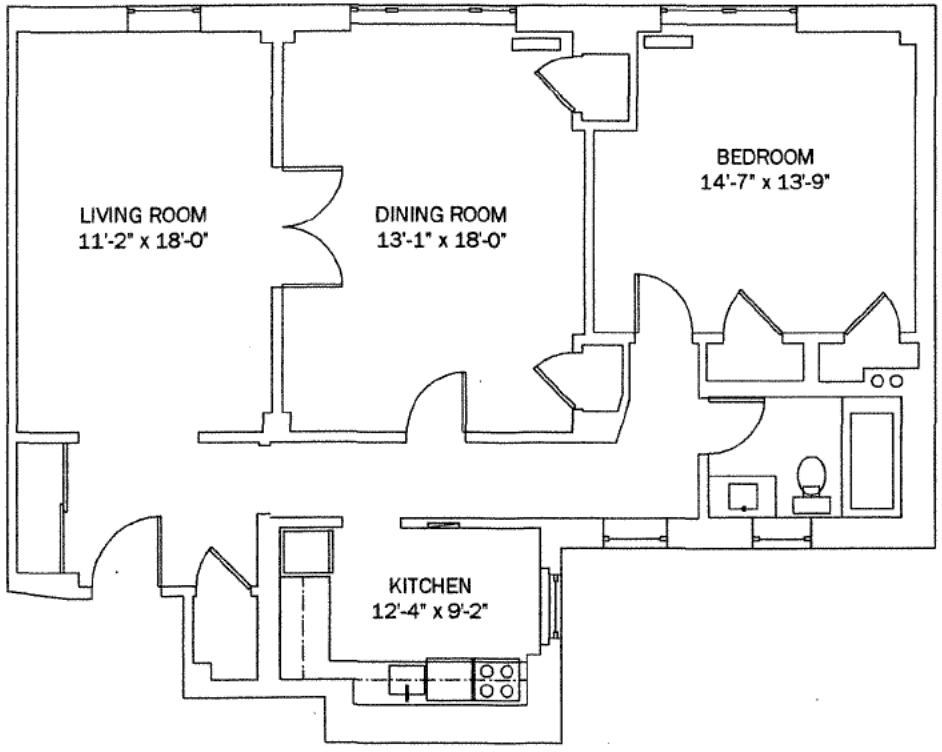
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



WEST 71st STREET

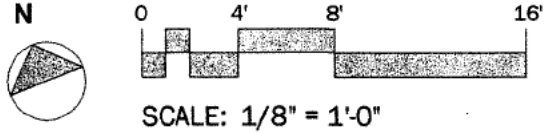



Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

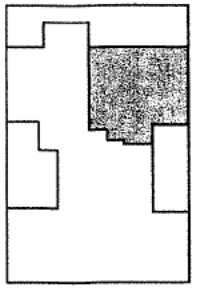


**APARTMENT '1D'**
**UNIT SF: 1006**
**1 BEDROOM**
**1 BATHROOM**

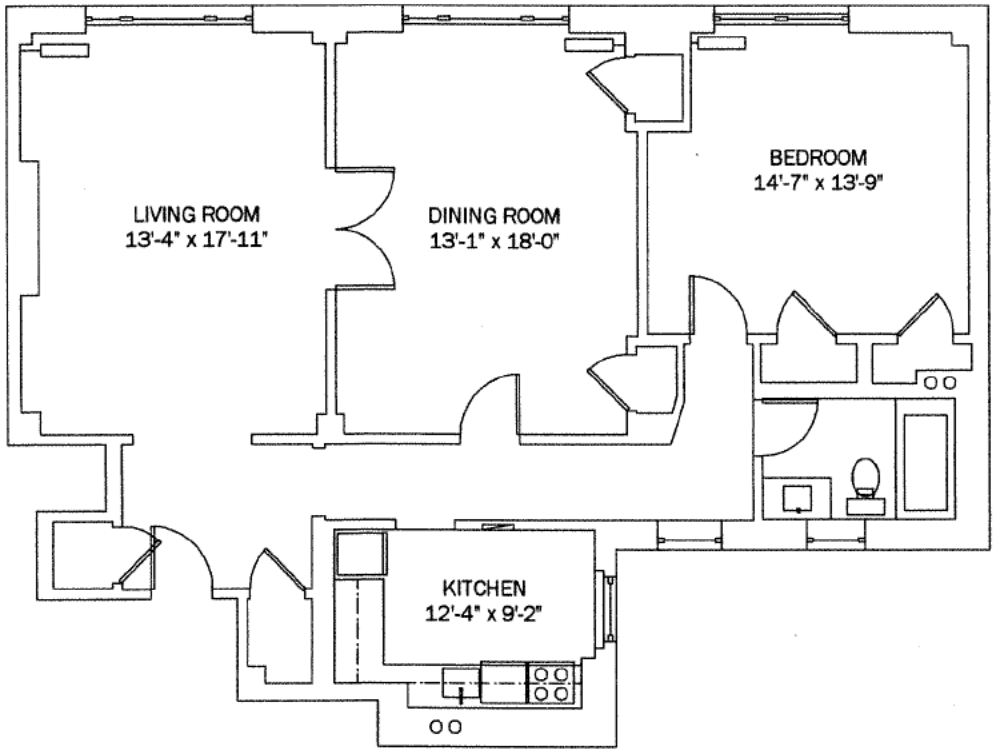
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



WEST 71st STREET



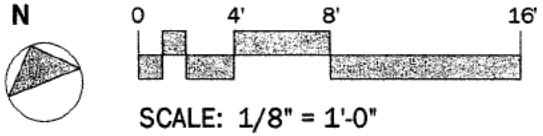

Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A



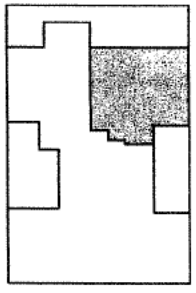
**APARTMENT '2D'**
**UNIT SF: 1058**

**1 BEDROOM**
**1 BATHROOM**

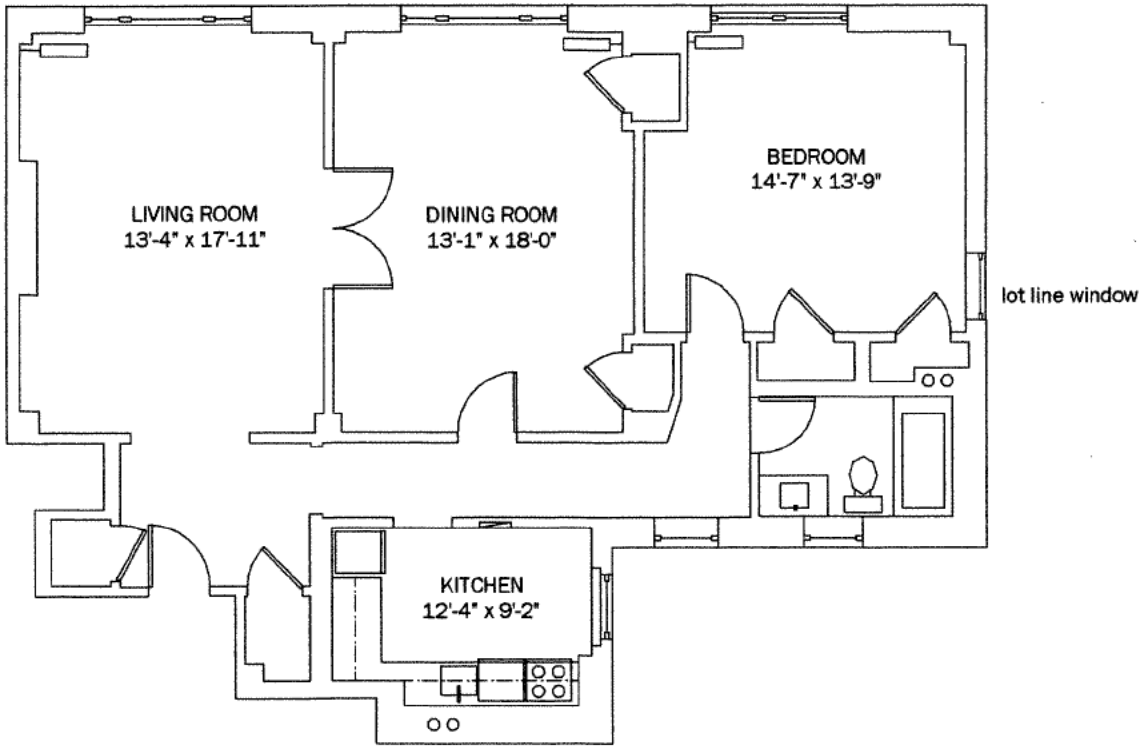
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



WEST 71st STREET

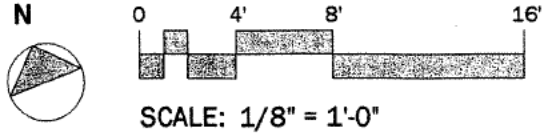



Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

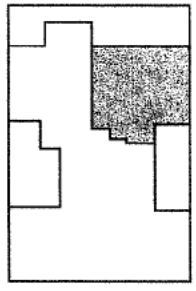


**APARTMENT '5D', '7D', '8C'**
**UNIT SF: 1058**
**1 BEDROOM**
**1 BATHROOM**

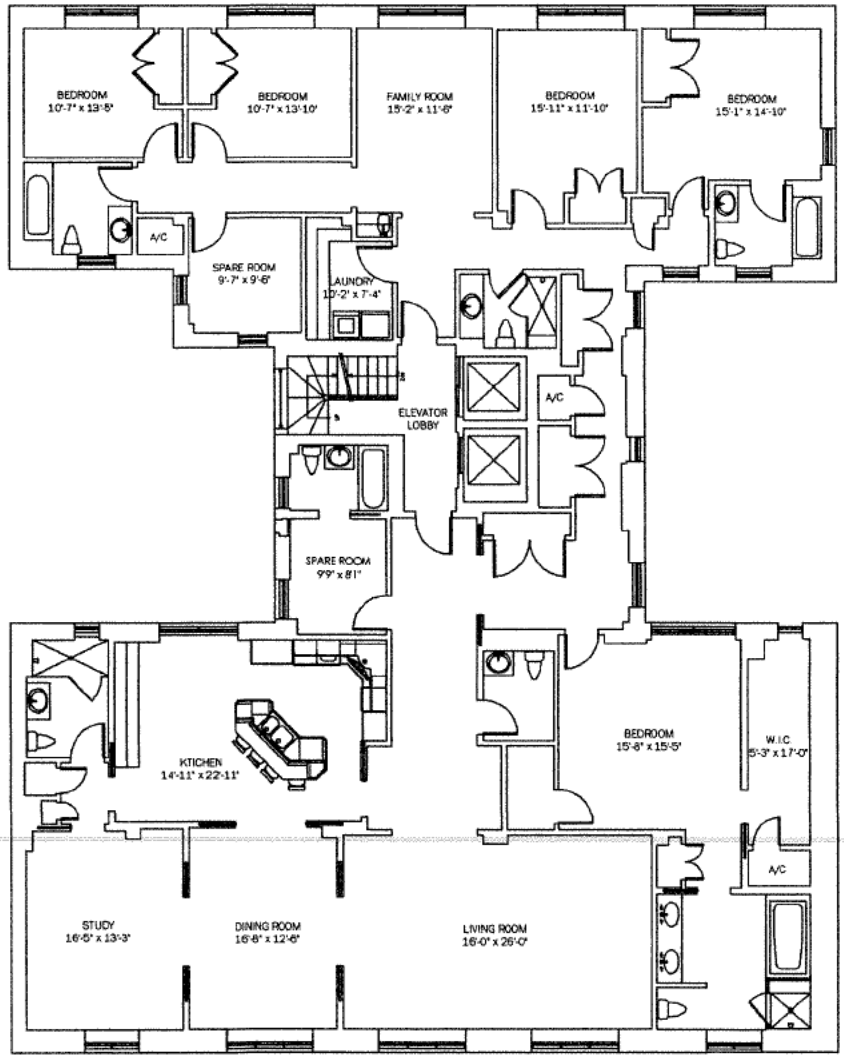
**TAX LOT:_____**




SCALE: 1/8" = 1'-0"



WEST 71st STREET




Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A



**APARTMENT '3A', '4A'**
**UNIT SF: 4761**

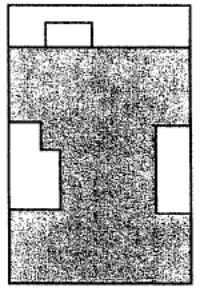
**5 BEDROOMS**
**5.5 BATHROOMS**

**TAX LOT:_____**

N

0 4' 8' 16'

SCALE: 1/16" = 1'-0"



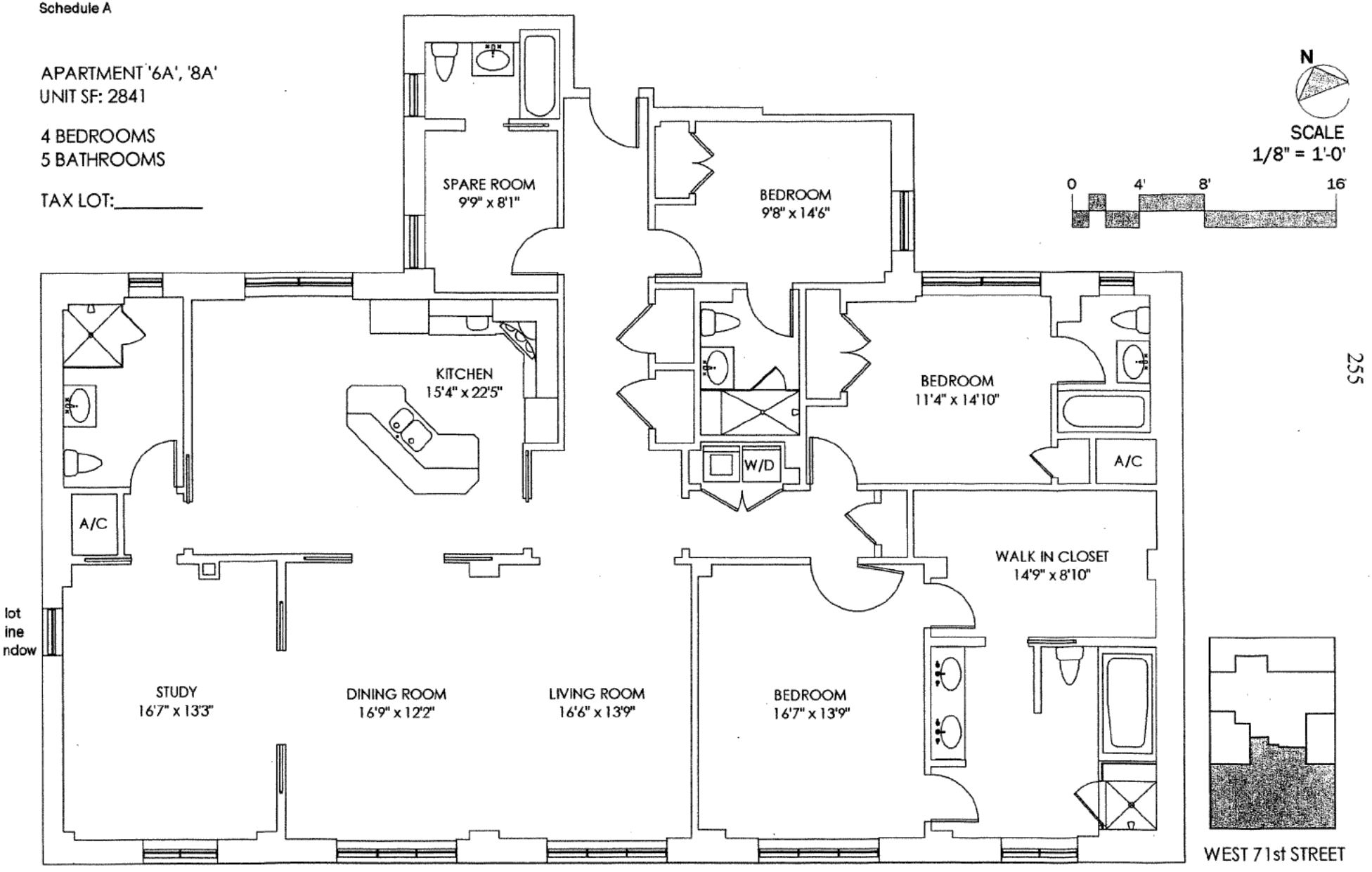
WEST 71st STREET

Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

APARTMENT '6A', '8A'
UNIT SF: 2841

4 BEDROOMS
5 BATHROOMS

TAX LOT:_____

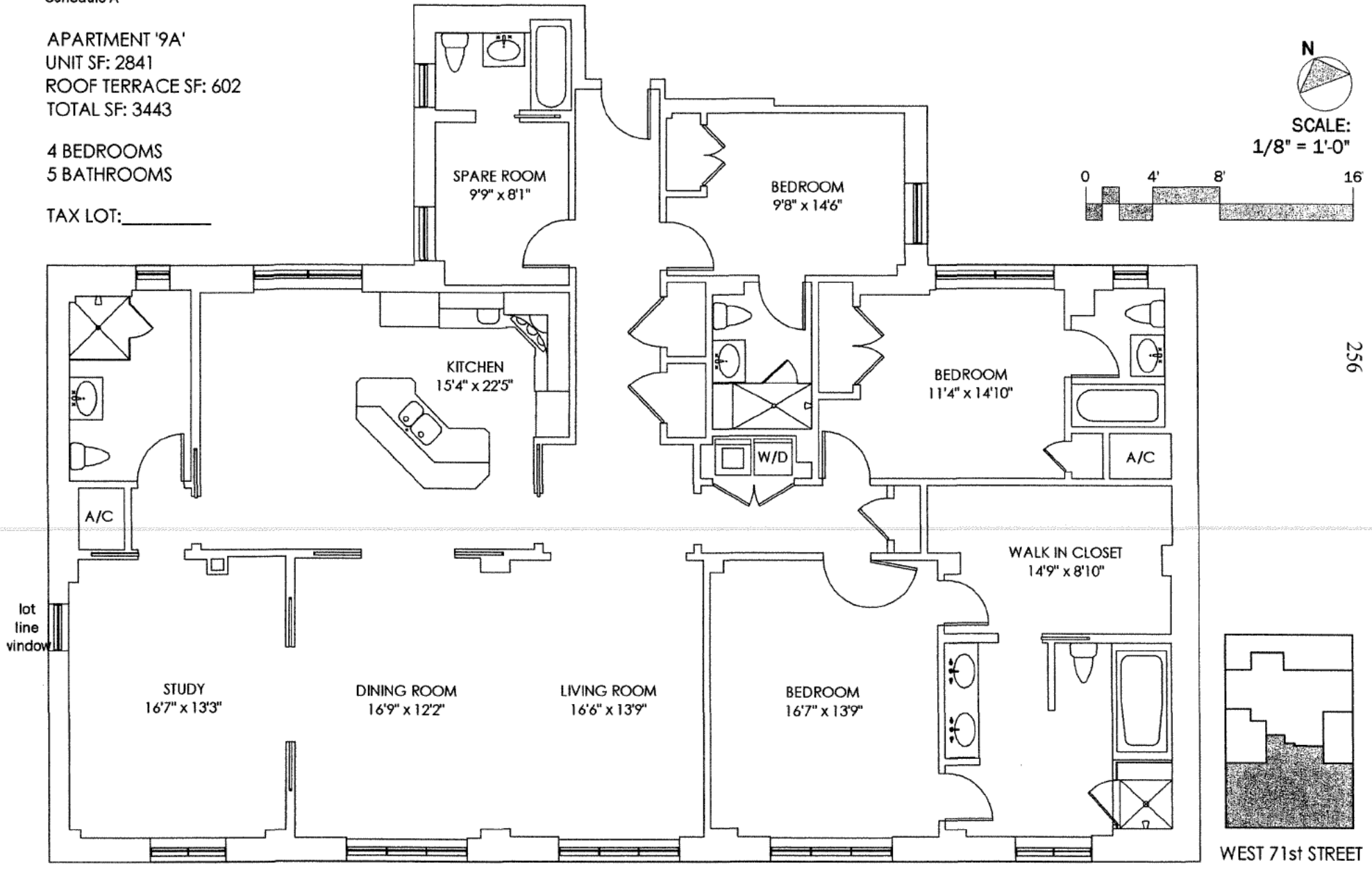


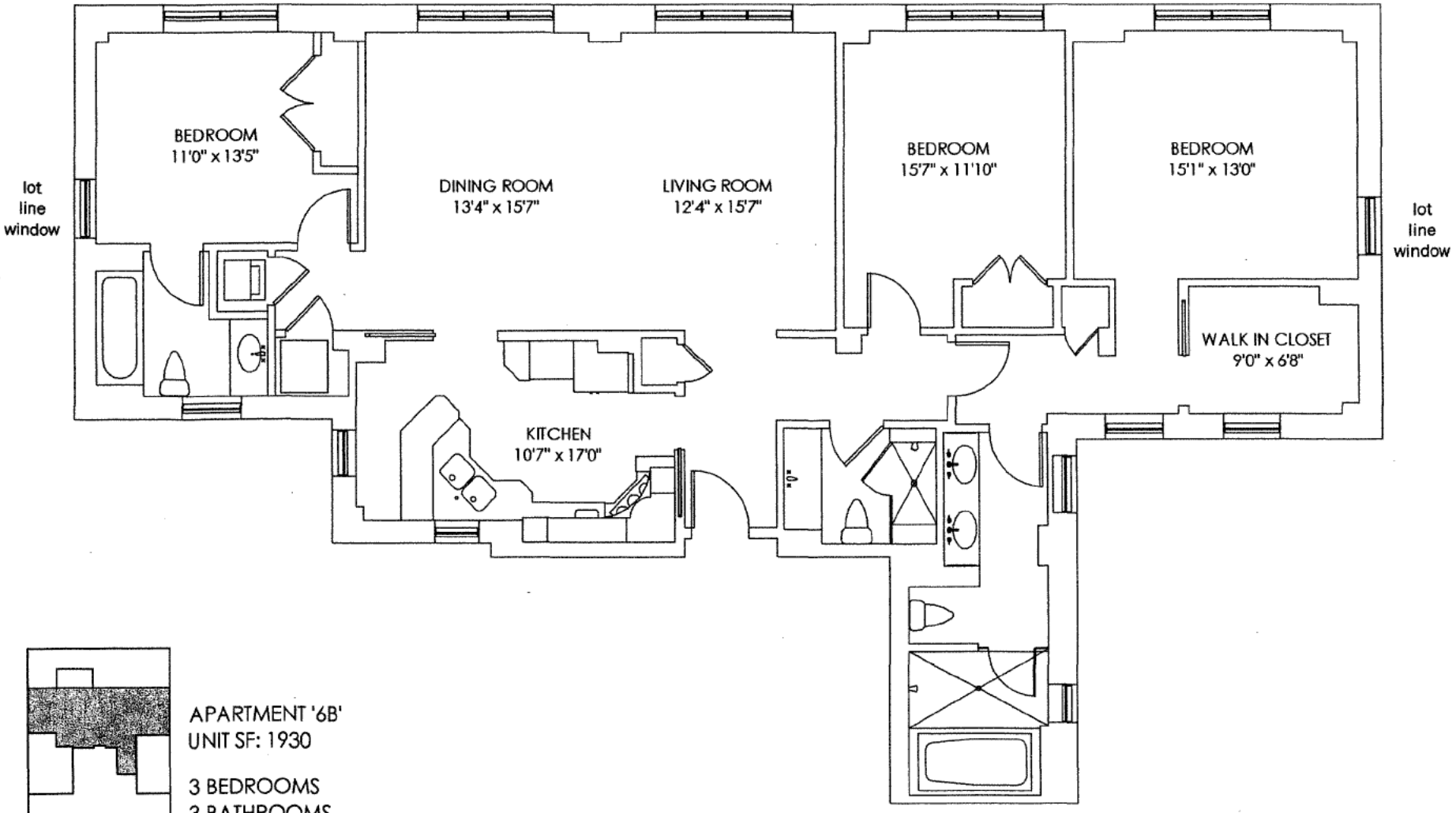
Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A

