This plan has been amended.
Please see inside cover.

CONDOMINIUM OFFERING PLAN

457 PROSPECT PLACE CONDOMINIUM

457 Prospect Place
Brooklyn, New York 11238

8 residential units.....$6,640,000.00
8 storage rooms.....$ 200,000.00

Total Offering Price.....$6,840,000.00

Name and Address of Sponsor & Selling Agent

#1 Prospect Developers, LLC
944 Fulton Street
Brooklyn, New York 11238

THE DATE OF ACCEPTANCE FOR FILING THIS OFFERING PLAN IS MARCH 2, 2007. THIS PLAN MAY NOT BE USED AFTER MARCH 1, 2008 UNLESS EXTENDED BY AMENDMENT.

SEE PAGE (ii) FOR SPECIAL RISKS TO PURCHASERS.

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

BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL THE UNITS AND STORAGE SPACES, 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 THE SPONSOR. PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN. (SEE SPECIAL RISKS SECTION OF THE PLAN.)

457 PROSPECT PLACE CONDOMINIUM

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SPECIAL RISKS

1. Because Sponsor is retaining the unconditional right to rent rather than sell the units and the storage units, 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 the Sponsor. Purchasers for their own occupancy may never gain control of the board of managers under the terms of this plan. See "Introduction".

2. The total area of each unit as shown in Schedule A are based on measurements from exterior walls. They do not accurately represent the interior space of the units and may exaggerate the area listed by as much as ten (10) percent. See Section IV, Schedule A, "Offering Prices and Related Information."

3. The property tax projections in Schedule A do not take into consideration the possibility of a tax abatement that would reduce the amount of taxes due on each unit. The Sponsor will not be making an application for a tax abatement. In the event Sponsor chooses to make such application, there is no guarantee the application will be granted. See Section IV, Schedule A, "Offering Prices and Related Information."

4. Each unit has its own forced air dual heating/air conditioning system. The maintenance of this equipment is the responsibility of each unit owner and is not paid by common charges. See Section IV, Schedule A, "Offering Prices and Related Information" and See Schedule B-1 for estimated water, gas and electric costs for each unit.

5. The Community as fully developed will not provide parking spaces; There is limited alternate side of the street parking. Guest parking is not available. See Section II, "Description of Property and Improvements."

6. The budget does not provide for a superintendent, a managing agent nor a maintenance staff. Therefore, ordinary cleaning and maintenance will have to be performed by the unit owners as well as administrative work such as collecting common charges and bookkeeping. Unit owners will have to perform the tasks ordinarily performed by a superintendent or porter, including taking out the garbage, cleaning the common areas, snow plowing or shoveling, changing light bulbs, etc. In the event a superintendent, managing agent or maintenance staff is hired, common charges will have to be raised in order to pay for these services. See Section V, Schedule B and Section XX, "Management Agreement, Contracts and Leases".

7. A contingency fund is provided for in the Budget. However, funds to repair, replace or add capital items may have to be obtained by raising common charges. Six months common charges are to be paid to the condominium as initial working capital and two months common charges to be paid to the condominium as contingency fund and two months to be paid as reserve fund. See Section V, Schedule B and Section XIX, "Reserve Fund and Working Capital Fund".

8. Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35%, 50% or 70%) of the apartments in a building be sold before the lender will consider

making a loan. Thus, it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum. See Section IX, "Procedure to Purchase".

9. Purchase agreement contracts are not subject to financing. Defaulting purchasers may lose their down payments. See Section IX, "Procedure to Purchase".

10. All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. Such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event the purchaser is entitled to recision, the purchaser will not receive a refund of any funds used for upgrades or extras. See Section XI, "Terms of Sale".

11. The Sponsor has chosen Imperial Abstract Corp. to insure all titles and mortgages at closing. Sponsor will not post any escrow required by any title company other than Imperial Abstract Corp. The failure of the purchaser to close title as a result of any title exception raised by a title company not raised by Imperial Abstract Corp. or the requirement of such title company that the sponsor post any escrow not required by Imperial Abstract Corp. shall constitute, in either case, a material breach on the part of the purchaser. See Section XII, " Closing Costs and Adjustments."

12. No pets are allowed. See Section XVI, "Rights and Obligations of the Unit Owners and the Board of Managers."

13. Each purchaser shall pay the sponsor the sum of not more than $500.00 per unit for final "as built" plans and survey. This shall be sponsor's actual cost for same. Each purchaser shall also pay one-eighth (1/8th) of the Sponsor's cost for engineering, architect, legal fees and other expenses to create the condominium, the cost for all of these together not to exceed $7,500.00. Each purchaser shall reimburse the Sponsor one-eighth (1/8th) of the annual premium for liability insurance from the date of closing until the Policy anniversary, not to exceed $1,000.00 per unit. Therefore, each purchaser may be obligated to pay $9,000.00 at closing for these charges in addition to the purchase price. See Section XII, "Closing Costs and Adjustments".

14. At closing, the purchaser must pay the Sponsor's attorney fee in the amount of $1,250.00 to reimburse Sponsor for a portion of its legal fees incurred in connection with the closing of title of the Purchaser's unit. If Purchaser obtains financing and the lender is unwilling to close at the office of Sponsor's Counsel (or such other place as Sponsor may designate in its closing notice,) the closing may be held elsewhere in New York City provided that an additional travel fee is paid to Sponsor's counsel equal to: (1) $300 if the closing is held elsewhere in Brooklyn, and (2) $500 if the closing is held in a borough other than Brooklyn. In addition: (a) if the closing is adjourned through no fault of the Sponsor, the Purchaser will be required to pay to Sponsor's Counsel and additional fee of $500 for each adjournment to defray the cost of scheduling, preparing for, and coordinating the new closing; (b) 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, Purchaser shall pay Sponsor's Counsel a fee of $500, payable in advance, for preparation of an assignment agreement; (c) if Purchaser obtains mortgage financing, Purchaser shall pay an

additional fee of $500 to Sponsor's counsel to defray the the additional cost associated therewith. Purchaser may be required to pay more than one fee with respect to a single unit pursuant to the preceding provisions of the paragraph. At Sponsor's option (in its sole discretion,) any one or more of the foregoing fees to be paid to Sponsor's Counsel shall be paid by Purchaser prior to closing upon notice to Purchaser.

Additionally, Purchaser must pay the New York State transfer tax in the amount of $4.10 per $1,000 of the purchase price and the New York City transfer tax in the amount of 1.425% of the purchase price, the amount of transfer taxes must be added to the purchase price in computing the transfer tax. Any title company fees associated with the preparation and/or recording of the transfer tax documents shall be paid by the purchaser. See Section XII, "Closing Costs and Adjustments".

15. No bond or other security has been furnished to secure the performance of Sponsor's obligations. See Section XIII, "Rights and Obligations of the Sponsor".

16. The initial sponsor voting control period is two years from the first closing or whenever six of the eight units have been sold, whichever comes first. During that time the sponsor will control the amount of common charges and the services and repairs to be provided to the condominium. After that period, two of the three board members shall be unit owners or their appointees (even if only one unit has been sold) and the sponsor shall have the right to appoint one member until all units have been sold. However, during this later period, the sponsor will not cast votes, for board members, except in the event of a vote that results in a tie or deadlock. See Section XV, "Board of Managers".

17. Even after a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a purchaser to resell an apartment, if prospective buyers are unable to obtain a loan due to such minimum sales requirements, or to refinance an existing mortgage. See Section XVII, "Rights and Obligations of Unit Owners".

18. Adjustments for prepaid expenses between the sponsor and the board of managers may be deducted only from the working capital fund. The only substantial credit to the sponsor that is anticipated with reasonable probability is an adjustment for real estate taxes advanced by the sponsor before the units are separately apportioned. The approximate range of such adjustment items is $3,000-5,000. Net adjustments for prepaid expenses, if in favor of the sponsor, are to be paid from the working capital fund. There will be a minimum working capital fund, totaling two months common charges, of $6,956.66, after all closings, regardless of the amount of adjustments. Any balance will be paid over to the board of managers upon turnover of control to the board. See Section XXIX, "Reserve Fund and Capital Fund".

19. The condominium may not be able to finance needed capital expenditures such as renewal or replacement of building components or systems or to remedy major building defects by mortgaging the common elements. It may be necessary for unit owners to finance their units to raise capital for these purposes. The sponsor makes no guarantee that such financing is available. See Section XXIX, "Reserve Fund and Capital Fund".

20. The New York State Legislature has adopted Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new homes.

This new law is applicable to all purchase agreements entered into on or after March 1, 1989, for the units offered for sale under this plan. Pursuant to the terms of this law, the sponsor is giving a limited warranty to purchasers. See Section XIII, "Rights and Obligations of Sponsor," where a summary of the limited warranty is set forth. The entire text of Article 36-B of the General Obligations Law is reproduced in Part II. The complete terms of the limited warranty contained in the rider to the purchase agreement is set forth in Part II.

21. The use of the property is for single family residence purposes only. A home cannot be used for commercial, office, home office, home occupation, or any other non-residential uses. See Part II, "By-Laws".

22. The cellar area is not intended to be used for human occupancy. The storage rooms may not legally be used as a bedroom or living area without resulting in fines and/or violations being levied against the entire building. See Part II, "Floor Plans".

457 PROSPECT PLACE CONDOMINIUM
457 PROSPECT PLACE
BROOKLYN, NEW YORK

PART I

I. INTRODUCTION

The purpose of this offering plan is to set forth all the material terms of the offer. The plan may be amended from time to time when an amendment is filed with the New York State Office of the Attorney General. Amendments will be served on all offerees. The condominium is subject to and complies with the New York Condominium Act and Part 20 of Title 13, New York Code of Rules and Regulations.

The sponsor is #1 Prospect Developers, LLC, ("Sponsor") a New York limited liability company. Sponsor acquired title to the property via deed from [redacted] dated September 12, 2005.

Sponsor will endeavor in good faith to sell rather than rent the units. However, Sponsor is retaining the unconditional right to rent rather than sell units. As a result, 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 the Sponsor. Purchasers for their own occupancy may never gain control of the board of managers under the terms of this plan. If Sponsor makes a bulk sale of all or some of its unsold units, the transferee successor Sponsor shall be bound by the representations and terms in this paragraph.

Eight (8) residential one-family units are being offered in this plan. No off street parking will be provided. There is limited alternate side of the street parking. Eight (8) storage rooms in the cellar will be sold on a first come, first served basis for $25,000.00 each. Please refer to Schedule A for prices.

The basic aspects of condominium ownership include the following:

(i) Each purchaser owns his or her unit outright and is entitled to exclusive possession of that unit together with an interest in and right to use the common elements, and exclusive right to use limited common elements, if applicable;

(ii) The space owned exclusively by a unit owner and reserved exclusively to the use of the unit owner is the "unit". "Common elements" are owned in common by all the unit owners and may be used by all the unit owners, i.e., a lawn, entrance or hallway. "Limited common elements" are owned in common by all the unit owners but may be used by less than all the unit owners, i.e., a porch, deck, balcony or patio;

(iii) Each unit owner must pay common charges in accordance with the New York Condominium Act, Real Property Law sections 339(i) and (m);

(iv) Each unit owner is obligated to comply with the declaration, the by-laws, rules and regulations and any other requirements of the board of managers;

(v) Possible restrictions in the declaration or by-laws on use, resale, leasing or mortgaging of units;

(vi) The authority of the board of managers to manage the condominium, and the unit owner's right to vote for members of the board of managers;

(vii) Each unit will be separately taxed and may be separately mortgaged; and

(viii) Each unit owner is responsible for maintenance and repairs and for casualty and liability insurance for his unit, as distinguished from the obligations of the board of managers with respect to the common elements and limited common elements;

(ix) The condominium board has the right to approve or disapprove purchasers through its right of first refusal upon the resale of a unit. However, in this condominium this feature is not applicable. The condominium board does not have the right to approve or disapprove purchasers. There is no limit on the number of owners who may purchase for investment rather than for personal occupancy. Therefore, there may always be a substantial percentage of owners who are non-residents.

The prices stated herein are not subject to approval by the Office of the Attorney General or any other government agency.

The offering plan delivered to the prospective purchasers contains all of the material terms of the transaction. Copies of the plan, all documents referred to in the plan and all Exhibits submitted to the Office of the Attorney General in connection with the filing of the plan will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the site whenever the on site sales office is open and at the office of the selling agent or Sponsor.

There are no limitations on who may purchase units.

THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

II. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The units are to be built in a four story building. The units are described in Part II, "Description of Property and Improvements."

The condominium property consists of an urban street environment. The condominium will not provide off-street parking spaces. Eight (8) storage rooms shall be sold on a first come, first served basis for $25,000.00 each.

The property will be improved and the units constructed in accordance with all applicable zoning and building laws, in particular, the zoning and building codes of the City of New York.

It is expected that the units will be ready for occupancy on or about July 1, 2007.

The condominium is located on a public road owned and maintained by the City of New York. No new roads are to be constructed.

III. LOCATION AND AREA INFORMATION

The condominium is located in a highly developed urban area.

Local transportation provided by the New York City Transit Authority by means of buses and subways to local shopping areas and medical facilities. Shopping is available at Kings Plaza, approximately two miles away.

Recreation facilities are available at Coney Island, Brighton Beach, and Riis Park, approximately five miles away. Numerous hospitals, including Beth Israel Medical Center: Methodist Clinic and Interfaith Medical Center, are located within a one (1) mile radius of the condominium. The Brooklyn Museum of Art and the Brooklyn Children's Museum are both less than 1.5 miles from the condominium. Schools and houses of worship are conveniently located near the condominium.

The following services are provided by the City of New York: Police protection, Precinct 77 - 127 Utica Avenue, Brooklyn, NY, approximately 2.1 miles away; fire protection - Engine 280, 489 St. Johns Place, Brooklyn, NY, approximately .5 miles away, snow removal and road maintenance, water and sewer services, and garbage pickup. Gas and electricity is provided by Consolidated Edison and/or Brooklyn Union Gas, private utilities. The cost of these services is shown in Schedule B.

A building permit shall be obtained from building department of the City of New York. The zoning of the site is R6, which permits multifamily construction as of right. The site has no landmark designation.

The Sponsor does not plan to acquire and/or develop any adjacent or neighboring parcels.

In the opinion of the Sponsor, there are no uses presently in existence or proposed in adjacent or nearby buildings or land which a reasonable purchaser would find objectionable or obnoxious.

IV. Offering Prices and Related Information

457 PROSPECT PLACE CONDOMINIUM

Schedule A

Projected charges and expenses from
July 1, 2007 thru December 31, 2007

Unit no.	Bedrooms, bathrooms (1)	Total area (2)	Offering price (3)	Percentage of common interest (4)	Monthly common charges (5)	Monthly/ annual real estate taxes (6)	Total monthly carrying charges (7)
1A	2,1.5	1,100	$ 830,000	11.5	$424.45	$415.75 / 4,989	$840.20
1B	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
2A	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
2B	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
3A	2,1.5	1,10	830,000	11.5	424.45	415.75/ 4,989	840.20
3B	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
4A	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
4B	2,1.5	1,100	830,000	11.5	424.45	415.75/ 4,989	840.20
S1-S8	N/A		$25,000 each	1.0 each	$50.00 per unit	50/600	$100 per unit
Tot:		13,240	$6,840,000	100%	$3,795.60	3,726/ 44,712	$7,521.6

FOOTNOTES TO SCHEDULE A

1. A half bath has only a sink and a toilet. A full bath has in addition a bathtub or a shower.

2. The square footage of each unit has been computed based on the floor space of each unit. The total area of each unit as shown in Schedule A are based on measurements from exterior walls. They do not accurately represent the interior space of the units and may exaggerate the area listed by as much as ten (10) percent.

3. In addition to the purchase price listed here, purchasers should expect to pay the closing costs set forth in Section XII, "Closing Costs and Adjustments". No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sale prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated unit purchase.

There are 8 storage units in the cellar that will be sold for $25,000 each on a first come, first served basis. They will be numbered S1-S8. Each storage unit will receive a common interest percentage of one percent (1%.) Each owner of a storage space shall pay fifty ($50.00) dollars per month as common charges.

The Sponsor is not offering or procuring mortgage financing. If a purchaser obtains financing, in addition to financing costs at closing, purchaser's debt service will be an additional monthly expense.

4. Percentage of common interest is based on the interest of each of the units in the approximate proportion that the fair value of the unit at the date of the declaration bears to the then aggregate fair value of all the units as defined by Real Property Law 339-i(1)(i). Each storage unit and will receive a common interest percentage of one percent (1%.)

5. Common charges have been estimated by the Sponsor and include fire and liability insurance for the units and common elements, and maintenance and operation of the common elements. Common charges are collected in order to fund the condominium budget shown in Schedule B. Common charges are collected monthly. Common charges exclude repair and decoration to the inside of a home, electricity, gas for each home and insurance for personal belongings. Each unit has its own forced air dual heating/air conditioning system. The maintenance of this equipment is the responsibility of each unit owner and is not paid by common charges. See Schedule B-1 for estimated water, gas and electric costs for each unit.

The total common charges shown includes fifty ($50.00) dollars per month for each storage unit and parking space.

6. This figure is the real estate tax shown annually and also divided by twelve to yield a monthly figure. Real estate tax estimates are based upon annual tax estimates for each unit upon completion estimated by Moseson & Associates, property specialist, by letter dated April 3, 2006. The aggregate tax rate for the City of New York is approximately $12.396 per $100.00 of assessed value, and the estimated assessed value upon completion is $360,697.00. There is no separate sewer rental charge, they are included in the common charges.

The total taxes shown includes $50 per unit per month for storage units. The total annual taxes for the storage units is $1,395.00 per storage unit.

Any tax deductions (where applicable) may vary in future years due to changes in the interest rate on the unit owner's mortgage (if any) or from changes in the allocation of constant debt service payments to interest and principal, or due to changes in the real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate, or the method of assessing real property.

7. This figure is the total of the monthly real estate taxes added to the monthly common charge. Some of these charges may be tax deductible. See Part XVIII, "Opinion of Counsel".

V. SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

457 Prospect Place

8 Units

Estimated to Begin July 1, 2007*

INCOME

Common Charges	$45,550.00

EXPENSES

Labor (1)	$ -0-
Heating (2)	2,200.00
Utilities (3)	5,060.00
Water Charges and Sewer Rents (4)	5,280.00
Repair, Maintenance and Supplies (5)	5,000.00
Service Contracts (6)	4,860.00
Insurance (7)	6,150.00
Management Fees (8)	12,000.00
Office Expenses (9)	500.00
Legal Fees and Audit Fees (10)	2,500.00
Contingency (11)	1,000.00
Reserve Fund (12)	1,000.00
TOTAL	$45,550.00

* In the event the estimated first year differs from the actual commencement of the budget year of six (6) months or more, Sponsor will amend the plan to include a revised budget. See explanatory footnotes. If the amended budget exceeds this budget by 25% or more the Sponsor will offer all purchasers the right to rescind their purchase agreement and have their deposits returned, with interest, if any.

FOOTNOTES TO SCHEDULE B

1. There are no labor charges.

2. For gas to heat the common elements. This figure is the opinion of Alayne Real Estate, Inc., 3004 Avenue L, Brooklyn, NY 11210, in a letter dated March 30, 2006, based upon the prevailing rate of $1.13 per CCF. Ten percent has been added to that estimate to provide for inflation or rate increases.

3. For electricity to the common elements. This figure is the opinion of Alayne Real Estate, Inc., in a letter dated March 30, 2006, based upon the prevailing rate of $.22 per KWH. Ten percent has been added to that estimate to provide for inflation or rate increases.

4. For water to the individual units. This figure is the opinion of Alayne Real Estate, Inc., in a letter dated March 30, 2006, based upon the prevailing rate of $4.27 per HCF. Ten percent has been added to that estimate to provide for inflation or rate increases.

5. For purchase of various household items for maintenance of the property and any minor repairs that are necessary.

6. To provide for the following annual service contracts: Exterminating is $1,200/year, Landscaping is $1,200/year, Sprinkler maintenance is $1,800/year. Each unit has its own forced air dual heating/air conditioning system. The maintenance of this equipment is the responsibility of each unit owner and is not paid by common charges.

7. Based on an estimate received by the Sponsor from Glenn M. Fox Insurance Agency, 5022 New Utrecht Avenue, Brooklyn, NY 11219, dated February 27, 2006 for $1,232,000.00 all risk replacement cost property insurance subject to a deductible; $1,000,000.00 single limit comprehensive general liability coverage; with no co-insurance provisions.

8. Based on the estimate of Alayne Real Estate, Inc.

9. To provide office supplies, duplicating, photocopying, postage and other miscellaneous office expenses.

10. To provide for audit fees for a Certified Public Accountant to provide an annual certified financial statement and federal tax returns based on a proposal from Apfel, Levy & Zlotnick & Co., PC, New York, New York, dated March 23, 2006 ($2,000.00), plus $500.00 estimated by the Sponsor for legal fees for contract review and common charge collection requirements.

This estimate does not include the cost of litigation, if any, that might arise during this initial period.

11. This contingency is to provide for unanticipated expenses that may arise from time to time without the necessity of resorting to a special assessment to unit owners. While the exact nature of unanticipated expenses cannot be defined, this contingency may be used to offset the costs of insurance deductibles on claims, to provide for additional management or maintenance services or improvements not otherwise classified in this budget. It will not be used to replace capital items.

When completely funded, after all closings, the working capital fund will contain $22,773.60, (six months aggregate common charges); and the reserve fund will contain $7,591.20 (two months aggregate common charges).

The offering plan must state in two separate sections of the plan whether the condominium will have funds for working capital and/or as a reserve for capital expenditures. The other section is Section XIX, Reserve Fund and Capital Fund.

12. In the Sponsor's opinion, this figure is sufficient to provide for major capital repairs or replacement items likely to be needed within the first five years of condominium operation.

VI. SCHEDULE B - 1

PROJECTED BUDGET FOR ANNUAL INDIVIDUAL UNIT ENERGY COSTS (1)

457 PROSPECT PLACE CONDOMINIUM

Unit No.	Square Feet	Heat, Hot Water & Cooking Usage (CCF Usage/1.13)	Heat, Hot Water & Cooking Cost (Gas)	Electric Usage (KWH Usage /.22)	Electric Cost	Water Usage (HCF / 4.27)	Total Annual Cost
1A	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
1B	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
2A	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
2B	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
3A	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
3B	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
4A	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
4B	1023.5	1590	$1,797.00	12272	$2,716.98	140.50	$4,513.90
Common Areas		12,720	$14,376	29,080	$21,735.8	1,124.00	$36,111.20

(See next page for footnote)

FOOTNOTES TO SCHEDULE B-1

1. The above estimates were provided by Alayne Real Estate, Inc., Sponsor's management expert, by letter dated March 30, 2006. The dollar amounts are based upon the prevailing rates of $1.13 per CCF for gas, $.22 per KWH for electricity and $4.27 per HCF for water. These estimates also include governmental surcharges, municipal, M.T.A. and sales taxes. The service provider for electricity and gas is Keyspan Energy Delivery or The Consolidated Edison Co. The service provider for water is DEP. Water charges are billed as part of common charges, shown on Schedule B, because the building has only one meter. There is no separate charge for sewer service.

In view of the fact that these averages may include the use of energy by persons of varying need, occupying dissimilar types of dwelling units, constructed of different materials at different times, with different standards of comfort or with families of different sizes, the amount of energy used by the purchaser may vary substantially from the average estimates herein provided. In addition, the effect of inflation, fuel shortages and other factors may raise the cost of electricity and/or gas substantially higher than the current or projected rate.

Although the Sponsor is under obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially effect the cost of heating and cooling after the purchase of a unit or in subsequent years. Sponsor represents, however, that it has followed the plans and specifications provided by the manufacturer of the heating, hot water and air conditioning units together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Sponsor further represents that it has not been induced to select the heating system described herein on the basis of any financial inducement other than the comparative advertising and price of the system made to it by the manufacturer or distributor of the system or by the supplier of energy to be used in connection therewith or by any of their agents or employees.

VII. COMPLIANCE WITH REAL PROPERTY LAW § 339(i)

STEIN & FARKAS, LLP
ATTORNEYS AT LAW
1639 EAST 13TH STREET
BROOKLYN, NEW YORK 11229
(718) 645-5600

January 3, 2007

New York State Department of Law
120 Broadway
New York, New York 10279

Re: 457 Prospect Place Condominium

Gentlemen:

I am an attorney at law admitted to practice in the State of New York and I am also a real estate broker licensed by the State of New York. I have over five years experience in reviewing offering plans and contracts of sale of condominium units in New York State.

I am neither the selling agent nor the managing agent for above captioned condominium .

The method selected for determining the percentage of common interest allocated to each unit of 457 Prospect Place Condominium complies with Section 339-i(1)(i) of the Real Property Law in assigning the percentage of common interest to each unit, in that the interest of each of the units is based on the approximate proportion that the fair value of the unit at the date of the declaration bears to the then aggregate fair value of all the units.

Yours very truly,

JOSHUA FARKAS

VIII. CHANGES IN PRICES AND UNITS

The offering prices set forth in Schedule A may be changed only by a duly filed amendment to the plan when the change in price is an across the board increase or decrease affecting one or more lines of units or unit models, or is to be advertised, or is a price increase for an individual purchaser. Prices and specified terms of sale are negotiable and the Sponsor may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in Schedule A without filing an amendment.

No change will be made in the size or number of units and/or their respective percentages of common interest, and no material change will be made in the size or quality of common elements, except by amendment to the plan and, when applicable, to the declaration.

Unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the Sponsor for that unit and the purchaser is not in default.

Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of common elements.

IX. PROCEDURE TO PURCHASE

Any person may accept Sponsor's offer to sell a unit by entering into a purchase agreement with the Sponsor. The agreement provides that the purchaser will purchase from the Sponsor a designated unit in the condominium described in the declaration creating such condominium. A copy of the form purchase agreement is contained in Part II of the offering plan. Purchaser will be afforded a minimum three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement. Any conflict between the offering plan and the purchase agreement shall be resolved in favor of the offering plan. Upon signing the purchase agreement the purchaser shall make a down payment of not less than $1,000.00 and not more than 10% of the total price of the unit plus the cost of special work ordered by the Purchaser. Upon full payment of the purchase price at the closing, in cash or by mortgage, purchaser will receive a bargain and sale deed with covenant against grantor's acts, containing the provisions set forth in Section 13, Subdivision 5 of the New York Lien Law, which will convey good and marketable title to him of fee ownership in the unit and such percentage of common interest in the common elements as is set forth on Schedule A, free and clear of all liens and encumbrances other than those set forth in this plan. The Purchase Agreement may be modified with the consent of purchaser and Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan. Sponsor must either return a fully executed Purchase Agreement within thirty (30) days to the purchaser or reject the Purchase Agreement and refund the deposit monies.

The amount of the deposit, or down payment may be negotiated for each sale. There may be increases in the deposit for special work ordered by the purchaser and itemized in the purchase agreement.

The Sponsor shall comply with the escrow and trust fund requirements of GBL Sections 352-e(2-b) and 352-h and these regulations, and all funds paid by purchasers shall be handled in accordance with these statutes and regulations. These requirements are summarized as follows:

(i) The account. All deposits, down payments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the plan, must be placed within five business days after the agreement is signed by all necessary parties, in an attorney's segregated special escrow account in a bank doing business in the State of New York which account is covered by federal bank deposit insurance. Sponsor shall include as a special risk that deposits in excess of $100,000 will not be federally insured in excess of $100,000. An attorney shall open and maintain such account in his or her own name, or in the name of a firm of attorneys of which he or she is a member, or in the name of the attorney or firm of attorneys by whom he or she is employed, separated from any accounts in which assets belonging to the firm are deposited, and separate from any accounts maintained in the capacity of executor, guardian, trustee or receiver. A master escrow account with a sub-account for each purchaser is acceptable. The name of the account, the bank, and the bank address must be stated in the plan. The word "escrow" must be included as part of the name of the account. Funds from this account may be released only by signature of the attorney who is named as escrow agent. Neither the Sponsor nor any principal of the Sponsor may be a signatory on the account. Funds must be placed in an interest-bearing account, with all interest credited to the purchaser, unless either the purchaser defaults and the plan is consummated, or the Sponsor elects to place the funds in a separate Interest-On-Lawyer's-Account ("IOLA") for each offering plan pursuant to Judiciary Law section 497. The plan shall indicate whether the interest rate to be earned will be the prevailing rate of such accounts. State the current prevailing rate and when interest will begin to accrue. No fees of any kind may be deducted from the account principal or any interest earned thereon. Sponsor shall bear any administrative cost for maintenance of the account.

