THIS OFFERING PLAN HAS BEEN AMENDED
SEE INSIDE COVER

# CONDOMINIUM OFFERING PLAN
# FOR
# 196-200 SOUTH 2ND STREET CONDOMINIUM

**LOCATED AT**
**196-200 SOUTH 2ND STREET**
**BROOKLYN, NEW YORK 11211**

**CONSISTING OF THIRTY (30) RESIDENTIAL UNITS**

**OFFERING PRICE FOR THIRTY (30) RESIDENTIAL UNITS**
**$19,011,000.00**

| SPONSOR | SELLING AGENT: |
|---|---|
| NORTH TOWER LLC<br>134 BROADWAY<br>BROOKLYN, NEW YORK 11211 | APTS AND LOFTS.COM<br>496 DRIGGS AVE<br>BROOKLYN, NEW YORK 11211 |

**Date of Acceptance of Offering Plan: March 8, 2007.**

**The term of the offer is twelve (12) months from the date of acceptance, unless amended or extended by a duly filed amendment.**

**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 UNIT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.**

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

**SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.**

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## SPECIAL RISKS

A. **TIME IS OF THE ESSENCE AS TO PAYING THE PURCHASE PRICE FOR A UNIT, AND AS TO CURING ALL DEFAULTS WITHIN ANY GRACE PERIODS GRANTED HEREUNDER. FAILURE TO MAKE A PAYMENT AT THE TIME WHEN A PURCHASER IS CALLED UPON TO MAKE SUCH PAYMENT MAY RESULT IN LOSS OF THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT.** Purchasers should consult their own attorneys prior to executing a Purchase Agreement. See Section 11 of the Plan, entitled "Procedure to Purchase" for further details.

B. **TIME IS OF THE ESSENCE WITH RESPECT TO ALL NOTICE PERIODS UNDER THE WARRANTIES CONTAINED HEREIN. SPONSOR SHALL BE DEEMED TO HAVE DISCHARGED ANY OBLIGATION IT MAY HAVE UNDER THE WARRANTIES IF THE SPONSOR IS NOT NOTIFIED OF A CLAIM WITHIN THE APPLICABLE WARRANTY PERIODS. SPONSOR WILL NOT EXTEND ANY TIME PERIODS FOR MAKING A WARRANTY CLAIM UNDER ANY CIRCUMSTANCES.** See Section 16 of the Plan, entitled "Rights and Obligations of Sponsor" for further details.

1. **Receipt of Certificate of Occupancy.** The Sponsor reserves the right to close title to Units after procuring a temporary certificate of occupancy with respect to a Unit. However, the Sponsor will complete construction and obtain a permanent certificate of occupancy for the entire project before the temporary certificate of occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than two (2) years from the First Closing. See Section 16 of the Plan, entitled "Rights and Obligations of Sponsor" for further details.

2. **Payment for Closing Adjustments with Condominium.** At closing, the Sponsor will adjust with the Condominium certain ongoing costs that had been prepaid by the Sponsor for the First Year of Condominium Operation, such as insurance for the Condominium. The cost of reimbursement will be paid from the Condominium's Working Capital Fund. See Section 23 of the Plan, entitled "Working Capital Fund" for further details.

3. **Payments for Upgrades and Extras.** All funds received by Sponsor for upgrades or extras will initially be placed in the Escrow Account maintained by Sponsor's counsel. Such funds may be released from the Escrow Account by the Sponsor's counsel as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not be entitled to receive a refund of any funds which were designated for upgrades or extras. See Section 11 of the Plan, entitled "Procedure to Purchase".

4. **Management by Sponsor Related Entity.** At or prior to the First Closing, the Board of Managers will enter into a management agreement with Sky Tower Management, LLC (an affiliate of Sponsor) to manage the Building. Sky Tower Management is wholly owned by Chayem Meisels, who is a principal of the Sponsor. The management agreement may not be

canceled for the first two years unless the managing agent shall default in the performance of its obligations under the agreement. See Section 24 of the Plan herein.