APARTMENT '9A'
UNIT SF: 2841
ROOF TERRACE SF: 602
TOTAL SF: 3443

4 BEDROOMS
5 BATHROOMS

TAX LOT:_____







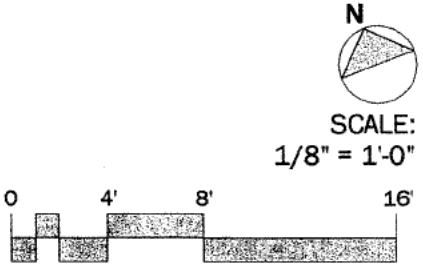

APARTMENT '6B'
UNIT SF: 1930

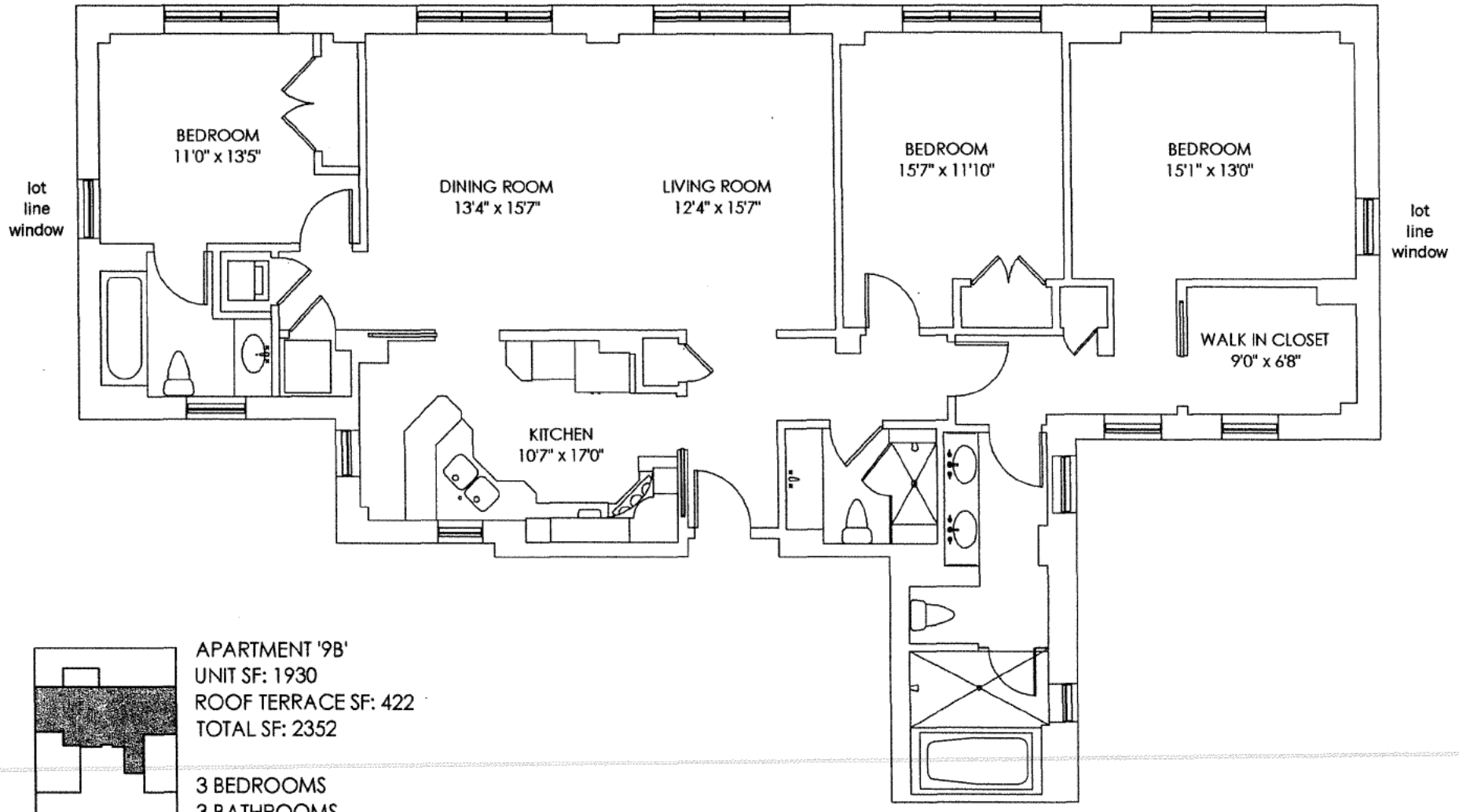
3 BEDROOMS
3 BATHROOMS

TAX LOT:_____

WEST 71st STREET

Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A







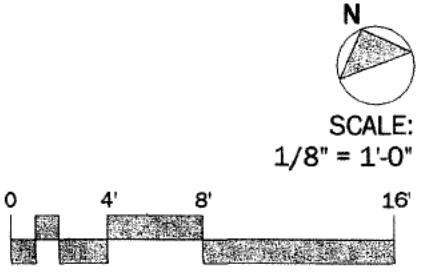

APARTMENT '9B'
UNIT SF: 1930
ROOF TERRACE SF: 422
TOTAL SF: 2352

3 BEDROOMS
3 BATHROOMS

TAX LOT:_____

WEST 71st STREET

Square Footage of Units: Each Unit consists of the area measured horizontally from the exterior faces of exterior walls, from the center lines of walls separating one unit from another unit and to the outside faces of walls separating the unit from Common Elements as indicated in the Condominium plans and from lot line at party walls separating one building from another and measured vertically from the top of the sub-floor to the underside of the floor construction above except that a Residential Unit shall not include the Common Elements contained therein. The variations reflect the correction of errors in certain computations performed in connection with the preparation of the information to be included in the Plan. Sponsor has not done any work to modify the configuration of the Units which would affect the square footage thereof subsequent to the date of the Plan. In any case, the Units are sold in the 'AS IS' condition as of the date of the Plan subject only to performance of work agreed to in writing upon the execution of a Purchase Agreement or as otherwise specifically disclosed in the Plan. Prior to submitting the Declaration of Condominium to the City Surveyor's office for recording, Sponsor will revise the square footage of the Units so that it conforms with the square footage noted on the revised Schedule A. See Schedule A



# EXHIBIT G

# FORM OF ESCROW AGREEMENT WITH RESPECT TO DOWNPAYMENT

# ESCROW AGREEMENT

Agreement made this 5 day of June, 2007 between 235 West 71st Development LLC ("Sponsor") and Goldberg, Weprin & Ustin, LLP ("Escrow Agent") as escrow agent.

WHEREAS, 235 West 71st Development LLC is the Sponsor for the plan to convert the premises located at 235 West 71st Street, New York, New York to a condominium (the "Plan"); and

WHEREAS, Goldberg, Weprin & Ustin, LLP is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Sponsor desires that Escrow Agent act as escrow agent for deposits and payments by purchasers pursuant to the terms of this agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 Sponsor and Escrow Agent hereby establish an escrow account with Escrow Agent for the purpose of holding deposits or payments made by purchasers. The escrow account has been opened with North Fork Bank at its branch located at 1407 Broadway, New York, New York 10018. The account number for our master escrow account is [redacted] and a separate sub-account will be opened under such master escrow account with respect to each separate sale transaction.

1.2 The name of the account is Goldberg, Weprin & Ustin, LLP Attorney Trust Account.

1.3 The separate escrow sub-account for each sale transaction shall be an interest-bearing account as disclosed in the Plan.

1.4 The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to the order of the Escrow Agent. Any instrument payable other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by Escrow Agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the contract of sale, Escrow Agent shall notify the purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the purchaser.

3. RELEASE OF FUNDS.

3.1 Escrow Agent shall not release the escrowed funds of a defaulting purchaser until after consummation of the Plan as defined in the Attorney General's regulations. Consummation of the Plan shall not relieve Sponsor of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 Escrow Agent shall continue to hold the funds in escrow until otherwise directed (a) in writing signed by both Sponsor and purchaser or (b) in determination of the Attorney General or (c) in 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.

3.3 Sponsor shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan or (b) all purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

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

4. RECORDKEEPING.

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

4.2 Upon the dissolution of a law firm which was Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3 Escrow Agent shall make available to the Attorney General, upon request, all books and records of Escrow Agent relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 Escrow Agent shall maintain the accounts called for in this Agreement under the direct supervision and control of Escrow Agent.

5.2 A fiduciary relationship shall exist between Escrow Agent and purchasers, and Escrow Agent acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF Sponsor.

6.1 Sponsor agrees that Sponsor and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to Escrow Agent.

6.2 Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

(a) Written notice given by Sponsor to Escrow Agent of cancellation of designation of Escrow Agent to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or

(b) The resignation of Escrow Agent upon giving notice to Sponsor of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent (which amendment Sponsor agrees to file within thirty (30) days after such resignation); or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

7.2 Upon termination of the duties of Escrow Agent as described in paragraph 7.1 above, Escrow Agent shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by Escrow Agent to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon Sponsor and Escrow Agent and their respective successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 Sponsor agrees that Escrow Agent's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to Escrow Agent, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT: GOLDBERG, WEPRIN & USTIN, LLP

By: _____

SPONSOR: 235 West 71st Development LLC

By: _____
James K. Rinzler, President

# EXHIBIT H

# FORM OF APPLICATION TO ATTORNEY GENERAL FOR RESOLUTION OF DISPUTE CONCERNING DOWNPAYMENT

# EXHIBIT H

**ETF-1**

## APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Address of Building or
Name of Project:

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name
   of Applicant _____

2. Address
   of Applicant _____

3. Name, Address, and Telephone Number of
   Applicant's Attorney (if any) _____
   _____
   _____

4. This is an application for

   [ ] return of downpayment.
   [ ] forfeiture of downpayment.
   [ ] other: _____
   _____

5. The project is [ ] a conversion of occupied premises.
   [ ] newly constructed or rehabilitated.
   [ ] vacant (as is).

6. The project is structured as [ ] a cooperative.

[ ] a condominium.
[ ] a homeowners association.
[ ] a timeshare.
[ ] other: _____

7. Name and Address
of Sponsor: _____
_____

8. Name and Address
of Escrow Agent:_____
_____

9. If downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a) Name and address of
bond issuer or surety:_____
_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____
_____
_____
_____
_____

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____
_____

(b) Date of expiration of the letter of credit, if known:
_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date:
[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed.
Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed:
_____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____
_____
_____

15. I am contemporaneously sending a copy of this application to the following persons:

_____
_____
_____

Note: You are required to mail a-copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: Date:

Name (Printed):

Telephone: (Home) (Business)

Mailing Address:

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

On this ___ 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 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 individuals, or the persons upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

# EXHIBIT I

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## DECLARATION

**Establishing a Plan for Condominium Ownership of the Premises 235 West 71st Street, New York, New York Pursuant to Article 9-B of the Real Property Law of the State of New York**

**Name:** **THE 235 WEST 71ST STREET CONDOMINIUM**

**Declarant:** **235 WEST 71ST DEVELOPMENT LLC**
**c/o Dominion Management Corp.**
**200 Madison Avenue, 24TH Floor**
**New York, New York 10016**

**Date of Declaration:** **_____, 200__**

**The land affected by the within instrument lies in Section 4, Block 1163, Lot 17, on the Tax Map of the Borough of Manhattan County of New York now known as lots ___ through ___.**

**Goldberg Weprin & Ustin LLP**
**Attorneys for Declarant**
**1501 Broadway, Suite 2200**
**New York, NY 10036**

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# DECLARATION

# OF

# THE 235 WEST 71ST STREET CONDOMINIUM

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

235 West 71st Development LLC, a New York limited liability company, having an office in care of Dominion Management Corp., 200 Madison Avenue, 24th Floor, New York, New York, 10016 ("Sponsor"), does hereby declare as follows:

## ARTICLE 1

## SUBMISSION OF THE PROPERTY

1.1 Sponsor hereby submits the Land and 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 "New York Condominium Act") and pursuant thereto does hereby establish a condominium to be known as The 235 West 71st Street Condominium (the "Condominium").

1.2 Attached to this Declaration and made a part hereof are the By-Laws of The 235 West 71st Street 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 shall have the meanings given to those terms in the By-Laws.

## ARTICLE 2

## THE LAND

Included in the Property described in Article 1 is all that certain tract, plot, piece and parcel of land (the "Land") situate, lying and being in the County of New York and State of New York, and more particularly described in Schedule A annexed hereto and made a part hereof. The Land has an area of approximately 7,134 square feet.

## ARTICLE 3

## THE PROPERTY AND THE BUILDING

Included in the Property is a building (the "Building") having ten (10) stories, nine (9) of which are at above grade level. The basement is below grade level. The Building contains:

(a) Twenty-Five (25) Units (collectively, the "Residential Units" and individually a "Residential Unit"), located on floors one through nine with a portion of the first floor Unit being located in the basement;

(b) One (1) Commerical Unit;

(b) The Limited Common Elements as more particularly described herein; and

(c) The Common Elements (as defined in Article 6), other than the Land.

The owner of a Unit is herein called a " Unit Owner".

The Unit Owners will be subject to all of the rights, obligations and restrictions provided or imposed in this Declaration.

## ARTICLE 4

## THE UNITS

Schedule B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: Unit designation; tax lot number; location; approximate square foot area; number of rooms; the portions of the Common Elements (as hereinafter defined) to which the Unit has immediate access, and the percentage interest in the Common Elements appurtenant to such Unit. The location of each Unit is also shown on the floor plans of the

Building (the "Floor Plans") certified by Mario Arbore, architect, intended to be filed in the New York County office of the Register of the City of New York (the "City Register's Office") simultaneously with the recording of this Declaration.

## ARTICLE 5

## DIMENSIONS OF UNITS

5.1 Each Unit is measured horizontally from the exterior sides of its windows or exterior walls at the midpoint of the Unit's demising walls and vertically from the top of the concrete floor to the underside of the ceiling. Unit dimensions listed on Schedule B are approximate and include allocable portions of the elevators, hallways and entrances reserved for the exclusive or shared use of the Unit Owners.

5.2 Any Common Elements located within any Unit shall not be considered as part of that Unit.

5.3 Each Residential Unit includes, and each Residential Unit Owner shall be responsible for all plumbing, gas, heating fixtures, refrigerators, ranges, and other appliances, as may be affixed, attached or appurtenant to such Unit. Plumbing, gas, and heating fixtures as used in the preceding sentence shall include exposed gas, steam and water pipes 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, steam, water or other pipes, conduits, wiring or duct work within the walls, ceiling or floors which service other portions of the Building. Each Residential Unit shall also include all lighting and electrical fixtures and appliances within the Unit and any special equipment, fixtures or facilities affixed, attached or appurtenant to the Unit to the extent located within a Unit serving or benefitting only that Unit.

## ARTICLE 6

## COMMON ELEMENTS

6.1 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 therein for the common use of the Units and the Unit Owners (except for those Common Elements which are designated for the exclusive use of either any of the Unit Owners) or which are necessary or convenient for the existence, maintenance or safety of the Property.

6.2 the Common Elements consist of all portions of the Property, except the Units themselves, including, without limitation, the following:

6.2.1 the Land (as more particularly described in Schedule A attached hereto), together with all easements, rights and privileges appurtenant thereto;

6.2.2 all foundations, columns, girders, beams, supports, pile caps, and their enclosures;

6.2.3 all exterior walls of the Building, not including the portions thereof on the Unit side of the brick work or masonry of such walls; windows and window frames; all walls and partitions separating Units from corridors, elevator shafts, stairs, and other mechanical equipment spaces, other than the portions thereof between the Unit side of such walls and partitions and the brick work, sheetrock or masonry of such walls and partitions separating Units; the portions of the plaster or equivalent partitions separating Units between the Unit side of the plaster or its equivalent on each side of such partition, the partitions and all concrete floors and concrete ceilings;

6.2.4 all stairs, stairways and fire stairs located throughout the Building either within or without;

6.2.5 the entrance and elevator lobby located on the first floor;

6.2.6 all passages, including the fire passage, halls and corridors located on the first floor of the Building;

6.2.7 all elevator vestibules, passages, halls and corridors located on floors two through seventeen of the Building;

6.2.8 all elevators, elevator shafts and pits;

6.2.9 all space in the cellar and the basement devoted to the use of person(s) employed in connection with the operation of the Property;

6.2.10 all central and appurtenant installations for services such as power, light, security system, telephone, television, cable, gas, cold water, heat and air-conditioning and including all pipes, ducts, chutes, wires, cables, and conduits and their enclosures used in connection therewith, whether located in common areas or in Units;

6.2.11 all mechanical equipment and mechanical equipment space including, but not limited to, the meter rooms located in the Building, and elevator equipment;

6.2.12 all tanks, pumps, motor fans, compressors and control equipment;

6.2.13 all sewer pipes;

6.2.14 all areaways and any drains contained therein;

6.2.15 the entrances and exits to the Building;

6.2.16 all exterior glass surfaces of windows in the Building;

6.2.17 the roof, including top mechanical rooms and other areas thereof, which service the building; and

6.2.18 all hallways, mechanical areas, and passages; and

6.2.19 all other parts of the Property and all apparatus, installations, systems, equipment, facilities, pipes, conduits, ducts, chutes, wires and cables and their enclosures existing in the Building or on the Property for common use or necessary or convenient to the existence, maintenance or safety of the Property.

## ARTICLE 7

## USE OF UNITS

7.1 As more particularly set forth in the By-Laws, Units may be used only as a residence and for permitted professional and ancillary business uses as permitted by law, and not more than one family may occupy a Residential Unit at one time. A Residential Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary or any other legal entity, may only be occupied by said individual, or an officer, director, stockholder or employee of such corporation, or a partner or employee of such partnership, or member or employee of such limited liability company, or said fiduciary (including directors, officers, stockholders or employees of corporate fiduciaries or partners or employees of partnership fiduciaries) or the beneficiary of said fiduciary, or a principal or employee of such other entity, respectively, or members of the immediate family (including domestic partners) or guests of any of the foregoing (and nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Residential Unit by such family members (including domestic partners or guests). Any use of a Residential Unit must conform to the terms and conditions of the then existing certificate of occupancy for such Units and applicable federal, state and local governmental and municipal regulations (including any zoning variance applicable to such Units).