(ii) Payments. All funds received from purchasers whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be made payable to or endorsed by the purchaser to the order of the attorney or law firm as escrow agent.

(iii) The escrow agent. The escrow agent must be an attorney admitted to practice in the State of New York or an attorney admitted in a foreign jurisdiction who submits to the jurisdiction of the State of New York for any cause of action arising out of the escrow agreement or a firm of such attorneys. The escrow agent shall be independent of the Sponsor. Attorneys admitted or practicing in the State of New York must comply with the Appellate Division rules for the preservation of client funds of the Judicial Department having jurisdiction over the attorney. A law firm which has a member who is a principal of the sponsor, shall not be the escrow agent, but one or more members of the firm other than the principal may act as escrow agent. Only an attorney acting as escrow agent shall be a signatory on the account and only such attorney shall be authorized to release funds.

The escrow agent shall be Stein & Farkas LLP, 1639 East 13th Street, Brooklyn, New York 11229, (718) 645-5600. The signatory is Joshua Farkas, Esq. The depositary bank is Chase Manhattan Bank, 1501 Avenue M, Brooklyn, New York 11230.

(iv) Escrow agreement. A copy of the full escrow agreement is contained as an exhibit to the plan in Part II. The form used is the model form for the escrow agreement available from the Office of the Attorney General.

(v) Notification to purchaser. Within 10 business days after tender of the deposit submitted with the purchase agreement, the escrow agent shall notify the purchaser that such funds have been deposited in the bank indicated in the offering plan, and shall provide the account number and the initial interest rate. If the purchaser does not receive notice of such deposit within 15 business days after tender of the deposit, he or she may cancel the purchase and rescind within 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.

(vi) Escrow revisions. Before 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 Office of the Attorney General approves in writing the use of such alternate form of security.

(vii) Release of funds. The escrow agreement and the plan must set forth the requirements and procedures for the release of the escrowed funds. These shall include:

(a) Under no circumstances shall Sponsor apply for release of escrowed funds of a defaulting purchaser until after consummation of the plan. Consummation of the plan does not relieve the sponsor of its obligations pursuant to GBL Section 352-h.

(b) The escrow agent shall hold the funds in escrow until otherwise directed in:

(1) a writing signed by both Sponsor and purchaser; or
(2) a determination of the Attorney General pursuant to subparagraph (viii) of this paragraph; or
(3) a judgment or order of a court of competent jurisdiction or until released pursuant to clause (d) of this subparagraph.

(c) Sponsor shall not object to the release of the escrowed funds to:
(1) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan; or

(2) all purchasers after an amendment abandoning the plan is accepted for filing by the Office of the Attorney General.

(d) If there is no written agreement between the parties to release the escrowed funds, the escrow agent shall not pay the funds to the sponsor until the escrow agent has given the purchaser written notice of not fewer than 10 business days. Thereafter, the funds may be paid to the sponsor unless the purchaser has already made application to the Office of the Attorney General pursuant to the dispute resolution provisions contained in these regulations and has so notified the escrow agent in accordance with such provisions.

(viii) Disputes.

(a) In the event of a dispute, the sponsor shall apply and the purchaser or the escrow agent holding the down payments in escrow may apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereon. Forms for this purpose will be available from the Office of the Attorney General. The party applying shall contemporaneously send to all other parties a copy of such application. A copy of this form is shown in Part II.

(b) Pending the determination of the Attorney General to grant or deny the application, the sponsor, the purchaser and the escrow agent shall abide by any interim directive issued by the Attorney General.

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

(d) The Attorney General shall act upon the application within 30 days after its submission to the Office of the Attorney General, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.

(e) If the application seeking release of funds is denied, the escrow agent shall continue to hold the deposit and any interest earned thereon until:

(1) both the sponsor and purchaser direct payment to a specified party in accordance with a written direction signed by both the sponsor and purchaser; or

(2) a judgment or order of a court of competent jurisdiction is served on the escrow agent; or

(3) the escrow agent deposits the disputed amount into court.

(f) In no event shall the escrow agent release funds in dispute, other than a payment of such funds into court, until such dispute is finally resolved either by determination of the Attorney General or by order or judgment of a court of competent jurisdiction or by written agreement of the sponsor and the purchaser.

(ix) Exhibits to plan. Copies of the forms provided by the bank for opening the escrow account and the escrow agreement as proposed are included as Exhibit B-25 of this submission. Upon the first deposit, a copy of the escrow agreement as executed and a copy of the bank forms as executed will be submitted as supplements to Exhibit B-25 of the submission.

(x) Records on file. The Escrow agent shall maintain all records concerning the escrow account for seven years after release of the funds. Upon the dissolution of any law firm which was the escrow agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by the successor firm and shall notify the Office of the Attorney General of such transfer.

(xi) Review and audit. The Office of the Attorney General may perform random reviews and audits of any records involving escrow accounts to determine compliance with statute and regulation.

(xii) Waiver void. 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 this section of the regulations shall prevail over any conflicting or inconsistent provision in the offering plan or in a purchase agreement.

(xiii) Trust obligation of Sponsor. Nothing contained herein shall diminish or impair the Sponsor's statutory obligation to each purchaser pursuant to GBL Section 352-h to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such purchaser. Consummation of the plan does not relieve Sponsor of its obligations pursuant to GBL Section 352-h. Funds from the escrow account remain the property of the purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of the Sponsor or the escrow agent upon any bankruptcy, incapacity or death.

(xiv) Transition. All funds required to be held pursuant to GBL Sections 352-e(2-b) and 352-h on the effective date of this section shall be transferred into the escrow account in compliance with this regulation within 60 days thereafter.

Alternatives to escrow account. A Sponsor may apply to the Attorney General at any time to use security in the form of surety bonds or a letter of credit in lieu of escrow of such funds for use in newly constructed or gut rehabilitated developments upon showing of adequate insurance of such funds to the satisfaction of the Attorney General.

(i) Application for alternate security. Sponsor must submit an affidavit which contains full information as to the proposed usage of such funds, the sponsor's financing of construction or rehabilitation work, expected completion date, the terms and condition of the proposed surety bonds or letter of credit, and required undertakings and covenants.

(ii) Documentation. The proposed form of surety bond or letter of

credit, any underlying agreement or related agreement, and any undertaking or covenants required hereunder, shall be appended to the application and also filed as Exhibits to the plan in Exhibits Part B subdivision 20.2(c)(5)(ii)(B-26) or as exhibits to an amendment to the plan.

(iii) Change from escrow account. When surety bonds are or a letter of credit is to be provided under an amendment to the plan calling for release of funds already deposited in escrow, the amendment shall provide for, and annex a form for, the written consent of each affected purchaser and shall provided for continuation of escrow of funds of any purchaser who does not execute and deliver such written consent to the sponsor.

(iv) Disclosure. If an application for alternate security is approved, the terms of such alternate security shall be disclosed in the plan or in an amendment to the plan promptly submitted.

Surety bonds. A sponsor whose application to use alternate security is approved by the Attorney General, may meet its obligation to insure the availability of such funds to purchasers by effectuating the issuance of surety bonds to such purchasers by a licensed insurance company which agrees to act as surety for the amount of such down payments or deposits.

(i) Deposits into escrow account. All down payments and deposits received after the Attorney General's approval of the use of surety bonds as alternate security, shall be placed within five business days after the purchase agreement is signed by all necessary parties, in an attorney's segregated special escrow account, established pursuant to and in compliance with the requirements above in this section. Such funds shall be released by the escrow agent to the sponsor upon receipt by the escrow agent of a copy of the surety bond issued to the purchaser whose funds are being released.

(ii) Payments. All funds received from purchasers whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be made payable to or endorsed by the purchaser to the order of the attorney or law firm as escrow agent.

(iii) Requirements to act as surety. The surety company must be licensed to write insurance in the State of New York by the New York State Department of Insurance, whether or not the property which is the subject of the plan is located in the State of New York unless the law of the State where the property is located requires otherwise. If the property is located outside New York State and the sponsor claims that the law of such state conflicts and is controlling, the sponsor's application must specify the conflicting law. In order for the application for alternate security to be approved by the Attorney General, the applicant must show that the surety company with which the sponsor proposes to contract has a current rating for debt securities no lower than the third highest grade conferred by at least two of the national reporting services regularly evaluating insurance companies.

(iv) Agreements between sponsor and surety. The plan must fully

disclose the material terms of the agreement between the insurance company as surety and the sponsor, including the premium to be paid by the sponsor, any agreement by which sponsor provides collateral to secure its obligations to the surety and any agreement by the sponsor indemnifying the surety. The agreement must provide that the surety will abide by directives in conformity with these regulations.

(v) Provisions of the bond. The surety bond must specify the name and address of the sponsor as principal; the name and address of the surety company to which claims for payment may be made; provision for the name and address of the purchaser as obligee on the bond; provision for the amount of the down payment or deposit secured and the rate of interest, if any, to accrue on such funds; the term of the bond, and, if the bond is for a finite period, a guarantee by the surety that it will pay the amount secured to the purchaser-obligee prior to expiration of the bond or a guarantee by the sponsor that the bond will be renewed before expiration.

(vi) Term and continuation. Each surety bond and any accompanying agreement shall provide that it will continue in effect or that it will be renewed periodically until consummation and closing of the sale of the respective unit the down payment for which is secured by such surety bond or until the secured funds of a purchaser have been returned in full, or until the funds secured by the surety bond have been placed in the escrow account
or until there is an undisputed purchaser
default or a determination by the Attorney General or order or judgment of a court of competent jurisdiction that the purchaser has defaulted and that the sponsor is entitled to the secured funds.

(vii) Delivery of the surety bond. The sponsor shall cause the surety to mail or personally deliver the surety bond to the purchaser-obligee before the funds are released to the sponsor from the escrow account. The sponsor, the escrow agent and the surety company shall each retain a copy of the surety bond.

(viii) Invoking the bond. The purchaser-obligee shall have the right to demand payment of the amount secured by the surety bond directly from the surety, without first requesting payment from the sponsor. The surety shall be obligated to pay the amount secured by the bond to the purchaser-obligee without the consent or despite the objection of the sponsor, upon the following events or circumstances;

(a) timely rescission of a purchase agreement by a purchaser pursuant to an offer of rescission contained in the plan or an amendment to the plan;
(b) acceptance for filing by the Office of the Attorney General of an amendment abandoning the plan;
(c) determinations by the Attorney General pursuant to subparagraph (x) of this paragraph that rescission or the return of funds is required;
(d) failure by the sponsor to obtain a commitment by the surety company to renew the surety bond 60 days prior to its expiration;

(e) direction by the sponsor upon request by the purchaser.

(ix) Failure by purchaser-obligee to produce a copy of the bond. A purchaser's inability to produce a copy of the surety bond shall not be a basis for the surety to reject the purchaser's claim. The surety shall retain a copy of the bond and shall pay the secured funds to the purchaser-obligee without a copy of the bond as long as the purchaser is able to provide proof of identity as the obligee on the bond.

(x) Disputes.

(a) In the event of a dispute, the sponsor shall apply and the purchaser or the surety issuing the bond may apply to the Attorney General for a determination on the disposition of the down payment secured by the bond and any interest earned thereon. Forms for this purpose will be available from the Office of the Attorney General. The party applying shall contemporaneously send to all other parties a copy of such application.

(b) Pending the determination of the Attorney General to grant or deny the application, the sponsor, the purchaser and the surety shall abide by any interim directive issued by the Attorney General.

(c) If the Attorney General determines:

(1) that the purchaser is entitled to the disputed funds secured by the surety bond, the surety shall pay the funds to the purchaser in accordance with the determination of the Attorney General;

(2) that the purchaser is not entitled to the disputed funds secured by the surety bond, such determination may provide either that the surety bond shall be continued in effect or that the surety bond may be cancelled.

(d) The Attorney General shall act upon the application within 30 days after its submission to the Office of the Attorney General, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.

(e) In no event shall the funds secured by the bond be paid to the purchaser nor shall the surety bond be discharged until any dispute is finally resolved either by written agreement of the parties directing payment of the funds or discharge of the surety bonds, or by a determination of the Attorney General or by order or judgment of a court of competent jurisdiction.

Letter of credit. A sponsor whose application to use alternate security is approved by the Attorney General, may meet its obligation to insure the availability of such funds to purchasers by effectuating the issuance of a letter of credit for the benefit of the purchasers by an issuer qualifying hereunder.

(i) Amount. The amount of the letter of credit shall be at least 125 percent of the aggregate of all down payments or payments expected to be received from purchasers, and not retained in escrow, during such period of time as the letter of credit will be needed, as estimated by the sponsor in the application to the

Office of the Attorney General. The amount of the letter of credit may be reduced or increased as warranted by circumstances and pursuant to a filed amendment to the offering plan.

(ii) Irrevocability. The letter of credit must be irrevocable during the stated term and any renewal term.

(iii) Beneficiary. The beneficiary must be an attorney, or firm of attorneys, acting as or qualified under paragraph (3)(iii) of this subdivision to act as escrow agent under the plan, who shall act as a fiduciary for the benefit of purchasers under the plan.

(iv) Authority to draw. The letter of credit must provide that the beneficiary shall have sole power to draw upon the letter of credit without the consent or despite the objection of the sponsor or of any provider of underlying credit, at such times or upon such events as are set forth in subparagraph (ix) of this paragraph.

(v) Issuer. The issuer must be a bank authorized to act as a commercial bank or savings institution under supervision of the New York State Banking Department or a federally supervised banking institution located in the State of New York, unless the property is located in another state and the letter of credit is issued by a bank located within such state. In order for the application for alternate security to be approved by the Attorney General the application must show that the issuer bank has surplus funds and net worth of at least 10 times the amount of the letter of credit, and must have a current rating with respect to its debt securities that is within "investment grade" by one of the generally accepted national reporting services regularly rating the debt securities of banking institutions and that the provisions of the letter of credit include the right of the beneficiary to draw down the letter of credit in conformity with these regulations.

(vi) Term and continuation. The letter of credit and related agreement and any accompanying undertaking shall provide that it will continue in effect or that it shall be periodically renewed until consummation and closings of sales of all units referred to in the application for alternate or until the covered funds of purchasers have been returned to them in full.

(vii) Undertaking. If the letter of credit will expire prior to the latest date of closings of sales of all such units, provision for renewal of the letter of credit without loss of irrevocability and without any change of terms shall be afforded by:

(a) an "evergreen" or automatic renewal clause, if obtainable; and

(b) the irrevocable undertaking and covenant of the sponsor and by any other provider of underlying credit to provide successive renewals thereof until consummation and closings of sales of all units or until the covered funds of purchasers have been returned in full.

(viii) Operative provisions. Upon approval of sponsor's application for use of a letter of credit as alternate security:

(a) Deposits into escrow account. All down payments and deposits received shall be placed, within five business days after the purchase agreement is signed by all necessary parties, in an attorney's segregated special escrow account established pursuant to and in compliance with paragraph (3) of this subdivision. The escrow agent shall release such funds to the sponsor provided that the escrow agent has documentation showing that the letter of credit or renewal or replacement letter of credit has been issued and is in effect. Such escrow agent shall no longer release funds from escrow if the escrow agent receives notice or information warranting draw down of the letter of credit under subparagraph (6)(ix) of this subdivision.
(b) Payments. All funds received from purchasers whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be made payable to or endorsed by the purchaser to the order of the attorney or law firm as escrow agent.

(ix) Right to draw upon letter of credit. The escrow agent as the beneficiary of the letter of credit, acting as a fiduciary for the benefit of purchasers under the plan whose funds were released from escrow by reason of the grant of sponsor's application, shall have the duty and the right to draw upon and collect the proceeds of the letter of credit, ten (10) business days after notice to the sponsor and sponsor's failure or refusal to restore such funds to the escrow agent, without the consent or despite the objection of the sponsor or the provider of the credit, upon the following events or circumstances:
(a) timely rescission of a purchase agreement by a purchaser pursuant to an offer of rescission contained in the plan or an amendment to the plan;
(b) acceptance for filing by the Office of the Attorney General of an amendment abandoning the plan;
(c) determination by the Attorney General pursuant to subparagraph (x) of this paragraph mandating that rescission or the return of funds is required;
(d) failure by the sponsor to obtain a renewal or replacement letter of credit no later than 60 days prior to the expiration of the existing letter of credit;
(e) direction by the sponsor upon request of the purchaser;
(f) notice of impending cancellation of the letter of credit has been given or received, or the issuer has filed a bankruptcy or insolvency petition or has been taken over by a federal or state authority, and no proper replacement of the letter of credit has been furnished although continuation of the same in effect is required under subparagraph (4)(I) of this subdivision or subparagraph (vi) of this paragraph.

(x) Disputes.
(a) In the event of a dispute, the sponsor shall apply, and the purchaser, the escrow agent or the bank issuing the letter of credit may apply to the Attorney General for a determination on the disposition of funds secured by the letter of credit, the deposit and any interest earned thereon. Forms for this purpose shall be available from the Office of the Attorney General. The party making such application shall contemporaneously send to

the other three parties a copy of such application.
(b) Pending the determination of the Attorney General to grant or deny the application, the sponsor, the purchaser, the escrow agent and the bank shall abide by any interim directive issued by the Attorney General.
(c) If the application permitting release of funds is granted, such funds secured by the letter of credit, and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.
(d) The Attorney General shall act upon the application within 30 days after its submission to the Office of the Attorney General, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.
(e) In no event shall the disputed funds secured by the letter of credit be paid to the purchaser nor shall the letter of credit be terminated until any dispute is finally resolved either by written agreement of the parties directing payment of the funds, or by a determination of the Attorney General or by order or judgment of a court of competent jurisdiction.

Change to escrow account. Where alternate security as provided under a filed offering plan is no longer needed by the sponsor, or new or additional alternate security cannot be obtained by a sponsor or its successor, sponsor shall submit an amendment for filing which provides that any future purchase deposits or down payments shall be held in the escrow account in accordance with paragraph (3) of this subdivision. Such amendment shall not affect the sponsor's obligation to account for funds previously released to the sponsor unless the funds representing all such deposits or down payments are restored to the escrow account.

All down payments and funds received shall be in trust for the payment of all liens pursuant to Section 13(5) of the Lien Law.

After the plan has been declared effective the sponsor will fix dates for closing title to all units for which purchase agreements have been executed by serving notice on each purchaser stating the date of the first closing and setting such purchaser's closing date. Such notice will be served no less than thirty (30) days before the date set for the closing of the units. Sponsor may permit purchasers to waive this thirty (30) day provision.

The sponsor expects the first closing of a unit to occur by the date stated in Schedule B. The Sponsor expects the first closing of a unit to occur by the date stated in Schedule B. If Purchaser is not in default under the Purchase Agreement and the Closing has not taken place within twelve (12) months after the anticipated Closing date, either Sponsor or Purchaser may cancel the Purchase agreement. The party rescinding the Purchase Agreement must give written notice of such intention to the other party, no later than thirty (30) days after the expiration of such twelve (12) month period whereupon Sponsor shall refund to Purchaser, subject to the escrow provisions in this Section of the Plan, all payments, other than Funds used towards upgrades, options or extras, made by Purchaser to Sponsor on account of the Purchase Price and neither party shall thereafter have any further liability or obligation to the other in connection with the Purchase Agreement. Purchaser shall be obligated to notify Sponsor in writing either by delivering said notice to Sponsor personally not later not than fifteen (15) days thereafter or, by regular mail, post-marked not later than

thirty (30) days thereafter. Failure to so notify Sponsor shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of the Purchase Agreement.

Sponsor must make a written demand for payment after default at least thirty (30) days before forfeiture of the deposit may be declared.

Purchasers will be afforded not fewer than three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement.

The risk of loss from fire or other casualty remains with the sponsor unless and until legal title to the unit has been conveyed to the purchaser. A person who takes possession prior to closing assumes the risk of losses not covered by insurance.

A complete copy of the purchase agreement is shown in Part II of this offering plan.

Purchaser's obligation to purchase is not contingent on obtaining financing. Purchasers who depend on mortgage financing who do not obtain such financing may risk default, resulting in losing their deposits.

Banks and other lenders may require that a minimum percentage of the apartments (such at 35%, 50% or 70%) in a building be sold before the lender will consider making a loan. As a result, purchasers may experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum.

The property tax projections in Schedule A do not take into consideration the possibility of a tax abatement that would reduce the amount of taxes due on each unit. The Sponsor may make an application for a tax abatement but does not have the responsibility to do so. In the event Sponsor chooses to make such application, there is no guarantee the application will be granted.

Within thirty (30) days after a purchaser delivers an executed purchase agreement together with the required deposit, the Sponsor must either accept the purchase agreement and return a fully executed counterpart to the purchaser or reject the purchase agreement and refund the full deposit previously tendered. In the event the Sponsor does not return the purchase agreement timely, purchaser may extend his offer or demand the return of the purchase agreement and deposit.

The purchase agreement and plan may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under Article 23-A of the GBL.

Sponsor will permit the assignment or transfer of purchase agreements. However, no purchase agreement shall be assigned without the written permission of the Sponsor and shall be approved only if the assignee is deemed to be qualified to be a Purchaser. Such permission shall not unreasonably be withheld. In the event the Sponsor approves of such assignment, all down payment funds shall be deemed assigned. No portion of the down payment funds shall be disbursed or refunded prior to closing.

No escrow will be established for unfinished items. At closing the Sponsor and purchaser shall agree on a list of unfinished items, to be signed by both parties, in which the Sponsor agrees to complete said item within a reasonable

time, not to exceed ninety (90) days. All representations under the offering plan and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

The purchaser will be required to sign a power of attorney to the board of managers of the condominium at the closing of his unit prior to the delivery of the deed, in the form shown in Part II of this offering plan. Failure to do so shall constitute a material breach of the contract. The power of attorney gives the board of managers to power to acquire any condominium unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as the board, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such condominium unit so acquired, at such terms as the board may in their sole discretion determine. It also nominates, constitutes and appoints the board of managers to vote at any home owners meeting, and to file amendments to the declaration as necessary to carry out any of the provisions of the offering plan of the condominium.

Any conflict between the offering plan and the purchase agreement will be resolved according to the terms of the plan.

X. EFFECTIVE DATE

The offer to sell is contingent upon the plan's being declared effective and upon compliance with the relevant conditions and time periods described herein. Sponsor must conform with the following provisions in determining whether, when and how the plan will be declared effective.

For offerings of more than five units, the plan may be declared effective by (i) an amendment to the plan or (ii) by personal service of notice on every purchaser or by commencement of service by mail stating that the plan is declared effective and submitting an amendment to the Department of Law within (5) days confirming that the plan was declared effective on a specified date. The closing of the first unit shall not occur until the plan is declared effective and the effectiveness amendment is accepted for filing by the Department of Law.

The plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least fifteen percent (15%) of the residential units offered under the plan. Units of a primarily ancillary nature such as garage spaces, boat slips or cabanas, may not be counted toward effectiveness. Such units are excluded from the base in calculating the percentage needed to become effective.

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) if the purchaser was not afforded the protections required by Section 20.3(o)(10) of this Part; or

(iii) with any purchaser who is the sponsor, the selling agent, or the managing agent or is a principal of the sponsor, the selling agent or the managing agent or is related to the sponsor, the selling agent or the managing agent or to any principal of the sponsor or the selling agent or the managing agent by blood,

marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a purchaser other than the sponsor or a principal of the sponsor may be included if the sponsor has submitted proof satisfactory to the Office of the Attorney General establishing that the purchaser is bona fide.

The plan must be declared effective when purchase agreements have been accepted by Sponsor for eighty percent (80%) or more of the residential units offered under the plan. If purchase agreements for 80% of the residential units have not been executed within eighteen (18) months of the filing of the offering plan the Sponsor may abandon this plan so long as title to any Condominium Unit has not been conveyed and the Declaration has not been filed at such time. In the event Seller exercises such option, it shall forthwith return the Purchaser's down payment with interest, if any.

The plan may be abandoned by Sponsor, at its option, before it is declared effective. Within thirty (30) days after abandonment, all monies paid by purchasers shall be refunded to them in full, with interest earned, if any. In the event of abandonment, Sponsor shall promptly file an amendment together with form RS-3 as required by 13 NYCRR § 20.1(1)(2).

Sponsor may not abandon the plan after effectiveness for any reason other than:

(i) a defect in title which cannot be cured without litigation or cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or

(ii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or

(iii) the taking of any material portion of the property by condemnation or eminent domain. Sponsor must provide that any stated dollar amount relied upon as basis for abandonment after effectiveness must exclude any attorneys fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the plan and are either known to the sponsor or are a matter of public record.

XI. TERMS OF SALE

At closing, unit owners will receive a bargain and sale deed with covenants against grantor's acts. A form of unit deed is contained in Part II of the Plan.

The Sponsor is obligated to repair any damage from a casualty or other cause that occurs before the closing of a purchaser's unit. The rights and obligations of purchasers of damaged units shall be the same as those of purchasers of undamaged units, except that the purchaser may rescind the purchase agreement and receive back any down payment, less the actual cost of extras or special work, at any time before reconstruction of the unit is completed by giving written notice of such intention to the Sponsor.

The cost of extras and special work must be paid for in advance by placing the money in the escrow account. If purchasers rescind their purchase agreements they will not receive back the money paid for such work. If purchasers have not paid for the extras in advance, in the event of recission the actual cost of such work will deducted from any amounts returned to the purchasers.

A closing will take place only concurrently with the issuance of a temporary or permanent certificate of occupancy for the entire project or, issuance of a partial, temporary or permanent certificate of occupancy for the unit closed or the building in which the unit is located.

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. No leases, mortgages, liens, or encumbrances will affect the property after closing. Title exceptions which shall not be deemed objectionable by purchaser may include easements and/or the state of facts shown on a stated survey and any additional state of facts a subsequent survey would show, provided that such easements and/or additional state of facts does not render title unmarketable.

All personal property located within the unit on the date the purchase agreement is signed or located within the common elements on the date the declaration is filed, that is owned by the Sponsor or the owner of the property, is included in the conveyance unless such personal property (i) is construction-related (ii) has been placed therein for display purposes or (iii) is specifically excepted in the purchase agreement.

The declaration, by-laws and floor plans for the condominium and such other documents, as required by law, will be recorded or filed prior to the first conveyance of title to a unit in accordance with the New York Condominium Act or applicable state and local law in the office of the clerk of Kings County, New York.

If existing mortgages or construction loans will not be satisfied at or prior to the closing of the first unit, at the time of conveyance of the first unit, each mortgagee will either

(i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium units; or

(ii) subordinate the lien of its mortgage to the declaration of condominium; or

(iii) release its lien on the condominium unit being conveyed and its interest in the common elements appurtenant to that unit.

Purchaser shall receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the unit and Sponsor shall assign any warranties with respect to equipment and appliances installed in the common elements to the Board of Managers. Purchaser shall also receive a limited warranty as prescribed by law. See Part II for the form of the limited warranty.

No escrow will be established for unfinished items, except for the lack of a permanent certificate of occupancy. In such case Sponsor will maintain all deposits and funds in the special escrow account required by GBL Section 352-3(2-b) unless the Sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the Sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively Sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Attorney General. All representations under the offering plan and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

XII. CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs and expenses to be borne by each purchaser are as follows (footnotes below):

1. Fee title insurance charges, if ordered, are shown in the table below. They are in accordance with the schedules of rates set by the New York State Land Title Association and filed with the New York State Department of Insurance. The title policy premiums and the recording charges set forth herein are those in effect as of the date of this Offering Plan, and may be increased by the title company, state, county or municipality.