**5. Control by Sponsor**. The Sponsor will arrange for a meeting of the Unit Owners within sixty (60) days after the First Closing. Prior thereto, the Board of Managers shall consist of three (3) persons designated by Sponsor. Accordingly, until such meeting, the Sponsor will have absolute voting control of the Board of Managers and will thus have control of maintenance, facilities and services to be provided, as well as, determining the Common Charges to be paid by Unit Owners. The Sponsor shall relinquish voting control of the Board of Managers at the next annual meeting after the earlier of (i) the transfer of title to Units, the percentage Common Interest of which, in the aggregate, equals at least ninety percent (90%) , or (ii) five (5) years after the First Closing **("Control Period").** So long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to designate one (1) of the members of the Board of Managers. While the Sponsor owns a Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interest allocated to all of its Units for all seats on the Board. However, after the Control Period has expired, not more than one less than a majority of the members of the Board will be affiliated with the Sponsor and the majority of the Board will then be elected by the Unit Owners of the Condominium.

Until such time as the Unsold Units constitute less than ten percent (10%) of the Common Interest, or five (5) years from the First Closing (whichever is sooner), the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) make any addition, alteration or improvement to the Common Elements or to any Unit at the expense of the Condominium; (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, except to the extent that the aggregate fund does not exceed five percent (5%) of the budgeted expenses of the Property; (iii) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are insufficient); or (iv) hire any employee or enter into any service or maintenance contract to perform services or work not set forth in Schedule "B". As long as the Sponsor or any Sponsor-designee shall continue to own a Unit, the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designee; or (ii) interfere with the offer and sale or leasing offices at the Property or any actions necessary for construction, renovation, repair or correction at the Property required by Sponsor. The Sponsor or Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions. However, notwithstanding the foregoing restrictions, the Sponsor or Sponsor-designee shall not have the right to veto expenses detailed in Schedule B, or expenditures for the making of capital repairs to the Common Elements, or assessment of any Common Charge for expenses required to remedy any notice of violation, comply with applicable law, or cure a work order of an insurance carrier.

**6. Minimum Sales Requirement.** Pursuant to existing law and regulation, the Sponsor may declare the Plan effective when Purchase Agreements representing a minimum of fifteen percent (15%) of the Common Interest, or a minimum of five (5) Residential Units are

executed by a bona fide Purchaser.

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

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

**7. Rights of Sponsor.** The Sponsor is not required to obtain the approval of the Board of Managers or meet requirements imposed upon the Unit Owners in order to exercise a number of rights described in the By-Laws, including, but not limited to: (i) the right to use a Unit as a model and display "For Sale", "For Rent", or "For Lease" signs, or similar signs; (ii) the right to alter a Unit without obtaining the prior consent of the Board of Managers (but only in accordance with the other terms of this Plan); and (iii) the right to amend the Declaration without a vote for the sole purpose of filing the floor plans as required by Section 339-p of the Real Property Law of the State of New York and (iv) the right to transfer a Unit without offering the Unit Owners the right of first refusal. For as long as the Sponsor or its designee own title to one or more Units, the Regulations of the Condominium, By-Laws or Declaration may not be amended in a manner which would, in the sole discretion of Sponsor or its designee, adversely affect the Sponsor or its designee in any way, unless the Sponsor or its designee give their written consent to such an amendment.

**8. Deposits in Excess of $100,000 Not Insured by the Federal Deposit Insurance Corporation.** The Sponsor shall deposit down payments into a master escrow account (with sub-accounts for each Purchaser) at a bank that is covered by the Federal Deposit Insurance Corporation ("FDIC"). All down payments deposited by the Escrow Agent into the FDIC-insured bank on behalf of a Purchaser are added to the Purchaser's other accounts (if any) at the same insured bank and the total is insured up to $100,000. Any portion of an individual deposit in excess of $100,000 is not covered by insurance. See Section 11, entitled "Procedure to Purchase" for further details.