7.2 Notwithstanding the foregoing or anything contained in the By-Laws or the Rules and Regulations to the contrary, Sponsor may, without the permission of the Condominium Board, (a) grant permission for the use of any Unsold Unit (as hereinafter defined) as a professional office or for any other purpose, provided such use is permitted by law, does not violate the then existing certificate of occupancy for such Unit and the user of the Unit complies with all applicable governmental and municipal regulations; and (b) use any Unsold Units as models and sales and/or

promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to compliance with applicable governmental laws and regulations. Anything contained herein to the contrary notwithstanding, if any of such Units are used for commercial office use purposes as herein above provided, they shall nevertheless be deemed Units hereunder and shall be entitled and subject to all of the rights and restrictions provided or imposed hereunder with respect to the Units.

## ARTICLE 8

## CHANGES IN THE CONDOMINIUM

8.1 Except as prohibited by law, Sponsor or its successor shall have the right, without the vote or consent of the Condominium Board, other Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions or improvements, whether structural or non-structural, interior or exterior; (b) change the layout of, or number of rooms in, any Unsold Units from time to time; (c) change the size and/or number of Unsold 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, altering the boundary walls between any Unsold Units, or otherwise; (d) if appropriate, reapportion among the Unsold Units affected by such change in size or number pursuant to the preceding clause and their percentage interests in the Common Elements; provided, however, that 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 and, provided further, that Sponsor or its successor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom.

8.2 In the event of any change pursuant to subsection 8.1, such change may only be made after Sponsor has disclosed such changes in a duly filed amendment to the Plan. No change in size of a Unit or its layout will be made with respect to any Unit for which a Purchase Agreement is then in effect and with respect to which the Purchaser is not in default unless the Purchaser consents thereto. Except for Sponsor's right to make certain changes in Unsold Units, as set forth in subparagraphs (a) through (d) of subsection 8.1, once the Declaration is filed and recorded, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of a Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid, or otherwise, nor may the Common Interest of any Unit or the amount or quality of the Common Elements be changed, unless the Plan and the Declaration are amended with the consent of all Unit Owners directly affected. Sponsor or its successor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction, including filing an amendment to the Plan and the Declaration, and shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom.

8.3 The provisions of this Article 8 may not be added to, amended, modified or deleted without the prior written consent of Sponsor or its successor. By the written permission of the

Condominium Board, which shall not be unreasonably withheld, any Unit Owner may be given, with respect to such owner's Unit, the same rights as are set forth in this Article 8 with respect to Unsold Units, except that such Unit Owner may not subdivide his Unit into separate Units. In addition to the restrictions set forth above in this Article 8, 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 respective Units, the availability of Common Elements for exclusive or shared use and the overall dimensions of the respective Units. The certification referred to in the preceding sentence shall be delivered (a) in the case of any Unsold Unit, at Sponsor's election, by Sponsor, the managing agent of the Condominium or any other person reasonably acceptable to the Condominium Board, and (b) in the case of any Unit, by either the managing agent of the Condominium or any other person reasonably acceptable to the Condominium Board.

8.4 Any Unit Owner who shall make any changes to his Unit in accordance with this Article 8 shall be solely responsible for all costs and expenses, including professional fees and expenses, incurred by such Unit Owner and/or Condominium Board in connection therewith.

## ARTICLE 9

## PERSON TO RECEIVE SERVICE

The Secretary of State of the State of New York is hereby designated as agent of the Board of Managers upon whom process against it may be served, and the post office address to which the Secretary of State shall mail a copy of any process against it served upon him is President, having an office at 235 West 71st Street, New York, New York 10023. As required by law, the Board of Managers shall notify the Secretary of State of any change in the managing agent or person authorized to receive a copy of any process served against the Secretary of State.

## ARTICLE 10

## DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

The respective percentage 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 additional factors of relative value to other space in the Condominium, the uniqueness of the Unit or, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit and the terrace appurtenant thereto, if any.

## ARTICLE 11

## ENCROACHMENTS

If (a) any portion of the Common Elements encroaches upon any Unit, upon any other Common Element, (b) any Unit, encroaches upon any other Unit, or upon any portion of the Common Elements, or (c) any encroachment shall hereafter occur as a result of (i) settling or shifting of the Building, (ii) any alteration or repair to the Common Elements made by or with the consent (when required by the By-Laws) of the Condominium Board or made by Sponsor or its successor in accordance with this Declaration or the By-Laws, or (iii) any repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element or 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, 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 12

## FACILITIES AND ALL OTHER COMMON ELEMENTS

Each Unit Owner shall have an easement in common with all other Unit Owners to use, maintain, repair, alter and replace all facilities and all other Common Elements, located in any of the other Units or elsewhere on the Property which serve his Unit. Each Unit shall be subject to an easement in favor of all Unit Owners to use, maintain, repair, alter and replace the facilities and all other Common Elements located in such Unit or elsewhere on the Property which serve other Units. The Condominium Board shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Property, provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that no notice will be necessary in the case of an "emergency" (a condition requiring repairs or replacements immediately (i) necessary for the preservation or safety of the Building or for the safety of occupants of the Building, or other persons, or (ii) required to avoid the suspension of any necessary service in the Building).

## ARTICLE 13

## EASEMENTS

13.1 Each Unit Owner shall have, in common with all other Unit Owners, an easement, for the exclusive use of the Common Elements, except for those Common Elements which are designated for the exclusive use of certain Unit Owners as set forth herein.

13.2 Each Unit Owner shall have, in common with all other Unit Owners, and each Unit shall be subject to, an easement to install, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements located in, over, under, through or upon any Unit, or any other Common Elements or elsewhere on the Property, and provided that access to any Unit or the Common Elements in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that no notice will be necessary in the case of an emergency.

13.3 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.

13.4 Sponsor or 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 the sale or lease of any Unsold Unit.

13.5 Sponsor or its successor and the Condominium Board shall have the right to grant such additional electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of the Property, as Sponsor, its successor, or the Condominium Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof, or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Units for their permitted purposes. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of the Units for their permitted purposes.

## ARTICLE 14

## LIMITED COMMON ELEMENTS

14.1 Certain portions of the Common Elements are limited and restricted in use to the Unit Owners to which those Common Elements are appurtenant, and are thereby identified as Limited Common Elements. The use of Limited Common Elements by any Unit Owner having exclusive use thereof is subject to the structural repairs or structural replacements to said Limited Common Element and subject to the Rules and Regulations of the Condominium. Included among Limited Common Elements for each Unit are the Unit entrance doors, (to and from common hallways), the Unit windows and interior portions of the window frames (but not any Unit skylights or skylight frames), and any roof areas, terraces, balconies or yards of which a Unit Owner has exclusive use.

14.2 The elevator vestibules on each floor are Limited Common Elements to be shared by the Unit Owners on each floor as Limited Common Elements. In the event that a Unit Owner owns all of the Units located on the floor, and such Units are combined, such Unit Owner may incorporate the vestibule into the combined Unit in accordance with plans and specifications in compliance with

applicable law. The plans for the work to incorporate the elevator vestibule where a Unit Owner owns both Units on a floor shall be subject to the approval of the Condominium Board which approval shall not be unreasonably withheld or delayed. Subject to the completion of the work incorporating the vestibule into the combined Unit, the Board of Managers shall file an amendment to the Declaration reflecting the combined Unit with the Office of the City Register. Such amendment shall not require the approval of the Unit Owners as provided in Article 18 of this Declaration.

## ARTICLE 15

## POWER OF ATTORNEY TO THE CONDOMINIUM BOARD

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), (a) to acquire or lease any Unit, together with its Appurtenant Interests (as hereinafter defined), whose owner desires to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (b) to convey, sell, lease, mortgage or otherwise deal with (but not to vote the interest appurtenant to) any such Unit so acquired or leased; and (c) to execute, acknowledge and deliver and record in the City Register's Office and elsewhere, if required by law, regulation or administrative practice, such instruments and documents including, without limitation (i) 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 (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements which the Condominium Board deems necessary or appropriate.

## ARTICLE 16

## ACQUISITIONS OF UNITS BY THE CONDOMINIUM BOARD

If (a) any Unit Owner surrenders his Unit, together with (i) the undivided interest in the Common Elements appurtenant thereto, (ii) the interest of such Unit Owner in any other Units, if applicable, 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 the Common Elements and 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 New York Condominium Act; or (b) the Condominium Board acquires or leases a Unit, together with its Appurtenant Interests, or purchases, at a foreclosure or other similar sale, a Unit, together with its Appurtenant Interests, then, in any such event, title to any such Unit, together with its 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 interests in the Common Elements.

## ARTICLE 17

## COVENANTS RUNNING WITH THE LAND

17.1 All provisions of this Declaration, the By-Laws and the Rules and Regulations (true copies of which are annexed hereto and made a part hereof), including, without limitation, the provisions of this Article 17 shall, to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions thereof shall be binding upon and inure to the benefit of the owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All present and future owners, tenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any Unit or shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

17.2 If any provision of this Declaration or the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to the provisions of, the New York 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 New York 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 New York 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 New York Condominium Act.

17.3 Subject to Section 17.2, if this Declaration and the By-Laws are sufficient to submit the Property to the provisions of the New York 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 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.

## ARTICLE 18

## AMENDMENTS OF DECLARATION

18.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor or any successor owner of any Unsold Units, except as hereinafter set forth, any provision of this Declaration may be added to, amended, modified or deleted by the vote of at least 66 2/3 percent in number and in common interest of all Unit Owners taken in accordance with the provisions of the By-Laws. Notwithstanding the foregoing, the Board of Managers may approve an amendment to this Declaration without obtaining the approval of the Unit Owners, if the sole purpose of such amendment is to amend the Condominium Plans to either (a) combine two (2) Units or more Units into a single Unit in an instance where a Unit Owner owns Units which are contiguous Units whether or not such Units are located on the same floor, or (b) incorporate the elevator vestibule into a Unit in instances where a Unit Owner owns all of the Units located on a floor. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor or its successor or any Unsold Units, no amendment, modification, addition or deletion pursuant to the preceding sentence shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, 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 Sponsor or its successor or any Unsold Units, 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 the Condominium Board is hereby authorized by the Unit Owners so to act as their attorney-in-fact. Subject to the rights of Sponsor or its successor under Articles 7 and 8 of this Declaration, Articles 7 and 8 of this Declaration may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, if any, as set forth above) 100 percent in number and in common interest of all Unit Owners affected thereby approve such amendment, modification, addition or deletion in the manner set forth above.

18.2 If any changes are made by the Sponsor to the Property, the Condominium, any Units, or the Common Elements in accordance with Article 8 hereof, then Sponsor or its successor or the owner of an Unsold Unit shall have the right to execute, or (on 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 Sponsor or its successor deems appropriate to effectuate the same) reflecting such changes.

18.3 Notwithstanding anything contained in this Declaration to the contrary, no change in the common interest of any Unit Owner shall be made or effective without the consent of all Unit Owners whose common interests would be affected thereby.

18.4 The provisions of Sections 18.1 and 18.2 may not be modified, amended, added to or deleted, in whole or in part, without the consent of Sponsor or any successor owner of the Unsold Units.

## ARTICLE 19

## TERMINATION OF CONDOMINIUM

The Condominium shall continue until (a) terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws or (b) such time as withdrawal of the Property from the provisions of the New York Condominium Act is authorized by a vote of at least 80 percent in number and in common interest of all Unit Owners. No such vote under clause (b) in the preceding sentence shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. Sponsor will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least 80 percent in number and in common interest of all other Unit Owners so elect for such withdrawal, at which time Sponsor may choose to vote either in favor of or against withdrawal from condominium ownership, as it sees fit. 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 interest, provided, however, that no payment shall be made to a Unit Owner until there has first been paid from out of his share of such net proceeds all liens on his Unit in the order of priority of such liens.

## ARTICLE 20

## WAIVER

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

## ARTICLE 21

## CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

## ARTICLE 22

## CERTAIN REFERENCES

22.1 A reference in this Declaration to any gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

22.2 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.

22.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

## ARTICLE 23

## SEVERABILITY

Subject to the provisions of Sections 17.2 and 17.3, 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 enforceable to the fullest extent permitted by law.

## ARTICLE 24

## COVENANT OF FURTHER ASSURANCES

24.1 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 the Condominium Board, or otherwise, shall, at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action, as such other party may reasonably

request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

24.2 If any Unit Owner or any other party which is subject to the terms of this Declaration fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action which such 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.

24.3 If any Unit Owner or the Condominium Board or any other party which is subject to the terms of this Declaration fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action which the Condominium Board or Unit Owner or other party is required to execute, acknowledge and deliver or take pursuant to this Declaration at the request of Sponsor, then Sponsor, is hereby authorized as attorney-in-fact for the Condominium Board or 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 the Condominium Board or such Unit Owner or other party and such document or action shall be binding on the Condominium Board or such Unit Owner or other party, as the case may be.

## ARTICLE 25

## SUCCESSORS AND ASSIGNS

The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Sponsor or, with consent of Sponsor, any transferee of the Unsold Units. Subject to the foregoing, Sponsor shall have the rights, at any time, in its sole discretion, to assign or, otherwise transfer its interest herein, whether by merger, consolidation, lease, assignment or otherwise.

IN WITNESS WHEREOF, Sponsor has caused this Declaration to be executed as of the day of_____, 200_.

235 WEST 71ST DEVELOPMENT LLC

By:_____
James K. Rinzler, President

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

On the _____ day of _____ in the year 200___, before me, the undersigned, a Notary Public in and for said state, personally appeared James K. Rinzler 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

## SCHEDULE A

## TO THE DECLARATION

## OF THE 235 WEST 71ST STREET CONDOMINIUM

ALL THAT CERTAIN plot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City and State of New York, being bounded and described as follows:

BEGINNING at a point on the northerly side of 71st Street distant 397 feet easterly from the corner formed by the intersection of the northerly side of 71st Street with the easterly side of West End Avenue;

RUNNING THENCE northerly parallel with West End Avenue and part of the way through a party wall, 102 feet 2 inches to the center line of the block;

THENCE easterly along said center line of the block, 69 feet 8 inches;

THENCE southerly again parallel with West End Avenue and part of the way through another party wall, 102 feet 2 inches to the northerly side of 71st Street;

THENCE westerly along the northerly side of 71st Street, 69 feet 8 inches to the point or place of BEGINNING.

# Schedule B to the Condominium Declaration
# 235 West 71st Street Condominium

| Unit Number | Rent Regulated Status (1) | Square Footage (2) | Limited Common Element (2) | Tax Lot Designation | Percentage of Common Interest (4) | Location (in Portion of Building Facing in the Direction Set Forth Below) | Common Elements to Which Unit has Immediate or Exclusive Access |
|---|---|---|---|---|---|---|---|
| 1A | Super | 1,249 | | | 2.7314% | | |
| 1B | V | 1,041 | | | 2.2766% | | |
| 1C | V | 2,687 | 958 | | 5.4949% | | |
| 1D | RC | 1,006 | | | 2.2000% | | |
| 2A | RS | 1,347 | | | 2.9755% | | |
| 2B | RS | 1,578 | | | 3.4858% | | |
| 2C | FM | 747 | | | 1.6501% | | |
| 2D | RS | 1,058 | | | 2.3371% | | |
| 3 | V | 4,771 | | | 10.6445% | | |
| 4 | V | 4,771 | | | 10.7499% | | |
| 5A | FM | 1,347 | | | 3.0648% | | |
| 5B | RS | 1,578 | | | 3.5904% | | |
| 5C | V | 747 | | | 1.6996% | | |
| 5D | RS | 1,058 | | | 2.4072% | | |
| 6A | V | 2,841 | | | 6.5268% | | |
| 6C | V | 1,930 | | | 4.4339% | | |
| 7A | RC | 1,347 | | | 3.1243% | | |
| 7B | V | 1,578 | | | 3.6601% | | |
| 7C | V | 747 | | | 1.7326% | | |
| 7D | V | 1,058 | | | 2.4540% | | |
| 8A | V | 2,841 | | | 6.6523% | | |
| 8C | V | 747 | | | 1.7491% | | |
| 8D | RC | 1,058 | | | 2.4773% | | |
| 9A | V | 2,841 | 602 | | 7.0708% | | |
| 9C | V | 1,930 | 422 | | 4.8111% | | |
| | | | | | | | |
| | | 43,903 | 1,982 | | 100.0000% | | |

# EXHIBIT J

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# BY-LAWS OF

# THE 235 WEST 71ST STREET CONDOMINIUM

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RULES AND REGULATIONS OF
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# BY-LAWS OF
# THE 235 WEST 71ST STREET CONDOMINIUM

## ARTICLE 1

## GENERAL

1.1. Purpose. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of The 235 West 71st Street Condominium (the "Condominium"). The Condominium covers the property (the "Property") consisting of approximately 7,134 square feet of land (the "Land") located on Lot 17 which forms a part of Block 1163 in Section 4 on the Tax Map of the Borough of Manhattan, County and State of New York, the building and other improvements now or hereafter to be constructed thereon (hereinafter collectively called the "Building"), including, without limitation, the Units, the Limited Common Elements, and the Common Elements, all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, all of which have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the recording of a Declaration (which, as the same may be amended from time to time, is herein called the "Declaration") in the New York County office of the Register of The City of New York ("City Register's Office"), together with these By-Laws. All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration.

1.2. Applicability of By-Laws. These By-Laws are applicable to the Property and to the use and occupancy thereof. All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units and employees and guests of Unit Owners, as well as all other persons who may use the facilities of the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations (as hereinafter defined). The acceptance of a deed or conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of these By-Laws, the Rules and Regulations and the Declaration are accepted, ratified, and will be complied with.

1.3. Principal Office of Condominium. The principal office of the Condominium shall be located within 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 Condominium Board (as hereinafter defined).

## ARTICLE 2

## BOARD OF MANAGERS

2.1. Number, Term and Qualification.

2.1.1. As more particularly set forth in Section 2.2, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Condominium Board" or the "Board") which shall be comprised of representatives of the Unit Owners. From and after the holding of the first annual meeting of Unit Owners, the Board shall consist of three (3) persons.

2.1.2. At the first annual meeting, the Unit Owners shall elect three (3) managers. Each Board Member elected by the Unit Owners shall serve for a one-year term. So long as Sponsor or its successor owns at least one Unsold Unit, Sponsor or its successor, as the case may be, may designate one manager of the Board of Managers. Any person who wishes to serve as a member of the Board or wishes to nominate a person to serve as a member of the Board (other than those persons designated by Sponsor or its successor) shall give written notice to the managing agent of the Condominium no less than fourteen (14) days prior to the annual meeting at which such election is being held. There shall be no limit on the number of successive terms a Board member may serve.

2.1.3. Except for Board members elected or designated by Sponsor or its successor, all members of the Board shall be either resident Unit Owners or officers, directors, shareholders, partners, members, principals, employees or beneficiaries of corporations, partnerships, limited liability companies, fiduciaries or any other entities which are Resident Unit Owners, Permitted Mortgagees (as such term is defined as Section 7.1 hereof), or family members (including domestic partners) of any of the foregoing. Other than Board members elected or designated by Sponsor or its successor, no Board member shall continue to serve after he ceases to be qualified as set forth above.

2.2. Powers and Duties.

2.2.1. The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium (except such powers and duties which by law, the Declaration or these By-Laws may not be delegated to the Board by the Unit Owners). All determinations with respect to the administration of the affairs of the Condominium shall be made by the Condominium Board.

2.2.2. Subject to the provisions of subsection 2.2.1 and without limiting the generality thereof, the Condominium Board shall be entitled to make determinations with respect to the following matters:

2.2.2.1. Operation, care, upkeep, maintenance, repair or replacement of the Common Elements, except to the extent that certain Unit Owners are responsible for certain Limited Common Elements designated for their exclusive use, as set forth in the Declaration and in Section 6.9 hereof.

2.2.2.2. Determination and collection of Common Charges (as hereinafter defined).

2.2.2.3. Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

2.2.2.4. Adoption of, and amendments and additions to, the Rules and Regulations (as hereinafter defined).

2.2.2.5. Maintaining bank accounts on behalf of the Condominium (with respect to matters within its jurisdiction as provided in these By-Laws) and designating the signatories required therefor.

2.2.2.6. Obtaining and reviewing insurance of the Property, including the Units, pursuant to the provisions of Section 6.2.

2.2.2.7. Making repairs, restorations, additions and improvements to, or alterations of, the Common Elements, except to the extent that certain Unit Owners are responsible for certain Common Elements designated for their exclusive use, as set forth in the Declaration and in Section 6.9 hereof.

2.2.2.8. Levying fines against Unit Owners for violations of the Rules and Regulations (any such fines shall constitute Common Charges payable by the Owner of the Unit against which they are levied).

2.2.2.9. Adjusting and settling insurance claims and executing and delivering releases in connection therewith, as set forth in Section 6.2.