WITHOUT MORTGAGE		**WITH MORTGAGE**			
Purchase Price	Title Insurance	Mortgage Amount (80%)	Fee Insurance	Mortgage Insurance	Total
830,000.00	3,280	664,000	3,280	1,350	4,630

2. Approximately $200.00 recording fee for the deed and approximately $175.00 for recording the power of attorney.

3. In the event the purchaser shall obtain a purchase money mortgage, he shall pay at the closing of title the sum of the following costs: recording fees for the mortgage of approximately $225.00 and mortgage tax (subject to certain possible adjustments) and 1.80% of the principal amount of the mortgage minus a $30.00 credit as the unit is a single-family home, mortgage title policy charges, lending institution's attorney's fees, origination fees, mortgage application fees, and credit reporting fees. If applicable, a portion of the mortgage recording tax set forth above will be computed in accordance with Section 339-ee, subsection 2, of the New York Condominium Act, and shall be paid to the sponsor in reimbursement of mortgage recording taxes which the sponsor will have previously paid in connection with any existing mortgages on the condominium property. In addition, the purchaser may be required by the lending institution to post with the lending institution a deposit towards the payment of real estate taxes based upon a multiple of estimated monthly real estate taxes which will vary with the closing date.

4. New York State transfer tax of $4.10 per $1,000.00 of the purchase price. The amount of transfer taxes must be added to the purchase price in computing the transfer tax. Therefore, the state transfer tax will be based upon the sales price plus a sum equal to 1.4% of the sales price. The New York City transfer tax rate is 1.425% of the purchase price.

5. Six months common charges to be paid to the condominium as initial working capital. While Sponsor is in control of the board of managers the working capital fund will not be used to reduce the maintenance charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected.

6. Two months common charges to be paid to the condominium as reserve fund. The amount collected at closing will be the base of the reserve fund. The amount which will be allocated as a portion of common charges to the reserve fund each year will be in addition to this amount collected. While Sponsor is in control of the board of managers the reserve fund will not be used to reduce the maintenance charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected.

7. Sponsor's attorney fee in the amount of $1,500.00. In the event the closing takes place outside of the Sponsor's attorney's office, Purchaser shall pay a travel fee of $500.00 to Sponsor's attorney. Purchaser will be charged an additional $750.00 for the preparation by seller's attorney of a purchase money mortgage, if applicable. Each purchaser shall be responsible for the payment of fees of his own attorney.

8. In the event the units have not been separately assessed for real estate purposes prior to the closing of title to the first unit, purchasers will be required to pay to Sponsor an amount equal to one-eighth (1/8th) of the estimated unpaid real estate taxes which will be levied against the parcel until the units are separately assessed. Sponsor on behalf of the board of managers will place said monies in an escrow account maintained by the escrow agent and will pay the real estate taxes from the escrow account when the taxes are due and payable. In the event the actual taxes are greater than the amount collected, Sponsor shall be entitled to a pro rata share of the additional taxes from each such unit owner.

9. The Sponsor has chosen Imperial Abstract Corp. to insure all titles and mortgages at closing. Sponsor will not post any escrow required by any title company other than Imperial Abstract Corp. The failure of the purchaser to close title as a result of any title exception raised by a title company not raised by Imperial Abstract Corp. or the requirement of such title company that the Sponsor post any escrow not required by Imperial Abstract Corp. shall constitute, in either case, a material breach on the part of the purchaser.

10. Each purchaser shall pay the Sponsor the sum of not more than $500.00 per unit for final "as built" plans and survey. This shall be Sponsor's actual cost for same. Each purchaser shall also pay one-eighth (1/8th) of the Sponsor's cost for engineering, architect, legal fees and

other expenses to create the condominium, the cost for all of these together not to exceed $6,000.00. Each purchaser shall reimburse the Sponsor one-eighth (1/8th) of the annual premium for liability insurance from the date of closing until the Policy anniversary, not to exceed $1,000.00 per unit. Therefore, each purchaser may be obligated to pay $7,500.00 at closing for these charges in addition to the purchase price.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to unit will be liability insurance, real estate taxes, sewer charges, if any, and common charges, if they have been declared by the board of managers. Tax adjustments will be made as of 11:59 P.M. on the day preceding the closing date. In the event there are any other items which are to be apportioned at closing, if practicable, the Sponsor will advise the purchaser in writing of such items at least three days before the closing.

11. Estimated closing costs

Below is a list of closing costs. Estimates are based on the highest-priced unit, but are not warranties or guarantees.

Title insurance ($830,000 fee, with 80% mortgage)	$4,630.00
Recording of deed, power of attorney, mortgage	400.00
Municipal, departmental, and abstract search	500.00
Mortgage tax on $664,000 (2.05% - $25)	12,757.00
New York State transfer tax	3,320.00
New York City transfer tax	11,878.00
Working capital (6 mo. common charges @ 474.45)	2,846.70
Reserve fund (2 mo. common charges @ 474.45)	948.90
Sponsor's attorney fee	1,500.00
Sponsor's creation cost	6,000.00
Total	44,780.60

XIII. RIGHTS AND OBLIGATIONS OF THE SPONSOR

The obligations of sponsor under the plan and applicable law with respect to the offering include, but are not limited to, the following:

Sponsor will endeavor in good faith to sell, rather than rent, the units offered herein in a reasonably timely manner. If sponsor makes a bulk sale of all or some of its unsold units, the transferee successor sponsor will be bound by the sponsor's commitment to sell the units. Sponsor will only rent a unit if it is offered for sale for three months at a fair market value price and there is no person willing to purchase the unit. A construction lender may impose requirements regarding sales by sponsor. The offering plan will be amended to disclose the relevant terms of the construction loan agreement when financing.

Sponsor is obligated to defend any suits or proceedings arising out of sponsor's acts or omissions and to indemnify the board of managers and the unit owners therefor.

All representations under the offering plan, all obligations pursuant to the New York General Business Law (GBL), and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

Sponsor agrees to pay all common charges, special assessments and real estate taxes with respect to unsold units.

Sponsor hereby represents that it has the financial resources to meet its obligations with respect to unsold units and state the means by which it will fund its financial obligations to the condominium. No bond or other security has been posted to secure sponsor's obligations.

The sponsor is obligated to repair any damage from a casualty or other cause that occurs before the closing of a purchaser's unit. If any casualty or other damage is not repaired within sixty days of its occurrence purchaser shall be offered rescission.

The sponsor shall procure fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid co-insurance, as reflected in Schedule B.

In the event of the dissolution or liquidation of the sponsor or the transfer of three (3) or more units or twenty percent (20%) or more of the total number of units in the condominium, whichever is less, the principals of the sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the sponsor for those units under the offering plan, applicable laws or regulations.

In the event the sponsor obtains construction financing, a construction lender may impose requirements regrading sales by sponsor. The offering plan will be amended to disclose the relevant terms of the construction loan agreement affecting the sale(s) of any unit(s).

The sponsor is obligated to build and complete the condominium in accordance with the building plans and specifications identified in the plan. The sponsor has the right to substitute equipment or materials and make modifications of layout or design, provided however, that sponsor may not:

(i) substitute equipment or materials of lesser quality or design;

or

(ii) change the size, location of buildings or units, other improvements or common elements if such changes affect the percentage of common interests or adversely affect the value of any unit to which title has closed or for which a purchase agreement has been executed and is in effect unless all affected unit owners and contract vendees consent in writing to such change.

Prior to closing the first unit, sponsor will obtain a permanent certificate of occupancy for the property or, alternatively, obtain a temporary or partial certificate of occupancy for the unit or the building in which the unit to be closed is located. The sponsor and its principals must obtain a permanent certificate of occupancy for the property within a projected timetable after closing the first unit. Sponsor must obtain the permanent certificate of occupancy before the partial or temporary certificate of occupancy expires, unless extended.

If the first closing may take place prior to the issuance of a permanent certificate of occupancy for the property:

(i) Sponsor is required to maintain all deposits and funds in the special escrow account required by GBL Section 352-e(2-b) unless the sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively, sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Office of the Attorney General.

The sponsor agrees to warrant the materials or workmanship of each unit (and limited common elements) or common elements. Fully disclose the terms of the warranties. The Housing Merchant Implied Warranty Law (GBL Article 36-B) applies to the offering. All other warranties are excluded. The warranty and a copy of the statute is included in Part II of the plan. The warranty is extended only to the first purchaser of a unit, not subsequent purchasers. The implied warranty has the following features:

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of the Warranty which is the earlier of the date of the transfer of title to the purchaser or the date on which any person takes residential occupancy. The performance standards cannot limit the sponsor's warranty in a manner inconsistent with the requirements of law. The Home will be free from latent defects that constitute:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller;

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller; or

(d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Effective Date of the Warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the Seller.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six years from the Effective Date of the warranty, the Home will be free from latent Major Structural Defects that result from:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller.

At the closing of the unit, sponsor will assign any manufacturer's warranties with respect to equipment and appliances installed in the unit to the unit owner and assign any warranties with respect to equipment and appliances installed in the common elements to the board of managers.

The sponsor agrees to pay for the authorized and proper work involved in the construction and establishment and sale of the condominium that sponsor is obligated to complete under the plan and will cause all mechanics liens with respect to such construction to be promptly discharged or bonded.

The sponsor agrees to deliver a set of "as-built" plans to the board of managers. No bond or other security has been furnished to secure sponsor's obligations, including sponsor's obligations to complete construction of the condominium.

Sponsor has the right of access at any time to complete construction of the condominium, or in the event of a threat to life, health or property. If possible, all such access shall be scheduled at the unit owner's convenience. Sponsor is responsible to repair any damage caused by such access.

XIV. CONTROL BY THE SPONSOR

The Sponsor may control the board of managers after the closing of the first unit for two years thereafter or until units constituting 75% of the common interest have closed, whichever is earlier. Upon such closing, a meeting will be held to elect new board members unrelated to the Sponsor within thirty (30) days of the expiration of the control period. The By-laws of the condominium provide that after this initial sponsor voting control period a

majority of the board of managers must be owner-occupants or members of an owner-occupant's household who are unrelated to the sponsor and its principals.

Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required:

(i) to comply with applicable laws or regulations; or

(ii) to remedy any notice of violation; or

(iii) to remedy any work order by an insurer.

Sponsor may exercise veto power over expenses other than those described in the previous paragraph for a period ending not more than five (5) years after the closing of the first unit or whenever the unsold units constitute less than twenty-five per cent (25%) of the common interest, whichever is sooner.

XV. BOARD OF MANAGERS

The affairs of the condominium will be governed by the board of managers, which shall consist of three members. The by-laws of the condominium provide that after the initial sponsor voting control period (two years or whenever six of the eights units have been sold, whichever comes first) the sponsor has the right to appoint one of the three members of the board. After that period, two of the three board members shall be unit owners or their appointees (even if only one unit has been sold) and the sponsor shall have the right to appoint one member until all units have been sold. During this later period, the sponsor will not cast votes, for board members, except in the event of a vote that results in a tie or deadlock. After all units have been sold the board shall consist of three members.

The first meeting will be held within thirty days after the closing of title to the first unit. Annual meetings will be held on the first Sunday of each January. Special meetings may be called upon the presentation of a petition to the president of two-thirds of the unit owners.

The sponsor's principal, Isaac Broyn or his designee, shall constitute the board of managers.

Any contract, agreement or commitment made by the board of managers or officers of the condominium shall state that it is made by the board of managers as agent for the unit owners as a group only and that no member of the board of managers or officers of the condominium nor individual unit owner shall be liable for such contract, agreement or commitment except that every unit owner shall be liable to the extent that his proportionate interest in the common elements bears to the total liability under such obligations.

The board of managers and/or its members, shall have no liability to the unit owners in the management of the condominium except for wilful misconduct or bad faith. The unit owners shall severally indemnify all members of the board of managers against any liabilities or claims arising from acts taken by a member of the board of managers in accordance with his duties except for acts of willful misconduct or acts made in bad faith. Such several liability of the unit owners shall, however, be limited to the extent that his proportionate interest in the common elements bears to the total liability of the member of the board of managers.

Officers and members of the board of managers shall serve without compensation. Officers and members of the board may be removed by a vote of two-thirds of the board of managers or by a vote of two-thirds of the unit owners.

Unit owners' voting rights are computed based on their respective unit's interest in the common elements.

A vote of two-thirds of the common interest is needed to amend the condominium's by-laws and/or to change the declaration of condominium after it has been filed.

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

Sale or lease of units by unit owners. Each unit owner has the right to sell or lease his unit without limitation. There is no right of first refusal or requirement of approval from the board of managers.

Even once a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a purchaser to resell an apartment if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

The board of managers may acquire a unit upon the vote of two-thirds of the unit owners at a regular or special meeting. The procedures to raise funds for the acquisition and maintenance of a unit by the board of managers, the permissible uses of such unit while so owned or leased, how such a unit may be sold or leased and how the proceeds of the disposition of the unit will be treated shall be prescribed in the unit owner's resolution authorizing said acquisition.

The board of managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, sexual orientation, age, disability, marital status or other grounds prohibited by law.

Mortgaging of units by unit owners. Each unit owner has the right to mortgage his or her unit provided that all common charges owing are paid to the board of managers.

Common charges and assessments. A budget shall be established by the board to operate the common elements and fund generally the items in Schedule B. Common charges to fund the budget shall be assessed among unit the unit owners in accordance with their respective interest in the common elements.

The board of managers has the right to accumulate reserves for capital expenditures or otherwise up to a maximum of two years' projected operating expenses.

The liability of unit owners for common charges and assessments can be terminated only upon the termination or the majority vote of the board of managers.

Pursuant to Section 339-z of the Real Property Law, the board of managers on behalf of the unit owners will have a lien on each unit for unpaid common charges assessed by the board of managers. Pursuant to Section 339-aa of the Real Property Law, the lien shall remain in force, unless paid, for six years

after filing. The sponsor will cause the board of managers to file a lien as provided for in Section 339-aa of the Real Property Law on units in which sponsor is more than 30 days in arrears of common charges while it is in control of the board of managers.

Repairs. Unit owners have the obligation to repair and maintain units. The board of managers has the obligation to repair and maintain the limited common elements and common elements. A unit owner is responsible for repairs or replacements required as the result of the negligence or abuse of that unit owner.

Unit owners must grant access to the board of managers and its designees to inspect, remove violations, make general repairs, cure defaults by the unit owner and for other purposes permitted by the by-laws.

Additions, alterations and improvements. No additions, alterations or improvements may be made to the common elements without the permission of the board of managers. Unit owners may perform any work within their units that do not affect the common elements without the consent of the board of managers, as long as the work is done at the unit owners' sole expense, all work is approved by the municipality, if applicable, and the proper permits and insurance are obtained prior to the commencement of the work. All work shall meet the aesthetic requirements of the board of managers.

Insurance. The board of managers shall obtain fire and casualty property insurance for the condominium, which said coverage shall be adequate to replace the building in the event of a total loss and so that the insured condominium shall not be a co-insured in the event of a partial loss, single limit comprehensive general public liability coverage, and director and officers coverage (if available), subject to self-insured retention (deductible) of $1,000.00. Each unit owner will be an additional insured party. There will be no cancellation without notice to the board of managers. The policy shall contain the following provisions: waiver of subrogation; waiver of invalidity because of the acts of the insured and the unit owners; and waiver of pro-rata reduction if unit owners obtain additional coverage. The unit owners' furniture, clothing, personal property, window treatments and floor coverings are not covered. All unit owners are advised to secure such coverage (HO-6 policy).

In the event of damage to the common elements, insurance proceeds not exceeding $40,000.00 will be given to the board of managers. An insurance trustee will receive any proceeds in excess of that amount. All proceeds are to be used for the reconstruction and repair of the common elements.

Restrictions on occupancy and use. Units may be used for residential use only, subject to the following:

(i) Pets are not permitted;

(ii) Any aesthetic controls promulgated by the board of managers;

(iii) No business or professional uses are permitted;

(iv) There are no restrictions on occupancy of units owned by corporations, partnerships or fiduciaries;

(v) Illegal or offensive uses are not permitted;

(vi) There are no limitations on guest privileges;

(vii) Limitations on utilization of common elements and parking facilities promulgated by the board of managers;

(viii) Limitations contained in the certificate of occupancy and zoning regulations.

XVII. REAL ESTATE TAXES

After the units are separately assessed, each unit will be taxed as a separate tax lot for real estate tax purposes and no unit owner will be responsible for the payment of, nor will the unit be subjected to, any lien arising from the non-payment of taxes on other units. The appropriate tax assessor's office usually makes such separate assessments on first of July following the granting of a permanent or temporary certificate of occupancy.

If the units have not been separately assessed for real estate tax purposes prior to the closing of title to the first unit, unit owners will make payments towards one-eighth (1/8th) of the real estate taxes to the board of managers when the bills are sent, upon ten days notice.

There is one taxing authority that sets tax rates, the City of New York. The rate for the City of New York for 2006/2007 is $12.396 per one hundred dollars of assessed valuation. The estimates in Schedule A were determined by multiplying the estimated assessed value for each unit by the applicable tax rate. However, the tax assessment for each unit may be allocated on a basis that differs from the allocation of common interests. Actual assessments are not currently available; the figures in Schedule A are estimates.

XVIII. OPINION OF COUNSEL

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ATTORNEYS AT LAW
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BROOKLYN, NEW YORK 11229
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January 3, 2007

#1 Prospect Developers, LLC
944 Fulton Street
Brooklyn, New York 11238

RE: 457 Prospect Place, Brooklyn, NY

Gentlemen:

We have been requested to furnish a legal opinion with respect to several legal issues regarding the above referenced condominium project.

An owner of a residential property may deduct from his otherwise taxable income any amounts paid for real estate taxes and interest on a mortgage under current federal and state and law. I base my opinion on the following authorities: 26 U.S.C., otherwise known as the United States Internal Revenue Code of 1986 (the "Code"), 26 U.S.C. §§ 163(h)(3) and 164(a)(2), New York State Tax Law § 615. Owners of condominium units are entitled to the same deductions (Revenue Ruling 64-31). In addition, a homeowner may be entitled to a property tax reduction if he or she is a veteran, senior citizen or is handicapped. In our opinion, the unit owners in the referenced condominium will be entitled to the income tax deductions and the real estate tax benefits described above.

Section 528 of the Code affords certain condominiums, substantially all of whose units are used for residential purposes, the opportunity to elect to be treated as a tax exempt organization. In order to quality under this statute, sixty percent or more of the condominium's gross income must consist of common charges, membership dues, fees or assessments from the unit owners and ninety percent or more of the expenditures of the condominium must be for the acquisition, construction, management, maintenance and care of the condominium properties, which properties, as defined in Section 528, include property held by the condominium, or property within the condominium held by the members of the condominium, or unit owners.

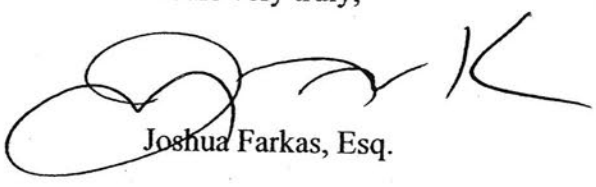
Based upon my examination of the offering plan and subject to the condominium actually satisfying the minimum percentage income and expenditure criteria set forth above, it is my opinion that the condominium will be eligible to be treated as a tax exempt organization under

Section 528 of the Code if it elects such status. Such an election may entail the filing of tax returns and will exempt from federal and New York state income taxation all amounts received by the condominium from the unit owners as membership dues, fees or assessments. The condominium will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the unit owners such as tenants of commercial space owned by the condominium. In the event either the condominium fails to qualify for and elect Section 528 taxation status in any year, it may be subject to federal and New York state income taxation.

The method selected for determining the percentage of common interest allocated to each unit of 457 Prospect Place Condominium complies with Section 339-i(1)(i) of the Real Property Law in assigning the percentage of common interest to each unit, in that the interest of each of the units is based on the approximate proportion that the fair value of the unit at the date of the declaration bears to the then aggregate fair value of all the units. My opinion on this matter is based on other expert factual determinations as required by 13 NYCRR §20.3(i).

The within legal opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel base this opinion will not change. In no event will the sponsor, the sponsor's counsel, the board of managers of the condominium, the selling agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied which cause the condominium to cease to meet the requirements of Section 528 of the Internal Revenue Code of 1986, as amended, or the New York State Tax Law, as amended, and cause the unit owners not to be entitled to income tax deductions, or which cause unit owners not to be or to cease to be entitled to the benefits or the level or duration of benefits described above.

Yours very truly,



Joshua Farkas, Esq.

XIX. RESERVE FUND AND CAPITAL FUND

The budget in Schedule B does not provide a fund for capital expenditures. The budget provides for a reserve fund which may be used for capital expenditures. In the event the reserve fund is inadequate, funds to repair, replace or add capital items will be obtained by raising common charges. To fund the reserve fund each purchaser will contribute two months common charges at closing.

The plan provides for a working capital fund. To fund the working capital fund each purchaser will contribute six months common charges at closing.

When completely funded, after all closings, the working capital fund will contain $22,773.60, (six months aggregate common charges); and the reserve fund will contain $7,591.20 (two months aggregate common charges).

The offering plan must state in two separate sections of the plan whether the condominium will have funds for working capital and/or as a reserve for capital expenditures. The other section is Section V, Schedule B and the footnotes thereto.

The reserve fund may be used for capital expenditures. The condominium's by-laws contain a provision authorizing the establishment of such a fund. The reserve fund, if maintained, should be sufficient to pay for the replacement of capital items likely to be needed within the first five years of condominium operation. The sponsor will contribute to the reserve fund as a portion of common charges paid on unsold units.

Adjustments for prepaid expenses between the sponsor and the board of managers may be deducted only from the working capital fund. The only substantial credit to the sponsor that is anticipated with reasonable probability is an adjustment for real estate taxes advanced by the sponsor before the units are separately apportioned. The approximate range of such adjustment item is $3,000-5,000. Net adjustments for prepaid expenses, if in for of the sponsor, are to be paid from the working capital fund. There will be a minimum working capital fund regardless of the amount of adjustments. Any balance will be paid over to the board of managers upon turnover of control to the board.

While the sponsor is in control of the board of managers, the reserve fund or working capital fund may not be used to reduce projected common charges in the plan. Neither the Office of the Attorney General nor any other government agency has passed upon the adequacy of the reserve fund or working capital fund.

The condominium may be able to finance needed capital expenditures such as renewal or replacement of building components or systems or to remedy major building defects by mortgaging the common elements. It may be necessary for unit owners to finance their units to raise capital for these purposes. The sponsor makes no guarantee that such financing is available.

It appears that the reserve fund contribution collected at closing for the first year of operation, plus the budgeted yearly reserve fund funded as a portion of common charges, should be sufficient to provide for needed capital expenditures within five years following the first closing under the plan.

XX. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

The sponsor has not entered into any management agreement, contracts and/or leases of any kind, other than those related to the construction of the building.

The budget does not provide for professional management. As a result, the building will not have a management agent. Common charges will have to be collected by the board of managers. Accounts for common charges, reserve fund and working capital will have to be opened and maintained by the board of managers. The board of managers or the unit owners themselves will be expected to maintain and clean the common elements. The board of managers will be directly responsible for capital improvements and/or repairs to the common elements. In the event the board of managers desires to retain a managing agent common charges may be raised to pay management fees.

XXI. IDENTITY OF PARTIES

The sponsor is #1 Prospect Developers, LLC, with a business address at 944 Fulton Street, Brooklyn, New York. This is the first development project for the sponsor. Sponsor's principal is Mr. Isaac Broyn. Sponsor's principal has simultaneously submitted two other condominium plans to the New York State Department of Law. These other properties are located at 44-46 Troutman Street, Brooklyn, NY and 1271 Decatur Street, Brooklyn, NY. The sponsor has been active in buying and selling real estate for the past five years. These are his first development projects.

Sponsor's attorney is Stein & Farkas, LLP, 1639 East 13th Street, Brooklyn, New York 11229. The offering plan was prepared by Joshua Farkas, Esq.

Sponsor's architect is Herbert Ruderman, Architect PC, 74 Rockland Drive, Jericho, New York. Mr. Ruderman is a New York State licensed architect.

XXII. REPORTS TO UNIT OWNERS

It is the obligation of the board of managers of the condominium to give all unit owners annually:

(1) a financial statement of the condominium prepared by a certified public accountant or public accountant by each September first; such statement shall be certified while the sponsor is in control of the board of managers.

(2) thirty (30) days notice of the annual unit owners' meeting; and

(3) a copy of the proposed annual budget of the condominium at least thirty (30) days prior to the date set for adoption thereof by the board of managers; while the sponsor is in control of the board of managers such budget shall be certified.

XXIII. DOCUMENTS ON FILE

The sponsor shall keep copies of the plan, all documents referred to in the plan and all Exhibits submitted to the Office of the Attorney General in

connection with the filing of the plan, on file and available for inspection without charge and copying at a charge of $.15 per page at sponsor's office for six years from the date of first closing. The sponsor shall deliver to the board of managers, if available, a copy of all documents filed with the appropriate recording office at the time of the closing of the first unit.

XXIV. GENERAL

There are no lawsuits, administrative proceedings or other proceedings the outcome of which may materially affect the offering, the property, sponsor's capacity to perform all of its obligations under the plan, the condominium or the operation of the condominium. The property has not been the subject of any prior cooperative or condominium offerings.

The sponsor and its agents will not discriminate against any person on the basis of race, creed, color, national origin, sex, sexual orientation, age, disability, marital status or other grounds prohibited by law.

Purchasers have the right to rescind purchase agreements following material adverse amendments.

No contracts, written or oral, have been entered into for the sale or transfer of any of the units offered in the plan. No deposits or advances of funds have been accepted as of the date the plan is accepted for filing.

All of the units offered in the plan are vacant.

XXV. SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor hereby adopts the Description of Property and Building Condition set forth in Part II of the plan, and represents that sponsor 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.

PART II

PURCHASE AGREEMENT

Residential Unit No. ____ Date _____

Anticipated Closing Date: _____

Seller: **#1 Prospect Developers, LLC**

Address: 944 Fulton Street, Brooklyn, NY 11238

Purchaser: _____

Home Address: _____

Residential Telephone Number: _____

Business Telephone Number: _____

Social Security Number: _____

Purchaser's Attorney: _____

Attorney's Address: _____

Attorney's Phone/Fax Numbers: Phone:_____ Fax:

Seller and Purchaser agree as follows:

1) **PURCHASE PRICE** - The purchase price is $_____payable as follows:

Amount received as a non-binding reservation deposit (where applicable); $_____

On the signing of this Purchase Agreement, ___% of the Purchase Price, the receipt whereof is hereby acknowledged; $_____

Builder upgrades, extras & options; $_____

Certified or bank cashier's check (drawn on a New York Bank payable directly to the order of Seller or Seller's designee on the closing of Title; $_____

TOTAL **$**_____

Any payment made by check is accepted by Seller subject to collection. If any check tendered is not honored, Purchaser shall provide a certified check or bank cashier's check payable directly to Seller within seventy-two (72) hours after demand for replacement therefor.

Notwithstanding the foregoing, if for any reason whatsoever the check given by Purchaser as the down payment hereunder is dishonored, Seller shall have the right to cancel this Purchase Agreement. Seller's election to cancel shall not be deemed a waiver by Seller of its right to pursue other remedies.

THE PAYMENT DUE AT CLOSING IN ACCORDANCE WITH THIS PURCHASE AGREEMENT ON ACCOUNT OF THE PURCHASE PRICE MUST BE MADE BY PURCHASER'S PERSONAL CERTIFIED CHECK OR OFFICIAL TELLERS CHECK ON A NEW YORK CLEARINGHOUSE BANK PAYABLE DIRECTLY TO SELLER OR SELLER'S DESIGNEE. IF PAYMENT SHALL BE MADE TO SELLER'S DESIGNEE, SELLER SHALL GIVE PURCHASER PRIOR INSTRUCTIONS. UNCERTIFIED CHECKS OF FUNDING COMPANIES, ATTORNEY'S ESCROW CHECKS AND CHECKS PAYABLE TO PURCHASER OR ANOTHER PARTY AND ENDORSED TO SELLER WILL NOT BE ACCEPTED AND TENDER OF SAME WILL NOT CONSTITUTE COMPLIANCE BY PURCHASER OF THEIR OBLIGATIONS HEREUNDER.

Title to all items of personal property shall be delivered free and clear of all liens and encumbrances, except the lien of the mortgage applied for by Purchasers herein, if any.

All sums paid on account of this Purchase Agreement are hereby made liens upon said premises, but such liens shall not continue after default by the Purchaser under this Purchase Agreement.