**9. No Separate Reserve Fund.** The Plan does not provide the Condominium with a separate reserve fund. In the event the Condominium elects to make any capital improvements or repairs, it can utilize working capital or assess the Unit Owners. The Sponsor does not foresee any major capital improvements or repairs that will be necessary during the first five (5) years of Condominium operation, other than due to ordinary use. See Section 23 of the Plan.

**10. Payment of Transfer Taxes by Purchasers.** New York State and New York City transfer taxes relating to the Unit, as follows: For the purchase of a single Unit, the state transfer tax is $2.00 per $500 of the purchase price ("NYS Tax"), and the New York City

transfer tax is 1% of the purchase price, if the purchase price is less than $500,000, and 1.425% if the purchase price equals or exceeds $500,000 ("RPT Tax"). These taxes are normally paid by the Seller. However, by contractual arrangement, they will be paid by each Purchaser. See Section 15, entitled "Unit Closing Costs and Adjustments" for further details.

**11. Limited Financing Contingency.**

(a) If a Purchaser is electing to obtain financing, the obligations of Purchaser hereunder will be conditioned upon issuance on or before the 45th day after the date of the Purchase Agreement of a written commitment from certain lending institutions to be designated by the Sponsor ("**Sponsor Designated Lender**") on or before the date of the Purchase Agreement, subject to the following conditions and limitations:

(i) The financing contingency is only applicable to mortgage financing of no more than 80 percent (80%) of the purchase price (or such lesser amount as Purchaser shall apply for) at the Sponsor Designated Lender's prevailing rate of interest and for a customary loan term, secured by a first mortgage on the Unit;

(ii) Purchaser shall apply to at least one (1) Sponsor Designated Lender for such first mortgage loan within ten (10) days after the date of the Purchase Agreement;

(iii) Purchaser shall furnish accurate and complete information to the Sponsor Designated Lender relating to Purchaser, as required;

(iv) Purchaser shall pay all fees, points and charges required in connection with such application and loan; and

(v) Purchaser shall pursue such application with diligence, and generally cooperate in good faith with such Sponsor Designated Lender to the end of securing such first mortgage. Purchaser shall notify the Sponsor promptly of the name and address of each Sponsor Designated Lender or other lender to which Purchaser has given an application. Purchaser shall furnish Seller with a copy of such commitment promptly after receipt thereof. If Purchaser fails to obtain such a commitment from a Sponsor Designated Lender on or before the 45th day after the date of this Agreement, Purchaser shall have the right to cancel the Purchase Agreement by giving notice to Seller by the 50th day after the date of the Purchase Agreement. Upon cancellation, the Down Payment and accrued interest shall be promptly refunded to Purchaser, and neither party shall have any further rights against, or obligations or liabilities to the other by reason of the Purchase Agreement. If Purchaser does not give such notice to Seller on or before the 50th day after the date of the Purchase Agreement, or if the Purchaser has not applied to at least one (1) Sponsor Designated Lender, the Purchase Agreement shall not be terminated by virtue of this paragraph and the Purchase Agreement shall remain in full force and effect, except that Purchaser's right to cancel under this Paragraph shall be deemed waived. A mortgage commitment conditional upon the Purchaser's selling any property that Purchaser owns, the liquidation or reduction of any existing installment debt prior to closing, or the

furnishing of documents and information reasonably available to Purchaser, shall be deemed a firm mortgage commitment which satisfies the limited financing contingency clause in the Purchase Agreement.

(b) If Purchaser obtains a financing commitment from a Sponsor Designated Lender and the commitment lapses or expires before the actual closing date through no fault of Purchaser, Purchaser shall make a good faith effort to extend the commitment, including payment of a reasonable and customary extension fee and acceptance of changes in the interest rate to reflect prevailing market conditions. If the Sponsor Designated Lender is unwilling to extend the commitment on those terms, Purchaser shall have the right to cancel this Agreement by notice given to Sponsor within ten (10) days after receiving the notice of refusal to extend the commitment. In case of cancellation, the applicable provisions of subsection (a) shall apply.