2.2.2.10. Borrow money on behalf of the Condominium and all Unit Owners when required for major and minor maintenance repairs, additions, improvements, replacements, working capital, bad debt and unpaid Common Expenses, depreciation, obsolescence and similar purposes. Such debt may be incurred no earlier than the fifth anniversary of the first conveyance of a Unit and the consent of a majority in interest of Unit Owners must be obtained. In order to secure such loans, the Board of Managers may (a) assign the rights to receive future income and Common Charges that it will be entitled to collect from Unit Owners; (b) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds; (c) agree that to the extent of any amounts due under any of the

provisions of the agreements under which the debt was incurred and subject to the provisions of Real Property Law § 339.1(2) all Common Charges received and to be received by it, and the right to receive such funds shall constitute trust funds for the purpose of paying such debt and the same shall be expended for such purpose before expending any part of the same for any other purpose; and (d) agree that at the lender's direction it will increase Common Charges to the extent necessary to pay any amounts when due under any of the provisions of the agreements under which the debt was incurred.

2.2.2.11. Collection of Common Charges from Unit Owners.

2.2.2.12. Enforcing obligations of Unit Owners.

2.2.2.13. Subject to the provisions of these By-Laws and the Declaration, execution, acknowledgment and delivery of (i) any declaration or other instrument affecting the Property which the 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 Building, or (ii) any consent, covenant, restriction, easement or declaration affecting the Property which the Board deems necessary or appropriate.

2.2.2.14. Prepare, execute and record, on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration and/or these By-Laws whenever, in the Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-Laws.

2.2.2.15. Accepting the surrender of any Unit in the name of the Board or its designee, on behalf of all Unit Owners.

2.2.2.16. Purchasing, leasing or otherwise acquiring in the name of the Board or its designee, on behalf of all Unit Owners, Units offered for sale or lease by their owners.

2.2.2.17. Purchasing any Unit, at foreclosure or other similar sale, in the name of the Board or its designee, on behalf of all Unit Owners.

2.2.2.18. Organizing corporations to act as designees of the Board with respect to such matters as the Board may determine, including, without limitation, in connection with the acquisition of title to any Unit the Board on behalf of all Unit Owners.

2.2.2.19. Selling, leasing, mortgaging or otherwise dealing with (but not voting the interest appurtenant to) any Unit, if acquired by the Board or its designee, on behalf of all Unit Owners.

2.2.2.20. Making repairs and restorations of the Common Elements or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings.

2.2.2.21. Any act with respect to a matter determinable by the Board and deemed necessary or desirable by the Board in connection therewith shall be done or performed by the Board or shall be done on its behalf and at its direction by the agents, employees or designees of the Board.

2.2.2.22. Notwithstanding anything to the contrary contained in these By-Laws, so long as Sponsor or its successor owns or controls at least 25 percent in Common Interest of all Units (but only for a maximum period of five years from the date of the first closing of title to a Unit under a Purchase Agreement pursuant to the Offering Plan as hereinafter defined), the Board may not, without Sponsor's prior written consent: (i) make any addition, alteration or improvement to the Common Elements (unless required by law); (ii) assess any Common Charges for the creation of, addition to, or replacement of, all or part of any reserve, contingency or surplus provided for in Schedule B of the Condominium Offering Plan for the premises located at 235 West 71st Street, New York, New York, as the same has been and may from time to time be amended (the "Offering Plan"); (iii) hire any additional employee or engage any independent contractor to provide services to the Condominium on a continuing basis; (iv) enter into any service or maintenance contract for work not covered in Schedule B of the Offering Plan, or otherwise provide services in excess of those contemplated by Schedule B or elsewhere in the Offering Plan; or (v) borrow money on behalf of the Condominium.

2.3. Managing Agent and Manager. The Board shall, with respect to decisions on matters which the Board is entitled to make, employ a managing agent and/or a manager at a compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in subsections 2.2.(2.1), (2.3), (2.6), (2.7), (2.11) and (2.20). The Board may also delegate to such managing agent or manager other powers granted to it by these By-Laws, except the powers set forth in subsections 2.2.(2.2), (2.4), (2.5), (2.8), (2.9), (2.10) and (2.19).

2.4. First Board. Until the first annual meeting of Unit Owners, the Board shall consist of one (1) person designated by Sponsor, from time to time. With 30 days of the first anniversary of the First Unit Closing, such first Board shall call the first annual meeting of Unit Owners in accordance with the provisions of Section 3.1.

2.5. Removal. Subject to the provisions of Section 2.4 and subsection 3.9.3, any Board member may, be removed, with or without cause, by a vote of Unit Owners present in person or by proxy at a regular or special meeting of Unit Owners at which a quorum is present and any Board member designated as such by Sponsor may be removed, only for cause, by a vote of all Unit Owners, present in person or by proxy at a meeting of all Unit Owners at which a quorum is present. Any Board member whose removal has been proposed shall be given an opportunity to be heard at the meeting.

2.6. Vacancies. Subject to the provisions of Section 2.4 and subsection 3.9.3, any vacancy on the Board for whatever reason shall be filled by the members of the Board then in office, at a special meeting of the Board 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 any person so elected shall be a member of the Board for the remainder of the term of the member creating such vacancy and until a successor shall be elected at the next annual meeting of Unit Owners.

2.7. Organization Meeting of Condominium Board. The first meeting of the Board following each annual meeting of Unit Owners shall be held within ten (10) days after such annual meeting at such time and place in the Borough of Manhattan as shall be fixed by a majority of the members thereof, and no notice shall be necessary to the newly elected Board members in order to legally constitute such meeting, provided that a majority of the members of the Board shall be present thereat.

2.8. Regular Meetings of Condominium Board. Regular meetings of the Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided that at least four such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail or telegram, at least five (5) business days prior to the day named for such meeting.

2.9. Special Meetings of Condominium Board. Special meetings of the Board may be called by the President or Secretary-Treasurer of the Condominium by giving five business days' prior notice to each member of the Board, by personal delivery, mail or telegram, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary-Treasurer of the Condominium in like manner and on like notice on the written request of at least one member of the Board.

2.10. Waiver of Notice. Any Board member may at any time waive notice of any Board meeting in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver of notice by him of the time and place thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

2.11. Determinations by Condominium Board; Quorum.

2.11.1. Except as otherwise set forth in 2.11.3, all determinations of the Board shall be made at a meeting of the Board at which a quorum thereof is present. At any such Board meeting, a majority of the members thereof shall constitute a quorum and the votes of a majority of such members present shall constitute the decision of the Board.

2.11.2. If at any Board meeting there is 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.

2.11.3. Members of the Board may participate in a meeting thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting. Notwithstanding anything to the contrary contained herein, action permitted or required to be taken at a meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing.

2.12. Compensation. No member of the Board shall receive any compensation for acting as such.

2.13. Liability of Condominium Board and Unit Owners. To the extent permitted by applicable law, no member of the Board shall have any personal liability with respect to any contract, act or omission of the Board or of any managing agent or manager in connection with the affairs or operation of the Condominium (except in their capacities as Unit Owners) and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by the Board or by any managing agent or manager thereof shall state that it is made by the Board, managing agent or manager only as agent for all Unit Owners, that such 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 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 Board in its sole and absolute discretion), to the extent permitted by applicable law, shall be limited to such Unit Owner's interest in his Unit and his appurtenant interest in the Common Elements 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 his payment of Common Charges. Any such contract or agreement may also provide that it covers the assets, if any, of the Board. Board members shall have no liability to Unit Owners for errors of judgment, negligence or otherwise, except that a Board member shall be liable for his own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant interests in the Common Elements, indemnify each Board member against any liability or claim except those arising out of his own bad faith or willful misconduct. The Board may contract or effect any other transaction with any Board member, any Unit Owner, Sponsor or any affiliate of any of them without, except in cases of bad faith or willful misconduct, incurring any liability for self-dealing.

2.14. Fidelity Bonds. The Board may obtain fidelity bonds in amounts deemed appropriate by it for all of its members, officers and employees and of the managing agent or manager, if any, employed by it and the premiums on such bonds shall constitute Common Expenses.

2.15. Committees. The Board may, subject to such limitations and exceptions as the Board may prescribe, appoint such committees as the Board may deem appropriate, each to consist of one or more members of the Board. Each such committee, to the extent provided in the resolution which creates it, shall have and may exercise all the powers of the Board during the intervals between the meetings of the Board insofar as may be permitted by law.

2.16. Principal Office of Condominium Board. The principal office of the Board shall be located within the Property or at such other place in the Borough of New York reasonably convenient thereto, as may be designated from time to time by the Board.

2.17. Status of Condominium Board. In addition to the status conferred upon the Board under or pursuant to the provisions of the New York Condominium Act, the Board shall, to the extent permitted by applicable law, be deemed to constitute a separate unincorporated 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 pursuant to the provisions of Section 2.18, the provisions of this Section 2.17 shall no longer be applicable.

2.18. Incorporation of Condominium Board. To the extent and in the manner provided in the New York Condominium Act, the Board may, as provided in this Article 2, be incorporated under the applicable statutes of the State of New York. In the event that the Board 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 the Board under or pursuant to the provisions of the New York 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 the provisions of the Declaration and these By-Laws shall control in the event of any inconsistency or conflict between the provisions thereof and the provisions of such certificate of incorporation and by-laws.

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

## ARTICLE 3

## UNIT OWNERS

3.1. Annual Meetings. On a date not later than 30 days after the first anniversary of the First Unit Closing, the first annual meeting of Unit Owners shall be held. At such meeting, the incumbent Board shall resign and a new Board shall be elected (as provided herein) consisting of three (3) members. Thereafter, annual meetings of Unit Owners shall be held on a date within 45 days of the anniversary of the First Unit Closing. Unit Owners shall receive no less than twenty (20) days written notice of such annual meetings. At each annual meeting, the Residential Unit Owners shall elect the three (3) members of the Board who shall each serve for a one-year term. There shall

also be transacted such other business as may properly come before such meeting. Written notices of persons who intend to run for election to the Board of Managers shall be delivered to the Managing Agent by such person or the persons who wish to nominate such persons no less than fourteen (14) days prior to the annual meeting of Unit Owners.

3.2. Place of Meetings. Meetings of Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of Manhattan, as may be designated by the Board.

3.3. Special Meetings. The President of the Condominium shall call a special meeting of Unit Owners if so directed by resolution of the Board or upon a petition signed and presented to the Secretary of the Condominium by not less than 25 percent in common interest of Unit Owners.

3.4. Notice of Meetings. Notice of each annual or special meeting shall be given by the Secretary of the Condominium to all Unit Owners of record entitled to vote thereat. Each such notice shall state the purposes of the meeting and the time and place where it is to be held and no business shall be transacted thereat except as stated in the notice. All notices hereunder shall be given by personal delivery, mail or telegram, at least five (5) business days prior to the day named for the meeting and shall be given or sent to the Unit Owners entitled to receive same at their address at the Property or at such other address as any Unit Owner has designated by notice in writing to the Secretary at least ten (10) days prior to the giving of notice of the applicable meeting.

3.5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present, a majority of Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

3.6. Order of Business. The order of business at all meetings of Unit Owners shall be as follows:

(a) Roll call;

(b) Proof of notice of meeting;

(c) Reading of minutes of preceding meeting;

(d) Reports of officers;

(e) Reports of members of the Board;

(f) Reports of committees;

(g) Election of inspectors of election (when so required);

viii. Election of members of the Board (when so required);

ix. Unfinished business; and

(j) New business.

3.7. Title to Units. Title to Units and the Appurtenant Interests may be taken by any individual, corporation, partnership, limited liability company, association, trust or other entity, or any two or more of such owners as joint tenants, tenants-in-common or tenants by the entirety, as may be appropriate, but not as owners in severalty.

3.8. Voting.

3.8.1. Each Unit Owner or a person designated by such Unit Owner to act as proxy on his behalf (who need not be a Unit 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 of the Condominium and shall be revocable at any time by written notice to such Secretary by the Unit Owner so designating. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Neither the Board nor its designee shall be entitled to vote the interest appurtenant to any Unit owned by the Board and the common interest of such Unit shall be excluded from the total of interests ("Common Interests") in the Common Elements when computing the interest of Unit Owners for voting purposes.

3.8.2. Except as set forth in Section 3.9, at all meetings of Unit Owners each Unit Owner (or his proxy) entitled to vote thereat (including Sponsor with respect to Units owned by Sponsor or its successor) shall be entitled to cast one vote for each 0.5 percent of Common Interest attributable to his or its Unit.

3.9. Election of Condominium Board: Rights of Sponsor.

3.9.1. All elections of Board members shall be determined by plurality vote.

3.9.2. When voting for members of the Board, the voting shall be by ballot and each ballot shall state the name of the Unit Owner voting and the percentage of Common Interest owned by such Unit Owner, and, in addition, the name of the proxy if such ballot is cast by a proxy. Nothing contained in these By-Laws shall be deemed to permit cumulative voting.

3.9.3. Notwithstanding anything in this Section 3.9 or these By-Laws to the contrary, so long as Sponsor or its successor-in-interest owns at least one (1) Unsold Unit, and whenever there is a vacancy on the Board, Sponsor shall have the right to designate, prior to the election of members of the Condominium Board at the annual meeting of Unit Owners, and whenever there is a vacancy on the Board, a sufficient number of Board members so that Sponsor or its designee shall have designated the following number of Board members at any one time: (a) one (1) member, if Sponsor

owns less than 50 percent in Common Interest of all Units; and (b) two (2) members, if Sponsor owns 50 percent or more in Common Interest of all Units before the fifth anniversary of the First Unit Closing. The number of Board members may not be increased prior to the fifth anniversary of the First Unit Closing. After the end on the Sponsor Control Period (as defined in the Plan), the majority of the Board members must be Owner Occupants of the Building. Any vacancy created by removal or by any other cause of the Board member designated by Sponsor shall be filled by a member designated by Sponsor.

3.10. Majority of Unit Owners. Except as may otherwise be provided by law, as used in these By-Laws, the term "Majority of Unit Owners" means those Unit Owners having more than 50 percent of the total authorized votes of all Unit Owners (determined in accordance with the provisions of Section 3.8), who are present in person or by proxy and voting at any meeting at which a quorum is present.

3.11. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning more than fifty (50%) percent of the Common Interests attributable to all Units shall constitute a quorum at all meetings of Unit Owners.

3.12. Majority Vote. Except where otherwise provided by law, the Declaration or these By-Laws, at all meetings of Unit Owners, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

## ARTICLE 4

## OFFICERS

4.1. Designation. The principal officers of the Condominium shall be a President and Secretary-Treasurer thereof, all of whom shall be elected by the Board. The Board may appoint such other officers as in its judgment may be desirable. None of the officers of the Condominium need be Unit Owners nor have any interest therein nor be Board members until the first organization meeting of the Board after the first annual meeting of Unit Owners. Thereafter, the President and Secretary-Treasurer of the Condominium must be members of the Board.

4.2. Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting thereof, except that the initial officers of the Condominium shall be elected by the initial Board and shall hold office at the pleasure of such Board and until their successors are elected.

4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor may be elected, at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

4.4. President. The President of the Condominium shall be the chief executive officer of the Condominium and shall preside at all meetings of Unit Owners and at all meetings of the Board. The

President shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including, but not limited to, the power to appoint committees from among Unit Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Condominium.

4.5. Vice President. The Vice President shall take the place of the President under whom such Vice President serves and perform the duties of the President whenever such President shall be absent or unable to act. If both the President and the Vice President of the Condominium are unable to act, the Board under whom such President and Vice President serves shall appoint some member of such Board to act in the place of such President and Vice 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 or by the President under whom such Vice President serves.

4.6. Secretary-Treasurer. The Secretary-Treasurer of the Condominium shall keep the minutes of all meetings of Unit Owners and of the Board and shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof showing all receipts and disbursements necessary for the preparation of all required financial data. The Secretary shall have charge of such books and papers as the Board shall direct and shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

The Secretary-Treasurer shall also be responsible for the deposit of all funds and other securities in the name of the Board (or in the name of the managing agent appointed by the Board) in such depositories as may from time to time be designated by the Board and shall in general perform all of the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

4.7. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two officers thereof or by such other person or persons as may be designated by the Board.

4.8. Compensation of Officers. Except as otherwise provided by the Board, no officer shall receive any compensation for acting as such.

## ARTICLE 5

## NOTICES

5.1. Notices. All notices required or desired to be given hereunder to the Board shall be in writing and shall be deemed to have been given if delivered personally or sent by certified or registered mail, return receipt requested to the office of the Board or to such other address as the

Board may designate from time to time, by notice in writing to all Unit Owners and Permitted Mortgagees, and, if there is a managing agent of the Board, a duplicate shall be sent in like manner to such managing agent. All notices to any Unit Owner shall, except as otherwise provided herein, be in writing and shall be deemed to have been given if delivered personally or sent by certified or registered mail, return receipt requested to the Property address of such Unit Owner or to such other address as may have been designated by such Unit Owner from time to time, in writing, to the Board. All notices to Permitted Mortgagees shall be sent by certified or registered mail, return receipt requested to their respective addresses, as designated by them from time to time, in writing to the Board. Except as otherwise expressly provided, all notices shall be deemed to have been received on the date of personal delivery or on the fifth day after mailing.

5.2. Waiver of Service of Notice. Whenever any notice is required to be given by law, the Declaration or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

## ARTICLE 6

## OPERATION OF THE PROPERTY

6.1. Determination of Common Expenses and Fixing of Common Charges.

6.1.1. Except as otherwise provided herein, all costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements ("Common Expenses") shall be determined by the Board and as set forth below, shall be borne by the Unit Owners. Common Expenses shall also include all such other items provided for in the Declaration or these By-Laws to be Common Expenses. Common Expenses may also include such amounts as the Board may deem proper for a general operating reserve or for a reserve for working capital or for replacements with respect to the Common Elements (including those portions of the Common Elements described as Limited Common Elements) and such amounts, determined by the Board, as may be required for the purchase, lease or sublease by the Board or its designees, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell, lease, transfer or convey such Unit or which is to be sold at a foreclosure or other sale. The Board shall from time to time and at least annually prepare a budget to meet Common Expenses and shall allocate and assess to the Unit Owners, *pro rata* in accordance with their respective Common Interests (except as otherwise provided in the Declaration or these By-Laws), charges ("Common Charges") to meet Common Expenses. The Board shall advise all Unit Owners promptly in writing of the amount of Common Charges payable by each of them and shall furnish copies of the budget on which Common Charges are based to all Unit Owners and Permitted Mortgagees thereof. In addition, until the Units are separately assessed for real estate tax purposes, the Board will pay all taxes with respect to the

Property and allocate the cost thereof among all Units in proportion to each Units' Common Interest, and each Unit Owner will reimburse the Board for his proportionate share thereof. Such reimbursement shall be allocated as if it were a Common Charge.

6.1.2. The excess of all rents, profits and revenues derived from the rental or use of any space forming part of or included in any Common Element remaining after the deduction of the expenses in connection therewith shall constitute income of the Unit Owners and be collected on behalf of the Unit Owners by the Board. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, in no event shall any rent, profit or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs,ceilings or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

6.1.3. Allocations of insurance costs for the Condominium may be made by the Board in accordance with Section 339-bb of the New York Real Property Law.

6.2. Insurance.

6.2.1. The Board shall be required to obtain and maintain, to the extent obtainable, the following insurance: (a) fire insurance with all risk endorsements, insuring the entire Building (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit or not covered by the Condominium Board's insurance policy), together with all service machinery contained therein and covering the interests of the Condominium, the Condominium Board and all Unit Owners and Permitted Mortgagees, as their respective interests may appear, in an amount not less than an amount sufficient to avoid any defense based on co-insurance or other insurance or of any invalidity arising from any acts of the insured and of pro-rata reduction of liability but in no event greater than the full insurable replacement value of the Building (exclusive of foundation and footings), without deduction for depreciation; each of said policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject however, to the loss payment provisions hereinafter set forth; (b) rent insurance in an amount equal to Common Charges for one (1) year; (c) workmen's compensation and New York State disability benefits insurance; (d) water damage legal liability insurance; (e) elevator liability and collision insurance; (f) at the option of the Board, fidelity insurance covering all officers, members of the Board of Directors of the Condominium and employees of the Condominium and of the managing agent or agents who handle funds of the Condominium; and (g) such other insurance as the Board may reasonably determine. The premiums for all insurance referred to above and for the liability insurance referred to below shall be a Common Expense and shall be borne by the Unit Owners in proportion to their respective Common Interests. If additional coverage or other coverage is added by the Condominium, the premium for such coverage will be increased, thereby increasing the amount of Common Charges payable by all Unit Owners.

6.2.2. All such policies shall provide that adjustment of loss shall be made by the Board. Insurance proceeds with respect to any loss shall be payable to the Board, except that the proceeds of all policies of physical damage insurance, if in excess of $1,000,000, shall be payable to a bank or trust company designated by the Board as Insurance Trustee pursuant to the provisions of Section 12.5.

6.2.3. The amount of fire insurance and all risk extended coverage to be maintained until the first Board meeting following the first annual meeting of Unit Owners shall be in at least the sum of $15,000,000.00.