2) **DESCRIPTION OF RESIDENTIAL UNIT** - Seller shall sell to Purchaser and Purchaser shall buy from Seller a condominium Residential Unit known as Residential Unit No. _____(the "Residential Unit "), together with a ____percent undivided interest in the Common Elements of the Condominium known as The Residence at Windsor Terrace (the "Condominium") as described in the Declaration of Condominium to be recorded in the Kings County Register's Office, to be built by Seller on property comprising the Condominium Map (the "Property") filed or to be filed in the Kings County Register's Office. The Residential Unit that is to be built may vary from any display model type and Purchaser should not rely on the display Model Type Residential Unit. All dimensions are approximate and may vary from the Floor Plans. The Residential Unit shall also include the following or the items on an attached Rider:

_____

_____

The Residential Unit shall not include any of the following if displayed in any Model Residential Unit: decorative fixtures, furniture, furnishings, paint, wallpaper, carpeting, ceramic floors, mirrors, shelves, wall and window treatments, built-ins, burglar alarm systems, electric fixtures, site lighting, intercom systems, special landscaping installed at any Model Residential Unit s, central vacuum systems, patios, decks, highhat lighting, additional fixtures and switches added for decorative purposes, pull down staircases and skylights and other optional fixtures or features exhibited in any Model Residential Units and/or any sales office excepting those specifically set forth as may be attached to this Purchase Agreement, or above. The above features contained in any Model Residential Unit and/or sales office are for display purposes only and are not included in this sale.

All improvements containing natural materials are subject to fade. Seller shall not be responsible to change, replace or remove any improvements in the event they fade.

3) **OFFERING PLAN** - Seller has exhibited and delivered to the Purchaser and Purchaser acknowledges having received, read and understood the Offering Plan for condominium ownership of the Property and all filed amendments thereto, all of which are incorporated by reference and made a part of this Purchase Agreement with the same force and effect as if fully set forth in this Purchase Agreement. Purchaser agrees to be bound by the Offering Plan and all amendments thereto now or hereafter filed by Seller (collectively the "Plan"). Seller may freely amend the Plan in any respect from time to time, without Purchaser's approval or consent. However, in the event any amendment materially and adversely affects Purchaser, Purchaser shall be given the right to rescind this Purchase Agreement. Any conflict between the Plan and this Purchase Agreement shall be resolved according to the terms of the Plan. Purchaser acknowledges having received and read the Plan at least three (3) business days prior to signing this Purchase Agreement and having had full opportunity to examine all papers and documents and investigate all matters set forth in the Plan.

4) **CHANGES** - In building the Residential Unit and performing any other work to the Residential Unit or on the Property, Seller reserves the right to: (a) make changes or substitutions of materials or construction from those shown in the model or building plans, provided any such changes or substitutions are of substantially similar or better quality; (b) determine the exterior color, design and location of the Building, landscaping and grading of the property; (c) determine the location and type of Residential Unit to be constructed in the Building; (d) fix the location and setbacks of the Building; (e) determine the ultimate Residential Unit type mix to be constructed in the development; (f) determine whether existing trees, shrubs and other plant life are to be moved or removed, (g) determine the location of electric, gas and water meters, electric transformers, air conditioning compressors; (h) change appliances as long as they are equal to or better than originally offered; and (i) make any other changes required by the City of New York.

5) **GOVERNMENTAL REQUIREMENTS** - If after the date of this Purchase Agreement, any law or governmental authority requires any substitutions, changes or additions in any part of the construction of the Residential Unit, the materials used in construction, the manner of construction or any other aspect of development, then the actual cost of such substitution, change or addition shall be added to the price of the Residential Unit and shall be payable by Purchaser to Seller at Closing (defined below), provided, however, that if the amount of such additional cost exceeds $1,000 then Purchaser may cancel this Purchase Agreement and receive a full refund of all payments made to Seller on account of the purchase price, whereupon neither party shall have any further liability or obligation to the other in connection with this Purchase Agreement or transaction. However, such right to cancel this Purchase Agreement shall automatically terminate if Purchaser fails to give written notice of cancellation to Seller within ten (10) days after Seller informs Purchaser of the amount of the additional expense.

6) **CLOSING DATE; ADJOURNMENTS; CONSTRUCTION DELAYS BY SELLER** -The act of transferring ownership of the Residential Unit in return for payment in full of the purchase price and all other sums due from Purchaser under this Purchase Agreement is known as "Closing", and shall take place at such time and place and on such date as Seller shall designate to Purchaser by prior written notice ("Notice for Closing"), which shall be given to Purchaser (i) no less than thirty (30) days before the date set for Closing. Purchaser may waive the applicable notice period by execution of a waiver in the form set forth as **Schedule D-2** to the Purchase Agreement.

Seller shall have the right, from time to time, to adjourn such date and time for Closing on written notice to Purchaser. If the Closing is adjourned or advanced by Seller, then Seller shall, by a new Notice for Closing, fix a new date and time for Closing and shall give Purchaser not less than ten (10) days prior written notice of the new scheduled date and time for Closing.

If the Closing takes place at the request of Purchaser at any location other than the office of Seller's attorney, Purchaser shall pay to Seller's attorney a travel fee in the sum of (1) $300 if the closing is held elsewhere in Brooklyn, and (2) $500 if the closing is held in a borough other than Brooklyn. The Closing may not take place in any other location without Seller's prior written consent. In the event the Closing is adjourned with Seller's consent at the request of Purchaser or Purchaser's attorney within forty-eight (48) hours of the scheduled time of Closing, Purchaser shall also pay Seller's attorney an adjournment fee in the sum of $250.

If Purchaser is not in default under this Purchase Agreement and the Closing has not taken place within twelve (12) months after the anticipated closing date, either Seller or Purchaser may cancel this Purchase Agreement by forwarding written notice of cancellation to the other no later than thirty (30) days after expiration of such twelve (12)

month period (whichever is applicable) whereupon Seller shall refund to Purchaser, subject to the escrow provisions as disclosed in Part II of the Plan, all payments, other than Funds used towards upgrades, options or extras, made by Purchaser to Seller on account of the purchase price and neither party shall thereafter have any further liability or obligation to the other in connection with this Purchase Agreement or transaction. Purchaser shall be obligated to notify Seller in writing of its intent to exercise said option no later than thirty (30) days after the twelve (12) month period, whichever is applicable. Failure to so notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of the Purchase Agreement. In the event Seller shall be unable to convey title to the Residential Unit within twenty-four (24) months of the proposed date of delivery through no fault of the Purchaser, the Purchase Agreement shall be deemed null and void and Seller shall return all monies being held in escrow within thirty (30) days thereafter.

7) **TRUST FUNDS** - All deposits, down payments or advances towards the purchase price made by Purchaser prior to closing shall initially be held in a segregated escrow account held by Stein & Farkas, LLP pursuant to an Escrow Agreement between Seller and the Escrow Agent, in the form set forth in Part II of the Offering Plan and pursuant to the provisions of Sections 352-h and 352-e (2-b) of the New York State General Business Law and the escrow regulations promulgated thereunder by the Department of Law of the State of New York as disclosed in Part II of the Offering Plan. Said funds shall be held in an Interest-on-Lawyers Account pursuant to Judiciary Law Section 497 in an account entitled "Stein & Farkas, LLP IOLA Attorney Trust Account" at JP Morgan Chase, 1501 Avenue M, Brooklyn, New York 11230. Pursuant to Judiciary Law, Section 497, all interest earned in the IOLA account will be paid to the State of New York. All instruments shall be made payable to or endorsed to the order of Stein & Farkas, LLP, as Escrow Agent. The deposit by the Escrow Agent of the Purchaser's down payment into the Escrow Account shall not be deemed acceptance of the Purchase Agreement. The Purchase Agreement shall only be deemed accepted when countersigned by the Seller or Seller's authorized agent. **In addition, although all funds received by Seller for upgrades, options or extras to the Residential Unit will initially be placed in the Escrow Account, such funds may be released from the Escrow Account as long as the Sponsor uses the funds for such upgrade or extra. In the event Purchaser is entitled to a right of rescission, the return of their down payment shall <u>not</u> include any funds paid towards, upgrades, options or extras.** At Closing, the down payment shall be paid to Seller upon consummation of the closing, and execution of this Purchase Agreement shall be deemed a writing executed by both Seller and Purchaser authorizing the Escrow Agent to release said funds to Seller at closing. In addition, Purchaser shall execute the release form annexed to and made a part of the Purchase Agreement as **Schedule D-5** at closing and the Tender of Escrow form annexed to and made a part of the Purchase Agreement as **Schedule D-4** upon execution of the Purchase Agreement.

8) **MORTGAGE LOAN/RESIDENTIAL UNIT** - The Purchase Agreement is not conditioned upon Purchaser obtaining mortgage financing. If a Purchaser does not

consummate the transaction and close title to the Residential Unit as a result of Purchaser's inability to obtain a mortgage, Purchaser will be in default under this Purchase Agreement and Seller may retain all monies as provided for in Paragraph 26. If Purchaser obtains mortgage financing, Purchaser shall pay an additional fee of $500 to Sponsor's counsel to defray the additional cost associated therewith.

9) **DEED AND ENCUMBRANCES UPON OWNERSHIP** - The deed to be given by Seller to Purchaser at Closing shall be a Bargain and Sale with Covenant against Grantor's Acts deed, but subject, nevertheless, to the matters set forth in sub-paragraphs (a) through (f) below which need not be recited in the deed given at Closing but shall survive Closing, and Seller's covenant in the deed against encumbrances shall be deemed modified accordingly. The deed shall be duly executed and acknowledged by Seller in proper statutory form for recording (except for payment of the New York State and City transfer tax) so as to convey to Purchaser fee simple title to the Residential Unit, free and clear of all liens and encumbrances, except as herein stated. The deed shall also contain the covenant required by subdivision 5 of Section 13 of the Lien Law. Seller recommends that Purchase utilize and Purchaser shall accept such title and deed description of the Residential Unit subject to the liens, encumbrances and other matters set forth in this Purchase Agreement, as Imperial Abstract Corp. ("Imperial"), a title company authorized to do business in the State of New York, 441 Route 306, Suite #4, Monsey, NY 110952, (845) 362-6410, is willing to approve and insure without additional premium. Purchaser may obtain title insurance from any other title insurance company or abstract company or Purchaser may decline to obtain any title insurance at all. **HOWEVER, SELLER SHALL NOT BE OBLIGATED TO CAUSE PURCHASER'S TITLE COMPANY (IF OTHER THAN IMPERIAL) TO OMIT ANY EXCEPTION TO TITLE IF IMPERIAL IS WILLING TO INSURE PURCHASER'S TITLE WITHOUT SUCH EXCEPTION OR AGAINST ENFORCEMENT OF SUCH EXCEPTION.** In the event there is a delay in the closing of title to a Residential Unit due to clearance of title issues or otherwise as a result of Purchaser utilizing a title company other than Imperial, Purchaser will be responsible for the additional closings costs as provided for in this Purchase Agreement. Purchaser shall be responsible to pay the title company the entire premium for Purchaser's title insurance, and shall also pay the applicable New York State and City transfer tax. The sale and transfer of ownership of the Residential Unit to Purchaser shall, even though not stated in the deed, be subject to:

(a) Ordinances, rules, regulations, requirements and approvals of applicable governmental authorities, provided not violated by the Residential Unit to be constructed.

(b) Rights for installation, use and/or maintenance of easements and rights of way for utilities, sewer, cable television, drainage, scenic purposes, screening and planting which have already been granted or may be granted after this Purchase Agreement is signed or after Closing, provided

they do not prevent use of the Residential Unit for one-family residence purposes.

(c) Declarations, covenants, restrictions, reservations, exceptions, easements and agreements which have been recorded, or appear in recorded documents, or are yet to be recorded, provided they do not prevent use of the Residential Unit as a one family residence.

(d) Unpaid taxes and liens, provided the title insurance company shall insure against collection of same out of the Residential Unit.

(e) The filed Condominium Map and all matters reflected thereon.

(f) The Declaration and By-Laws of the Condominium and any amendments or supplements thereto.

(g) Purchaser shall deliver to Seller's attorney at least ten (10) days prior to closing, a written notice setting forth each objection to title, if any (other than those specifically set forth herein subject to which the Premises are being sold), and a copy of Purchaser's title report. Seller shall have the right to a reasonable adjournment of closing not to exceed sixty (60) days for the purpose of curing any title defect; however, no such action taken by Seller shall be deemed an admission by Seller that such defect is one that would entitle Purchaser to cancel this Purchase Agreement.

10) **CONSTRUCTION LOAN MORTGAGE** - This Purchase Agreement is subject and subordinate without the necessity of Purchaser signing or delivering any documents or papers, to the lien of any existing or future construction loan mortgage and all payments or expenses already made or incurred or which may hereafter be made or incurred in connection with such construction loan mortgage. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the construction loan schedule of payments or accelerated thereunder by virtue of the construction lender's right to make advances before they become due in accordance with the schedule of payments. The Residential Unit shall be released from the lien of such construction loan mortgage upon Closing, except where such mortgage is converted to Purchaser's individual mortgage on the Residential Unit. In such case, the Residential Unit shall remain subject to the lien of such construction loan mortgage and Purchaser shall reimburse to Seller at Closing, in addition to all other sums to be reimbursed by Purchaser to Seller under this Purchase Agreement, an amount equal to the mortgage tax paid by Seller on such construction loan mortgage. In all other cases, any mortgage tax credit available under Real Property Law Section 339-ee shall inure exclusively to the benefit of Seller.

11) **CONDITION OF RESIDENTIAL UNIT ON CLOSING DATE - CONDITION OF RESIDENTIAL UNIT ON CLOSING DATE/COMPLETION OF**

CONSTRUCTION/PURCHASER'S INSPECTION - The Seller agrees, at its own cost and expense to erect and complete the aforementioned Residential Unit in accordance with the requirements as to materials and workmanship of the Building Department of the City of New York and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department of the City of New York. Purchaser agrees to close title even though there may be things remaining to be completed in the Residential Unit and 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 Residential Unit or the Building in which it is located or (b) other Residential Units or (c) the landscaped areas or (d) other portions of the Common Elements have not been completed. The issuance of a temporary or permanent Certificate of Occupancy shall mean that the Residential Unit is substantially complete. Purchaser will inspect Purchaser's Residential Unit with a representative of the Seller during normal business hours approximately three (3) days prior to the closing date and will sign and deliver to Seller on or before the closing date a Pre-Title Inspection Statement supplied by Seller, acknowledging the condition of the Residential Unit wherein the Seller shall agree to complete all unfinished items within ninety (90) days from the date of the closing of title, weather and other circumstances permitting. Any such incomplete items shall not constitute an objection to closing provided Seller executes and delivers to Purchaser, a letter agreement in accordance with the foregoing. Receipt of the executed Pre-Title Inspection Statement shall be a condition precedent to closing. Purchaser shall permit Seller, its agents, servants and/or employees to enter upon the Premises and shall provide reasonable access thereto subsequent to closing to complete any incomplete items.

In the event Seller is required to make any repair or complete any item of work to be performed by Seller after closing, the limit of Seller's liability shall be to make said repair and/or to complete such item. This Paragraph shall survive the delivery of the deed.

12) **ENCUMBRANCES EXISTING AT CLOSING** - If there is anything affecting the sale which Seller is obligated to pay and discharge, Seller may use any portion of the balance of the purchase price to discharge it at Closing. As an alternative Seller may deposit money with or do whatever other acts may be required by Intracoastal writing through a title company authorized to do business in the State of New York or Purchaser's title insurance company so that Intracoastal writing through a title company authorized to do business in the State of New York or Purchaser's title insurance company is willing to insure Purchaser's title clear of the matter or is willing to insure against enforcement or collection out of the Residential Unit.

13) **INABILITY OF SELLER TO TRANSFER OWNERSHIP** - Except for Seller's willful default, if Seller is unable to transfer ownership of the Residential Unit in accordance with this Purchase Agreement, Seller shall only be liable to Purchaser for the return to Purchaser of all payments made by Purchaser to Seller towards the purchase price of the Residential Unit. Thereafter, this Purchase Agreement shall be

deemed canceled and neither party shall have any further liability to the other in connection with this Purchase Agreement or transaction. Seller shall not be required to commence any action or proceeding or incur any expense in order to remove the condition which prevents Seller from transferring ownership of the Residential Unit in accordance with this Purchase Agreement.

14) **PROHIBITION AGAINST SIGNS ON RESIDENTIAL UNIT**- Purchaser shall not place any sign anywhere on a Residential Unit or Property at any time within three (3) years after Closing without Seller's prior written consent. This Paragraph shall survive delivery of the deed.

15) **PROHIBITION AGAINST ADVERTISING OF RESIDENTIAL UNIT FOR SALE** - From and after the date hereof, Purchaser shall not place an advertisement for the sale of this Residential Unit in any newspaper or other publication or media or listing the Residential Unit with any Real Estate Broker prior to Closing. Such action will constitute a material breach of this Purchase Agreement entitling Seller to retain monies paid on account of the Purchase Agreement plus the cost of extras as liquidated damages.

16) **PURCHASER MAY NOT TAKE POSSESSION OF THE RESIDENTIAL UNIT PRIOR TO CLOSING** - Neither Purchaser nor anyone acting on Purchaser's behalf may enter or take possession of any part of the Residential Unit nor have any work performed or materials supplied or installed at the Residential Unit prior to Closing without the prior written consent of Seller.

17) **SELLER'S OBLIGATIONS END AT CLOSING** - The delivery of the deed for the Residential Unit to Purchaser or Purchaser's representative at Closing shall be deemed to mean that all things required to be done by Seller under this Purchase Agreement have been done and that Purchaser shall not claim otherwise except as to those things, if any, which are specifically stated in this Purchase Agreement or in a separate writing signed by Seller or Seller's attorney on Seller's behalf, to survive or continue beyond Closing or delivery of the deed.

18) **NO BROKER CONSULTED BY PURCHASER** - In the event Purchaser is represented or has consulted with an outside broker (other than Seller's broker), Purchaser shall be responsible for all costs and commissions associated therewith and Seller shall not be responsible for any co-broker commission. Upon execution of this Purchase Agreement, Purchaser agrees to indemnify Seller for any verbal or written representations made by anyone other than any written representations by Seller's authorized agents. This Paragraph shall survive delivery of the deed.

19) **REQUIRED PAPERS AND ACTS** - Purchaser shall deliver all documents to Seller and perform all acts required by Seller to carry out the provisions of the Plan, establish the Condominium and conform to all applicable laws and regulations. At Closing, Seller shall deliver to Purchaser a temporary or permanent Certificate of Occupancy for the Residential Unit (or building in which it is located) and, if available, a

New York Board of Fire Underwriter's Certificate for the Residential Unit. This Paragraph shall survive delivery of the deed.

20) **ASSIGNMENT OR RECORDING PROHIBITED** - Neither this Purchase Agreement nor Purchaser's interest hereunder may be assigned by Purchaser without the written consent of Seller. 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, Purchaser shall pay Sponsor's Counsel a fee of $500, payable in advance, for preparation of an assignment agreement. In addition, neither shall this Purchase Agreement nor any memorandum thereof be recorded in any county clerk's or New York City Register's office by Purchaser or anyone on Purchaser's behalf.

21) **SUCCESSORS AND ASSIGNS** - The provisions of this Purchase 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 Seller and its successors and assigns.

22) **ADDITIONAL MONEY TO BE PAID BY PURCHASER AT CLOSING** - At Closing, Purchaser shall pay, or reimburse to Seller if Seller has already made payment, in addition to all other sums payable or reimbursable elsewhere under this Purchase Agreement, or pay to any Lender, all applicable charges for:

(a) Lender's charges for inspections, appraisals, title examination and policy insuring the Lender's interest, Lender's attorneys' fees for preparation of all loan documents; all commitment fees, points, origination fees and other fees and charges (howsoever characterized) imposed or exacted by the Lender or incurred by Seller or Purchaser in connection with Purchaser's mortgage loan,

(b) mortgage recording taxes;,

(c) governmental charges which may be assessed on account of the mortgage loan;

(d) mortgage insurance, if required,

(e) New York State real estate transfer tax on the deed;

(f) New York City real estate transfer tax on the deed;

(g) all recording and filing charges payable on account of the transfer of title and recording of all documents in connection therewith including without limitation, any mortgage, deed, Power of Attorney, affidavit required pursuant to Section 339-ee of the New York State Real Property Law and any blanket-mortgage release documents;

(h) a sum equal to the partial mortgage tax credit to which Purchaser may be entitled under any applicable law by reason of mortgage taxes having been previously paid by Seller;

(i) an initial non-reimbursable capital contribution of $350 to the Condominium;

(j) recordation or filing of the Power of Attorney to be executed by Purchaser at Closing;
(k) 3/10 of 1% of the sales price for reimbursement to Sponsor for the cost of obtaining the Section 421-a tax abatement;
(l) Pro-rata portion of the Condominium's estimated first year insurance based on the Residential Unit's percentage of Common Interest; and
(m) $1,250 to Sponsor's attorney for the preparation of the closing documents.

Purchaser shall also apportion with Seller as of the end of the day prior to Closing, and pay to Seller at Closing the apportioned amount due for taxes, condominium common charges, sewer use, water use, fuel oil (if any) and any other utility costs. Purchaser shall also pay the deposits required by the Lender to establish the estimated or escrow fund for future payments of taxes, condominium common charges, sewer use and insurance premiums (if applicable). In addition, in the event the Sponsor or Sponsor's Attorney is required to prepare the New York City "ACRIS" transfer documents, Purchaser shall be required to pay Seller's attorney an additional fee of $250. In the event the title company prepares the "ACRIS" transfer documents, Purchaser shall pay the applicable fee of the title company. If through no fault of Seller, Purchaser fails for any reason to close title within seven (7) days after the date originally scheduled in Seller's Notice for Closing or such later date (if applicable) to which Seller in a subsequent Notice for Closing adjourned the Closing, all of the aforementioned apportionments shall be made as of the end of the day preceding (i) the date originally scheduled for Closing or (ii) Seller's adjourned closing date (as the case may be).

Purchaser shall pay to Seller at or prior to the actual Closing an amount equal to four one-hundredths of one percent (.04%) (which equals an annual rate of 14.6%) of the purchase price for the Residential Unit for each day beyond such originally scheduled or Seller adjourned Closing Date, to and including the date of actual Closing, for reimbursement and defrayal of Seller's carrying costs and other charges, which amount Purchaser acknowledges to be reasonable and proper.

Any errors or omissions in computing apportionments or any other sums payable under this Paragraph which are communicated to the other party within six (6) months after Closing shall be corrected and payment made to the proper party promptly after such communication.

23) **EXTRA WORK AND EXTRA ITEMS ORDERED BY PURCHASER** - Any work or items ordered from Seller by Purchaser which are not included in the plans or standard model of the Residential Unit shall, except as may otherwise be provided in this Purchase Agreement or in a writing signed by Seller, be paid for in full by Purchaser at the time they are ordered. The failure of Seller to perform or supply and install such work or items shall not entitle Purchaser to cancel this Purchase Agreement even if Purchaser has already paid for such work or items. Purchaser's only right in the event of Seller's failure to perform such extra work or supply and install such extra items is to receive a refund or credit at the time of Closing equal to the total payments made to

Seller for such extra work or extra items. Seller shall have no responsibility for any work, fixtures, appliances, equipment or materials not ordered directly from Seller by Purchaser. For the purposes of this provision, any orders which Purchaser places directly with Seller's contractors or suppliers shall not be deemed to have been ordered directly from Seller.

24) **OPTIONS AND COLOR SELECTIONS** - Any choices given by Seller to Purchaser in colors, products, materials, design, features and similar matters shall be made by Purchaser in writing at Seller's office or model site, within ten (10) days after notification to Purchaser to make such choices. If there is anything as to which Purchaser has a choice, and Purchaser fails to inform Seller of Purchaser's choice within such ten (10) day time period, then Seller may make the choice on Purchaser's behalf and Purchaser shall accept such choice so made by Seller as if originally made by Purchaser. No claim or objection to Closing shall be made by Purchaser because of any choice made by Seller in any case where Purchaser failed to give Seller timely notice of Purchaser's choice.

25) **ACKNOWLEDGMENT THAT THERE ARE NO OTHER UNDERSTANDINGS** - All prior understandings and agreements are hereby superseded and merged into this Purchase Agreement, which alone contains the final and entire understanding and agreement between Seller and Purchaser. Neither Seller nor Purchaser shall be bound by any terms, conditions, statements, or representations, oral or written, not set forth in this Purchase Agreement or in the Offering Plan. Purchaser acknowledges that Purchaser is buying a condominium Residential Unit in a condominium development which may not yet have been formed at the time this Purchase Agreement is signed, and that, except as stated in this Purchase Agreement, the Declarations, By-Laws, Exhibits, Schedules and Plan, Purchaser has not relied on any representations or other statements of any kind or nature made by Seller or anyone else except as set forth in the Offering Plan or any amendment thereto and this Purchase Agreement, including but not limited to any relating to the description, size or dimensions of the Residential Unit or rooms therein, or the estimated common charges, or other expenses relative thereto.

Purchaser also acknowledges that none of Seller's Representatives has the authority to modify this Purchase Agreement or to make any oral promise, agreement or representation inconsistent or contrary to the terms of this Purchase Agreement. This Purchase Agreement may be changed only by a written document signed by both Purchaser and Seller's Authorized Agent. The invalidity or unenforceability of any particular provision of this Purchase Agreement will not affect the other provisions, and this Purchase Agreement will be interpreted in all respects as if such unenforceable provisions were omitted.

26) **PURCHASER'S DEFAULT** - If Purchaser fails to appear and close title in accordance with this Purchase Agreement on the date and at the time and place stated in Seller's Notice for Closing, or if Purchaser fails to observe or perform any other thing

to be observed or performed by Purchaser under this Purchase Agreement, Seller may send Purchaser a written notice of default giving Purchaser thirty (30) days from the date of such notice to cure any such default. Upon Purchaser's failure to cure such default within such thirty (30) day period this Purchase Agreement shall, at Seller's option, be deemed canceled and Seller shall have the right to retain as and for liquidated damages, all sums paid by Purchaser to Seller on account of the purchase price plus all additional sums paid and/or payable by Purchaser for all extra work and extra items ordered by Purchaser, together with all interest credited thereon, if any, which total amount Purchaser acknowledges to be fair and reasonable.

The notice of default shall be deemed notice to the Purchaser by the Escrow Agent of the Escrow Agent's intent to release the funds being held in escrow on behalf of the Purchaser pursuant to the dispute resolution provisions of the Attorney General's escrow regulations as described in Part II of the Offering Plan.

TIME IS OF THE ESSENCE FOR PURCHASER TO CURE SUCH DEFAULT WITHIN SUCH THIRTY (30) DAY PERIOD.

Upon cancellation of this Purchase Agreement for Purchaser's failure to timely cure any such default, Seller shall be released and discharged of all further liability and obligations to Purchaser under this Purchase Agreement. Thereafter the Residential Unit may be sold or disposed of as though this Purchase Agreement had never existed and without any accounting to Purchaser for the proceeds of any subsequent sale. The foregoing remedy shall be in addition to any and all other remedies available to Seller under this Purchase Agreement or at law for any default by Purchaser under this Purchase Agreement.

27) **MORE THAN ONE PURCHASER - LIABILITY; AUTHORITY TO SIGN** - If two (2) or more persons are named as Purchaser in this Purchase Agreement, (i) each person shall be jointly and severally liable for payment, observance and performance of all obligations under this Purchase Agreement and (ii) anyone of them is hereby made agent for the other in all matters of any and every kind or nature with respect to the Residential Unit and/or this Purchase Agreement. The act, assent, election or approval by one shall conclusively constitute the act, assent, election and approval by all.

28) **SELLER'S RIGHT TO CANCEL** - Seller may cancel this Purchase Agreement by forwarding a full refund of the down payment to Purchaser together with written notice of cancellation in the event of the occurrence of any of the following:

(a) any governmental, authority imposes a ban on the construction or completion of residential dwellings or imposes restrictions on the manufacture, sale, distribution and/or use of materials from Seller's regular suppliers or from using same in the construction and/or completion of the Residential Unit ; or

(b) Seller is unable to obtain materials from its usual sources due to labor troubles, lockouts, war, military operations and requirements, civil unrest, act of God or national emergencies; or

(c) the installation of public utilities is restricted or curtailed; or

(d) the Plan is abandoned, withdrawn or not consummated for any reason.