(c) As used in the Purchase Agreement, "Lender" means a person or entity in the business of making loans to persons seeking to purchase residential homes. A mortgage broker who does not have independent lending capacity shall not be deemed to be a "Lender" under the Purchase Agreement.

(d) In the event that Purchaser uses a lender other than the Sponsor Designated Lenders, no financing contingency will apply to the Purchase Agreement. As a result, Purchaser will not have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

**12. Measurements of Dimensions of Units.** The approximate gross square footages for Residential Units shown on Schedule A is measured horizontally from the exterior face of exterior walls to the midpoint of the opposite interior walls, and from the midpoint of demising walls between Units to the midpoint of the opposite wall; square footage is measured vertically from the underside of the Unit's finished flooring to the exposed painted face of a concrete ceiling or the unexposed side of the Unit's drywall or plaster ceiling, as applicable. The floor plans shown on Exhibit D in Part II of the Plan are based on the foregoing type of measurement. Usable square footage measured to the exposed face of interior walls will be substantially lower than the approximate gross square footages in Schedule A. Square footage shown in the Declaration of Condominium filed with the City Surveyor will also be lower than those shown on Schedule A because horizontal boundaries are measured from the inside surface of the exterior walls, the Unit side of any window glass, and the unfinished inside surface of any exterior wall door or window frame to the midpoint of the opposite interior walls for purposes of distinguishing Units from common elements in the Declaration.

Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. Each Unit should be inspected prior to purchase so that any prospective Purchaser will be able to inspect the interior dimensions, layout and physical condition. See Part II, Exhibit D.

**13. Conditional Right of Sponsor to Offer Units for Rent.** The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the

vacant Units included in this offering, to bona fide Purchasers, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of five percent (5%) or more from the offering prices set forth in contracts for Units counted toward effectiveness, then the Sponsor reserves the right to rent, rather than sell, Unsold Units until there is an upturn in the market. See Section 16, entitled "Rights and Obligations of Sponsor" for further details.

**14. Majority of the Board of Managers Not Limited to Owner-Occupants.** After the initial Sponsor voting control period expires, a majority of the Board of Managers may be comprised of both owner-occupants and non-owner occupants or members of their households unrelated to the Sponsor and its principal. Owner-occupants and non-owner occupants, including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing. For example, an owner-occupant who is purchasing a Unit as a home may have views on repairs and capital expenditures which differ from a non-owner occupant Purchaser who has purchased for the purposes of an investment. See Section 19, entitled "Rights and Obligations of Board of Managers and Summary of By-Laws" for further details.

**15. No Bond or Security for Performance of Sponsor Obligations.** No bond or other security has been furnished to secure the performance of the Sponsor's obligations. Although at the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. If the Sponsor cannot perform the Sponsor's financial obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units. See Section 16 of the Plan.

**16. Lot Line Windows**. The Building contains lot line windows along the north-east and south-west sides of the Building. The lot-line windows provide supplementary light and air only (i.e., they are not used as a sole source of light and air for a habitable room). If a building is constructed on adjacent property to the north-east or south-west of the Building, the view from these windows may be partially or totally restricted.

**17 No Guarantee of 421-a Benefits**. The Sponsor shall apply for tax benefits under Section 421-a of the New York City Administrative Code ("421-a Benefits") and shall make a good faith effort to obtain these benefits on behalf of the Building. If the Sponsor obtains 421-a Benefits, then all increases in the assessed valuation of the Property from and after the commencement of construction will be exempt from real estate taxes for a period of twenty -one (21) years. Thereafter, the increase in the assessed valuation of the Building will be phased in at 20% per year between years 22 and 26. While Sponsor believes that the Property will be eligible for 421-a Benefits, Sponsor shall not be responsible for any failure to obtain such Benefits and Sponsor makes no representation as to the amount or extent of such Benefits.

See Section 20 of the Plan entitled "Real Estate Taxes" for further details.