6.2.4. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or other insurance or of invalidity arising from any acts of the insured and of pro-rata reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insureds, including all Permitted Mortgagees. Upon request in each instance, duplicate originals or certificates of insurance of all policies of physical damage insurance and of all renewals thereof, shall be delivered to Unit Owners and Permitted Mortgagees at least ten (10) days prior to expiration of the then current policies.

6.2.5. The Board also shall be required to obtain and maintain comprehensive general liability insurance in such limits as the Board may from time to time determine, covering (i) the Board, the managing agent thereof, each Board member and each officer and employee of the Condominium and (ii) each Unit Owner, and covering all claims for personal injury or property damage arising out of any occurrence on the Property, except that such policy will not cover liability of a Unit Owner arising from occurrences within his own Unit or within the Limited Common Elements, if any, exclusive to his Unit. Such insurance shall also cover cross-liability claims of one insured against another. The Board shall review such limits once each year. Until the first meeting of the Board following the first annual meeting of Unit Owners, such liability insurance shall have a limit of $1,000,000 covering all claims for personal injury or property damage arising out of one occurrence.

6.2.6. Any insurance maintained by the Board may provide for such deductible amounts as the Board determines.

6.2.7. 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 shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

6.3. Repair or Reconstruction After Fire or Other Casualty.

6.3.1. Except as set forth in the next paragraph, in the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will arrange for the prompt repair and restoration thereof (including any damaged Units, but excluding any appliances, fixtures, furniture, furnishings, or other personal property not constituting a part of such Unit or not covered by the Condominium Board's insurance policy and subject to the limitation set forth in the next sentence). The aforesaid restoration obligation of the Condominium Board with respect to the Units shall be limited to solely restoring any damaged Unit to the condition that the Unit was in on the date that the Sponsor conveyed title to the Unit to the original Unit Owner (*i. e.*, the Closing Date) or the Condominium Board may elect to assign the insurance proceeds attributable to such Unit, in which case such Unit Owner would be responsible for the restoration of the Unit to the condition that the Unit was in on the Closing Date. If the insurance proceeds are insufficient to cover the cost of repairs or restorations, the Condominium Board may assess the deficit as a Common Expense to the Unit Owners in proportion to their respective share of the Common Elements. Any surplus insurance proceeds will be paid to all Unit Owners at the discretion of the Board in proportion to their respective Common Interests, except that no payment may be made to a Unit Owner until there has first been paid, out of his share of such funds, such amounts as may be necessary to eradicate unpaid liens on his Unit (other than mortgages that are Permitted Mortgages, as such term is defined in the Declaration) in the order of priority of such liens.

Each Unit Owner should make sure that he is adequately insured to the extent of any changes, modifications and/or alterations that he may have made to his Unit subsequent to the initial transfer of the Unit from the Sponsor.

6.3.2. If 75 percent or more of the Building is destroyed or substantially damaged and if 75 percent or more of all Unit Owners, both in number and in Common Interest, do not promptly resolve to proceed with the repair or restoration of the same, the Building may not be repaired and will be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of the resulting sale, together with the net proceeds of insurance policies, will be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of his share of such funds, such amounts as may be necessary to eradicate all unpaid liens on his Unit (other than mortgages that are Permitted Mortgages, as such term is defined in the Declaration) in the order of priority of such liens. If Sponsor or a successor owner of Unsold Units is then a Unit Owner, Sponsor or such successor owner of Unsold Units will have the right to vote at any meeting of Unit Owners called for the purpose of deciding whether or not to proceed with the restoration or repair of the Building. As used in this Section 6.3, the words "promptly resolve" shall mean not more than 60 days from the date of such damage or destruction.

6.3.3. Any dispute between Unit Owners or between any Unit Owner and the Board arising under this Section 6.3 shall be determined by arbitration.

6.4. Payment of Common Charges.

6.4.1. All Unit Owners shall be obligated to pay Common Charges assessed by the Board pursuant to the provisions of Section 6.1 at such time or times (but not less than monthly) as the Board determines. Unless otherwise determined by the Board, Common Charges shall be payable monthly, in advance, on the first day of each month.

6.4.2. No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale or other conveyance by him (made in accordance with these By-Laws) of such Unit together with its appurtenant interests in the Common Elements. 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 Permitted Mortgages and the statutory lien for unpaid Common Charges; and (b) no violation of any provision of the Declaration, these By-Laws or the Rules and Regulations then exists with respect to such Unit, convey such Unit together with its appurtenant interests in the Common Elements, to the Board or its designee, corporate or otherwise, on behalf of all Unit Owners and in such event be exempt from Common Charges thereafter accruing. However, in no event shall Sponsor or its designee be permitted to convey any Unsold Unit to the Board and thereby exempt itself from Common Charges attributable to such Unit thereafter accruing. A purchaser of a Unit shall be liable for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by him of such Unit, except that, to the extent permitted by law, a purchaser of a Unit at a foreclosure sale of a Permitted Mortgagee shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by said purchaser of such Unit. However, in the event of a foreclosure sale of a Unit by a Permitted Mortgagee, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges which accrued prior to such sale. Except to the extent prohibited by law, the Board, on behalf of all Unit Owners, shall have a lien on each Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit in proportion to their respective Common Interests.

6.4.3. All liens provided for in subsection 6.4.2, to the extent permitted by applicable law, shall be subordinate to liens for real estate taxes and any first mortgage liens on the Unit. As used in these By-Laws, the term "Permitted Mortgage" means only a mortgage of a Unit or Units permitted to be placed thereon pursuant to the provisions of these By-Laws.

6.5. Collection of Common Charges. The Board shall take prompt action to collect any Common Charges due to the Board which remain unpaid for more than ten (10) days after the due date for payment thereof, including, without limitation, the institution of such actions for the recovery of interest and expenses as provided in this Article 6.

6.6. Default in Payment of Common Charges. In the event any Unit Owner fails to make payment of Common Charges, such Unit Owner shall be obligated to pay (a) a "late charge" of $.04 for each dollar of such amounts which remain unpaid for more than ten (10) days from their 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 two percent per month (but in no event in excess of the maximum rate permitted by law) on such unpaid amounts (less any "late charges" theretofore collected on such amounts) computed from the due date thereof, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Board or by its managing agent in any proceeding brought to collect such unpaid Common Charges or in an action to foreclose the lien on such Unit arising from said unpaid Common Charges as provided in Section 339-z of the New York 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.

6.7. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, shall have the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to such Unit). 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 (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.

6.8. Statement of Common Charges. The Board shall promptly provide any Unit Owner who so requests with a written statement of all unpaid Common Charges due to it from such Unit Owner.

6.9. Maintenance and Repairs.

6.9.1. Except as otherwise provided in the Declaration or these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, (a) in or to any Unit (including any portion of the Common Elements included therein and maintained as a part of such Unit pursuant to subsection 6.15.4 but excluding other Common Elements included therein) and the interior side of entrance doors thereto shall be made by the owner of such Unit at such Unit Owner's sole cost and expense and (b) in or to the Common Elements, shall be made by the Board and the cost and expense thereof shall be charged to the Unit Owners as a Common Expense.

6.9.2. Notwithstanding the provisions of subsection 6.9.1 hereof:

6.9.2.1. In the event that any painting, decorating, maintenance, repairs or replacements to the Property or any part thereof is necessitated by the negligence, misuse or neglect of (a) any Unit Owner, the entire cost thereof shall be borne by such Unit Owner or (b) the Board, the

entire cost thereof shall be charged to all Unit Owners as a Common Expense, except in all such cases to the extent such cost is covered by the proceeds of any insurance maintained pursuant to the provisions hereof.

6.9.2.2. The exterior glass surfaces of all windows located in any Unit shall not be colored or painted. The exterior glass surfaces of all windows located in any Unit shall be washed and cleaned by the owner thereof at such Unit Owner's sole cost and expense. All normal maintenance, repairs and replacements made to a particular Unit shall be made by the Unit Owner owning such Unit at his own cost and expense. Any structural or extraordinary repairs or replacements made to a Unit, which the Board determines are not caused by the acts or negligence of the Unit Owner owning such Unit, shall be made by the Board, and the cost and expense thereof shall be charged to all Unit Owners as a Common Expense. Notwithstanding the foregoing, any and all replacements of glass windows or glass portions of terraces and balconies, if any, in any unit because of breakage or otherwise shall be made by the Board at the sole cost and expense of the owner of such Unit.

6.9.3. Each Unit and all portions of the Common Elements shall be kept in first-class condition (and with respect to any yard, roof or any part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work, repairs and replacements necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (a) the Board with respect to such parts of the Building required to be maintained by it and (b) each Unit Owner with respect to the interior and exterior surfaces of windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to his Unit. No Unit Owner may make any alteration to the window treatments in his Unit except as may be permitted by the Board of Managers.

6.10. Violations of Maintenance Obligations.

6.10.1. In the event that any Unit Owner, after receipt of written notice from the Board, fails or neglects in any way to perform any obligations of his with respect to the painting, decorating, maintenance, repair or replacement of his Unit as provided in this Article 6 or of any Common Element for which such Unit Owner is responsible under the Declaration or these By-Laws, the Board shall perform or cause to be performed such painting, decorating, maintenance, repairs or replacements unless such Unit Owner, within five (5) days after receiving notice of such default by the Board, cures such default, or in the case of default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repairs or replacements in such Unit Owner's Unit, together with interest thereon at the rate of two (2%) percent per month (but in no event in excess of the

maximum rate permitted by law), shall be immediately payable by such Unit Owner to the Board and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

6.11. Structural Alterations, Additions, Improvements and Repairs of Units.

6.11.1. Except as otherwise provided in the Declaration, no Unit Owners, shall make any structural alteration, addition, improvement or repair in or to his Unit without the prior written approval of the Board of Managers which approval shall not be unreasonably withheld, and any such alteration, addition or improvement by such Unit Owner can not result in his Unit being subdivided into separate Units, except Sponsor or its successor. The Board of Managers shall also not unreasonably withhold its consent to a proposed alteration which would (a) combine two (2) or more Units in instances where a Unit Owner owns contiguous Units whether or not such contiguous Units are located on the same floor; or (b) incorporate the elevator vestibule into a Unit in instances where a Unit Owner owns both Units on a floor. Non-structural alterations and any interior decorating which do not affect the Building systems may be performed without the Board's prior approval. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural alteration, addition, improvement or repair in or to such Unit Owner's Unit within 30 days after such request is received, and the failure to do so within the stipulated time shall constitute the Board's consent to the proposed alteration, addition, improvement or repair. Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Unit, the Board may, at its option, require the Unit Owner to execute an agreement in form and substance satisfactory to the Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done. All Unit Owners will be required to obtain their own individual work permits and file separate alteration applications with the appropriate authorities, prior to the commencement of any alterations being performed in their Unit. Such Unit Owners shall be responsible for the cost and expense of obtaining all required sign offs from the appropriate governmental authorities in connection with any open building permits or alteration applications filed for the Unit. The provisions of this subparagraph shall not apply to Sponsor or its successor so long as there are any Unsold Units.

6.11.2. All structural alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with all laws, rules, ordinances and regulations of all governmental authorities having jurisdiction thereof. A Unit Owner making or causing to be made any structural alteration, addition, improvement or repair shall agree, and shall be deemed to have agreed, to hold the Board and all other Unit Owners harmless from any liability arising therefrom.

6.11.3. Any application to any department of The City of New York or to any other governmental authority having jurisdiction thereof for a permit to make a structural alteration, addition, improvement or repair in or to any Unit so approved by the Board shall be executed by the Board, provided that the Board shall not incur any liability, cost or expense in connection with such application or to any contractor, subcontractor, material man, architect or engineer on account of

such alteration, addition, improvement or repair or to any person having any claim for injury to person or damage to property arising therefrom.

6.12. Alterations, Additions or Improvements to Common Elements. Except as otherwise provided in the Declaration or these By-Laws, all alterations, additions or improvements in or to any Common Element shall be made either by the Board or Unit Owner required to maintain such Common Element and the cost and expense thereof shall be charged either to all Unit Owners as a Common Expense or to the Unit Owner responsible therefor, as the case may be. Whenever in the judgment of the Board the cost of any such alteration, addition or improvement would exceed $350,000 in the aggregate in any calendar year, then such proposed alteration, addition or improvement shall not be made unless first approved by a Majority-in-Interest of the Unit Owners who shall be required to bear the cost and expense thereof as aforesaid and by the Mortgage Representatives (as hereinafter defined), if any. The foregoing limitation shall not apply in the event such work is required to conform with applicable legal requirements. Except as otherwise provided in the Declaration or these By-Laws, all such alterations, additions or improvements costing in the aggregate $350,000 or less in any calendar year may be made as aforesaid without the approval of the Unit Owners or said Mortgage Representatives.

6.13. Alteration of Certain Common Elements.

6.13.1. In the event that pursuant to any of the provisions of these By-Laws, any consent by the Board or any Unit Owner is required as a condition precedent to any alteration, addition or improvement to any Common Element (collectively sometimes referred to in this Section 6.13 as an "Alteration"), proposed to be made by Sponsor or its successor, or the Board (collectively sometimes referred to herein as the "Proponent"), such consent shall not be unreasonably withheld or delayed by Sponsor or the Board (referred to in this Section 6.13 as the "Opposing Party") whose consent is so required. The Proponent shall give to the Opposing Party notice setting forth in reasonable detail the material aspects of such proposed Alteration. If the Opposing Party does not give notice of any objection to the Proponent within 20 days after the Proponent gives its notice, then the Opposing Party shall be deemed to have consented to the making of the proposed Alteration. If the Opposing Party does give notice of objection (which notice of objection shall set forth in reasonable detail the specific objections of the Opposing Party) within such 20-day period and the Proponent considers such objection unreasonable, then the Proponent may submit to Arbitration the question of whether or not the Opposing Party unreasonably withheld its consent. If in such Arbitration it is determined that the Opposing Party unreasonably withheld its consent to such proposal if (a) the Proponent makes or causes to be made reasonable provisions providing (i) for the costs and expenses of the Alteration to be paid by it and (ii) that all costs and expenses for maintaining and repairing such Alteration after its completion will not be charged to the Opposing Party, (b) the proposed Alteration would not unreasonably or unnecessarily interfere with the use and enjoyment of the owners, tenants and occupants of those Units affected by the Alteration and (c) the proposed Alteration would not materially weaken the structure of the Building.

6.13.2. Nothing contained in subsection 6.13.1 hereof shall in any way be deemed to limit (a) the Proponent's right to modify any proposal made by it thereunder in such a manner as the Proponent believes will meet the objections of the Opposing Party or of any arbitrator or (b) any party's right, pursuant to the other applicable provisions of these By-Laws or the Declaration, to make any Alteration to a Common Element without the Opposing Party's approval.

6.14. Restrictions on Use of Units.

6.14.1. 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:

6.14.1.1. Each Unit shall be used only as set forth in this Section 6.14, Unit may be owned by an individual, corporation, partnership, limited liability company, fiduciary or any other legal entity and may only be occupied by (i) the individual Unit Owner (or members of his family or guests), (ii) an officer, director, stockholder or employee of such corporation (or members of his family or guests), (iii) a partner or employee of such partnership (or members of his family or guests), (iv) a member or employee of such limited liability company (or members of his family or guest), (v) the fiduciary or beneficiary of such fiduciary (or members of his family or guests) or (vi) a principal or employee of such other entity (or members of his family or guests), as the case may be. Unless otherwise consented to by the Board, occupants of a leased Unit must be (i) an individual lessee (or members of his family or guests), (ii) an officer, director, stockholder or employee of a corporate lessee (or members of his family or guests), (iii) a partner or employee of a partnership lessee (or members of his family or guests), (iv) a member or employee of a limited liability company lessee (or members of his family or guest), (v) a fiduciary or beneficiary of a fiduciary lessee (or members of his family or guests), or (vi) a principal or employee of such other entity which is a lessee (or members of his family or guests). "Members of his family" or words of similar import whenever used herein shall be deemed to mean spouse, domestic partner, parents, parents-in-law, brothers, sisters, children and grandchildren and nothing contained herein shall be deemed to prohibit the exclusive occupancy of any Unit by such family members or guests. Notwithstanding the foregoing, the Board may consent to occupancy of a Unit by persons other than those set forth above.

6.14.1.2. The Units may be used for dwelling purposes, which must conform to the terms and conditions of the then existing certificate of occupancy for the Building and applicable federal, state and local governmental and municipal laws, rules and regulations.

6.14.1.3. No portion of a Unit (other than the entire Unit) may be sold, conveyed, leased or subleased, and no transient occupant (other than a guest permitted under this subsection 6.14.1) may be accommodated therein without the prior consent of the Board, which consent may be withheld in accordance with the absolute discretion of the Board.

6.14.1.4. Notwithstanding the provisions of subsection 6.14.1 hereof, Sponsor may, without the permission of the Board (a) grant permission for the use of any Unsold Unit as a professional office or for any other purpose provided such use is permitted by law, does not violate the then existing certificate of occupancy for such Unit and the user of such Unit complies with all applicable governmental regulations; and (b) use any Unsold Units as models and sales and/or promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to compliance with applicable governmental laws and regulations.

6.15. Use of Common Elements.

6.15.1. Subject to the provisions of subsection 6.15.4 hereof, Common Elements may be used only for the furnishing of the services and facilities and for the other uses for which they are reasonably suited.

6.15.2. No furniture, packages or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators or any other part of the Common Elements without the prior consent of the Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them.

6.15.3. Unit Owners shall require their tradesmen to utilize the Building entrance in a manner consistent with the rules and regulations of the Condominium.

6.15.4. The provisions of subsection 6.15.1, .2 and .3 hereof shall not apply to Sponsor or its successor so long as there are any Unsold Units, provided, however, that no such party shall use such Common Elements in such a manner as will unreasonably interfere with the use of the other Units for their permitted purposes.

6.16. Other Provisions as to Use. No nuisance shall be allowed on the Property, nor shall any use or practice be allowed which is a source of annoyance to its residents or occupants or which interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive or unlawful use shall be made of the Property or any portion thereof and all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Property, shall be complied with at the full expense of the respective Unit Owners or the Board, whoever shall have the obligation to maintain or repair such part of the Property.

6.17. Right of Access.

6.17.1. Each Unit Owner shall grant a right of access to his Unit to the Board, the managing agent, manager, superintendent and/or any other person authorized by any of the foregoing for the purpose of making inspections of, or for the purpose of removing violations noted or issued by any

governmental authority against, the Common Elements or any other part of the Property, or for the purpose of curing defaults hereunder or under the Declaration or Rules and Regulations by such Unit Owner or correcting any conditions originating in his Unit and threatening another Unit or all or any part of the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other portions of the Common Elements within his Unit or elsewhere in the Building, or for the purpose of reading, maintaining or replacing utility meters relating to the Common Elements, his Unit or any other Unit in the Building or to correct any condition which violates the provisions of any Permitted Mortgage covering another Unit, provided that requests for such entry are made not less than one day in advance and that any such right shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. In case of an emergency (*i.e.* a condition requiring repairs or replacements 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), such right of entry shall be immediate, without advance notice, whether or not the Unit Owner is present.

6.17.2. A Unit Owner shall grant a right of access to his Unit, and the Board shall grant rights of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees, for the purposes of fulfilling Sponsor's obligations as set forth in the Offering Plan, provided that access thereto shall be exercised in such a manner as will not unreasonably interfere with the use of the Unit for its permitted purposes.

6.18. Rules and Regulations. Annexed hereto as Schedule A and made a part hereof are rules and regulations ("Rules and Regulations of The 235 West 71st Street Condominium") concerning the use of the Units, and Common Elements. The Board may from time to time modify, amend or add to such Rules and Regulations except that a majority of Unit Owners may overrule the Board with respect to any such modification, amendment or addition. Copies of any newly adopted, or any modifications, amendments or additions to the Rules and Regulations shall be furnished by the Board to each Unit Owner not less than 30 days prior to the effective date thereof.

6.19. Real Estate Taxes, Water Charges and Sewer Rents. Water for the Building shall be supplied by the City of New York. Unless and until real estate taxes, water charges and sewer rents are billed directly to Unit Owners by the City Collector, the Board shall promptly pay such taxes, charges and rents as a Common Expense, and the Unit Owners shall be required to reimburse the Board, as a Common Charge, for their proportionate share of such taxes, charges and rents. In the event of a proposed sale of any Unit, the Board (so long as the Board is still paying such real estate taxes, water charges and sewer rents), 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 promptly pay all such taxes, charges and rents affecting such owner's Unit to the date of the closing of title to such Unit.

6.20. Gas. The charges for cooking gas used in the Units shall be paid by the Board as a Common Expense.

6.21. Electricity. Electricity shall be supplied to the Condominium through one or more electrical meters and that the cost thereof shall be borne by each Unit Owner. Each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit either to the Condominium or to the utility company as directed by the Condominium.

6.22. Utilities Serving the Common Elements. The cost and expense of water and electricity serving or benefitting any Common Element shall (a) be considered part of the expense of maintaining such Common Element, (b) be determined by the Board, and (c) be charged to the Unit Owners as a Common Expense. Any disputes as to the apportionment of such cost or expense shall be determined by arbitration.