Upon such cancellation and refund, neither party shall thereafter have any further liability or obligation to the other in connection with this Purchase Agreement or transaction.

29) **POWER OF ATTORNEY** - At closing, Purchaser shall execute, acknowledge and deliver to Seller in recordable form, a power of attorney in the form set forth in Part II of the Plan (the "Power of Attorney"), in favor of the Board of Managers of the Condominium relative to leasing and purchasing of Residential Units under certain circumstances and to foreclose upon Residential Units for which the payment of Common Charges is delinquent, and in favor of Seller relative to amending the Condominium documents to the extent provided for in the Plan.

30) **DAMAGE TO PUBLIC IMPROVEMENTS, AMENITIES AND COMMON ELEMENTS** Purchaser shall repair and/or restore to their original condition and standards any public improvement, amenity or Common Element on the Property damaged by Purchaser or Purchaser's agents, employees, contractors or licensees. Upon failure of Purchaser to complete such repair and/or restoration work within thirty (30) days after written notice from Seller, then and in that event, Seller may complete same at the expense of Purchaser who shall reimburse Seller for the cost thereof immediately upon demand. This Paragraph shall survive delivery of the deed.

31) **NOTICES** - Any notices, statements, certificates, requests or demand required or permitted to be given or delivered under this Purchase Agreement shall be in writing and may be sent by mail, overnight courier or personal delivery, addressed to Purchaser or to Seller, as the case may be, at their respective addresses shown at the beginning of this Purchase Agreement, or to such other address as Purchaser or Seller may designate in the manner herein provided. Such notice, statement, certificate, request or demand shall be deemed to have been given

(a) when delivered by an overnight courier service, if sent by overnight courier,

(b) upon personal delivery actually being made, and

(c) within three (3) days after delivery to the United States Post Office with proper postage prepaid, if sent by regular, registered or certified mail return receipt requested.

32) **STRICT COMPLIANCE; SEVERABILITY; WAIVER OF TRIAL BY JURY** - Any failure by Seller to insist upon strict performance by Purchaser of any of Purchaser's obligations under this Purchase Agreement shall not be deemed a waiver of such obligations, and Seller may at any time insist upon strict performance by Purchaser of any and all obligations to be performed by Purchaser under this Purchase Agreement irrespective of the number of times Purchaser failed to strictly comply with such obligations in the past. If any part of this Purchase Agreement or the Plan is invalid or unenforceable with respect to a particular individual or circumstance, the remainder of this Purchase Agreement or the Plan and the applicability to other individuals or circumstances shall not be affected thereby but shall continue in full force and effect. Purchaser waives all rights to trial by jury in any action, proceeding or counterclaim in any way arising out of or relating to this Purchase Agreement or the Plan. Purchaser agrees to pay all court fees, including reasonable attorney fees, should Purchaser bring an action against Seller in any court of proper jurisdiction (including small claims court) and be unsuccessful. Further Purchaser agrees to waive the right to file a Lis Pendens if not filed within sixty (60) days of the cancellation of this Purchase Agreement. This Paragraph shall survive delivery of the Deed.

33) **RISK OF LOSS** - The risk of loss or damage to the Residential Unit by fire or any other cause until delivery of the deed is assumed by Seller. In the event a substantial portion of the Residential Unit or Condominium shall be destroyed or damaged prior to closing, Seller shall be entitled to cancel this Purchase Agreement by written notice to Purchaser, together with a check in the full amount paid by Purchaser, with interest, if any. The parties shall thereafter be released from any further liability hereunder. However, if Purchaser is or becomes the occupant or tenant of the Residential Unit prior to Closing, then as of the date of Purchaser's occupancy, Purchaser shall be responsible for all damage caused by any acts or omissions of Purchaser, Purchaser's agents, employees or invitees.

If any part of the Residential Unit that is purchased is damaged or destroyed by any casualty prior to Closing, Seller will have the option to restore the Residential Unit to its previous condition as soon as reasonably possible. In the event Seller elects to restore the Residential Unit, then the Closing Date and any other applicable date or deadline will be extended in a reasonable manner by Seller. Seller agrees to notify Purchaser of Seller's decision within ten (10) business days of the date of such casualty. In the event Seller elects not to restore the Residential Unit, then this Purchase Agreement will terminate and Purchaser will receive a full refund of all monies paid to Seller. The parties shall thereafter be released from any further liability hereunder.

34) **LIEN OF DEPOSIT** -All sums paid on account of this Purchase Agreement and the reasonable expense of the examination of the title to the Residential Unit are hereby made liens hereon, but such liens shall not continue after default by the Purchasers under this Purchase Agreement.

35) **LIENS SATISFIED AT CLOSING** -The existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided the Seller shall deposit a sufficient amount with Fidelity or other title company so that said company shall be willing to insure against collection of same from the property herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the property, not provided for in this Purchase Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

36) **EXECUTION OF REQUIRED DOCUMENTS** - Purchaser agrees to perform all acts required by the Seller to carry out the provisions of the Offering Plan, establish the Condominium and conform to the provisions of all applicable laws and regulations. This Paragraph shall survive delivery of the deed.

37) **INSPECTION DURING CONSTRUCTION - Unless specifically agreed to by Seller, Purchaser shall not visit the construction site. Any unauthorized visits to the construction site by Purchaser are subject to a charge by Seller of $500 per visit, which Purchaser agrees to pay Seller within ten (10) days of billing thereof.** Purchaser acknowledges that unsupervised visits to the construction site present a dangerous circumstance and could incur liability to Seller. Purchaser hereby releases and agrees to indemnify, defend and hold Seller harmless for all claims and liabilities incurred by Seller resulting from the presence of Purchaser or Purchaser's family members or invitees on the Premises or Seller's other property during the term of this Purchase Agreement. Purchaser further agrees to execute the Express Assumption of Risk Form attached to and made a part of this Purchase Agreement as **Schedule D-3**.

38) **PURCHASERS' INTERFERENCE** - Purchaser acknowledges that it may not interfere with Seller's ability to construct this or other Residential Unit(s) or facilities, including interference with work performed on site by Seller's staff in connection with the construction of Purchaser's Residential Unit or any other Residential Unit, attempts to hire any of Seller's staff or contractors, and/or attempts to bring contractors, materialman, subcontractors or workers onto the site for work on Purchaser's Residential Unit prior to Closing title to the Residential Unit, unless otherwise agreed to in writing by Seller.

39) **ZONING.** It is understood and agreed that should zoning and/or building restrictions and regulations, imposed by any Governmental body having jurisdiction over the construction of residential housing and appurtenances, either presently in effect or as enacted or promulgated in the future, create or impose requirements upon the Seller which are not presently contemplated, then in that event the Seller may cancel this Purchase Agreement with a notice in writing addressed to the Purchaser at their address herein above set forth and return all funds deposited hereunder within thirty (30) days of such notice and upon making such payment, this Purchase Agreement shall be terminated and neither party shall have any further rights, obligations or liability

to or against the other and the parties shall be released and discharged from all obligations and liability under this Purchase Agreement and the Offering Plan.

40) **PERSONAL PROPERTY INCLUDED IN SALE**. All articles of personal property, fixtures and equipment for any Residential Unit referred to herein are included in this sale, and same will be delivered free and clear of all liens and encumbrances except the lien of the mortgage applied for by Purchasers herein if any.

41) **LIABILITY OF PROPERTY BELONGING TO PURCHASER.** It is understood and agreed that the Seller will accept no liability whatsoever for any property belonging to the Purchaser, their agents, employees, family, or belonging to any party other than Seller which is placed on the premises prior to the closing of title. No act of the Seller, whatever its nature, shall constitute a waiver of this Paragraph.

42) **DAMAGE TO PUBLIC IMPROVEMENTS, AMENITIES AND COMMON ELEMENTS.** Purchaser shall repair and/or restore to their original condition and standards any public improvement, amenity or Common Element on the Property damaged by Purchaser or Purchaser's agents, employees, contractors or licensees. Upon failure of Purchaser to complete such repair and/or restoration work within thirty (30) days after written notice from Seller, then and in that event, Seller may complete same at the expense of Purchaser who shall reimburse Seller for the cost thereof immediately upon demand. This paragraph shall survive delivery of the deed.

43) **RESIDENTIAL UNIT PART OF DEVELOPMENT** Purchaser acknowledges and agrees that other Residential Units and infrastructure are presently being constructed at the project and that Seller anticipates that such construction shall continue until the project is completed in accordance with the Seller's development plan. Purchaser further agrees that such construction shall not be deemed a nuisance nor an interference with Purchase's quiet enjoyment of Purchaser's Residential Unit.

44) **PURCHASER GENERAL REPRESENTATIONS** - Purchaser represents that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties or statements, written or oral, of any nature, including but not limited to, any of the above relating to the description or physical condition of the Building or the above described Residential Units or the Property, the size or the dimensions of the Residential Unit or the rooms therein contained or any physical characteristics thereof, the Building services, the estimated Common Charges or any other matter or estimate not set forth herein and in the Plan. Purchaser further acknowledges having had full opportunity to examine all documents and investigate all facts referred to and stated herein and in the Plan. Purchaser agrees that the Seller shall have no liability or responsibility to Purchaser and that Purchaser will not be relieved from his or her obligations hereunder, by reason of any inaccuracy or error in the layout or dimensions of the Residential Unit so long as the layout and specifications as they may be changed or amended are in accordance with the provisions of the Plan. Purchaser understands and acknowledges that the Seller

cannot guarantee a firm completion and availability date for the Residential Unit and agrees that the Seller shall not be obligated to make, provide or compensate for any accommodations or costs to Purchaser as a result of construction delays nor shall such delays serve to cancel, amend or diminish any of Purchaser's obligations hereunder.

45) **LIMITED WARRANTY - THE LIMITED WARRANTY SET FORTH IN PART II OF THE PLAN IS ANNEXED HERETO AND INCORPORATED HEREIN BY REFERENCE (THE "LIMITED WARRANTY") IS IN PLACE OF AND EXCLUDES THE HOUSING MERCHANT IMPLIED WARRANTY, AS DEFINED IN ARTICLE 36-B OF THE NEW YORK GENERAL BUSINESS LAW, AS SAME MAY BE AMENDED FROM TIME TO TIME, AND ALSO EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THIS PURCHASE AGREEMENT AND THE CONSTRUCTION AND SALE OF THE RESIDENTIAL UNIT. SELLER MAKES NO HOUSING MERCHANT IMPLIED WARRANTY AND, EXCEPT AS EXPRESSLY SET FORTH IN THE LIMITED WARRANTY, SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THIS PURCHASE AGREEMENT AND THE CONSTRUCTION AND SALE OF THE RESIDENTIAL UNIT, WHICH EXTEND BEYOND THE FACT THEREOF.**

PRIOR TO THE EXECUTION OF THIS PURCHASE AGREEMENT BY PURCHASER, PURCHASER ACKNOWLEDGES THAT SELLER HAS SUPPLIED TO PURCHASER FOR EXAMINATION AND PURCHASER HAS RECEIVED, READ AND UNDERSTOOD A WRITTEN COPY OF THE EXPRESS TERMS OF THE LIMITED WARRANTY. THIS ARTICLE 45 SHALL NOT APPLY TO A NON-RESIDENTIAL UNIT.

THIS PARAGRAPH SHALL SURVIVE DELIVERY OF THE DEED.

46) **MISCELLANEOUS** - The terms and conditions contained in this Purchase Agreement shall survive the Closing. The start of any activity by Seller in connection with the Residential Unit is not to be deemed a waiver of any of Seller's rights under this Purchase Agreement. Purchaser agrees to be jointly and severally liable to perform this Purchase Agreement.

WHEN SIGNED BY SELLER AND PURCHASER'S AUTHORIZED AGENT, THIS PURCHASE AGREEMENT WILL BECOME A LEGALLY BINDING AGREEMENT. PURCHASER SHOULD MAKE SURE THAT ALL PROVISIONS ARE READ AND UNDERSTOOD BEFORE SIGNING. IF PURCHASER DOES NOT UNDERSTAND ANY PROVISION, PURCHASER SHOULD SEEK LEGAL ADVICE.

PURCHASER MUST BE GIVEN A COPY OF THE NEW YORK STATE PUBLIC OFFERING PLAN PRIOR TO THE SIGNING OF THIS PURCHASE AGREEMENT.

BY SIGNING THIS PURCHASE AGREEMENT, PURCHASER ACKNOWLEDGES RECEIPT OF THE OFFERING PLAN AND THAT PURCHASER HAS HAD AN OPPORTUNITY TO READ THE OFFERING PLAN AT LEAST THREE (3) BUSINESS DAYS PRIOR TO SIGNING THIS PURCHASE AGREEMENT.

47) **CONSTRUCTION SITE** - Purchaser acknowledges that they may be living in an active construction site after they close on their Residential Unit. During this period of construction there may be dirt and debris and construction material on site, construction vehicular traffic, construction noises, unfinished areas of the Condominium and other inconveniences, which are normal in a community undergoing construction.

48) **ATTORNEYS** - The attorneys representing the Seller or any Lender represent such parties only and not the Purchaser. The Purchaser may retain independent counsel at Purchaser's own expense in order to protect Purchaser's own interest.

49) **ACKNOWLEDGMENT** - The terms, conditions and provisions of this Purchase Agreement are hereby accepted on this ___ day of _____, 20__.

PURCHASERS:

_____
Signature

_____
Signature

#1 Prospect Developers, LLC

By:_____

YOU, AS THE PURCHASER OF THE RESIDENTIAL UNIT, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR PURCHASE AGREEMENT OR INDEMNIFY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE.

WAIVER OF NOTICE OF CLOSING

_____, being duly sworn, does hereby depose and state:

1. I am the Purchaser of Residential Unit # _____at 457 Prospect Place Condominium.

2. Pursuant to a Purchase Agreement dated _____, 200_, I am entitled to thirty (30) days' written notice of the closing for my Residential Unit.

3. I hereby waive the applicable notice provision contained in the Purchase Agreement and agree to close on _____ 200_.

_____
Purchaser

Sworn to before me this __ day
of _____ 200_.

_____
Notary Public

SCHEDULE D-2

EXPRESS ASSUMPTION OF RISK

I/We _____ understand that by entering onto a construction site, there are extraordinary risks of grave bodily injury and/or death. In consideration for being allowed to enter upon the premises herein, I expressly assume all risks associated with the construction site, including but not limited to:

1. Falling debris;
2. Falls associated with excavations, uncleared ice and/or snow incomplete sidewalks and roads and downed trees and/or bushes;
3. Injuries associated with incomplete construction;
4. Injuries associated with operating machinery;
5. Injuries associated with incomplete or no railings; and
6. Injuries associated with incomplete and/or insufficient lighting.

I/We _____ further agree to fully indemnify and hold harmless #1 Prospect Developers, LLC, its members, officers, directors, principals, shareholders, successors and assigns for any and all damage to any personal property.

_____

_____

TENDER OF ESCROW DEPOSIT

Date: _____

Tender of Deposit of $_____, for Residential Unit _____at _____ _____located at _____, New York.

Purchaser(s) named below has/have tendered on _____ 200_, the above escrow deposit to Sponsor/Selling Agent as a deposit for the above Residential Unit.

Purchaser(s) _____
_____

Address of Purchaser(s) _____
_____
_____

Phone number of Purchaser(s):
Home: _____
Business: _____

Social Security Number(s) or
Tax Identification Number(s)
of Purchaser(s)_____
_____

RECEIPT

The SPONSOR/SELLING AGENT of the above named property hereby acknowledges receipt of the above escrow deposit.

By: _____
_____
Title or Position

Date of Receipt: _____

SCHEDULE D-4

FORM FOR THE RELEASE OF ESCROW FUNDS

Date

Stein & Farkas, LLP
1639 East 13th Street
Brooklyn, NY 11229

Re: **457 PROSPECT PLACE CONDOMINIUM**
Purchaser:
Unit #:

Dear Sirs:

You have been holding in a trust account my/our down payment for the above-referenced Residential Unit in the amount of $_____. I/we acknowledge that a closing has taken place this date. Accordingly, Stein & Farkas, LLP is authorized to release the funds being held in said amount to whomever the Sponsor so designates. In addition, Stein & Farkas, LLP, as Escrow Agent on said account, is hereby released from any and all liability or further obligation to us with respect to said down payment.

Very truly yours,

_____
Purchaser

_____
Sponsor's representative

SCHEDULE D-5

LIMITED WARRANTY

NAME OF PURCHASER(S):

ADDRESS OF PURCHASER(S):

ADDRESS OF UNIT WARRANTED:

NAME OF BUILDER:

ADDRESS OF BUILDER:

WARRANTY DATE:

BUILDER'S LIMIT OF TOTAL LIABILITY: $25,000.00

This limited warranty excludes all other warranties on the construction and sale of the unit and its components, both expressed and implied. There are no warranties which extend beyond the face hereof and this limited warranty excludes all consequential and incidental damages, except as required by New York State law and nothing contained in this warranty shall be determined to make the builder-seller an insurer of personal property of the owner-purchaser or of any third party. No steps taken by the builder-seller to correct defects shall act to extend the warranty period. The builder-seller shall have the option of selecting the materials and the methods to be used in making any repair. Items covered in this warranty altered by a person or persons other than the builder-seller, its employees, or agents are also excluded and the builder-seller shall not be liable or responsible for any corrective work performed by others or the cost thereof.

1. To Whom Given: This limited warranty is extended to the owner/ purchaser named on page 1, while the owner/purchaser owns the unit. **It does not extend to subsequent owners** of the unit or other persons.

2. By Whom Made: This limited warranty is made exclusively by the builder/seller whose name and address appears on page 1.

3. Final Inspection of the Unit: Before any person takes possession of the Unit, or accepts title, there will be a final inspection of the Unit. The purpose of this final inspection is to discover or point out any known or visible defects or flaws, or any unfinished work caused by back orders beyond the builder's/seller's control.

There will be a Final Inspection Sheet listing all flaws or defects found or pointed out and it shall include a schedule for each item that will be corrected. The Final Inspection Sheet will be signed by the owner/purchaser and the builder/seller before taking possession of the Unit or transfer of the deed. When any person takes possession of the Unit, or accepts the deed, the builder's/seller's responsibility will be limited to:

(a) completion of items shown on the Final Inspection Sheet, as provided in the Final Inspection Sheet, and

(b) performance of warranty obligations under the provisions of this limited warranty, as listed below. The purpose of the Limited Warranty is to

identify the builder's/seller's responsibilities for construction defects of a latent or hidden kind that would not have been found or disclosed on final inspection of the Unit.

4. Standards. To determine whether workmanship, materials, designs or installation fail to meet or exceed the coverage and period provisions of this warranty and New York State Law, the standard to apply shall be the Accepted Standards which are attached to this limited warranty or the standards and specifications of the New York State Uniform Fire Prevention and Building Code.

5. Warranty Coverages and Periods: The period of this warranty shall begin on the date shown on page 1. The date shall be the day on which any person begins residential occupancy of the Unit or the day on which the purchaser takes title to the Unit, whichever comes first.

A. FIRST YEAR BASIC COVERAGE: for one year from the Warranty Date, the Unit will be free from latent defects that constitute:

(1) defective workmanship performed or materials provided by the Builder/Seller, an agent of the Builder/Seller or subcontractor of the Builder/Seller;

(2) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged **solely** by the Builder/Seller.

B. TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Warranty Date, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Unit which have been installed by the Builder/Seller are warranted to be free from latent defects that constitute defective installation by the Builder/Seller.

(1) The Plumbing System means: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.

(2) The Electrical System means: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

(3) The Heating, Cooling and Ventilation System means: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

(4) Disclaimers.

(i.) The foregoing two-year warranties do not include the relevant System or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the owner-purchaser or his agents. It shall be the owner-purchaser's responsibility to perform the normal maintenance functions, such as lubrication and replacing of filters, which are explained in the instructions supplied by the equipment manufacturer and in its Warranty Manual.

(ii.) All Systems are exclusive of appliances, fixtures and items of equipment.

C. SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six (6) years from the Warranty Date, the Unit will be free from latent defects that are Major Structural Defects, as defined below, and that constitute:

(1) defective workmanship performed or materials provided by the Builder/Seller, an agent of the Builder/Seller or subcontractor of the Builder/Seller;

(2) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged **solely** by the Builder/Seller.

A. Major Structural Defect is a defect resulting in **actual** physical damage to the following load-bearing portions of the unit caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the Unit becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

B. Damage to the following non-load bearing portions of the Unit do not constitute a Material Defect for the Material Defect coverage period: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Unit; electrical plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; insulation.

6. The builder-seller assigns to the owner-purchaser its interest in any manufacturer's warranties for mechanical equipment, appliances, and any other manufactured items furnished with the house.

7. Septic System: If included as part of the builder- seller's responsibility, builder-seller guarantees only that the septic system has been installed in accordance with a septic layout prepared by a licensed engineer and the installation thereof has been approved by the proper local official.

8. Water System: If a private well is included as part of the builder-seller's responsibility, builder-seller guarantees only the submersible pump for one year against faulty material and workmanship. Builder-seller makes no representation as to the quantity or quality of the water produced by such well. If connection to a municipal or community water system is included, the service line from the curb cock to the house is guaranteed against leakage for a period of one year.

9. Exclusions from All Coverages. The following are excluded from Basic Coverage, Major System Coverage and Major Structural Defect Coverage:

(a) Loss or damage caused by workmanship performed by any person other than (i) the Builder/Seller, (ii) an agent of the Builder/Seller, or (iii) a subcontractor of the Builder.

(b) Loss or damage caused by defective materials supplied by any person other than (i) the Builder/Seller, (ii) an agent of the Builder/Seller, or (iii) a subcontractor of the Builder/Seller.

(c) Loss or damage caused by defective design provided by any person other than a design professional retained exclusively by the Builder/Seller.

(d) Patent defects which an examination of the Unit prior to acceptance of the deed or occupancy of the Unit ought to have revealed excluding defects shown on the Final Inspection Sheet and defects.

(e) Defects in outbuildings including but not limited to detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the Unit); site located swimming pools and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements or any other improvements not a part of the Unit itself.

(f) After the first year Basic Coverage, concrete floors of basements and concrete floor of attached garages that are built separately from foundation walls or other structural elements of the Unit.

(g) Damage to real property which is not part of the Unit covered by this Limited Warranty and which is not included in the purchase price of the Unit.

(h) Any damage to the extent that it is caused or made worse by:

(i) negligence, improper maintenance, or improper operation by anyone other than the Builder/Seller, its employees, agents, or subcontractors; or

(ii) failure by the Purchaser/Owner or anyone other than the Builder/Seller, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment; or

(iii) failure of the Purchaser/Owner to give notice to the Builder/Seller of any defects or damage within a reasonable time; or

(iv) Changes in the grading of the ground by anyone other than the Builder/Seller, its employees, agents or subcontractors; or

(v) changes, alterations or additions made to the Unit by anyone after the Warranty Date shown on page 1; or

(vi) dampness or condensation due to failure of the Purchaser/Owner or occupant to maintain adequate ventilation.

(i) Any condition which does not result in actual physical damage to the Unit.

(j) Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, and not reasonably foreseeable changes in the underground water table.

(k) Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect.

(l) Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance.

(m) Any damage which the Unit Owner has not taken timely action to minimize.

(n) Normal wear and tear and normal deterioration.

(o) Insect damage.

(p) Bodily injury or damage to personal property.

(q) Any items not completed by the Builder/Seller in the event the Builder/Seller does not complete construction of the unit.

®) Loss or damage when which arises while the Unit is being used primarily for nonresidential purposes.

(s) Loss or damage due to abnormal loading on floors by the Unit Owner which exceeds design loads as mandated by the Building Code.

(t) Costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair.

(u) Consequential damages (except where required by state law).

(v) Any claim not filed in a manner set forth below in paragraph.

10. Warranty. If a defect occurs in an item covered by this Limited Warranty, the Builder/Seller will repair, replace or pay the Purchaser/Owner the reasonable cost of repairing or replacing the defective item(s) within a reasonable time after the Builder's inspection or testing discloses the problem. The choice amount repair, replacement or payment is solely that of the Builder/Seller.

In no event will the Builder's total liability for deficiencies under this Limited Warranty exceed the Builder's Limit of Total Liability, shown on page 1.

Repair, replacement or payment of the reasonable cost for any Major Structural Defect is further limited to (i) the repair of damage to the load-bearing portions of the Unit themselves which is necessary to restore their load-bearing function; and (ii) the repair of those items of the Unit damaged by the Major Structural Defect which made the Unit unsafe, unsanitary or otherwise unlivable.

When the Builder/Seller finishes repairing or replacing the defect or pays the reasonable cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to the Builder/Seller.

11. Step by Step Claims Procedures. (a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Builder, identified on page 1, no later than the first business day after warranty coverage on that items expires. If this Notice of Warranty Claim Form is not properly completed and received by the Builder by that deadline, the Builder will have no duty to respond to any complaint or demand, and any or all claims may be rejected. NOTICE OF WARRANTY CLAIM IS NECESSARY TO PROTECT RIGHTS TO WARRANTY PERFORMANCE UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Builder, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Limited Warranty. The Builder's response to any complaint or request, other than to a timely and properly completed Notice of Warranty Claim, will not impair, prejudice or otherwise affect any right of the Builder/Seller, including but not limited to the Builder's/Seller's right to receive a timely and properly completed Notice of Warranty Claim.

12. Legal Actions. (a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against the Builder/Seller in any Court or forum unless notice of the claim or

cause of action has been received by the Builder in a timely and properly completed Notice of Warranty Claim Form.

(b) No suit, action and proceeding against the Builder/Seller under this Limited Warranty may be commenced in any Court or forum after the later of: (i) the date of expiration of the applicable warranty coverage under paragraph 5 of this Limited Warranty, or (ii) sixty calendar days after the Warrantor has given written notice of rejection of claim or completion of corrective action.

13. General Provisions. (a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Builder/Seller and the Purchaser/Owner, their heirs, executives, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a court of competent jurisdiction, the determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this Limited Warranty includes all other genders, and use of the plural includes the singular, as may be appropriate.

(e) This limited warranty is to be governed in accordance with the laws of New York State.

NOTICE OF WARRANTY CLAIM FORM

Dear Unit Owner: to ask the Builder to correct a defect in your Unit that you think is covered by the Builder's Limited Warranty, you must complete this form and deliver it to the Builder. This is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that the Builder is aware of the problem, fill out this form and deliver it to the Builder.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your Name: _____

Mailing Address: _____

_____

Phone: _____

Limited Warranty No.: _____

Warranty Date: _____

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

_____ _____

(Signature) (Date)

_____ _____

(Signature) (Date)

ACCEPTED STANDARDS

PERFORMANCE STANDARDS - Topic Index

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

1. Possible Deficiency - a brief statement in simple terms of problems that may be encountered.
2. Performance Standard - a performance standard relating to a specific deficiency.
3. Responsibility - a statement of the corrective action required of the Builder/Seller to repair the deficiency or a statement of the Unit Owner's maintenance responsibilities.

Workmanship and Materials, First Year Only

1. Site Work
2. Concrete
3. Masonry
4. Wood and Plastic
5. Thermal and Moisture Protection
6. Doors and Windows
7. Finishes
8. Specialties
9. Equipment
10. Plumbing
11. Heating and Cooling
12. Ventilation
13. Electrical

Systems, First and Second Year

14. Plumbing System
15. Ventilation System
16. Electrical System

1. A. Site Grading. Settling of ground around foundation, utility trenches or other areas. Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Unit. If the Builder/ Seller has provided final grading, upon request by the Unit Owner, Builder/Seller shall fill settled areas affecting proper drainage, one time only, during the first year of the Limited warranty period. Unit Owner shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage. Improper drainage of the site. The necessary grades and swales shall have been established by the Builder/Seller to insure proper drainage away from the Unit. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated. The Builder/Seller is responsible only for initially establishing the proper grades

and swales. The Unit Owner is responsible for maintaining such grades and swales once they have been properly established.

2. A. Expansion and Contraction Joints. Separation or movement of concrete slabs within the structure at expansion and contraction joints. Concrete slabs within the structure are designed to move at expansion and contraction joints.