6.23. Abatement and Enjoinment of Violations by Unit Owners.

6.23.1. The violation of any of the Rules and Regulations or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to such other rights set forth in these By-Laws, to (a) enter any Unit or Common Element in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition resulting in such violation or breach and the Board shall not thereby be deemed guilty or liable in any matter of trespass, or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

6.23.2. The violation or breach of any of the provisions of these By-Laws, any of the Rules and Regulations or the Declaration with respect to any rights, easements, privileges or licenses granted to Sponsor or its successor shall give to Sponsor and its designee the right, in addition to any other rights set forth in these By-Laws or the Declaration, to enjoin, abate or remedy by appropriate legal proceedings either at law or in equity, the continuance of any such violation or breach.

6.24. Vault Charges. All license fees, and all periodic taxes and charges, for vaults or other protrusions beyond the building line, if any, shall be paid by the Board and charged to the Unit Owners as a Common Expense.

## ARTICLE 7

## MORTGAGES

7.1 Permitted Mortgages. As used herein the term "Permitted Mortgagee" means the holder of any mortgage ("Permitted Mortgage") encumbering a Unit or Units which is permitted to be placed thereon pursuant to Article 8 hereof. As more fully set forth in said Article 8, each Unit Owner may mortgage his Unit to a bank, trust company, insurance company, savings and loan association or any institutional or non-institutional lender, including, without limitation, the seller of a Unit, as a Permitted Mortgagee, provided that (a) the mortgage be substantially in the form of the New York statutory form of mortgage, except for such changes or additions as may be required

to permit a lender to make the loan, (b) the Condominium Board is notified in writing of the making of such mortgage and (c) the owner making such mortgage first satisfies all unpaid liens against his Unit, other than Permitted Mortgages.

7.2 . Notice to Condominium Board. A Unit Owner who mortgages his Unit or the holder of such mortgage shall notify the Board of the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Board. A Unit Owner who satisfies a mortgage covering his Unit shall so notify the Board and shall file a conformed copy of the satisfaction of mortgage with the Board. The Board shall maintain such information in a book entitled "Mortgages of Units."

7.3. Notice of Default and Unpaid Common Charges. Whenever so requested in writing by a Permitted Mortgagee, the Board shall promptly report to such Permitted Mortgagee any default in the payment of Common Charges or any other default by the Unit Owner of such Unit under the provisions of the Declaration or these By-Laws which may to the Board's knowledge then exist. The Board, when giving notice to a Unit Owner of any such default, shall, if requested, also send a copy of such notice to any Permitted Mortgagee thereof.

7.4. Performance by Permitted Mortgagees. The Board shall accept payment of any sum or performance of any act by any Permitted Mortgagee of a Unit Owner 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 though paid or performed by such Unit Owner.

7.5. Examination of Books. The Board shall keep detailed, accurate records, in chronological order, of the receipts and expenditures arising from the operation of the property. Such records and the vouchers authorizing the payments shall be available for examination by the Unit Owners at convenient weekday hours. A written report summarizing such receipts and expenditures shall be rendered by the Board to all Unit Owners at least once annually.

7.6. Representatives of Mortgagees.

7.6.1. In the manner more particularly set forth in subsection 7.5.2 hereof, the holders of Institutional Mortgages (as hereinafter defined) may, at their election, designate one or more (but not more than three) representatives ("Mortgage Representatives") who shall be empowered to act on behalf of all holders of Institutional Mortgages with respect to any matter requiring their consent or approval under the Declaration or these By-Laws. If any Mortgage Representatives are so designated and notice thereof is given to the Board, the act of any such representative (or a majority of such representatives if more than one is so designated) shall be deemed binding upon the holders of all Institutional Mortgages. As used herein, the term "Institutional Mortgage" means any first mortgage covering a Unit or Units (a) which is a Permitted Mortgage, and (b) the initial holder of which is (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate

investment trust or mortgage trust, or (ii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

7.6.2. Any designation of a Mortgage Representative made by the holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages shall be binding upon the holders of all Institutional Mortgages. Any such designation of any Mortgage Representative shall remain effective until (a) any subsequent designation thereof is made pursuant to the provisions hereof and (b) notice of such subsequent designation is given to the Board. Unless otherwise permitted by law, all Permitted Mortgagees other than holders of an Institutional Mortgage, shall have no right to participate in the selection of Mortgage Representatives, but shall be subject to all determinations made by such Mortgage Representatives pursuant to the Declaration or these By-Laws.

7.7. Consent of Mortgagees. Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to the determination or act of the Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his mortgagor.

## ARTICLE 8

## SELLING, LEASING AND MORTGAGING OF UNITS

8.1. Selling and Leasing. No Unit Owner other than Sponsor or its successor may sell or lease his Unit except by complying with the following provision:

8.1.1. Any Unit Owner who receives a *bona fide* offer to (a) purchase his Unit together with its appurtenant interests in the Common Elements or (b) lease his Unit (such offer to purchase or lease a Unit, as the case may be, is called an "*Bona fide* Offer," the party making any such *Bona fide* Offer is called a "*Bona fide* Offeror" and the Unit Owner to whom the *Bona fide* Offer is made is called an "Offeree Unit Owner"), which he intends to accept shall give notice in writing and shall be deemed to have been given if delivered personally or sent by certified or registered mail, return receipt requested, to the Board of the receipt of such *Bona fide* Offer. Said notice shall also state the name and address of the *Bona fide* Offeror, the terms of the proposed transaction as set forth in an executed contract of sale or lease (which is made subject to approval by the Condominium Board) made with the prospective purchaser or lessee and such other information as the Board may reasonably require. The giving of such notice to the Board shall constitute an offer by such Unit Owner to sell his Unit together with its appurtenant interest in the Common Elements or to lease his Unit to the Board, or its designee, corporate or otherwise, on behalf of all other Unit Owners, upon the same terms and conditions as contained in such *Bona fide* Offer and shall also constitute a representation and warranty by the Unit Owner who has received such *Bona fide* Offer, to the Board on behalf of all Unit Owners, that such Unit Owner believes the *Bona fide* Offer to be *Bona fide* in all respects. The Offeree Unit Owner shall submit in writing such further information with respect

thereto as the Board may reasonably request. Not later than 20 days after receipt of such notice together with such further information as may have been requested, the Board may elect, by sending written notice to such Offeree Unit Owner before the expiration of said 20-day period, by delivering personally or sending certified or registered mail, return receipt requested, to purchase such Unit together with its appurtenant interests in the Common Elements or to lease such Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all Unit Owners, upon the same terms and conditions as contained in the *bona fide* Offer and as stated in the notice from the Offeree Unit Owner.

8.1.2. In the event the Board shall timely elect to purchase such Unit together with its appurtenant interests in the Common Elements or to lease such Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Board, in accordance with the terms of the *Bona fide* Offer, within 45 days after the giving of notice by the Board of its election to accept such offer. If, pursuant to such *Bona fide* Offer to purchase said Unit, the *Bona fide* Offeror was to assume or take title to the Unit subject to the Offeree Unit Owner's existing mortgage or mortgages, and assume or take title to the Unit subject to said existing mortgage or mortgages, as the case may be. At the closing, the Offeree Unit Owner, if such Unit together with its appurtenant interests in the Common Elements is to be sold, shall convey the same to the Board, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all tax and/or documentary stamps affixed at the expense of such Unit Owner, who shall also pay all other taxes arising out of such sale. Real estate taxes (including water charges and sewer rents if separately assessed), mortgage interest, if any, and Common Charges shall be apportioned between the Offeree Unit Owner and the Board, or its designee, corporate or otherwise, as of the closing date. In the event such Unit is to be leased, the Offeree Unit Owner shall execute and deliver to the Board, or to its designee, corporate or otherwise, a lease between the Offeree Unit Owner, as landlord, and the Board, or its designee, corporate or otherwise, as tenant, covering such Unit, for the rental and term contained in such *bona fide* Offer.

8.1.3. In the event the Board or its designee shall fail to accept such offer within 20 days after receipt of notice as aforesaid, said contract of sale or lease, as the case may be, shall be deemed approved by the Condominium Board. In the event the sale or lease pursuant to the said contract of sale or lease is not consummated for any reason, then, should such Offeree Unit Owner thereafter elect to sell or lease such Unit, as the case may be, the Offeree Unit Owner shall be required to again comply with all the terms and provisions of this Section 8.1.

8.1.4. Any deed to a *Bona fide* Offer or 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.

8.1.5. Any lease executed in connection with the acceptance of any *Bona fide* Offer to lease a Unit shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board, that the tenant shall

not assign his interest in such lease or sublet the demised premises or any part thereof without the prior consent in writing of the Board and that the Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of (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.

8.1.6. Except as hereinbefore set forth, the form of any such lease executed by the Board or a *Bona fide* Offer or shall be the then current form of condominium apartment lease recommended by The Real Estate Board of New York, Inc. and shall contain such other modifications as shall be approved in writing by the Board. Any lease executed by the Board as tenant shall provide that the Board may enter into a sublease of the premises without the consent of the landlord.

8.1.7. Any purported sale or lease of a Unit in violation of this Section 8.1 shall be voidable at the election of the Board and if the Board shall so elect, the Unit Owner shall be deemed to have authorized and empowered the Board to institute legal proceedings to evict the purported tenant (in case of an unauthorized leasing), in the name of the said Unit Owner as the purported landlord. Said Unit Owner shall reimburse the Board for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

8.1.8. The foregoing restrictions of this Section 8.1 shall not apply to Unsold Units. Sponsor or its successor shall have the right to freely sell Unsold Units or to freely lease all or any part thereof without having to first offer the same for sale or lease to the Board.

8.2. Consent of Unit Owners to the Purchase or Lease of Units by Condominium Board. The Board shall not exercise any option herein above set forth to purchase or lease any Unit without the prior approval of 75 percent in number of the members of the Condominium Board. Further, no Unit acquired by the Condominium Board or its designee pursuant to this Article 8 shall carry voting rights as long as such Unit is so held.

8.3. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his Unit without including therein its appurtenant interests in the Common Elements, it being the intention to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests without including all such interests shall be deemed and taken to include the interest or interests so omitted even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests in the Common Elements of any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance or other disposition of such part of the appurtenant interests in the Common Elements of all Units. Nothing in this Section 8.3 shall permit the lease of any Unit without the simultaneous lease of its appurtenant interests.

8.4. Release by Condominium Board of Right of First Refusal. The right of first refusal contained in Section 8.1 may be released or waived by the Board only in the manner provided in Section 8.5. In the event the Board shall release or waive its right of first refusal as to any Unit, such Unit may be sold, conveyed or leased, free and clear of the provisions of Section 8.1.

8.5. Certificate of Termination of Right of First Refusal. A certificate executed and acknowledged by the Secretary of the Condominium stating that the provisions of Section 8.1 have been met by a Unit Owner or stating that the right of first refusal contained therein has been duly released or waived by the Board, and that as a result thereof the rights of the Board thereunder have terminated, shall be conclusive upon the Board and the Unit Owners in favor of all persons who rely on such certificate in good faith. The Board shall furnish, without charge, such certificate upon request to any Unit Owner with respect to whom the provisions of Section 8.1 have, in fact, terminated.

8.6. Financing of Purchase of Units by Condominium Board. The purchase of any Unit by the Board or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Board may levy an assessment against each Unit Owner, in proportion to his respective Common Interest, as a Common Charge, and/or the Board may, in its discretion, finance the acquisition of such Unit, provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its appurtenant interests in the Common Elements.

8.7. Exceptions. The provisions of Section 8.1 shall not apply with respect to any lease, sale or conveyance of any Unit by (a) the Unit Owner thereof to his spouse, domestic partner, adult children, parents, parents-in-law, adult siblings or to any one or more of them or to any related or controlled entity of the Unit Owner thereof, (b) Sponsor or its successor with respect to Unsold Units, (c) the Board, (d) any proper officer conducting the sale of a Unit in connection with the foreclosure of a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure, or (e) a Permitted Mortgagee or his nominee, who has acquired title to any Unit at any foreclosure sale of his Permitted Mortgage or by deed in lieu thereof delivered in a *bona fide* transaction; provided, however, that each succeeding Unit Owner shall be bound by, and his Unit subject to, the provisions of this Article 8.

The term "related or controlled entity" shall mean an entity which owns more than 50 percent of the legal and beneficial interest of such Unit Owner, or an entity with respect to which such Unit Owner owns more than 50% percent of the legal and beneficial interest thereof.

8.8. Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift, or may devise his Unit by will or have his Unit pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and his Unit subject to, the provisions of this Article 8.

8.9. Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common. In the event that any Unit shall be acquired by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired unit and the entire Property as herein provided.

8.10. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate or lease his Unit unless and until he shall have paid in full to the Board all unpaid Common Charges theretofore assessed against such Unit and until such Unit Owner shall have satisfied all unpaid liens against his Unit, other than Permitted Mortgages.

8.11. Mortgage of Units. Subject to Article 7 and Section 8.10 hereof, each Unit Owner shall have the right to mortgage his Unit without restriction, provided that any such mortgage covering a Unit shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions as may be required in order to permit a particular bank, trust company, insurance company, savings and loan association or other institutional or non-institutional lender to make the mortgage loan and the Board is notified in writing of the making of such mortgage.

## ARTICLE 9

## CONDEMNATION

In the event of the taking in condemnation or by eminent domain of all or any part of the Common Elements, the Board, subject to the provisions set forth below, will arrange for the prompt repair and restoration of such part of the Common Elements so taken which, pursuant to the provisions of these By-Laws, are required to be maintained by the Board. The award made for any such taking shall be payable to the Board, provided, however, that if any such award exceeds $1,000,000, such award shall be payable to the Insurance Trustee and shall be disbursed to the 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 and restorations, the deficit or surplus, as the case may be, will be borne and shared by all Unit Owners to the extent that the taking involves the Common Elements shared by all of the Unit Owners in accordance with their respective Common Interests. Notwithstanding any provisions contained herein to the contrary, in the event that 75 percent or more in Common Interest of all Unit Owners do not duly and promptly resolve to proceed with such repair or restoration of the Common Elements, such repairs or restorations shall not be made and the proceeds of any such award with respect thereto will be divided among the Unit Owners in proportion to their respective Common Interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on such Units other than mortgages which are not Permitted Mortgages. As used in this Article 9, the words "promptly resolve" shall mean not more than 60 days from the date of such taking.

## ARTICLE 10

## RECORDS AND AUDITS

10.1. Records. The Board or the managing agent thereof shall keep detailed records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners and financial records and books of account with respect to the activities of the Board, including a listing of all receipts and expenditures. In addition, the Board shall keep a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against each such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

10.2. Audits. Within four months after the end of each fiscal year, an annual report of receipts and expenditures prepared by an independent certified public accountant, shall be submitted by the Board to all Unit Owners and if so requested, to any Permitted Mortgagee. The cost of such report submitted by the Board shall be paid by the Unit Owners as a Common Expense.

10.3. Availability of Documents. Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

## ARTICLE 11

## ARBITRATION

11.1. General Procedure. Any arbitration provided for in these By-Laws shall be conducted before one arbitrator in the Borough of Manhattan 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 shall not then be 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 any Justice of the highest court of appellate jurisdiction located in the County of New York. The decision of the arbitrator so chosen shall be given within ten (10) days after his appointment. All expenses of arbitration hereunder, including the fees and expenses of counsel and experts, shall be Common Expenses. Any arbitrator appointed or selected in connection with any arbitration hereunder shall be a member of a law firm whose principal office is in the Borough of Manhattan and which has at least five (5) members.

11.2. 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 11.1 hereof with 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 12

## MISCELLANEOUS

12.1. Waiver. No provision contained in these By-Laws or the Rules and Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

12.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provision hereof.

12.3. Certain References.

12.3.1. A reference in these By-Laws 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.

12.3.2. The terms "herein," "hereof" or "hereunder" or similar terms used in these By-Laws refer to these entire By-Laws and not to the particular provision in which the terms are used.

12.3.3. Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of these By-Laws.

12.4. Severability. Subject to the provisions of the Declaration, if any provision of these By-Laws is invalid or unenforceable as against any person, party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law. In the event any provision of these By-Laws or the Rules and Regulations conflicts with the provisions of the Declaration, the provisions of the Declaration shall control.

12.5. Insurance Trustee. The Insurance Trustee shall be a bank or trust company designated by the Board and having a capital surplus and undivided profits of $100,000,000 or more. Any holder of Institutional Mortgage liens (as further qualified by this Section 12.5) on more than three (3) Units

shall have the right to require the Board to appoint such Institutional Mortgagee as Insurance Trustee. In the event the Insurance Trustee resigns or is replaced by the Board, the Board shall appoint a new Insurance Trustee which shall be a bank or trust company having a capital surplus and undivided profits of $100,000,000 or more. The Board shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense.

12.6. Successors and Assigns. The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Sponsor or, with the consent of Sponsor, upon any transferee of all then Unsold Units.

12.7. Covenant of Further Assurances.

12.7.1. Any party which is subject to the terms of these By-Laws, 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 the Board, or otherwise, shall, at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action, as such other party may reasonably request to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

12.7.2. If any Unit Owner or other party which is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument, or fails or refuses within ten (10) days after request therefor, to take any action which such Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the 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.

12.7.3. If the Board, any Unit Owner or other party which is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action which the Board, such Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor, then Sponsor is hereby authorized, as attorney-in-fact for the Board, 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 the Board, such Unit Owner or other party and such document or action shall be binding on such Unit Owner, Board or other party.

## ARTICLE 13

## AMENDMENTS TO BY-LAWS

13.1. Amendments by Unit Owners. Subject to the provisions contained herein or in the Declaration with respect to amendments affecting Sponsor or its successor or any Unsold Units, any

provision of these By-Laws may be amended, modified, added to or restated by affirmative vote of at least sixty-six and two-thirds (66 2/3) percent in number and in Common Interest of all Unit Owners, 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 affected thereby. Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Sponsor or its designee or any Unsold Unit, any such amendment, modification, addition or deletion shall be executed by the Board, as attorney-in-fact for the Unit Owners, coupled with an interest, for the purpose of approving and executing any instrument effecting such amendment, modification, addition or deletion. Notwithstanding the foregoing and subject to the provisions contained herein or in the Declaration with respect to amendments affecting Sponsor or its successor or any Unsold Units, (i) no amendment, modification, addition or deletion pursuant to the provisions set forth above shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any, and (ii) the provisions of Section 6.14 hereof may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, as set forth above) 75 percent in number and in Common Interest of all Unit Owners affected thereby approve such amendment, modification, deletion or addition in the manner set forth above.

13.2. Amendments Affecting Sponsor or Unsold Units Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition or deletion of or to these By-Laws, the Declaration or the Rules and Regulations shall be effective in any way against (a) Sponsor or its successor or any Unsold Unit unless Sponsor has given its prior written consent thereto or (b) the holder of any present or future mortgage, pledge or other lien or security interest covering any Unsold Unit unless such holder has given its prior written consent thereto.

13.3. Amendments Affecting Permitted Mortgagees. Notwithstanding any provision contained herein to the contrary, no modification, addition, amendment or deletion of or to Article 7 or Sections 6.2, 6.4.2 or 8.7 (d) or (e) hereof shall be effective as against the holder of any Permitted Mortgage theretofore made unless such holder has given its prior written consent thereto.

# SCHEDULE A

## RULES AND REGULATIONS OF THE 235 WEST 71ST STREET CONDOMINIUM

1. Subject to the rights of Unit Owners with respect to those Common Elements reserved for the exclusive or shared use, the sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to 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 halls or on any of the staircase 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, roofs or placed upon the window sills of the Building.

3. Subject to the rights of Unit Owners with respect to those Common Elements reserved for the exclusive or shared use, neither occupants nor their guests shall play in the entrances, passages, public halls, elevators, vestibules, corridors, stairways or on the public roof deck of the Building.

4. Except as otherwise provided in the By-Laws, no public hall or public elevators of the Building shall be decorated or furnished by any Unit Owner in any manner. Except as otherwise provided in the By-Laws, the style, finish and hardware of the exterior side of the corridor doors shall not be altered.

5. Each Unit Owner shall keep his Unit 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. Other than as required by law, no window guards or other window decorations shall be used in or about any Unit except such as shall have been approved in writing by the Board or the managing agent thereof, which approval shall not be unreasonably withheld or delayed.

7. No radio, television aerial or satellite dishes 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 window or other part of the Building except such as are permitted pursuant to the Declaration or By-Laws or shall have been approved in writing by the Board or the managing agent thereof; nor shall anything be projected from any window of a Unit without similar approval.

8. No ventilator, window screens or air conditioning device shall be installed in any Unit without the prior written approval of the Board, which approval may be granted or refused in the sole discretion of the Board.

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 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 baby carriages, shopping carts, bicycles, scooter and luggage shall be allowed to stand in the public halls, passageways or other public areas of the Building. The aforementioned items shall be allowed in the elevator only in such a manner so as not to cause damage to the Building. Motorcycles, velocipedes or any similar vehicles which require any petroleum motor fuel are strictly prohibited from the Building. The use of roller blades and skateboards in the Building is prohibited.

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, comforts or conveniences of other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or operate or permit to be operated a phonograph or radio or television set or other loud speaker in such Unit Owner's Unit between 10:00 P.M. and the following 8:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 8:00 A.M. Construction, repair work or other installation involving noise shall be conducted only on weekdays (Monday through Friday, 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.

12. Unit Owners shall have the right to keep and harbor pets in their Units; however, such Unit Owner's right shall be subject to the Board's right to revoke such Unit Owner's right at any time in its sole discretion. Notwithstanding the provisions of the immediately preceding sentence, certain tenants in the Building who have Units leased from Sponsor, shall be granted the right to keep and harbor pets in the Building by act of the Board at its first duly convened meeting. In no event shall any bird, reptile or animal be permitted in the elevators of the Building, or in any of the public portions of the Building, unless carried in a cage or on leash. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the Building or on the sidewalk or street adjacent to the Building.

13. Waterclosets 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 waterclosets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

14. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent thereof out of the Building on any private business.

15. The agents of the Board or the Managing Agent thereof, and any contractor or workman authorized by the Board or the Managing Agent thereof, may enter any room, Unit at any reasonable hour of the day, on at least one (1) day's prior notice to the Unit Owner. Agents of the Board or Managing Agent shall also have the right to enter any unit at any time in the event of an emergency.

16. The Board or the managing agent thereof may retain a passkey to each Unit. If any lock is altered or a new lock is installed, including any elevator lock, the Board or the managing agent thereof shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to his 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 thereof, then the Board or such managing agent or their agents in an emergency, and when specifically authorized (by an officer of the Condominium or an officer of the managing agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if during such entry reasonable care is given to such Unit Owner's property).

17. No vehicle belonging to a Unit Owner or to a member of the family or guest, tenant or employee of a Unit Owner shall be left unattended on any sidewalk surrounding the Building or in such manner as to impede or prevent ready access to any entrance to or exit from the Building by another vehicle.

18. The Board or the managing agent thereof may from time to time curtail or relocate any portion of the Common Elements devoted to service purposes in the Building.

19. Complaints regarding the service of the Condominium shall be made in writing to the Board or to the managing agent thereof.

20. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board.

21. Clothes and other articles shall not be dried or aired on any other public area of the Property.

22. Unit Owners shall not cause or permit any unusual or objectionable noises or odors to be produced upon or to emanate from their Units. Smoking is strictly prohibited in all Building Common Areas.

23. No Unit Owner or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his 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.

24. If any key or keys are entrusted by a Unit Owner or by any member of his family or by his agent, servant, employee, licensee or visitor to an employee of the Condominium or of the managing agent thereof, whether for such 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 Unit Owner and neither the Board nor the managing agent thereof shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

25. Corridor doors shall be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

26. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance of the Building or contents thereof without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the 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.

27. No group tour or exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in any Unit, without the consent of the Board or its Managing Agent, which consent may be withheld in the Board's sole discretion.

28. In the event that any Unit is used for home occupation purposes which are permitted by law, in no event shall any patients, clients or other invitees be permitted to wait in any lobby, public hallway or vestibule.

29. No Unit Owner shall install any plantings on any terrace or balcony without the prior written approval of the Condominium Board.

30. In the event that the Condominium Board receives complaints about noise emanating from any of the Units the Board may request that, substantially all (which shall mean at least 50 percent) of the floor area be covered with carpeting or equally effective noise-reducing material (excepting areas similar to kitchens, pantries, bathrooms, maid's rooms, closets, and foyers in such type Unit and also excepting work areas).

31. All Unit Owners and/or tenants shall comply with all requirements of law and regulations of the Condominium regarding recycling of trash. All Unit Owners and/or tenants shall separate their trash into "recyclable" and "non-recyclable" materials. The Condominium may designate from time to time the types of materials which must be separated for recycling, the types of containers or binding to be used by Unit Owners and/or tenants for the disposal of designated

recyclable materials, and the locations where designated recyclable materials shall be deposited. The Condominium may also establish other regulations regarding recycling of trash. Any costs incurred by the Condominium in the enforcement against Unit Owners and/or tenants of recycling requirements imposed by law or by the Condominium, including but not limited to, legal fees and fines or penalties imposed on the Condominium by any government agency, shall be payable by the Unit Owner and/or tenant and shall be deemed a fine under the By-Laws.

32. The Condominium 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 Unit when, in the judgment of the Condominium Board, the Condominium Board deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Condominium, or the preservation of good order therein, or the operation or maintenance of the Condominium, or the equipment thereof, or the comfort of Unit Owners, occupants or others in the Condominium. 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.

33. Except as permitted under the Declaration and the By-Laws, Unit Owners, their families, guests, servants, employees, agents, visitors or licensees shall not at any time nor for any reason whatsoever enter upon or attempt to enter upon the roof of the Building.

34. No Unit Owner may change the window treatments in his Unit without the prior approval of the Board of Managers.

35. All visitors must be announced. No non-residents who are not accompanied by a resident of the Building will be allowed into the Building without authorization from a resident. Unit Owners are required to register the names of regular or repeat domestic employees with the Board of Managers.

36. The Board of Managers must be notified prior to the commencement of any alteration work. Written approval must be obtained from the Board of Managers before alterations (other than painting, wallpapering and carpeting) may be made to a Unit. After plans have been approved, there is a time limit of four (4) months for the completion of the construction or renovation work unless the time limit is extended by the Board. After receiving written approval for the proposed alteration, and at least two (2) business days prior to the commencement of work, residents are required to inform the Managing Agent in writing of the nature and extent of the work, installation, or proposed repair, the number of personnel involved and the estimated time for completion. Unit Owners will also assume financial responsibility and will indemnify the Condominium for any damage done to any other Unit, or to any Common Element. Construction personnel may work only between the hours of 8:00 a.m. and 5:00 p.m. from Monday through Friday, excluding national holidays. Prior to the commencement of work, Unit Owners are required to provide certificates of insurance for all contractors and subcontractors, naming the condominium and the Managing Agents as additional insureds, as well as any required building permits.

37. No moving company will be permitted to enter the building without first providing the Managing Agent with a Certificate of Insurance.

38. Commercial film, video, and photographic shoots are prohibited in the Building.

# EXHIBIT K

# LOCAL LAW 70

# LOCAL LAW 70

To amend the Administrative Code of the City of New York, in relation to the conversion of residential rental housing to cooperative or condominium ownership.

**Be it enacted by the Council as follows:**

Section 1. Legislative declaration. The council finds that the protection of the health, safety and welfare of persons within the City would reside in residential buildings being converted from rental status to cooperative or condominium ownership requires that such persons be informed of the physical condition of such buildings. The council further finds that for the health, safety and welfare of residents of the City and for the preservation and improvement of this substantial and increasing form of housing accommodation it is essential that funds be set aside for the purpose of making capital repairs, replacements and improvements to such buildings.

Section 2. Chapter fifty-one of the Administrative Code of the City of New York is amended by adding a new title YYYY to read as follows:

## TITLE YYYY

## COOPERATIVE AND CONDOMINIUM CONVERSIONS

YYYY51-1.0 Application.

The provisions of this title shall apply to conversions from rental to cooperative or condominium status of a building or a group of buildings or a development for which a plan must be filed with the state department of law pursuant to section three hundred fifty-two-eeee of the General Business Law.

YYYY51-2.0 Definitions.

As used in this title the following words shall mean:

a. "Building" - any building, group of buildings or development.

b. "Total Price."

(1) with respect to cooperative conversions, the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made:

(2) with respect to condominium conversions, the sum of the cost of all units in the offering at the last price which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made,

c. "Capital replacement" - a building-wide replacement of a major component of any of the following Systems.

(1) elevator;

(2) heating, ventilation and air conditioning;

(3) plumbing;

(4) wiring;

(5) windows;

or, a major structural replacement to the building, provided, however, that replacements made to cure code violations of record shall not be included.

d. "Offeror" - the offeror, his nominees, assignees and successors in interest.

YYYY51.-3.0 Establishing of reserve fund.

a. Within thirty days after the closing of a conversion pursuant to an offering plan the offeror shall establish and transfer to the cooperative corporation or condominium board of manager, a reserve fund to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of such buildings. Such reserve funds shall be exclusive of any other funds required to be reserved under the plan or applicable law or regulation of the state attorney general, except a fund for capital repairs, replacements and improvements substantially similar in

purpose to and in an amount not less than the reserve fund mandated by this section. Such reserve funds also shall be exclusive of any working capital fund and shall not be subject to reduction for closing apportionments.

b. Such funds shall be established in an amount equal to either (i) three (3%) per cent of the total price or, (ii) (A) three (3%) per cent of the actual sales price of all cooperative shares or condominium units sold by the offeror at the time the plan is declared effective, provided, however, that if such amount is less than one (1%) per cent of the total price, then the fund shall be established as a minimum of one (1%) per cent of the total price; plus (B) supplemental contributions to be made by the offeror at a rate of three (3%) per cent of the actual sales price of cooperative share or cooperative share of condominium units for each unit or its allocable shares held by the offeror and sold to bona fide purchases subsequent to the effective date of the plan and within five (5) years of the closing of the conversion pursuant to such plan notwithstanding that the total amount contributed may exceed three (3%) per cent of the total price and provided, further, that if five years from thirty days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three (3%) per cent of the total price the shall pay the difference between the amount contributed and three (3%) per cent of the total price. Supplemental contributions shall be made within thirty (30) days of each sale.

c. The contributions required pursuant to this section may be made earlier or in amount greater than so provided. An offeror may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacements which he has begin after the plan is submitted for filing to the state department of law and before the plan is declared effective; provided, however, that any such replacements must be set forth in the plan together with their actual or estimated costs and further provided, that such credit shall not exceed the lesser of the actual cost of the capital replacements or one (1%) per cent of the total price.

d. Any building, construction of which was completed within three (3) years prior to the closing of a conversion pursuant to an offering plan, shall be exempt from the requirements of this section.

YYYY51-4.0 Report on status of reserve fund.

The cooperative corporation or condominium board of managers shall report to shareholders and unit owners on a semi-annual basis with respect to all deposits into and withdrawals from the reserve fund mandated by section YYYY51.3-0.

YYYY51.5.0 Posting of violations.

The offering, not later than the thirtieth day following the acceptance of a plan for filing by the sate department of law pursuant to section three hundred fifty-two-eeee of the General Business Law and until the closing of the conversion pursuant to such plans, shall post and maintain in a prominent place, accessible to all tenants in each building covered by the plan, a listing of all violations of record against such buildings as determined by the department of buildings and the department of housing preservation and development. All newly issued violations shall be posted within the forty-eight hours of their issuance and maintained as described above. The offeror may satisfy the requirements of this section by designating an agent on the premises with whom such listing shall be made available for inspection by the tenants.

YYYY5I-6.0 Report on condition of premises.

Where, pursuant to law or regulation of the state attorney general, an offeror is required to file a report with the state department of law describing the condition of the physical aspects of the premises to be converted and the surrounding neighborhood a copy of such report shall be submitted simultaneously to the commissioner of buildings.

YYYY5I-7.0 No waiver of rights.

Any provision purporting to waive the provisions of this title in any contract to purchase or agreement between an offeror and the cooperative corporation or the condominium board of managers pursuant to a conversion plan shall be void as against public policy.

YYYY5I-8.0 Criminal and civil penalties; enforcement.

a. Except as otherwise provided in subdivision b of this section, any person who knowingly violates or assists in the violation of any section of this title shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than one hundred nor more than one thousand dollars. Except as otherwise

provided in subdivision b o this section, any person who violates of assists in the violation of any section of this title shall be subject to a civil penalty of one hundred dollars per day per unit fo reach day that a building is not in compliance with the provisions of such sections; provided, however, that such civil penalty shall not exceed one thousand dollars per unit.

b. Any person who knowingly violates or assists in the violation of section YYYY5I-3.0 shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not more that two times the amount required to be reserved by section YYYY5I-3.0 which was not so reserved. Any person who violates or assists in the violation of section YYYY51-3.0 shall also be subject to a civil penalty of one thousand dollars per day for each day that the reserve fund required by section YYYY51-3.0 is not established; provided, however, that such civil penalty shall not exceed the amount required to be reserved pursuant to section YYYY5I-3.0.

c. In addition , any other action or proceeding in any court of competent jurisdiction that may be appropriate or necessary for the enforcement of the provisions of this title may be brought in the name of the City, including actions to secure permanent injunctions enjoining any acts or practices which constitute a violation of any provision of this title, mandating compliance with the provisions of this title or for such other relief as may be appropriate. In any such action or proceeding the City may apply to any court of competent jurisdiction, or to a judge or justice thereof, for a temporary restraining order or preliminary injunction enjoining and restraining all persons from violating any provision of this title, mandating compliance with the provisions of this title, or for such other relief as may be appropriate, until the hearing and determination of such action or proceeding and the entry of final judgement or order therein. The court, or judge or justice thereof, to whom such application is made, is hereby authorized, with or without notice, and to make such other or further orders of directions as may be necessary to render the same effectual. No undertaking shall be required as a condition of the granting or issuing of such order, or by reason thereof.

d. Nothing contained in this section shall impair any rights, remedies or causes of action accrued or accruing to purchasers of cooperative shares or condominium units.

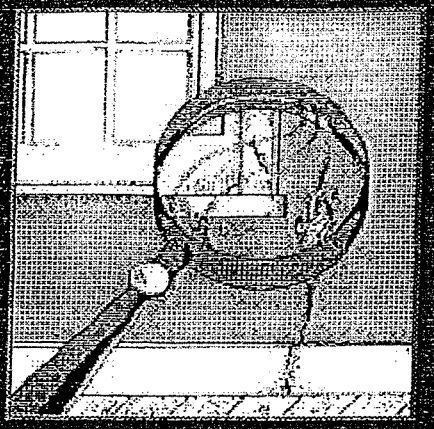
e. The department of housing preservation and development is empowered to enforce the provisions of this title.

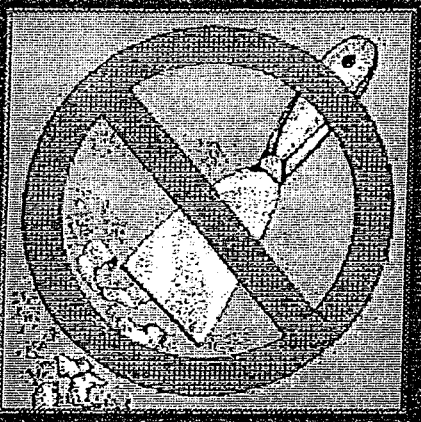
Section 3. If any provision of this local law or the application of such provision or any person or circumstances shall be held invalid, the validity of the remainder of this local law and the applicability of such provision to any other person or circumstances shall not be affected thereby.

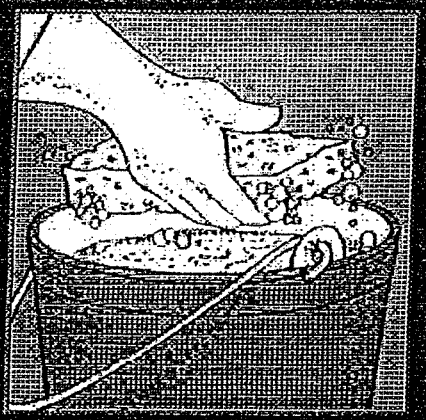
Section 4. This local law shall take effect February first nineteen hundred eighty-three and shall apply to all plans not yet accepted for filing by the state department of law pursuant to section three hundred fifty-two eeee of the General Business Law as of that date.

# EXHIBIT L

# LEAD LAW PAMPHLET







# Protect Your Family From Lead in Your Home

EPA
United States
Environmental Protection
Agency

United States Consumer
Product Safety Commission

U.S. EPA Washington DC 20460
U.S. CPSC Washington DC 20207

EPA747-K-94-001
May 1995

# Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

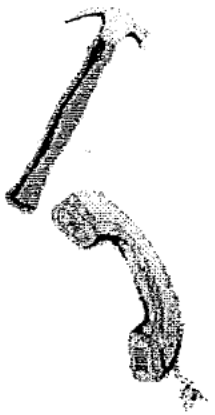
Many houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

By 1996, federal law will require that individuals receive certain information before renting, buying, or renovating pre-1978 housing:




LANDLORDS will have to disclose known information on lead-based paint hazards before leases take effect. Leases will include a federal form about lead-based paint.

SELLERS will have to disclose known information on lead-based paint hazards before selling a house. Sales contracts will include a federal form about lead-based paint in the building. Buyers will have up to 10 days to check for lead hazards.



RENOVATORS will have to give you this pamphlet before starting work.

IF YOU WANT MORE INFORMATION on these requirements, call the National Lead Information Clearinghouse at **1-800-424-LEAD.**

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# IMPORTANT!

## Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

FACT: Lead exposure can harm young children and babies even before they are born.

FACT: Even children that seem healthy can have high levels of lead in their bodies.

FACT: People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips with lead in them.

FACT: People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

FACT: Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.



## Lead Gets in the Body in Many Ways

1 out of every 11 children in the United States has dangerous levels of lead in the bloodstream.

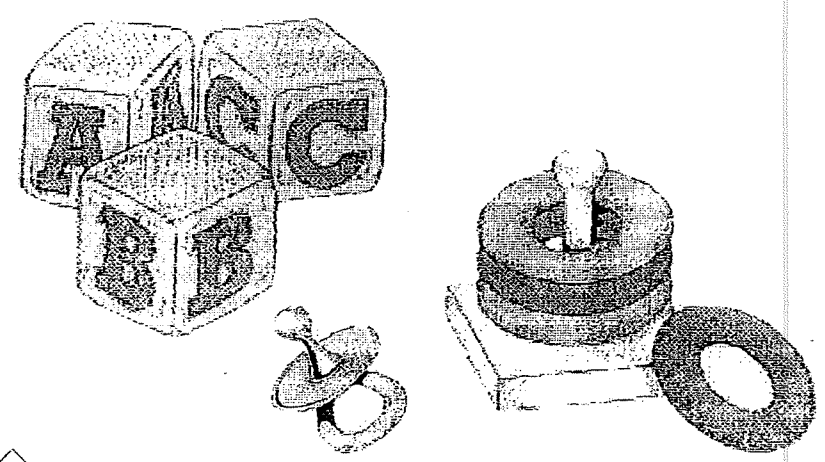
*Even children who appear healthy can have dangerous levels of lead.*

**People can get lead in their body if they:**

- Put their hands or other objects covered with lead dust in their mouths.
- Eat paint chips or soil that contains lead.
- Breathe in lead dust (especially during renovations that disturb painted surfaces).

**Lead is even more dangerous to children than adults because:**

- Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.
- Children's growing bodies absorb more lead.
- Children's brains and nervous systems are more sensitive to the damaging effects of lead.



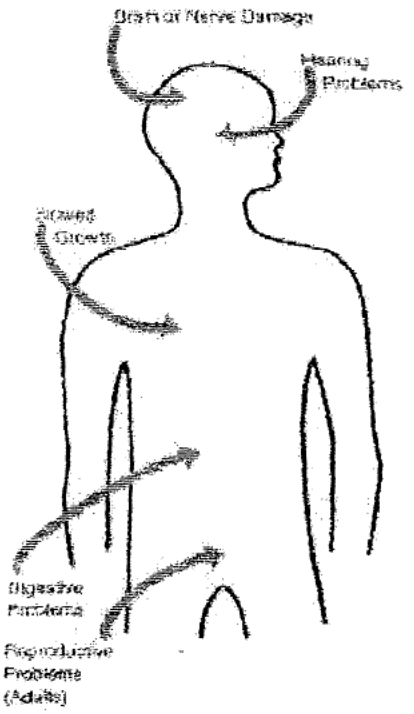
**Lead's Effects**

If not detected early, children with high levels of lead in their bodies can suffer from:

- Damage to the brain and nervous system
- Behavior and learning problems (such as hyperactivity)
- Slowed growth
- Hearing problems
- Headaches

**Lead is also harmful to adults. Adults can suffer from:**

- Difficulties during pregnancy
- Other reproductive problems (in both men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain




*Lead affects the body in many ways.*

## Checking Your Family for Lead

Get your children tested if you think your home has high levels of lead.

**A simple blood test can detect high levels of lead.** Blood tests are important for:

- Children who are 6 months to 1 year old (6 months if you live in an older home with cracking or peeling paint).
- Family members that you think might have high levels of lead.

**If your child is older than 1 year,** talk to your doctor about whether your child needs testing.

Your doctor or health center can do blood tests. They are inexpensive and sometimes free. Your doctor will explain what the test results mean. *Treatment can range from changes in your diet to medication or a hospital stay.*

## Where Lead-Based Paint Is Found

In general, the older your home, the more likely it has lead-based paint.

**Many homes built before 1978 have lead-based paint.** The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

- In homes in the city, country, or suburbs.
- In apartments, single-family homes, and both private and public housing.
- Inside *and* outside of the house.
- In soil around a home. (Soil can pick up lead from exterior paint, or other sources such as past use of leaded gas in cars.)