B. Cast-in-Place Concrete.

(1) Basement or foundation wall cracks: Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired. Builder/Seller will repair cracks in excess of 1/8 inch wide.

(2) Cracking of basement floor: Minor cracks in basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired. Builder/Seller will repair cracks exceeding maximum tolerances by service patching or other methods as required.

(3) Cracking of slab in attached garage: Cracks in garage slabs in excess of ½ inch in width or ½ inch in vertical displacement shall be repaired. Builder/Seller will repair cracks exceeding maximum tolerances by surface patching or other methods as required.

(4) Uneven concrete floors/slabs: Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions, or areas of unevenness exceeding ½ inch in 32 inches. Builder/Seller will correct or repair to meet the Performance Standard.

(5) Cracks in concrete slab-on-grade floors with finish flooring: Cracks which rupture the finish flooring material shall be repaired. Builder/Seller will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place.

(6) Pitting, scaling or spalling of concrete work covered by this Limited Warranty: Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use. Builder/Seller will take whatever corrective action necessary to repair or replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.

(7) Settling, heaving or separating of stoops, steps or garage floors: Stoops, steps or garage floors shall not settle, heave or separate in excess of 1 inch from the house structures. Builder will take whatever corrective action is required to meet the Performance Standard.

(8) Standing water on stoops: Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated. Builder/Seller shall take corrective action to assure drainage of steps and stoops.

3. Masonry Coverage: 1st Year Only:

A. Unit Masonry

(1) Basement or foundation wall cracks: Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/4 inch in width shall be repaired. Builder/Seller will repair cracks in excess of 1/4 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year of the Limited Warranty period.

(2) Cracks in masonry wall or veneer: Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive. Builder/Seller will repair cracks in excess of Performance Standard by pointing or patching. These repairs

shall be made during the first year of the Limited warranty period. Builder will not be responsible for color variation between old and new mortar.

4. Wood and Plastic Coverage: 1st Year Only:

A. Rough Carpentry

(1) Floors squeak or subfloor loose: Floor squeaks and loose subfloor are often temporary conditions common to new construction, and a squeak -proof floor cannot be guaranteed. Builder/Seller will correct the problem only if caused by an underlying construction defect.

(2) Uneven wood floors: Floors shall not have more than ½ inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code. Builder/Seller will correct or repair to meet Performance Standard.

(3) Bowed walls: All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than ½ inch out of line within any 32 inch horizontal or vertical measurement. Builder/Seller will repair to meet Performance Standard.

(4) Out-of-plumb walls: Walls should not be more than ½ inch out of plumb for any 32 inch vertical measurement. Builder/Seller will repair to meet the Performance Standard.

B. Finish Carpentry (Interior): Poor quality of interior trim workmanship. Joints in moldings or joints between moldings and adjacent surface, shall not result in open joints exceeding 3/8 inch in width. Builder/Seller will repair defective joints, as defined. Caulking is acceptable.

C. Finish Carpentry (Exterior): Poor quality of exterior trim workmanship. Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements. Builder/Seller will repair open joints, as defined. Caulking is acceptable.

5. A. Thermal and Moisture

(1) Leaks in basement: Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency. Builder/Seller will take such action as necessary to correct basement leaks except where the cause is determined to result from Unit Owner action or negligence.

B. Insulation: Insufficient insulation: Insulation shall be installed in accordance with applicable energy and building code requirements. Builder/Seller will install insulation in sufficient amounts to meet Performance Standard.

C. Louvers and Vents: Leaks due to snow or rain driven into the attic through louvers or vents: Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.

D. Roofing and Siding:

(1) Ice build-up on roof: During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up. Prevention of ice build-up on the roof is a Unit Owner maintenance item.

(2) Roof or flashing leaks: Roofs or flashing shall not leak under normally anticipated conditions except where cause is determined to result from ice build-up or Unit Owner action or negligence. Builder/Seller will repair any verified roof or flashing leaks not caused by ice build-up or Unit Owner action or negligence.

(3) Standing water on flat roof: Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention. Builder/Seller will take corrective action to assure proper drainage of roof.

(4) Delamination of veneer siding or joint separation: All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced. Builder/Seller will repair or replace siding as needed unless caused by Unit Owner's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Builder/Seller will paint only the new materials. The Unit Owner can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal:

(1) Gutters and/or downspouts leak: Gutters and downspouts shall not leak but gutters may overflow during heavy rain. Builder will repair leaks. It is a Unit Owner responsibility to keep gutters and downspouts free of leaves and debris which could cause overflow.

(2) Water standing in gutters: When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.

F. Sealants:

(1) Leaks in exterior wall due to inadequate caulking: Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water. Builder/Seller will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year of the Limited Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the Unit.

6. A. Door and Windows:

(1) Warpage of exterior doors: Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (½ inch, measured diagonally form corner to corner). Builder/Seller will correct or replace and refinish defective doors, during the first year of the Limited Warranty period.

(2) Warpage of interior passage and closet doors: Interior doors (full openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (½ inch measured diagonally from corner to corner). Builder/Seller will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year of the Limited Warranty period.

(3) Shrinkage of insert panels show raw wood edges: Panels will shrink and expand and may expose unpainted surfaces.

(4) Split in door panel: Split panels shall not allow light to be visible through the door. Builder/Seller will, if light is visible, fill split and match paint or stain as closely as possible, one time in first year of the limited Warranty period.

B. Glass: Broken glass: Broken glass not reported to Builder/Seller prior to closing is the Unit Owner's responsibility.

C. Garage Doors on Attached Garages:

(1) Garage doors fail to operate properly, under normal use: Garage doors shall operate properly. Builder/Seller will correct or adjust garage doors as required, except where the cause is determined to result from Unit Owner action or negligence.

(2) Garage doors allow entrance of snow or water: Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected under abnormal conditions. Builder/Seller will adjust or correct garage doors to meet manufacturer's recommendations.

D. Wood, Plastic and Metal Windows:

(1) Malfunction of windows: Windows shall operate with reasonable ease, as designed. Builder/Seller will correct or repair as required.

(2) Condensation and/or frost on windows: Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Unit Owner. Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's/Seller's control. No corrective action required.

E. Weatherstripping and Seals: Air infiltration around doors and windows. Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping shall be adjusted or replaced. Builder/Seller will adjust or correct poorly fitted doors, windows and poorly fitted weatherstripping.

7. A. Gypsum Wallboard: Defects which appear during first year of the Limited Warranty such as nail pops, blisters in tape, or other blemishes: Slight "imperfections" such as nail pops, seamlines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable. Builder/Seller will repair only cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period.

B. Ceramic Tile:

(1) Ceramic tile cracks or becomes loose: Ceramic tile shall not crack or become loose. Builder/Seller will replace cracked tiles and re-secure loose tiles unless the defects were caused by the Unit Owner action or negligence. Builder/Seller will not be responsible for discontinued patterns or color variations in ceramic tile.

(2) Cracks appear in grouting ceramic tile joints or at junctions with other materials such as a bathtub: Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions. Builder/Seller will repair grouting if necessary one time only, during the first year of the Limited Warranty period. Builder/Seller will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Unit Owner within the life of the Unit.

C. Finished Wood Flooring: Cracks developing between floor boards: Cracks in excess of 1/8 inch in width shall be corrected. Builder/Seller will repair cracks in excess of 1/8 inch within the first year of the Limited Warranty period, by filling or replacing, at Builder's/Seller's option.

D. Resilient Flooring.

(1) Nail pops appear on the surface of resilient flooring: Readily apparent nail pops shall be repaired. Builder/Seller will correct nail pops

which have broken the surface. Builder/Seller will repair or replace, at Builder's/Seller's sole option, resilient floor covering in the affected area with similar material. Builder will not be responsible for discontinued patterns or color variations in the floor covering.

(2) Depressions or ridges appear in the resilient flooring due to subfloor irregularities: Readily apparent depressions or ridges exceeding 1/4 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor. Builder/Seller will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Builder/Seller will not be responsible for discontinued patterns or variations in floor covering.

(3) Seams or shrinkage gaps show at resilient flooring joints: Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible. Builder/Seller will repair or replace, at Builder's/Seller's sole option, the affected resilient flooring as required. Builder/Seller will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Unit Owner neglect or abuse.

E. Painting

(1) Exterior paint or stain peels, deteriorates or fades: Exterior paints or stains should not fail during the first year of the Limited Warranty period. However, fading is normal and the degree is dependent on climatic conditions. If paint or stain is defective, Builder/Seller will properly prepare and refinish affected areas, matching color as close as possible. Where repaired area affects the majority of the wall area, the whole area will be refinished.

(2) Deterioration of varnish or lacquer: Natural finishes on interior woodwork shall not deteriorate during the first year of the Limited Warranty period. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Limited Warranty. Builder/Seller will retouch affected areas of natural finish interior woodwork, matching the color as closely as possible.

(3) Painting required as corollary repair because of other work: Repairs required under the Limited Warranty shall be finished to match surrounding areas as closely as practicable. Builder/Seller will finish repair areas as indicated.

(4) Mildew or fungus on painted surfaces: Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean, lake or river front.) Mildew or fungus formation is a condition the Builder/Seller cannot control and is a Unit Owner maintenance item unless it is a result of noncompliance with other sections of the Performance Standard.

F. Carpeting:

(1) Open carpet seams: Carpet seams will show. However, no visible gap is acceptable. Builder/Seller will correct.

(2) Carpeting becomes loose, seams separate or stretching occurs: Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment. Builder will re-stretch or re-secure carpeting as needed, if original installation was performed by Builder/Seller.

(3) Spots on carpet, minor fading. Exposure to light may cause spots on carpet and/or minor fading. No responsibility.

G. Special Coatings: Cracks in exterior stucco wall surfaces: Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired. Builder/Seller will repair cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period.

8. Specialties - Coverage: 1st Year Only

A. Fireplaces

(1) Fireplace or chimney does not draw properly: A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situation. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some unit may need to have a window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria. Builder/Seller will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace.

(2) Chimney separation from structure to which it is attached: Newly built fireplaces will often incur slight amounts of separation. Separation shall not exceed ½ inch from the main structure in any 10 vertical measurements. Builder/Seller will determine the cause of separation and correct if standard is not met. Caulking is acceptable.

(3) Firebox paint changed by fire: Heat from fires will alter finish. No responsibility.

(4) Cracked firebrick and mortar joints: Heat and flames from "roaring" fires will cause cracking. No responsibility.

9. Equipment - Coverage last Year Only

A. Residential Equipment

(1) Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet countertops: Countertops fabricated with high pressure laminate coverings shall not delaminate. Builder/Seller will replace delaminated coverings to meet specified criteria. Builder/Seller will not be responsible for chips and cracks noted following first occupancy.

(2) Kitchen cabinet malfunctions: Warpage not to exceed ½ inch as measured from face frame to point of furthermost warpage with door or drawer front closed position. Builder/Seller will correct or replace doors or drawer fronts.

(3) Gaps between cabinets, ceiling or walls: Acceptable tolerance 1/4 inch in width. Builder/Seller will correct to meet Performance Standard.

10. Plumbing - Coverage last Year Only

A. Water Supply System: Plumbing pipes freeze and burst: Drain, waste and vent, and water pipes shall be adequately protected, as required by the applicable code, during normally anticipated cold weather, and as defined in accordance with ASHREA design temperatures, to prevent freezing. Builder/Seller will correct situations not meeting the code. It is the Unit Owner's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

B. Plumbing System:

(1) Faucet or valve leak: No valve or faucet shall leak due to defects in workmanship and materials. Builder/Seller will repair or replace the leaking faucet or valve.

(2) Defective plumbing fixtures, appliance or trim fittings: Fixtures, appliances or fittings shall comply with their manufacturer's standards. Builder/Seller will replace any defective fixture or fitting which does not meet acceptable standards, as defined by manufacturer.

(3) Noisy water pipes: There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated. Builder/Seller cannot remove all noises due to water flow and pipe expansion, Builder/Seller will correct to eliminate "water hammer".

(4) Cracking or chipping of porcelain or fiberglass surfaces. Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with sharp or heavy objects. Builder/Seller will not be responsible for repairs unless damage has been reported to Builder prior to first occupancy.

(5) Decrease in flow and/or volume of domestic hot water: Unit will perform in compliance with manufacturer's specifications. Builder/Seller will repair if failure is the result of defective workmanship or materials. If problem due to water conditions, maintenance and responsibility revert to unit owner.

11. Heating and Cooling - Coverage 1st Year Only

A. Heating: Inadequate heating: Heating system shall be capable of producing an inside temperature of 70 F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHREA handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted. Builder/Seller will correct heating system to provide the required temperatures. However, the Unit Owner shall be responsible for balancing dampers, registers and other minor adjustments.

B. Refrigeration: Inadequate cooling: Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78 F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions specified in ASHRAE handbook. In the case of outside temperatures exceeding 95 F, a differential of 15 F from the outside temperature will be maintained. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted. Builder/Seller will correct cooling system to meet temperature conditions, in accordance with specifications.

C. Condensation Lines: Condensation lines clog up. Condensation lines will clog eventually under normal use. This is a Unit Owner maintenance item. Builder/Seller shall provide unobstructed condensation lines at time of first occupancy.

D. Evaporative Cooling: Improper mechanical operation: Equipment shall function properly at temperature standard set. Builder/Seller will correct and adjust so that blower and water system operate as designed.

12. Ventilation - Coverage last Year

A. Air Distribution:

(1) Noisy ductwork: When metal is heated it expands and when cooled it contracts. The result is "ticking" or "cracking" which is generally to be expected. No responsibility.

(2) Oilcanning: The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan". The booking noise caused by "oilcanning" is not acceptable.

13. Electrical Coverage: Coverage 1st Year

A. Electrical Conductors, Fuses and Circuit Breakers: Fuses blow or circuit breakers (excluding ground fault interrupters) "kick out": Fuses and circuit breakers shall not activate under normal usage. Builder/Seller will check wiring circuits for conformity with local, state, or approved national electrical code requirements. Builder/Seller will correct circuitry not conforming to code specifications.

B. Outlets, Switches and Fixtures:

(1) Drafts from electrical outlets: Electrical junction boxes on exterior wall may produce air flow whereby the cold air can be drawn through the outlet into a room. The Problem is normal in new unit construction. No responsibility.

(2) Malfunction of electrical outlets, switches or fixtures: All switches, fixtures and outlets shall operate as intended. Builder/Seller will repair or replace defective switches, fixtures and outlets.

C. Service and Distribution: Ground fault interrupter trips frequently: Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily. Builder/Seller shall install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect.

14. Plumbing System : Coverage 1st and 2nd Year

A. Water Supply: Water supply system fails to deliver water: All on-site service connections to municipal water main and private water supply shall be the Builder's/Seller's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes. Builder/Seller will repair if failure is the result of defective workmanship or materials. If conditions beyond Builder's/Seller's control disrupt or eliminate the sources of the supply, the Builder/Seller has no responsibility.

B. Septic System: Septic systems shall be designed by a licensed engineer and installed by the Builder/Seller in accordance with plans provided by a licensed engineer. Upon installation, the appropriate local official will inspect the installation prior to backfill. After inspection, the area will be finish graded to conform to existing topographical conditions. Builder/Seller will repair only if failure is the result of defective workmanship or materials. (If problem is due to water or drainage beyond the Builder's/Seller's control, responsibility reverts to the Unit owner.)

C. Piping:

(1) Leakage from any pipe: No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered. Builder will make repairs to eliminate leakage.

(2) Refrigerant lines leak. Refrigerant lines shall not develop leaks during normal operation. Builder/Seller will repair leaking refrigerant lines and re-charge unit, unless damage was caused by the Unit owner.

(3) Stopped up sewers, fixtures and drains: Sewers, fixtures and drains shall operate properly. Builder/Seller will not be responsible for sewers, fixtures and drains which are clogged through the Unit Owner negligence. If a problem occurs, the Unit Owner should consult Builder/Seller for a proper course of action. Where defective construction is shown to be the cause, Builder/Seller will assume the cost of the repair; where Unit Owner negligence is shown to be the cause, the Unit Owner shall assume all repair costs.

15. Ventilation System: Coverage 1st and 2nd Year

A. Air Distribution: Ductwork separate or become unattached: Ductwork shall remain intact and securely fastened. Builder will re-attach and re-secure all separated or unattached ductwork.

16. Electrical Systems: Coverage 1st and 2nd Year

A. Wiring: Failure of wiring to carry its designed load: Wiring should be capable of carrying the designed load for normal residential use. Builder/Seller will check wiring for conformity with local, state or approved national electrical code requirements. Builder/Seller will repair wiring not conforming to code specifications.

POWER OF ATTORNEY

I (We)
residing at
the owner of Condominium Unit No. in the Condominium known as 457 Prospect Place Condominium, located at 457 Prospect Place, Brooklyn, New York, covering the property located in the Borough of Brooklyn, Kings County, New York, do hereby nominate, constitute and appoint the members of the Board of Managers of 457 Prospect Place Condominium, 457 Prospect Place, Brooklyn, New York 11238, and their successors, jointly, my true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in my name and on my behalf, to acquire, in their own name or in the name of their designee by deed on behalf of all owners of Condominium Units in said property, any Condominium Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as my said attorneys-in-fact shall, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Condominium Unit so acquired, at such terms as my attorneys-in-fact may in their sole discretion determine, granting to my said attorneys-in-fact the power to do all things in the said premises which I could do if I were personally present.

I (We) do hereby further irrevocably nominate, constitute and appoint the Board of Managers of 457 Prospect Place Condominium and its successors, my true and lawful attorneys-in-fact coupled with an interest in my name and on my behalf to vote at any Home Owners meeting for, and to file an amendment to the Declaration of 457 Prospect Place Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor plans filed as part of an amended Declaration are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate dimensions of the Units as built or amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium.

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, I (we) have set my (our) hand(s) and seal this day of , 200 .

_____

(Signature)

_____

(Acknowledgement)

POWER OF ATTORNEY

DEED

THIS INDENTURE made the day of , 200 between #1 Prospect Developers, LLC, a corporation existing under the laws of the State of New York, having a place of business at 944 Fulton Street, Brooklyn, New York 11238, Party of the First Part and

Party of the Second Part;

WITNESSETH, that the Party of the First Part, in consideration of Ten Dollars ($10.00), lawful money of the United States, and other good and valuable consideration, paid by the Party of the Second Part, does hereby grant and release unto the Party of the Second Part, the heirs or successors and assigns of the Party of the Second Part forever,

ALL that certain piece or parcel of real property, with the improvements therein contained, situate and being a part of a condominium in the Borough of Brooklyn, County of Kings and State of New York, known and designated as Unit No._____ together with an undivided _____% interest in the common elements of the condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Unit shown on the plans of a Condominium prepared and certified by Aaron Bornstein & Associates, Licensed Architect on _____, 200 , and filed in the Office of the Clerk of the County of Kings on the _____ day of _____, 200_ under Index No. _____ as defined in the Declaration of Condominium entitled 457 Prospect Place Condominium made by #1 Prospect Developers, LLC, under Article 9-B of the New York Real Property Law dated _____ __, 200_ and recorded in the Office of the Clerk of the County of Kings on the _____ day of _____, 200_ as Document No. _____ covering the property therein described.

Together with the appurtenances and all the estate and rights of the Party of the First Part in and to said premises.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, rights-of-way, by-laws, rules, regulations and easements all as set forth in the Condominium Documents and as filed and recorded as aforesaid.

SUBJECT TO: The provisions of the Declaration, By-laws, site plan and floor plans of the Condominium, as the same may be amended from time to time by instruments recorded or filed in the Office of the Clerk of the County of Kings, which provisions, together with any amendments thereto shall bind any person having at any time any interest or estate in the unit, as though such provisions were recited at length herein.

TO HAVE AND TO HOLD the premises herein granted unto the Party of the Second Part, the heirs or successors and assigns of the Party of the Second Part forever.

AND the Party of the First Part covenants that the Party of the First Part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the Party of the First Part, in compliance with Section 13 of the Lien Law, covenants that the Party of the First Part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first 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 total of the same for any other purposes.

This conveyance is made in the regular course of business actually conducted by the Party of the First Part.

The word "Party" shall be construed as if it read "Parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

#1 Prospect Developers, LLC

by:

_____

(Acknowledgement)

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWN PAYMENTS

(Send this application to the reviewing attorney assigned to the subject plan.)

Re: _____
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 down payment.
forfeiture of down payment.
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 time share.
[ ] other:

7. Name and Address of Sponsor: _____

8. Name and Address of Escrow Agent: _____

9. If down payments are maintained in an escrow account:
   (a) Name of account _____
   (b) Name and address of bank _____
   (c) Account number (if known) _____
   (d) Initial interest rate (if known) _____

10. If down payments have been secured by bonds:
   (a) Name and address of bond issuer or surety:
   (b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

11. If down payments have been secured by a letter of credit:
   (a) Name and address of bank which issued the letter of credit:
   (b) Date of expiration of the letter of credit, if known:

12. Plan information:
   (a) Date of filing of plan:
   (b) Plan
   [ ] has not been declared effective.
   [ ] has been declared effective. Approximate date:
   (c) If effective, the plan
   [ ] has closed or the first unit has closed. Approximate date:
   [ ] has not closed.
   [ ] don't know.
   (d) Down payments are secured by
   [ ] escrow account.
   [ ] bonds.
   [ ] letter of credit.

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 down payment(s):
    (d) Total amount of down payment(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: _____

DESCRIPTION OF PROPERTY

AND

BUILDING CONDITIONS

ADDRESS:	457 PROSPECT PLACE BROOKLYN, NEW YORK
OWNER:	457 PROSPECT PLACE CONDOMINIUM
DATED:	October 22, 2005 September 19, 2006

RESPECTFULLY SUBMITTED: HERBERT RUDERMAN/Architect
74 ROCKLAND DRIVE
JERICHO, NEW YORK 11753



EVALUATION RATINGS:

Included throughout this report is an evaluation rating of, in my professional opinion, the condition of areas as examined. These evaluation ratings are expressed as "GOOD", "FAIR", etc.

The use of these terms and evaluations is inexact, subjective and a compromise: What is considered "FAIR" to me might be "GOOD" or even "POOR" to someone else. The following statements summarize the basis for my use of these terms and evaluation ratings.

NEW	New material recently installed.
GOOD	Suitable and more than adequate for its purpose, effective as it should be.
FAIR TO GOOD	Better than average, but not good.
FAIR	Neither poor nor good, average, acceptable, serviceable and satisfactory, meeting code requirements. Replacement not required now nor in the immediate future.
POOR TO FAIR	Less than average, but not poor. Having some miscellaneous unsatisfactory aspects, but still meeting code requirements. Replacement not required now, nor in the immediate future unless so noted.
POOR	Inadequate, inferior, replacement indicated but not required unless specifically noted.

NOTE: No inspection has been made by the Architect in regard to lead paint, mold, asbestos etc. It is the sponsor's responsibility to obtain such inspection.

Sponsor shall furnish list of violations prior to closing.

GENERAL INFORMATION

This report is based on records available at the Department of Buildings, Sponsors representations, and personal inspection of the apartments and common areas at the premises made available to me by the Sponsor or the Sponsors representative.

To the best of my knowledge and belief, this report contains an accurate description of the available areas of the building as inspected, and is not intended for the purpose of fixing financial value to the property, or for advice on purchase of apartment units.

Except as specifically noted in this report, no representation is made as to the legality of the various elements in the premises. Many of the components are concealed, obstructed, or not available for inspection, and therefore no representation is made of any latent or concealed defects that may exist, and no warranty or guaranty is expressed or implied.

It should be noted that the building is aged, and age and wear have had some effect on the premises. No tests were performed, and no representation can be made as to the time existing components and systems currently in working order will remain so.

The existing building was constructed circa 1900, of masonry (Class 3 Construction). The property is presently a Class A Multiple Dwelling that is undergoing renovation work. Application Number 301972060 has been filed with the Department of Buildings for this renovation.

The building is located on the north side of Prospect Place, 360'-0" west of the intersection of Classon Avenue Brooklyn, New York. The building is a cellar, and four stories in height. (Approximately 45').

NOTE: No inspection has been made by the Architect in regard to lead paint, mold, asbestos etc. It is the sponsor's responsibility to obtain such inspection.

LOCATION & USE OF PROPERTY:

Address: 457 Prospect Place
Brooklyn, New York
Block 1155
Lot 75

Zoning:
The building is located in a R6 zone, map number 16c, which permits residential development. The site is not in a landmarks district.

Permissible Use:
The zoning permits construction of residential premises only with community facilities permitted as well. The site is using all the floor area residential development permitted. All is in compliance with New York Zoning Resolution.

STATUS OF CONSTRUCTION:
An alteration application has been filed and permitted for renovation of these premises. An ACP 5 application has been filed. This is not an asbestos project. Construction has commenced and is still in progress at the time of this inspection. There is no Certificate of Occupancy issued for these premises. No Certificate of Occupancy was required prior to 1938. The present alteration is in keeping with the existing occupancy for these premises, and no new Certificate of Occupancy will be required upon completion of the alteration.

Construction Classification:
The building is presently classified as Class 3 Non-Fireproof construction with 2 hour exterior walls, 1 hour floor construction and 1 hour stair enclosure.

SITE:
The zoning lot is 30'-0" x 128'-6".

The building will be subdivided for eight (8) tax lots on one zoning lot. Each apartment will have their own tax lot number and will be billed by the city accordingly for taxes.

Prospect Place is asphalt paved, one way traffic street. Street lighting is provided by street lamps furnished and maintained by the City of New York.

The sidewalk is concrete in good condition as well as the granite curbs facing this property.

UTILITIES:
The following utilities are provided to the building by the following:

Domestic Water - metered by the City of New York
Sanitary & Storm Sewer – City of New York
Gas- Keyspan
Electric – Con Edison
Refuse Collection- City of New York twice weekly
Telephone – Verizon

Each tenant will be metered separately for gas and electric consumption with a separate meter for common charges such as hall and exterior lighting.

SUBSOIL CONDITIONS:
There is no evidence of moisture or seepage of ground water at the foundation of the building. There does not appear to be any danger of mudslides, erosion or flooding either due to water table or overflow from other bodies of water. There is no evidence of any prior flooding.

LANDSCAPING:
The front yard is concrete in poor to fair condition with no landscaping. The rear yard is overgrown. Sponsor will clear rear yard and yard will be used exclusively by the first floor apartments.

BUILDING SIZE:
The building consists of a cellar and four stories in height. The building is built 30'-0" wide with depth irregular. Floor to ceiling heights range from 8'-0" to 11'-0". The approximate height of the building is 45'-0".

EQUIPMENT ROOMS:
There is a boiler room located in the cellar. Cellar is entered via a stair in the front yard.

STRUCTURAL SYSTEM:
All exterior walls visible are of brick construction. The side walls are party walls and cannot be observed. Interior court walls are of brick in fair condition. It is recommended that masonry walls be pointed and sealed with a waterproof material. Floor and ceiling beams are of wood construction. The structure has been designed to support a minimum live load of 40 lbs per sq. foot. All new partitions added are of 2x4 studs with sheetrock applied. There is a cornice located at the front façade in good condition. Sponsor represents that walls will be pointed and sealed prior to closing.

The cellar foundation is a portion of rubblestone and brick with no obvious settlement. There does not appear to be any water infiltration from the front or rear walls.

Windows:
The existing windows are aluminum double hung, double glazed windows in fair condition. There does not appear to be any air or water infiltration. Lintels and sills appear to be in fair to good condition.

Child guards for the windows shall be the responsibility of the unit owners, who will be required to install such protection in the event that the unit is occupied with children.

Doors:
The entrance to the building will have a new weatherstripped wood and glass door. The vestibule door will be new. Apartment entrance doors will be steel fireproof self closing with peepholes and heavy duty locksets. Interior doors are new with some existing doors in fair condition. Bathroom doors will have marble saddles. Repair lintel at this main entrance. Stoop up to first floor entrance requires repair. Sponsor represents that the stoop and lintel will be repaired prior to closing.

SERVICE ENTRANCE:
There is no service entrance into the building. Access to the cellar is via a stair in the front yard setback. Repair of this stair and rail is required. The steel rail at the exterior property line requires repair, scraping and painting. Front yard setback shall receive new concrete paving. Sponsor represents that the stair and rail will be repaired prior to closing.