## Where Lead Is Likely To Be a Hazard

**Lead-based paint** that is in good condition is usually not a hazard.

**Peeling, chipping, chalking, or cracking lead-based paint** is a hazard and needs immediate attention.

Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear. These areas include:

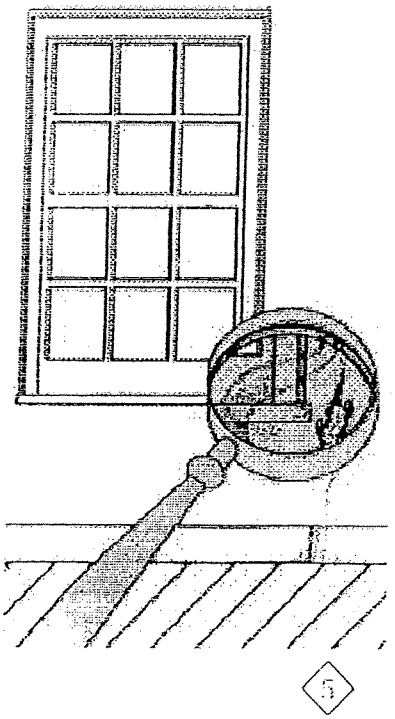
- Windows and window sills.
- Doors and door frames.
- Stairs, railings, and banisters.
- Porches and fences.

Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards

**Lead dust** can form when lead-based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can reenter the air when people vacuum, sweep, or walk through it.

**Lead in soil** can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. Call your state agency (see page 12) to find out about soil testing for lead.





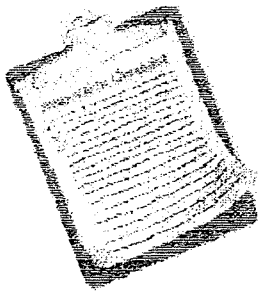
## Checking Your Home for Lead Hazards

Just knowing that a home has lead-based paint may not tell you if there is a hazard.

You can get your home checked for lead hazards in one of two ways, or both:

- A paint **inspection** tells you the lead content of every painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- A **risk assessment** tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Have qualified professionals do the work. *The federal government is writing standards for inspectors and risk assessors. Some states might already have standards in place.* Call your state agency for help with locating qualified professionals in your area (see page 12).



Trained professionals use a range of methods when checking your home, including:

- Visual inspection of paint condition and location.
- Lab tests of paint samples.
- Surface dust tests.
- A portable x-ray fluorescence machine.

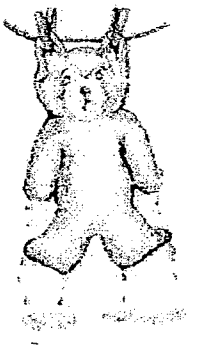
**Home test kits for lead are available, but recent studies suggest that they are not always accurate.** Consumers should not rely on these tests before doing renovations or to assure safety.

## What You Can Do Now To Protect Your Family

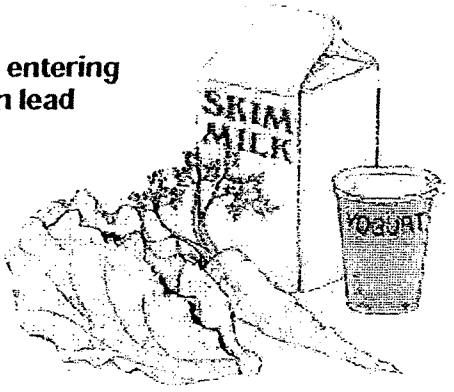
**If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:**



- **If you rent, notify your landlord of peeling or chipping paint.**
- **Clean up paint chips immediately.**
- **Clean floors, window frames, window sills, and other surfaces weekly.** Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.



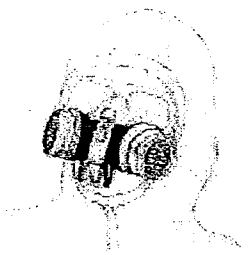
- **Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.**
- **Wash children's hands often, especially before they eat and before nap time and bed time.**
- **Keep play areas clean.** Wash bottles, pacifiers, toys, and stuffed animals regularly.
- **Keep children from chewing window sills or other painted surfaces.**
- **Clean or remove shoes before entering your home to avoid tracking in lead from soil.**
- **Make sure children eat nutritious, low-fat meals high in iron and calcium,** such as spinach and low-fat dairy products. Children with good diets absorb less lead.



## How To Significantly Reduce Lead Hazards

Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

*Always use a professional who is trained to remove lead hazards safely.*



In addition to day-to-day cleaning and good nutrition:

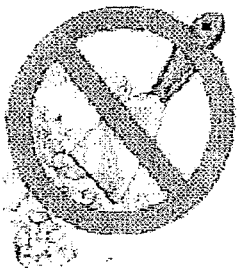
- You can **temporarily** reduce lead hazards by taking actions such as repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will need ongoing attention.
- To **permanently** remove lead hazards, you must hire a lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not enough.

Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. If possible, hire a certified lead abatement contractor. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Call your state agency (see page 12) for help with locating qualified contractors in your area and to see if financial assistance is available.

## Remodeling or Renovating a Home With Lead-Based Paint

Take precautions before you begin remodeling or renovations that disturb painted surfaces (such as scraping off paint or tearing out walls):



- **Have the area tested for lead-based paint.**
- **Do not use a dry scraper, belt-sander, propane torch, or heat gun** to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- **Temporarily move your family** (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- **Follow other safety measures to reduce lead hazards.** You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

If not conducted properly, certain types of renovations can release lead from paint and dust into the air.



If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.

## Other Sources of Lead

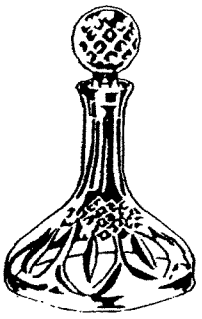


*While paint, dust, and soil are the most common lead hazards, other lead sources also exist.*

- **Drinking water.** Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
  - Use only cold water for drinking and cooking.
  - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- **The job.** If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your clothes separately from the rest of your family's.



- Old painted **toys** and **furniture.**
- Food and liquids stored in **lead crystal** or **lead-glazed pottery or porcelain.**
- **Lead smelters** or other industries that release lead into the air.



- **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture.
- **Folk remedies** that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.

## For More Information

### The National Lead Information Center

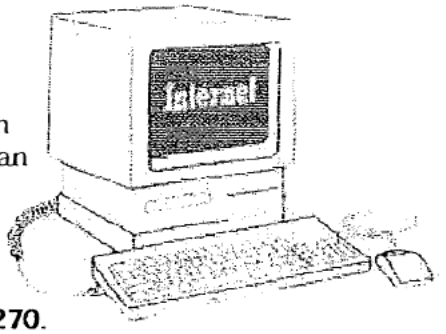
Call **1-800-LEAD-FYI** to learn how to protect children from lead poisoning.

For other information on lead hazards, call the center's clearinghouse at **1-800-424-LEAD.** For the hearing impaired, call, **TDD 1-800-526-5456** (FAX: **202-659-1192,** Internet: **EHC@CAIS.COM**).



### EPA's Safe Drinking Water Hotline

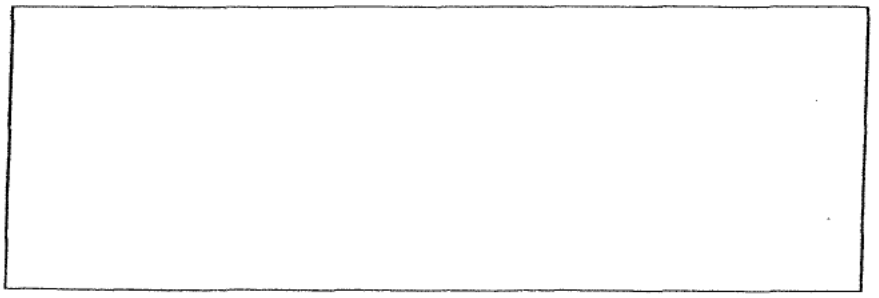
Call **1-800-426-4791** for information about lead in drinking water.




### Consumer Product Safety Commission Hotline

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call **1-800-638-2772.** (Internet: info@cpsc.gov). For the hearing impaired, call **TDD 1-800-638-8270.**

### Local Sources of Information



## State Health and Environmental Agencies

Some cities and states have their own rules for lead-based paint activities. Check with your state agency (listed below) to see if state or local laws apply to you. Most state agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards.

| State/Region | Phone Number | Missouri | (314) 526-4911 |
|---|---|---|---|
| Alabama | (205) 242-5661 | Montana | (406) 444-3671 |
| Alaska | (907) 465-5152 | Nebraska | (402) 471-2451 |
| Arkansas | (501) 661-2534 | Nevada | (702) 687-6615 |
| Arizona | (602) 542-7307 | New Hampshire | (603) 271-4507 |
| California | (510) 450-2424 | New Jersey | (609) 633-2043 |
| Colorado | (303) 692-3012 | New Mexico | (505) 841-8024 |
| Connecticut | (203) 566-5808 | New York | (800) 458-1158 |
| Washington, DC | (202) 727-9850 | North Carolina | (919) 715-3293 |
| Delaware | (302) 739-4735 | North Dakota | (701) 328-5188 |
| Florida | (904) 488-3385 | Ohio | (614) 466-1450 |
| Georgia | (404) 657-6514 | Oklahoma | (405) 271-5220 |
| Hawaii | (808) 832-5860 | Oregon | (503) 248-5240 |
| Idaho | (208) 332-5544 | Pennsylvania | (717) 782-2884 |
| Illinois | (800) 545-2200 | Rhode Island | (401) 277-3424 |
| Indiana | (317) 382-6662 | South Carolina | (803) 935-7945 |
| Iowa | (800) 972-2026 | South Dakota | (605) 773-3153 |
| Kansas | (913) 296-0189 | Tennessee | (615) 741-5683 |
| Kentucky | (502) 564-2154 | Texas | (512) 834-6600 |
| Louisiana | (504) 765-0219 | Utah | (801) 536-4000 |
| Massachusetts | (800) 532-9571 | Vermont | (802) 863-7231 |
| Maryland | (410) 631-3859 | Virginia | (800) 523-4019 |
| Maine | (207) 287-4311 | Washington | (206) 753-2556 |
| Michigan | (517) 335-8885 | West Virginia | (304) 558-2981 |
| Minnesota | (612) 627-5498 | Wisconsin | (608) 266-5885 |
| Mississippi | (601) 960-7463 | Wyoming | (307) 777-7391 |

## EPA Regional Offices

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

**EPA Regional Offices**

**Region 1** (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)
John F. Kennedy Federal Building
One Congress Street
Boston, MA 02203
(617) 565-3420

**Region 2** (New Jersey, New York, Puerto Rico, Virgin Islands)
Building 5
2890 Woodbridge Avenue
Edison, NJ 08837-3679
(908) 321-6671

**Region 3** (Delaware, Washington DC, Maryland, Pennsylvania, Virginia, West Virginia)
841 Chestnut Building
Philadelphia, PA 19107
(215) 597-9800

**Region 4** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)
345 Courtland Street, NE
Atlanta, GA 30365
(404) 347-4727

**Region 5** (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)
77 West Jackson Boulevard
Chicago, IL 60604-3590
(312) 886-6003

**Region 6** (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)
First Interstate Bank Tower
1445 Ross Avenue, 12th Floor, Suite 1200
Dallas, TX 75202-2733
(214) 665-7244

**Region 7** (Iowa, Kansas, Missouri, Nebraska)
726 Minnesota Avenue
Kansas City, KS 66101
(913) 551-7020

**Region 8** (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)
999 18th Street, Suite 500
Denver, CO 80202-2405
(303) 293-1603

**Region 9** (Arizona, California, Hawaii, Nevada)
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1124

**Region 10** (Idaho, Oregon, Washington, Alaska)
1200 Sixth Avenue
Seattle, WA 98101
(206) 553-1200

## CPSC Regional Offices

**Eastern Regional Center**
6 World Trade Center
Vesey Street, Room 350
New York, NY 10048
(212) 466-1612

**Central Regional Center**
230 South Dearborn Street
Room 2944
Chicago, IL 60604-1601
(312) 353-8260

**Western Regional Center**
600 Harrison Street, Room 245
San Francisco, CA 94107
(415) 744-2966

# Simple Steps To Protect Your Family From Lead Hazards

## If you think your home has high levels of lead:

- Get your young children tested for lead, even if they seem healthy.
- Wash children's hands, bottles, pacifiers, and toys often.
- Make sure children eat healthy, low-fat foods.
- Get your home checked for lead hazards.
- Regularly clean floors, window sills, and other surfaces.
- Wipe soil off shoes before entering house.
- Talk to your landlord about fixing surfaces with peeling or chipping paint.
- Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- Don't use a belt-sander, propane torch, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
- Don't try to remove lead-based paint yourself.

Recycled/Recyclable
Printed on paper that contains at least 20 percent postconsumer fiber.

# EXHIBIT M

# LEAD PAINT DISCLOSURE

## DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARDS

***Seller's Disclosure:***

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _ Known lead-based paint and/or lead-based paint hazards are present in the Unit (explain).

(ii) x Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the Unit.

---

(b) Records and reports available to the Seller (check (i) or (ii) below):

(i) _ Seller has provided the Purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the Unit (list documents below).

(ii)_ Seller has no reports or records pertaining to lead-based paint and/or lead-based hazards in the Unit.

---

***Purchaser's Acknowledgement (Initial)***

(c)__ Purchaser has received copies of all information listed above.

(d)__ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home.*

(e)__ Purchaser has (check (i) or (ii) below):

(i) _ received a 10-day opportunity (or other mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii)_ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint hazards.

***Agent's Acknowledgement (Initial)***

(f)__ Agent has informed the Seller of the Seller's obligation under 42 U.S.C. 4852d and is aware of Agent's independent responsibility to ensure compliance.

***Certification of Accuracy***

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

| | | | |
|---|---|---|---|
| Seller | Date | Purchaser | Date |
| Seller | Date | Purchaser | Date |
| Agent | Date | Agent | Date |

# EXHIBIT N

# CERTIFICATIONS

## SPONSOR'S CERTIFICATION

New York State Department of Law
120 Broadway
New York, New York 10271
Attention: Investment Protection Bureau

Re: The 235 West 71st Street Condominium
235 West 71st Street
New York, New York

Gentlemen:

We are the sponsor and the principals of the sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 23 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We certify that the following plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

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

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

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

(vii) not contain any representation or statement which is false, where we: (a) knew the truth, (b) with reasonable effort could have known the truth, (c) made no

reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statement made.

This certification is made under the penalty of perjury for the benefit of all persons to whom this offer is made. We understand the violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

235 West 71st Development LLC

By: _____
James K. Rinzler, President

_____
Bradley T. Rinzler, Principal

_____
Milton S. Rinzler, Principal

_____
Ross Berman, Principal

_____
Jerome Berman, Principal

_____
James K. Rinzler, Principal

Sworn to before me this

20th day of August, 2007

_____
Notary Public

LISA C. NASIAK
Notary Public, State of New York
No. 31-5080247
Qualified in New York County
Commission Expires July 22, 2011

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reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statement made.

This certification is made under the penalty of perjury for the benefit of all persons to whom this offer is made. We understand the violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

235 West 71st Development LLC

By:_____
James K. Rinzler, President

_____
Bradley T. Rinzler, Principal

_____
Milton S. Rinzler, Principal

_____
Ross Berman, Principal

_____
Jerome Berman, Principal

_____
James K. Rinzler, Principal

Sworn to before me this

20th day of August, 2007

JODI L. SCHORR
Notary Public, State of New York
No. 24-5009146
Qualified in Kings County
Commission Expires March 8, 2011

_____
Notary Public

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reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statement made.

This certification is made under the penalty of perjury for the benefit of all persons to whom this offer is made. We understand the violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

235 West 71st Development LLC

By:_____
James K. Rinzler, President

_____
Bradley T. Rinzler, Principal

_____
Milton S. Rinzler, Principal

_____
Ross Berman, Principal

_____
Jerome Berman, Principal

_____
James K. Rinzler, Principal

Sworn to before me this

13 day of AUGUST 2007

Sonia Bezdikian
Notary Public

SONIA BEZDIKIAN
NOTARY PUBLIC, State of New York
No. 01BE4875864
Qualified in Queens County
Commission Expires November 03, 2010

## CERTIFICATION OF SPONSOR'S ARCHITECT

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

Re: 235 West 71st Street
New York, New York

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me, Mario Arbore, RA, to prepare a report describing the physical condition of the property (the "Report"). I prepared the report dated June 26, 2007, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely upon it.

I am a licensed architect in the State in which the property is located.

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

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

I certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as of the date of my last inspection on August 16, 2007; the renovation work is underway as of August 16, 2007, and the Report describes the condition of the premises upon the completion of the work presently in progress;

(ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition as of the date of my last inspection on August 16, 2007;

(iii) does not omit any material fact;

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

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

(vi) does not contain any promise or representation as to the future which is beyond

reasonable expectation or unwarranted by existing circumstances;

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

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

I further certify that I have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Mario Arbore

Mario Arbore, RA

Sworn to before me this
23rd day of August, 2007

Notary Public

Angela Gray
Notary Public, State of New York
No. 01GR6145195
Qualified in Kings County
Commission Expires May 1, 2010

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D & D MANAGEMENT SERVICES CORP.
6725 13th AVENUE
BROOKLYN, NEW YORK 11219 EMAIL: DDMSC@AOL.COM
Tel: 718-238-9879 Fax: 718-836-3713

**CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET PURSUANT TO SECTION 23.4 (d) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A AS AMENDED**

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

Re: The 235 West 71st Street Condominium
235 West 71st Street
New York, New York

D & D Management Services Corp. hereby certifies as follows:

The sponsor of the Condominium Offering Plan for the above captioned property retained our firm to prepare Schedule B to the Offering Plan containing projections of income and expenses of Condominium operation for the fiscal year July 1, 2007 through June 30, 2008.

The principals of D & D Management Services Corp. have been engaged in the management of residential and commercial real estate for more than fifteen years. The principals have managed more than 40 buildings. The undersigned principal is a licensed Real Estate Broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential and mixed-use buildings.

We certify that the projection in the Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses of the Condominium for the fiscal year January 1, 2008 through December 31, 2008.

We certify that Schedule B:

(i) sets forth in detail the projection of income and expenses of Condominium operation for the fiscal year January 1, 2008 through December 31, 2008;

D & D MANAGEMENT SERVICES CORP.
6725 13th AVENUE
BROOKLYN, NEW YORK 11219 EMAIL: DDMSC@AOL.COM
Tel: 718-238-9879 Fax: 718-836-3713

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the projected operation of the condominium during the fiscal year January 1, 2008 through December 31, 2008;

(iii) does not omit any material facts;

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

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

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

(vii) does not contain any representation or statement which is false, where we: (a) knew that 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 the knowledge concerning the representations made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this Certification is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on it. This statement is not intended as a guarantee or warranty of the income and expenses for the operation of the Condominium during the fiscal January 1, 2008 through December 31, 2008.

This Certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that the violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

D & D Management Services Corp.

By: _____
Name: Dorina Miletic
Title: President

Sworn to before me this
20th day of Sept, 2007

_____
Notary Public

LEWIS KUPER
Notary Public, State of New York
No. 02KU5053603
Qualified in New York County
Commission Expires May 17, 2008

2110

D & D MANAGEMENT SERVICES CORP.
6725 13th AVENUE
BROOKLYN, NEW YORK 11219
EMAIL: DDMSC@AOL.COM

Tel: 718-238-9879
Fax: 718-836-3713

**CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNERS PURSUANT TO SEC 23.4 (e) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A AS AMENDED**

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

Re: The 235 West 71st Street Condominium
235 West 71st Street
New York, New York

The Sponsor of the Condominium Offering Plan for the captioned property retained us to review Schedule B, which includes projections of common charges payable by the owners of the commercial units.

The principals of D & D Management Services Corp. have been engaged in the management of residential and commercial real estate for more than fifteen years. The principals have managed more than 40 buildings. The undersigned is a licensed Real Estate Broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and regulations promulgated by the office of the Attorney General in Part 23 insofar as they are applicable to the commercial units listed in Schedule B.

We have reviewed the Schedule as it impacts upon the commercial units and investigated the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing and owning residential and mixed-use buildings.

We certify that the projections in Schedule B for common charges payable by the owners of the commercial units appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributed to such commercial units for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial units also reflects special or exclusive use or availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owners of the commercial units:

D & D MANAGEMENT SERVICES CORP.
6725 13th AVENUE
BROOKLYN, NEW YORK 11219
EMAIL: DDMSC@AOL.COM
Tel: 718-238-9879
Fax: 718-836-3713

(i) set forth in detail the projected common charges for the commercial units for the first full year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owners of the commercial unit(s);

(iii) do not omit any material facts;

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

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

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

(vii) do not contain any representation or statement which is false, where we: (a) knew the truth: (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial units for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

D & D Management Services Corp.

By: _____

Name: Dorina Miletic
Title: President

Sworn to before me this
20 day of Sept, 2007

_____
Notary Public

LEWIS KUPER
Notary Public, State of New York
No. 02KU5053603
Qualified in New York County
Commission Expires May 17, ~~2008~~ 2010