FIRE ESCAPES:
There is a fire escape on the rear wall of the premises. Fire escape appears to be in good condition. Scraping and painting is required.

ROOF & ROOF STRUCTURES:
~~Sponsor represents that a new rubber roof will be installed over the existing roof.~~
Manufacturer of roof will be by Firestone or equal. All warrantees and guarantees will be supplied by contractor. New fabric flashing will be installed. Access to the roof is via bulkhead with a new self closing steel door to be provided by sponsor at roof level. A new skylight will be installed in this bulkhead. There are no roof structures. The chimney and flues are of masonry and will be grouted and pointed. All roof masonry is in fair condition.

YARDS & COURTS:
There are no side yards. There are interior courts with concrete floors in fair condition.

The front yard is the width of the property x approximately 12' deep.
There is concrete paving in the front yard needing repair. Sponsor will repair paving prior to closing.
The rear yard is the width of the property by approximately 20' in depth. This rear yard will be for use by the first floor apartments. Access to the rear yard is through the cellar.

INTERIOR STAIRS:
The interior stair from the first floor to the fourth floor is of wood with wood balusters and wood handrail. Stair to cellar is of wood. Install new handrail. All stairs are in fair condition.

ELEVATOR:
There is no elevator in the building.

AUXILIARY FACILITIES:
There are no auxiliary facilities in the building, however each apartment has hookups for a stackable washer dryer. Sponsor will provide the washer dryer combo, Frigidaire model FGX831CS. Dryer shall be vented to roof.

Battery operated, combination Carbon Monoxide, Smoke detector will be installed within 15'-0" of bedroom entrances as per prevailing Local Law.

REFUSE DISPOSAL:
Refuse disposal will be provided by the City of New York Department of Sanitation and is collected on scheduled days weather permitting. The residents of the building will be responsible for placing the refuse in the trash area outside of the building. On pick up days, the condominium will have to make arrangements to have the refuse placed at the curb.

PLUMBING:
Water Supply:
Water is supplied by the City of New York through a water main located in Pacific Street. There is an existing service that enters the cellar. Condition of the service could not be ascertained but visually appears to be in fair condition.

From the service the cold water mains and risers of sufficient diameter and adequate water pressure serve each unit. Piping will be new copper.

Water Storage Tank:

There are no provisions within the structure or on the roof for water storage facilities and none are required as there is adequate street water pressure to service the building.

Domestic Hot Water:
See heating & hot water

Sanitary System & Storm Drainage:
All sanitary sewage shall be drained by gravity through no-hub standard weight cast iron waste pipe in accordance with NYC Building Code to a house sewer which is connected to the combined sewer in Prospect Place. The sanitary system is vented to the roof through a separate vent system of no-hub pipe. The existing house sewer which the waste lines are connected to appears to be in fair condition with no breaks evident. Sponsor shall check line to ascertain as such. Storm drainage leaders and drains are connected to the sewer line and drain into the combined sewer in Prospect Place.

There are no cellar floor drains.

Plumbing Fixtures:
All plumbing fixtures within the units are:
New fixtures, water closet, tub, lavatory, faucets.
Fixtures to be Gerber or equal.
A jetted tub will be installed in the master bedroom bath as well as a stall shower.

Gas Supply:
An existing service enters the cellar. The service has been distributed to eight (8) gas meters. One for each unit. Each tenant will be metered separately for gas consumption. The common spaces will not be heated. Gas piping is in accordance with NYC Code requirements and appears to be in good condition. There is no cellar heating.

HEATING, AIR CONDITIONING & HOT WATER:

The apartments will be heated and cooled via a split system heat and air conditioning system. York GF9 or equal air handling units will be located within the apartment and 6 York ACO36X1321 condenser or equal will be located on the roof and two in the rear yard. BTU for this unit is rated at 36,000.

Additionally, eight (8) new AO Smith hot water heaters will be installed in the cellar. Model No. XCV50 with storage capacity of 50 gallons.

New Honeywell or equal controls will be installed.

New ductwork will be installed.

Sponsor represents that heat within premises to be minimum 68 degrees when outside temperature is 55 degrees.

VENTILATION:
All bathrooms are naturally ventilated to the outer air via windows. Gas dryer is vented to roof.

ELECTRICAL SYSTEM:
The building will be served by a new three phase 300 amp line with the main panel located in the cellar. Each apartment has 60 amps with separate circuit breaker panels with 10-12 circuit breakers. Separate A/C lines will be located at the front Living Room and rear bedrooms. All electric installed shall be as required by NYC electrical codes and proper permit shall be obtained for the installation of electric. Ground fault interrupter outlets are provided in wet areas. Exterior lighting is as per code. Hi-Hat and track lighting will be installed on the first and second floors. Track lighting will be installed on the third and fourth floors. Each tenant shall have a electrical meter and will be metered separately for electrical use. An additional meter shall be installed for common electrical usage.

INTERCOMMUNICATION & DOOR SIGNAL SYSTEMS:
All units will be connected to a new intercom and remote door release with an annunciation panel located at the front entrance. Unit shall be Auth or equal.

PUBLIC AREA LIGHTING:
All public areas shall be lit as per code requirements and metered on the common electric meter located in the cellar.

GARAGES & PARKING:
There are no garages or parking in the building. There is limited alternate side of the street parking.

RECREATION FACILITIES:
There are no recreational facilities in the building.

PERMITS AND CERTIFICATES:
Sponsor shall furnish all certificates,. at time of closing. All housing violations will be removed by sponsor prior to closing.

UNIT INFORMATION:
After the unit designation, the number of bedrooms and the number of zoning rooms are indicated based on the New York City Zoning Resolution. The kitchen is considered one and one half rooms, therefore an apartment with a living room, kitchen and two bedrooms would be considered 4 ½ zoning rooms.

All apartment units are 5 ½ zoning rooms.

Finishes for all units:
The units will be delivered in finished condition. All apartments have new hardwood floors. Floors shall be scraped of all construction debris, sanded and polyurethened. Sheetrock walls shall be painted. Entry hall will be new tile. All kitchens will receive new wood cabinets, with solid countertops.

Kitchen equipment is as follows:

Refrigerator: 28" Frigidaire Model FRT17G5CSK 16.5 cu. Ft.
Range: 30" Frigidaire Gas Free Standing Model FGF337BC
Dishwasher: 24" Frigidaire Model FDB750RCC.
Range Hood: Broan 30" Model 413004 ductless.

Cellar will have concrete floor with sheetrock ceiling as per Building Code. New sheetrock storage rooms with door and locking facilities will be installed in the cellar. Access to the rear yard space will be through the cellar.

INSPECTION FOR ASBESTOS CONTAINING MATERIAL

I have examined these premises to ascertain whether any asbestos containing material (ACM) is present.

There is no ACM in these premises. In buildings of this type and age, ACM, if used would have been present as insulation between the underside of the roof and the top floor ceiling. Area has been inspected and no ACM is present.

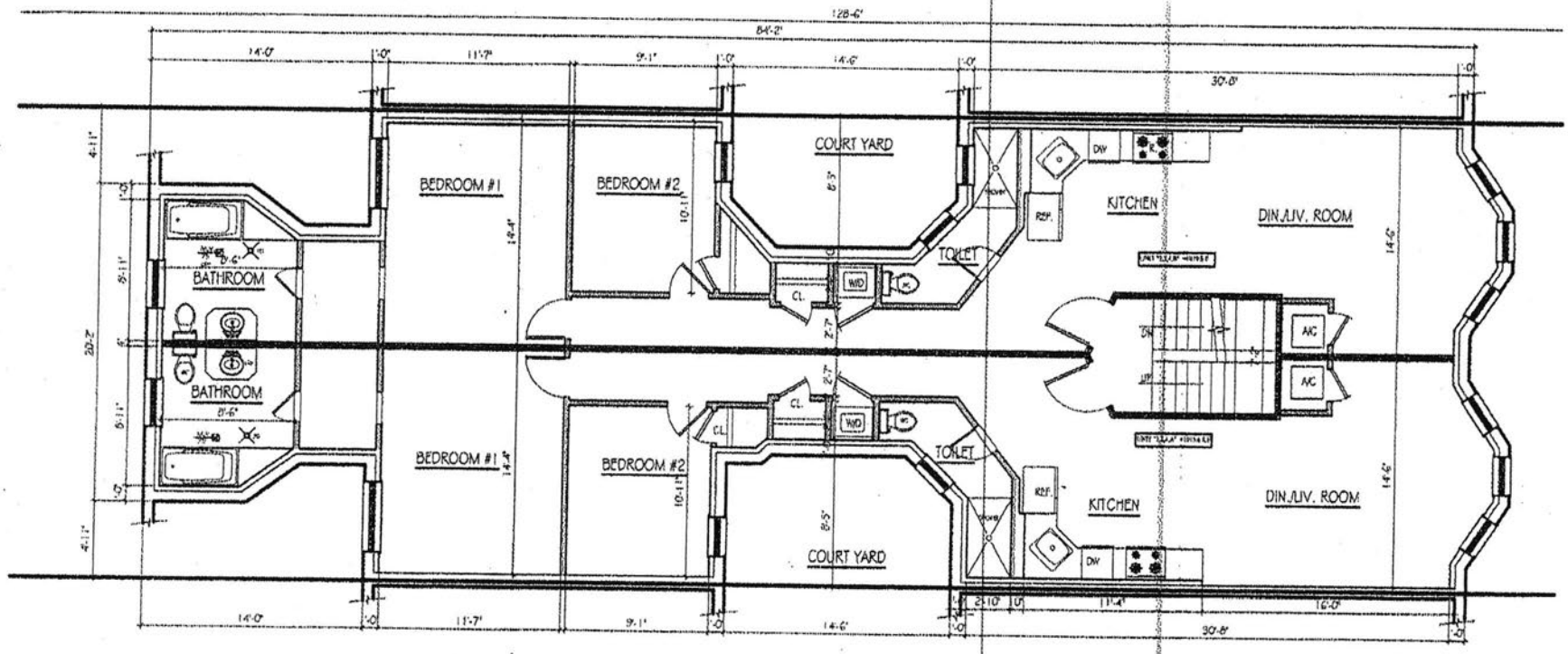
Additionally in this type of building, ACM would have been present as pipe and/or boiler covering. Examination of all piping indicates no ACM present.

No ACM has been or will be utilized during alteration of these premises known as 457 Prospect Place, Brooklyn, New York.

I hereby affirm the truth of the above. I understand that false statement is punishable under Penal Law Section 210.45.

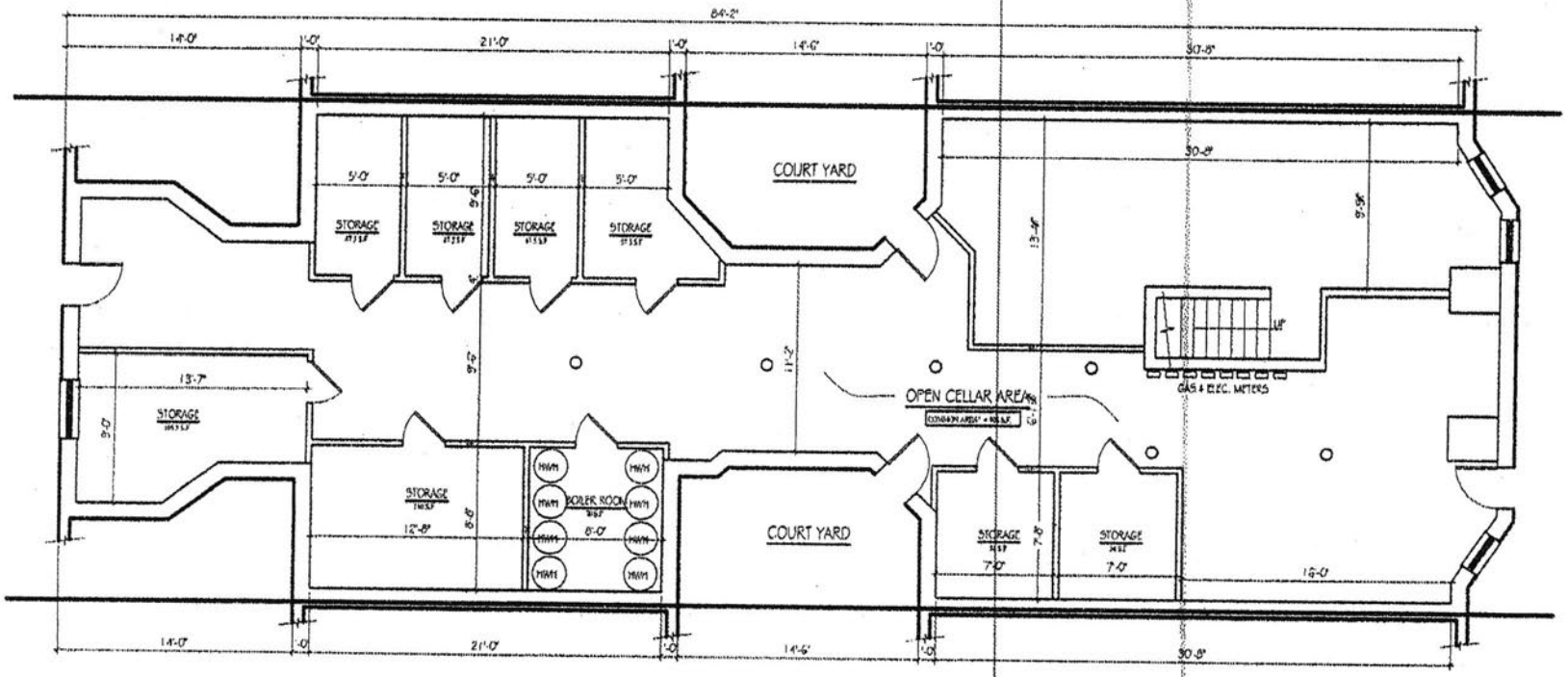
Herbert Ruderman/RA





TYP. FLOOR PLAN

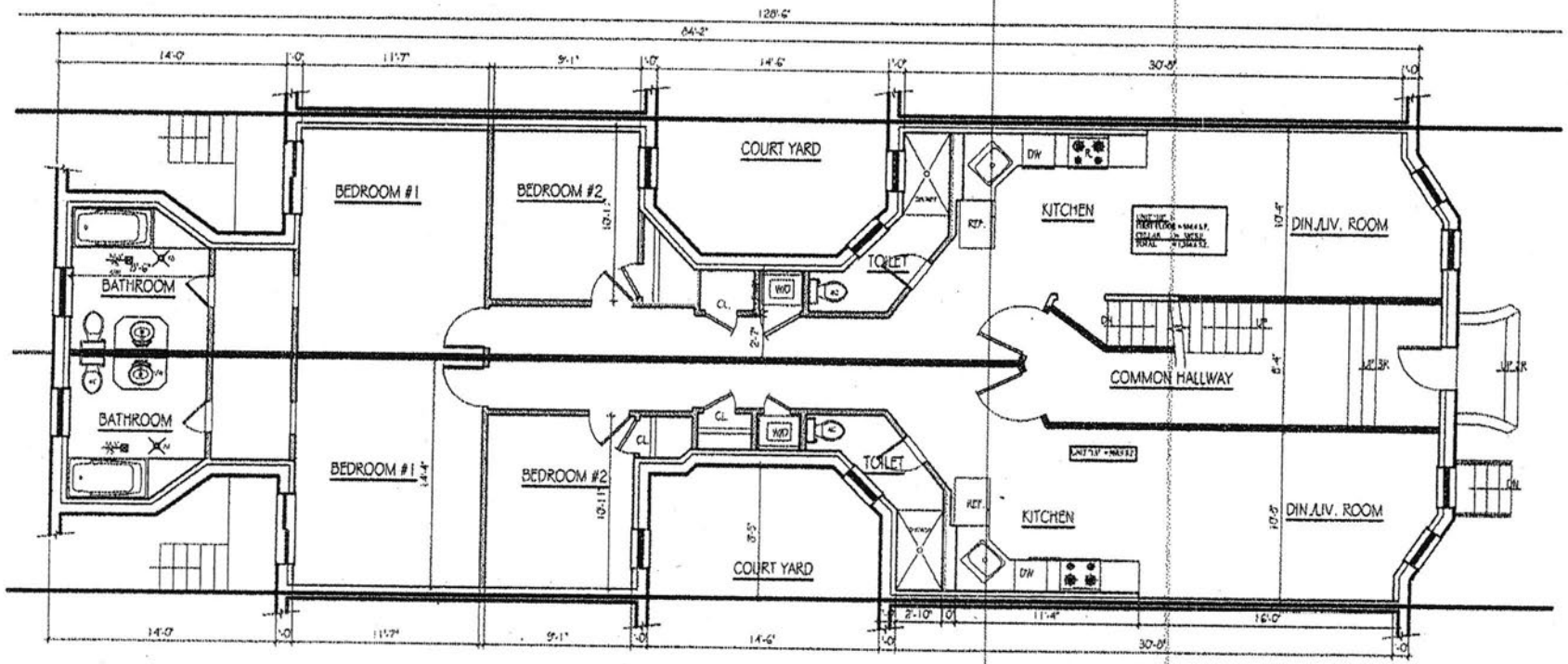
SCALE: 1/8" = 1'-0"



CELLAR FLOOR PLAN

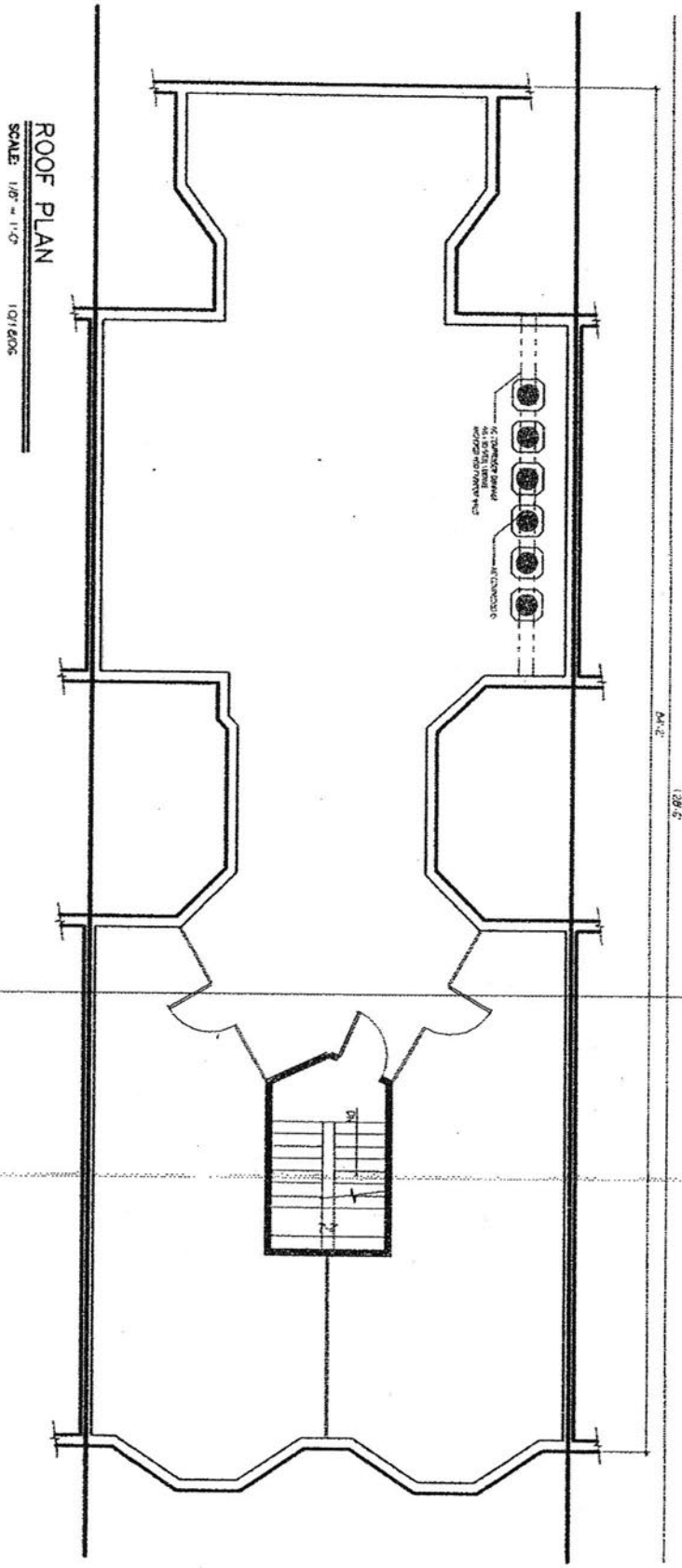
SCALE: 1/16" = 1'-0"

100



FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"


ROOF PLAN
SCALE: 1/8" = 1'-0"
101606
84'-2"
128'-6"

New York State ASSEMBLY
Sheldon Silver • Speaker

New York State Consolidated Laws

General Business

ARTICLE 36-B
WARRANTIES ON SALES OF NEW HOMES

Section 777. Definitions.
777-a. Housing merchant implied warranty.
777-b. Exclusion or modification of warranties.

S 777. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.

2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in title twenty-seven of the administrative code of the city of New York.

3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unliveable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

S 777-a. Housing merchant implied warranty. 1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects due to a failure by the builder to have installed such systems in a skillful manner; and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and

occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

S 777-b. Exclusion or modification of warranties. 1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face

hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the

provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

C. Nothing in this article shall be construed to repeal, invalidate, supercede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

ESCROW AGREEMENT

AGREEMENT made this 6th day of April, 2006, by and between #1 Prospect Developers, LLC, and Stein & Farkas LLP, attorneys at law.

WHEREAS, #1 Prospect Developers, LLC is the Sponsor of an offering plan to develop a condominium at premises located at 457 Prospect Place, Brooklyn, New York 11238, which premises are to be known as 457 Prospect Place Condominium; and

WHEREAS, Stein & Farkas, LLP, by Joshua Farkas, Esq. is authorized to act as an escrow agent hereunder in accordance with General Business Law (GBL) Section 352-e (2-b) and the New York State Attorney General's (Attorney General) regulations promulgated thereunder; and

WHEREAS, Sponsor desires that Escrow Agent act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

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 or subscribers. The escrow account has been opened with the Chase Manhattan Bank, at its branch located at 1501 Avenue M, Brooklyn, New York 11230.

1.2 The name of the account shall be Stein & Farkas LLP, IOLA Escrow Account, 457 Prospect Place Condominium.

1.3 The Escrow Agent is the sole signatory on the account.

1.4 The escrow account is an interest-bearing account. Interest earned shall be paid or credited to the party to which the down payment is finally paid or credited.

2. DEPOSITS INTO THE ESCROW ACCOUNT

2.1 All funds received from prospective purchasers or subscribers 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 shall be made payable to, or endorsed by the purchaser or subscriber to the order of Stein & Farkas LLP, as escrow agent. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber 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 Sponsor shall deliver to the Escrow Agent all deposits submitted pursuant to a subscription or purchase agreement, within three (3) business days after tender of the deposit by a prospective purchaser to the Sponsor or any agent engaged by the Sponsor, along with the form of tender of deposit attached hereto as Exhibit A to this Escrow Agreement, executed by the Sponsor.

2.3 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, the Escrow Agent shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan or amendment thereto, 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 the tender of the deposit, the purchaser may cancel the subscription or purchase agreement 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 the escrow regulations promulgated by the Attorney General and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS

3.1 Escrow Agent shall not release the escrowed funds deposited by 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 in (a) a writing signed by both Sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or (d) until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.3 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 not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the purchaser has made an 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.

3.5 Escrow Agent shall disburse the purchaser's deposit(s) escrowed under this Escrow Agreement within twenty (20) business days after the escrowed funds are permitted to be released in accordance with this Agreement.

4. RECORD KEEPING

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 the 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 his request, all books and records of Escrow Agent relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT

5.1 Escrow Agent shall maintain the accounts called for in this Agreement under the direct supervision and control of Escrow Agent.

5.2 A fiduciary relationship shall exist between Escrow Agent and purchasers, and Escrow Agent acknowledged its fiduciary obligations.

5.3 No disbursement need or will be made by Escrow Agent until the deposit has actually and finally cleared Escrow Agent's account.

5.4 Escrow Agent shall only be responsible for monies actually received and cleared, and monies earned thereon, if any.

5.5 Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so.

5.6 Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and the Escrow Regulations promulgated by the New York State Attorney General's Office, and no implied duties or obligations shall be read into this Agreement against Escrow Agent.

6. RESPONSIBILITIES OF SPONSOR

6.1 Sponsor agrees that Sponsor and its agents, including any selling agents, shall within three (3) business days of receipt of all deposits and payments deliver to Escrow Agent all such deposits and payments received by them prior to closing of an individual transaction.

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. INDEMNIFICATION

7.1 Escrow Agent shall not be liable for Sponsor's failure to tender the purchasers' funds to Escrow Agent within three (3) business days, for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence, and Sponsor agrees to indemnify and hold Escrow Agent harmless from any claims, demands, causes of action, liability, damages, judgments, including the cost of defending any action against it together with any reasonable attorneys' fees incurred therewith and/or reasonable value of services rendered by Escrow Agent's litigation attorneys representing Escrow Agent pro se, in connection with Escrow Agent's undertaking pursuant to the terms and conditions of this Escrow Agreement, unless such act or omission is a result of the willful misconduct or gross negligence of Escrow Agent.

7.2 Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner or execution, or validity of any written instructions delivered to it, nor as to the identity, authority, or rights of any person executing the same.

7.3 The duties of Escrow Agent shall be limited to the safekeeping of the deposits and for disbursements of same in accordance with the written instructions described in this Agreement.

8. TERMINATION OF AGREEMENT

8.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

(a) Written notice given by Sponsor to Escrow Agent of cancellation of designation of Escrow Agent to act in said capacity, which cancellation shall take effect only upon the filing of an amendment 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; or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

(d) Escrow Agent shall have no responsibility to verify qualifications of any successor escrow agent.

8.2 Upon termination of the duties of Escrow Agent as described in Paragraph 8.1 above, Escrow Agent shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by Escrow Agent to the new escrow agent designated in the duly filed amendment related thereto.

8.3 Upon delivery of all funds held by the Escrow Agent to the new escrow agent pursuant to 8.2 supra, this Agreement shall be terminated and the Escrow Agent shall be released from all liability hereunder.

8.4 Upon Escrow Agent disbursing the deposit of an individual purchaser in accordance with the provisions of this Agreement, the escrow obligation's shall terminate as regards said purchaser's deposit, and Escrow Agent shall thereafter be released of all liability in connection with said purchaser.

9. MISCELLANEOUS

9.1 In the event of a good faith disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety, of any action contemplated by Escrow Agent hereunder, Escrow Agent may, at its sole discretion, retain purchaser's deposits and payments in escrow and apply to the Attorney General for a determination on the disposition of the down payment or file an action and deposit any applicable funds in court to resolve said disagreement. Escrow Agent shall be indemnified by Sponsor for all costs, including reasonable attorneys' fees or reasonable value of services rendered by Escrow Agent's litigation attorneys representing Escrow Agent pro se, in connection with the aforesaid action. No such action shall be filed where the Escrow Agent's required course of action is clearly dictated within this Agreement.

10. SUCCESSORS AND ASSIGNS

10.1 This Agreement shall be binding upon Sponsor and Escrow Agent and their successors and assigns.

11. GOVERNING LAW

11.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

12. ESCROW AGENT'S COMPENSATION

12.1 Sponsor agrees that Escrow Agent's compensation, if any, 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.

13. SEVERABILITY

13.1 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.

14. ENTIRE AGREEMENT

14.1 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.

15. NOTICES

15.1 Any notice required to be given or given hereunder shall be given by depositing such notice in a post-paid wrapper, in an official depository under the exclusive care and custody of the United States Postal Services within New York State, or by Express Mail, Federal Express or similar
overnight courier, facsimile transmission, messenger service (with proper receipt therefor), addressed to the party at the address hereinabove set forth with a copy of any such notice by regular mail to such party as follows

IF TO SPONSOR: Isaac Broyn
#1 Prospect Developers, LLC
944 Fulton Street,
Brooklyn, New York 11238

IF TO ESCROW AGENT: Joshua Farkas, Esq.
Stein & Farkas LLP
1639 East 13th Street
Brooklyn, New York 11211

Any notice may be given by the attorney for a party and shall have the same force as if given by the party. Either party may, by notice, change the address at which notices are to be given hereunder.

16. CAPTIONS AND HEADINGS

16.1 The captions and headings used in this Agreement are intended for convenience and reference only and shall not imply or convey any additional meanings to the contents of the respective provisions.

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

#1 Prospect Developers, LLC

by: _____
Isaac Broyn, Managing Member

Stein & Farkas LLP

by: _____
Joshua Farkas, Esq.
Escrow Agent

DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED IN THE CITY OF NEW YORK,
STATE OF NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY
LAW OF THE STATE OF NEW YORK.

457 Prospect Place Condominium
457 Prospect Place
Brooklyn, New York 11238

457 PROSPECT PLACE CONDOMINIUM

DECLARATION

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DECLARATION OF #1 PROSPECT DEVELOPERS, LLC.
PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

In the Borough of Brooklyn, County of Kings, City and State of New York on this day of , 200 , #1 Prospect Developers, LLC, a limited liability company organized and existing under the laws of the State of New York, with an address at 944 Fulton Street, Brooklyn, New York 11238, hereinafter referred to as the "Owner", does hereby state:

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration, including the land and the Building and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings and State of New York, and more particularly bounded and described on Schedule A annexed hereto and made a part hereto.

(a) Description of Building. The condominium consists of one building which is four (4) stories and an additional cellar level. The building has six (8) dwelling units, two located on each floor. The legal occupancy will match the proposed occupancy hereunder. The building complies with Class 3 Non-Fireproof construction requirements.

THIRD: Definitions.

(a) The Owner of each Unit is hereinafter referred to as the "Unit Owner." Every Unit Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owner's vote referred to in paragraph EIGHTH of this Declaration.

(b) A "Unit" as hereinafter referred to shall be defined as follows: Each Unit is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab or sub-floor forming the floor or basement of the Unit up to the exterior surface of the sheetrock forming the ceiling of the Unit. Doors, windows, interior walls and fire places which abut a Unit. The Description of Units set forth herein pertains to the location of the walls, floors and roof of the Units as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(c) A "Building" as hereinafter referred to shall be defined as a number of Units all of which are constructed under a continuous roof.

(d) "Party Wall" as hereinafter referred to shall be defined as a wall which is common to and separates two Units.

(e) "Condominium" as hereinafter referred to shall mean 457 Prospect Place Condominium which is composed of the Unit Owners.

(f) The term "Unit" and "Unit Owner" as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Owner is constructing on the parcel of land described above a Condominium Unit Community known as 457 Prospect Place Condominium according to the plans filed simultaneously with the recording of this Declaration in the Office of the Clerk of Orange County, which Plans set forth a description of the buildings stating the number of stories and number of Units.

FIFTH: Common Elements. The common elements of the Community will consist of all of the Community, except the Units, including, but without limitations, outside walls and roofs of the Building, the land, building and improvements (other than the Units) comprising the Community (including the land under the Units and under the improvements), all utility or other pipes and material located outside of the Units.

IRREVOCABLY RESTRICTED AREAS

Certain portions of the common elements are irrevocably restricted in use to specified Unit Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Unit or common element and subject to the rules of the Board of Managers (see By-laws, Article VIII). Any portion of the common elements which is not restricted in use may be used by any Unit Owner. The common elements are not subject to partition nor are they severable from the Units except in accordance with the Real Property Law. Following are detailed descriptions of the irrevocably restricted common elements:

The deck, balcony or patio located adjacent to a Unit is restricted in use to the Owner of such Unit.

The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law.

The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the Unit Owners affected expressed in a duly recorded amendment to this Declaration.

The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Unit shall be owned by such Unit Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements including electric meter banks located on the exterior of a Unit and servicing one or more other Units, will be owned in common by the Unit Owners. The Board of Managers shall have a right of access to all common elements for maintenance, repair or improvement whether such common elements are restricted or not.

The Owner, its successors, assigns, and purchasers, reserves the easements, licenses, rights and privileges of a right-of -way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Units and facilities in the condominium and, towards this end, reserves the right to grant and reserve easements and rights-of- way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public

or private water, sewer, drainage, cable television and other utilities and for any other materials or services necessary for the completion of the work. The owner, its successors, assigns, and purchasers, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Finally, the Owners, its successors, assigns and purchasers reserve the right to continue to use the common elements and any facilities, sales offices, model

Units, signs and parking spaces located on the common elements, in its efforts to market Units constructed in the Condominium. This paragraph shall not be amended without the consent of the Owner.

SEVENTH: Service of Process: Service of process on the Unit owners in any action with relation to the common elements shall be made upon the Board of Managers of 457 Prospect Place Condominium at 457 Prospect Place, Brooklyn, New York 11238.

EIGHTH: Common Interest. Each Unit Owner shall have one vote for each percentage of common interest set forth in Exhibit A. The percentage of interest of each Unit in the common elements has been based on the approximate proportion that the fair value of each unit bears to the aggregate fair value of all the units.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-laws which are made a part of this Declaration and are attached hereto as Exhibit "C".

TENTH: Amendments and Withdrawal.

(a) The dedication of the property to condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Unit Owners in number and in common interest and the first mortgagees, if any, of each of these same Units agree to such revocation or removal of the property from the Plan by duly recorded instruments.

(b) The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of 80% of the Unit Owners in number held at a duly called meeting of the Unit Owners, provided however, that:

(i) No amendment shall change any condominium parcel, nor a Unit owner's proportionate share of the common charges, nor the voting rights appurtenant to any Unit, unless all of affected record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same Units agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the Unit owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the 60 day period such presumption will be deemed conclusive.

(c) Any amendment to this Declaration shall not take effect until it is recorded in the Office of the Clerk of the County of Orange. Irrespective of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or

termination will result in a violation of the then existing local zoning and building laws and codes.

ELEVENTH: Subject to Declaration, By-laws, etc. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the community in any manner, are subject to the provisions of this Declaration, the By- laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Community or the mere act of occupancy of any of said Units shall signify that the provisions of this Declaration and the By-laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with 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, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except: (a) tax or assessment liens on the Unit by the taxing subdivisions of any governmental authority, including but not limited to State, County, City, and School District taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Unit. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees (but such right shall not be a lien against the Unit). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Unit Owners as a common expense. However, where the holder of an institutional mortgage of record, or other purchaser of a Unit at a foreclosure sale of an institutional mortgage, obtains title to the Unit as a result of foreclosure, or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of common charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such acquirer. In such event, the unpaid balance of common charges will be charged to all other Unit Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Owner to a purchaser of a Unit or in which the Owner participates with one of the above.

Every Unit Owner shall pay the common charges assessed against him when due and no Unit Owner may exempt himself from liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit. However, no Unit Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Unit made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-laws.

THIRTEENTH: Units Acquired by the Board. In the event any Unit Owner shall convey his Unit to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article IX of the By-laws, title to such Unit or the rights to the lease of such Unit shall be held by the Board of Managers or its designee on behalf of all of the other Unit Owners.

In order to carry out the provisions of this Paragraph each Unit Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or

lease any such Unit under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Unit under such terms as the Board in its sole discretion shall deem proper.

FOURTEENTH: Encroachments. The Unit Owners agree that if any portion of a Unit or the common elements (whether restricted in use to an individual Unit Owner or not) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and is rebuilt, the Unit Owners agree that encroachments of any portion of the Unit or the common elements as afore-described due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Building shall stand.

FIFTEENTH: Unit Ownership. Upon the closing of title to a Unit, a purchaser shall automatically become a Unit Owner in the Condominium and shall remain such until such time as he ceases to own the Unit for any reason.

SIXTEENTH: Conveyance of a Unit. In any conveyance of a Unit, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-laws, the Grantee of the Unit shall be jointly and severally liable with the Grantor for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charge against the Grantor and such Grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for any unpaid common charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other purchaser of a Unit at a foreclosure sale of an institutional mortgage.

SEVENTEENTH: Covenants and Restrictions. The use of the Unit by the Unit Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

(a) The Unit and area restricted to the Unit Owner's use shall be maintained in good repair and overall appearance.

(b) No alterations to the exterior of the Unit or any part of the common elements may be made and no structure may be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Unit which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

(c) Any Unit Owner who mortgages his Unit shall notify the Board of Managers providing the name and address of his mortgagee.

(d) The Board of Managers shall, at the request of the mortgagee of the Unit, report any unpaid common charges due from the Unit Owner of such Unit.

(e) No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

(f) No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(g) Regulations promulgated by the Board of Managers concerning the use of the property shall be observed by the Unit Owners, provided, however, that copies of such regulations are furnished to each Unit Owner prior to the time the said regulations become effective.

(h) The common charges shall be paid when due.

(i) Occupancy of the Units shall be restricted to Residential Occupancy in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

(j) No Unit Owner may alter the landscaping located on the common elements.

EIGHTEENTH: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

#1 Prospect Developers, LLC

by:

_____

(Acknowledgement and Schedule A)

EXHIBIT A TO DECLARATION

Unit No.	Percentage of Common Interest	Tax Lot Number
(To be completed prior to filing of Declaration)		

BY-LAWS

of

457 PROSPECT PLACE CONDOMINIUM

BY-LAWS
OF
457 PROSPECT PLACE CONDOMINIUM

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BY-LAWS
OF
457 PROSPECT PLACE CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Unit Ownership. The property located at 457 Prospect Place, Brooklyn, New York, as specifically set forth in the Declaration and more commonly known as 457 Prospect Place Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-laws Applicability. The provisions of these By-laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Units (hereinafter referred to as "Units"), and the common elements and the use and occupancy thereof, the Term Building" as hereinafter used shall be defined as the exterior walls and roof of a Unit or number of Units all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Units.

Section 3. Personal Application. All present or future Unit Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Units or the mere act of occupancy of any of said Units will signify that these By-laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Unit Owners. "Unit Owner" as referred to herein shall mean all of the owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Units) shall be entitled to cast one vote at all Unit Owners' meetings for each Unit or Units owned by such Unit owner, but the Board of Managers shall not cast any of its votes for the election of any member to the Board.

Section 3. Quorum. So many Unit Owners as shall represent at least 51% of the total authorized votes of all Unit Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Unit Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-laws. If, however, such quorum shall not be present or represented at any meeting of the Units Owners, the Unit Owners entitled to vote, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Unit owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Unit Owners, unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Unit Owners, every Unit

Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Unit Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings Control of Board of Managers by Sponsor. Within one year after the transfer of title to the first Unit, the Sponsor shall call the first annual Unit Owners meeting. At such meeting a new Board of Managers shall be elected by the Unit Owners and the former members of the Board shall thereupon Thereafter annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of Article III of these By-laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them. The Sponsor will have voting control of the Board of Managers until the second anniversary of the recording of the Declaration of Condominium or until 50% of the Units in the Community are sold, whichever occurs first. At the second annual meeting, and at all successive meetings, Sponsor may not cast its vote to elect a majority of-the Board of Managers but may cast its votes to elect no more than two members of the Board of Managers.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meeting shall be as follows:

(a) Roll Call
(b) Proof of notice of meeting or waiver of notice
(c) Reading of minutes of preceding meeting
(d) Report of officers
(e) Report of committees
(f) Election of inspectors of election (in the event there is an election)
(g) Election of managers (in the event there is an election)
(h) Unfinished business
(i) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term.
The affairs of the condominium will be governed by the board of managers, which shall consist of three members. The by-laws of the condominium provide that after the initial sponsor voting control period (two years or whenever six of the eight units have been sold, whichever comes first) the sponsor has the right to appoint two of the three members of the board. After that period, two of the three board members shall be unit owners or their appointees (even if only one unit has been sold) and the sponsor shall have the right to appoint one member until all three units have been sold. After all units have been sold the board shall consist of three members, one appointed by each unit.

Thereafter, Managers shall be elected at the annual meeting of the Unit Owners. At the first annual meeting of Unit Owners called pursuant to Section 9 of Article II, three (3) Managers shall be elected by the Unit Owners. The term of office of one of the Managers shall be fixed for three (3) years, the term of office of one of the Managers shall be fixed at two (2) years, and the term of office of one of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Unit Owner shall be entitled to cast one vote on each ballot for each Unit he owns. The two or one nominees(s) on each of the ballots, as the case may be, receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor shall have the right to designate three members of the Board of Managers until the fifth anniversary of the recording of the Declaration of Condominium or until 90% of the Units in the Condominium are closed, whichever occurs first. After Sponsor turns over control it will have the right to designate one Member of the Board so long as it continued to own at least one Unit. This Section 1 may not be amended without the written consent of Sponsor.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member of the First Board of Managers (see Section 4 of this Article III) who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term.

Section 3. Removal. Managers may be removed for cause by an affirmative vote of a majority of the Unit Owners. No manager other than a member of the First Board of Managers shall continue to serve on the Board if, during his term of office, he shall cease to be a Unit Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of the principal or designee of the sponsor, who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners. A Unit Owner, who is independent of the Sponsor, shall be elected by a majority of the Unit Owners other than Sponsor to the first Board at a meeting held within 60 days of the closing of title to the first Unit. If no such election has been made, then Sponsor may designate such member. Any or all of said Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers. The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the

Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-laws, directed or required to be exercised or done by the Unit Owners personally. These powers shall specifically include, but not be limited to, the following items:

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Unit Owners pro-rata according to their respective common interest;

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Units, Buildings, and other common elements;

3. To make repairs, restore or alter any Units or the common elements after damage or destruction by fire or other, casualty or as a. result of condemnation or eminent domain proceedings;

4. To enter into and upon the Units when necessary and at as little inconvenience to the Unit Owners as possible in connection with the maintenance, care, and preservation of the property;

5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Unit in accordance with Article VII of these By-laws;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Unit Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Unit;

9. To employ and terminate the employment of employees and in dependent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth;

10. To bring and defend actions by or against more than one Unit Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation;

11. To acquire Units in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Unit so acquired and to vote as a Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the Board of Managers;

12. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed $5,000. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of $5,000 only with the approval of a majority of the Unit owners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of $2,500 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a

majority of the Unit Owners, excluding the Sponsor, voting at a duly held meeting of the Unit Owners;

13. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66-2/3% in number of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-laws, shall be required for the borrowing of any sum in excess of $10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the common elements without the written consent of the Owner of said Unit;

14. To institute proceedings to contest the real estate tax assessment against the Units with the consent of all the Unit Owners;

15. To enter into contracts with to provide maintenance and other services which are the duty of the Board of Managers to provide;

16. The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) managers or Unit Owners one of whom shall be a manager, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required;

17. Notwithstanding anything to the contrary contained in these By-laws, so long as the Sponsor or its designee shall continue to own Units representing 5% or more in common interest, or five years after the date of the filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the common elements or to any Unit, costing cumulatively more than $10,000, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium ownership, or iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date the said Plan is declared effective or (v) borrow money on behalf of the Condominium, or vi) reduce the services or maintenance set forth in Schedule B of the Condominium Offering Plan. The provisions of this paragraph may not be amended without the written consent of Sponsor.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any public utility lines as are located in the common elements and serve one or more Units, and exterior maintenance shall be a common expense. All maintenance (including electrical and plumbing repairs in the Units and painting and decorating of the inside of the Units), repairs and replacements to the Units including windows (including all glass breakage), doors, windows and doors which open from a Unit (except painting and maintenance of the exterior surface which is performed by the Board of Managers), and repairs to the heating/air conditioning system, pipes, wires and conduits located within or without the same Unit other than as set forth above shall be made by the respective Unit Owners at their own expense. However, the Board of Managers shall repair and replace any public utility lines located underground or overhead of

any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Unit Owner to which the common element is restricted in use, in which event such Unit Owner shall make such repairs or replacements at his own expense. The Board of Managers and its agents, employees and contractors shall have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-laws or the Declaration of the Condominium. The Board of Managers will provide snow plowing for the roadways located on the property. All replacements, repairs, painting or maintenance, whether made by the Unit Owner or by the Board of Managers to the doors, windows, or the exterior surface of the Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Sponsor. In the event that a Unit Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Unit, the Board of Managers shall have the right to make such maintenance or repair (after the failure of the Unit Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of any emergency situation) and to charge the Unit Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Unit Owner for repairs or maintenance to his Unit or for repairs to any common element restricted in use to such Unit Owner, and the Unit Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Unit Owner shall be liable for the reasonable Attorneys' fees and costs of such suit or proceeding together with interest on all sums due.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services.

Section 8. Meetings. (a) The first meeting of each Board newly elected by the Unit Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Unit Owners meetings, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall take place.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days notice to each manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least three (3) managers.

(d) At all meetings of the Board, a majority of the managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-laws. If a quorum shall not be present at any meetings of managers, the managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all

Unit Owners, their mortgagees and the Department of Law of the State of New York and shall present annually, at the close of the fiscal year, and when called for by a vote of the Unit owners at any special meeting of the Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement certified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owner and a notice of the holding of the annual Unit Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, all of the delegable duties of the Board listed in this Article. While Sponsor is in control of the Board of Managers it will not enter into contracts which bind the Condominium for a period of more than two years (except Cable Television agreements) after the recording of the Declaration unless the contract provides that it may be cancelled by the Condominium upon 90 days notice.

Section 12. Liability of the Board of Managers, Officers and Unit Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agent for the Unit Owners as a group only and that no member of the Board of Managers, Officer of the Condominium nor individual Unit Owners shall be liable for such contract, agreement or commitment. The Unit Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Unit Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Unit owners. The Board of Managers and officers of the Condominium shall have no liability to the Unit Owners in the management of the Community except for wilful misconduct or bad faith and the Unit Owners shall severally indemnify all members of the Board of Managers and Officers of the Condominium against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of wilful misconduct or acts made in bad faith. Such several liability of the Unit Owners shall, however, be limited as to each Unit Owner to such proportion of the total liability thereunder as such Unit Owner's common interest bears to the common interest of all Unit Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Unit Owners or members of the First Board of Managers. Two or more offices may not be held by the same person.

Section 2. Election. The Board of Managers at its first meeting after each annual Unit Owners Meeting shall elect a president, a vice president, a secretary and a treasurer, only the president must be a member of the Board.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Unit Owners and Managers, he shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Unit Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Unit Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Unit which, among other things, shall contain the amount of each assessment of common charges against such Unit, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-laws, notice is required to be given to the Board of Managers, any manager or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Unit Owner at such address as appears on the books of

the Condominium.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective common interest appurtenant to such Units. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Unit Owner of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Unit. In the event of a default in payment of monthly common charge assessments by any Unit Owner, the Board, at its sole option, may declare the common charge assessment on said Unit Owner's Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Unit Owner and the mortgagee, if any, of such Unit giving the Unit Owner a five day grace period in which to make his payment. The Board may charge the delinquent Unit Owner a monthly fee of not more than fifteen dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate may also be collected by the Board on the common charge assessment from its due date to the date payment is actually received from the Unit Owner. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Board shall take action to collect any common charges due from any Unit Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Unit in accordance with Section 339 of the Real Property Law or otherwise.

No Unit Owner shall be liable for any common charges which accrue against his Unit subsequent to a sale, transfer or other conveyance by him of his Unit in accordance with these By-laws and the Declaration. A purchaser of a Unit (other than a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Unit and unpaid at the time of the purchase.

Section 3. Foreclosures of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Unit at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Unit because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Unit. A suit to recover a money judgment for unpaid common charges shall also be obtainable

separately without waiving the lien on the Unit.

Section 4. Statement of Common Charges. Upon the written request of any unit Owner or his mortgagee, the Board shall promptly furnish such Unit Owner or his mortgagee with a written statement of the unpaid common charges due from such Unit Owner.

Section 5. Liability for Utilities. All gas, electricity and water consumed in the Units shall be an expense of each individual Unit Owner.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Units. Disbursements from said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purpose.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements insuring the Building, including all of the Units and the bathroom, kitchen and laundry fixtures, cabinets and equipment initially installed therein by the Sponsor, together with all heating, hot water equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if $40,000 or less, shall be payable to the Board of Managers, and if more than $40,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the fist Unit in an amount as required by the mortgagee of such Unit and such amount will be increased upon the closing of title to all Units and until the first meeting of the Board of Managers following the first Unit Owners meeting, such amount shall be at least in the sum of $600,000,00 to cover all units.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit owners or of the invalidity arising from any acts of the insureds or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of then current policies Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the

amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability-insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Unit Owners meeting, such public liability insurance shall be in a single limit of $1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Unit.

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

Section 2. The Insurance Trustee. A New York Bank or Trust Company shall be the Insurance Trustee and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the common charges.

If 50% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceed of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective common interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

Section 1. In addition to the other provisions of these By-laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Units and the conduct of all residents thereof.

Section 2. All Units shall be used for residential purposes only.

Section 3. Owners of a Unit, members of their families their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Unit Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Unit Owner or such other person for whose conduct he is legally responsible.

Section 6.

(a) Every Unit Owner must perform promptly all maintenance and repair work to his own Unit which, if omitted, would affect the Community in its entirety or in a part belonging to other Unit Owners, or the building of which his Unit forms a part, he being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Unit located in and servicing only that Unit, such as telephones and sanitary installations shall be at the Unit Owner's expense.

Section 7. A Unit Owner may not make any alterations to the exterior of the Unit or any part of the common elements nor may any structure be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Unit which would impair the structural soundness of the building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 8.

(a) No resident of the Community shall post any advertisement or posters of any kind in or on the Community except as authorized by the Board of Managers.

(b) It is prohibited to hang garments, rugs, etc., from the windows or from the Building or to string clothes lines on or over the common elements or to use any of the common elements for storage purposes.

(c) No Unit Owner shall paint the exterior surfaces of the windows, walls or doors opening out of his Unit.

(d) No fence or gate shall be erected in the Community without the prior written consent of the Board of Managers nor may any existing wall or fencing be altered without the written consent of the Board of Managers.

(e) Commercial license plate vehicles may not be parked in the Community for a period in excess of 24 hours.

ARTICLE IX. DEFAULT

In the event a Unit Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, acting in behalf of the Board shall notify the Unit Owner and the mortgagee, if any, of such Unit. If such sum, charge or assessment shall remain unpaid for 90 days after the giving

of such notice, the Board may foreclose the lien encumbering the Unit as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Unit does not pay the assessment required to be paid by him within thirty (30) days of its due date, said sum shall bear interest at the maximum amount permitted by the State of New York from its due date and said Unit Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-laws may be altered, amended or added to at any duly called Unit Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty percent (80%) of the Unit Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Unit Owners I interest and the interests of holders of a mortgage encumbering a Unit or Units.

In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least 51% of the votes of Units that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of common areas; responsibility for maintenance and repairs; reallocation of interests in the general or limited common areas, or rights to their use; boundaries of any Unit; convertibility of Units into common areas or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of Units; imposition of any restrictions on a Unit Owner's right to sell or transfer his or her unit; a decision by the Condominium to establish self management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

ARTICLE XI. SELLING; MORTGAGING AND LEASING OF UNITS

Section 1. Selling and Leasing Units. There is no right of first refusal. Any Unit may be conveyed or leased by its Unit Owner free of any restrictions except that no Unit Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until all unpaid common charges assessed against his Unit shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Unit, or by the Grantee. Further, a Unit Owner may convey his Unit and his common interest appurtenant thereto, to the Board of Managers on behalf of all Unit Owners free of any cost to the Board or the Unit Owners and upon such conveyance such Unit Owner shall not be liable for any common charges thereafter accruing against such Unit. Any sale or lease of any Unit in violation of this section shall be voidable at the election of the Board of Managers.

The provisions of this section shall not apply to the acquisition or sale of a Unit by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagees.

Whenever the term "Unit" is referred to in this section, it shall include the Unit, the Unit Owners undivided interest in the common elements and the Unit

Owners interest in any Units acquired by the Board of Managers.

Section 2. Waiver of Partition Rights. The Unit Owners waive all of their voting rights concerning partition respecting any Unit acquired by the Board of Managers in accordance with this Article.

Section 3. Gifts, etc. Any Unit Owner may convey or transfer his Unit by gift during his lifetime or devise his Unit by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than $40,000 and to the Board of Managers if the award is $40,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) So much of the award as is applicable to unrestricted common elements, to the Unit Owners pro rata according to the respective common interest appurtenant to the Units owned by such Unit Owners.

(b) So much of the award as is applicable to irrevocably restricted common elements to the Unit Owner having general use of such common element.

In such eminent domain or condemnation proceeding the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to the arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Unit Owner permit or suffer anything to be done or left in his Unit which will increase the insurance rates on his Unit or any other Unit or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Unit Owner who mortgages his Unit, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers in the event there is no management agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Units".

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Unit, report any unpaid assessments due from the Unit Owners of such Unit.

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and records of the condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By- laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

CERTIFICATIONS

CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPAL'S

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

Re: 457 PROSPECT PLACE CONDOMINIUM
BROOKLYN, NEW YORK

Gentlemen:

I am the Sponsor and the Principal of the Sponsor of the Condominium Offering Plan for the captioned property.

I understand that I have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

I have read the entire Offering Plan. I have investigated the facts set forth in the Offering Plan and the underlying facts.

I have exercised due diligence to form a basis for this certification. I hereby certify that the Offering Plan does, and the documents submitted hereafter by me which amend or supplement the Offering Plan, will:

1. Set forth the detailed terms of the transaction and be complete, current and accurate;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sales;
6. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
7. Not contain any representation or statement which is false, where 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.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violation are subject to the civil or criminal penalties of the General Business Law and Penal Law.

Very truly yours,

#1 Prospect Developers, LLC

by:

Isaac Broyn, Member

Affirmed to before me this 8th
day of February, 2007.

JOSHUA FARKAS
NOTARY PUBLIC, State of New York
No. 02FA5059835
Qualified in Nassau County
Commission Expires 5/6/2010

Notary Public

Isaac Broyn

Affirmed to before me this 8th
day of February, 2007.

JOSHUA FARKAS
NOTARY PUBLIC, State of New York
No. 02FA5059835
Qualified in Nassau County
Commission Expires 5/6/2010

Notary Public

HERBERT RUDERMAN
ARCHITECT
74 ROCKLAND DRIVE
JERICHO, NEW YORK 11753-1436
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718 499-5915
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New York State
Department of Law
120 Broadway
New York, New York 10271

RE: 457 Prospect Place Condominium
Brooklyn, New York

Gentlemen:

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction of the property (the "Report"). We examined the building plans and specifications that were prepared by this firm, dated November, 2005, and have prepared the Report dated February 10, 2006, a copy of which is intended to be incorporated into the Offering Plans so that the prospective purchasers may rely on the Report.

I am a registered architect in the State in which the property is located.

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

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

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

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

(a) does not omit any material fact;

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

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

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

(e) does not contain any representation or statement which is false, where I (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representation or statement made.

I further certify that my firm is not owned or controlled by and has 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 on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

HERBERT RUDERMAN, ARCHITECT



Alayne Real Estate, Inc.

P.O. Box 846
Brooklyn, N.Y. 11210
(718) 421-3400
Fax (718) 421-3456

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

Re: 457 Prospect Place Condominium
Brooklyn, New York
Certification of Adequacy of Budget

Gentlemen:

The Sponsor of the condominium offering plan for the captioned property retained our firm to review and prepare Schedules B and B-1, containing projections of income and expense for the first year of condominium operation.

Our experience in this field includes: Our firm is a licensed real estate brokerage firm and real estate management company that has been engaged in the real estate business in the New York metropolitan area for over twenty years. We have extensive experience with condominium sales and projects. Since 1990, we have managed five residential rental properties for the last ten years, including representing sponsors as the managing agent.

We understand that we are responsible for complying with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedules and investigated the facts set forth in the Schedules and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

1. set forth in detail the projected income and expenses for the first year of condominium operation;

2. affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

3. does not omit any material fact;

4. does not contain any untrue statement of a material fact;

5. does not contain any fraud, deception, concealment, or suppression;

6. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. does not contain any representation or statement which is false, where we: a) knew the truth; b) with reasonable effort could have known the truth; c) made no reasonable effort to ascertain the truth, or d) did not have the knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this Certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil or criminal penalties of the General Business Law and Penal Law.

ALAYNE REAL ESTATE, INC.

by: _____

Abraham Davies

Affirmed to before me this
8th day of February, 2007

_____
Notary Public

BENJAMIN ...
NOTARY PUBLIC, STATE OF NEW YORK
No. 02FI6115135
Qualified in ...
Commission Expires ... 08