**18. Impact of New Construction on the Condominium.**

**(a) Time Period for Construction.** Construction has commenced and is expected to continue until January 2007.

**(b) Construction Easements.** The Sponsor will reserve customary construction easements to erect temporary scaffolding, attach protective coverings over the roof of the Building, and operate equipment in connection with the construction. The Sponsor may request permission to close the sidewalk temporarily in order to avoid damage to the Condominium's property or injury to its residents, so long as the unit owners have reasonable ingress and egress to their units during such closing.

Construction will take place in accordance with Department of Buildings' regulations, currently Monday through Friday between 7:00 AM and 6:00 PM. Construction debris will be removed in accordance with Code. Purchasers should be aware that construction can be noisy and can result in dirt and dust in the area.

See Section 16, Rights and Obligations of the Sponsor, for additional information.

**PARTS I AND II TOGETHER CONSTITUTE THE ENTIRE OFFERING PLAN. ALL DOCUMENTS REFERRED TO IN THE OFFERING PLAN ARE IMPORTANT. IT IS SUGGESTED THAT YOU CONSULT YOUR ATTORNEY OR FINANCIAL ADVISOR BEFORE PURCHASING AND PROVIDE HIM WITH A COPY OF THIS OFFERING PLAN.**

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## 1. INTRODUCTION.

The Sponsor, North Tower LLC ("Sponsor"), a New York limited liability company, presents this offering plan (the "Plan" or the "Offering Plan") with the intention of setting forth herein all material information relating to the submission to Condominium ownership of the land and building located at 196-200 South 2nd Street, Brooklyn, New York 11211, and to be known as the "196-200 South 2nd Street Condominium". The land, building and appurtenances are hereinafter referred to collectively as either the "Property" or the "Condominium". The Plan may be amended from time to time to reflect changes in the terms of the offering when such amendment is filed with the New York State Department of Law and served on Purchasers and Unit Owners.

The Condominium will be organized pursuant to Article 9-B of the Real Property Law of the State of New York, as amended, commonly known as the New York Condominium Act. The Condominium will consist of thirty (30) Residential Units ("Residential Units") in three four-story buildings (collectively, the "Building"). The Residential Units are referred to herein collectively as the "Units" and individually as "Unit". The construction of the Building is expected to be completed in January 2007.

The Sponsor will obtain at least a temporary certificate of occupancy for residential use prior to the First Closing. The Sponsor will complete construction and obtain a permanent certificate of occupancy for the entire project before the temporary certificate of occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than two (2) years from the First Closing. See Section 16 herein for further details on closing requirements.

The Sponsor acquired the Property on May 18, 2005. There is construction financing affecting the Property from Astoria Federal Savings and Loan Association.

The Sponsor has retained Apts and Lofts.com ("Selling Agent") as the Selling Agent in connection with the offering.

Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Units included in this offering, to Purchasers for their personal occupancy or the occupancy of their immediate families, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of five percent (5%) or more from the offering prices set forth in Purchase Agreements counted toward effectiveness for comparable Units, then the Sponsor reserves the right to rent, rather than sell, the Unsold Units until there is an upturn in the market. If the Sponsor makes a bulk sale of all or some of its Unsold Units, then that Purchaser, as a successor sponsor, shall be bound by the Sponsor's representations regarding its commitment to sell Units.

The Units are intended to be sold as Condominium Units in accordance with the Plan at the prices noted in Schedule A. These prices have been established by the Sponsor and are not subject to approval by the Department of Law or any other governmental agency. However, Schedule A is subject to the review of the Department of Law. The offering prices are conditioned upon the use of the standard finishes, fixtures and appliances as described in Exhibit D in Part II of the Plan.

Parts I and II of the Plan, including all Schedules and Exhibits, constitute the entire offer of Sponsor. The Plan and the Exhibits will be available for inspection by prospective Purchasers and their attorneys without charge at the office of the selling agent and are available for inspection without charge and for copying at a reasonable fee at the Department of Law, 120 Broadway, 23rd Floor, New York, New York. All documents forming a part of this Offering Plan are important. It is suggested that you consult your own attorney or financial advisor before purchasing and provide him with a copy of this Offering Plan.

The Purchaser of a Unit (the "Unit Owner" individually or collectively "Unit Owners") owns his Unit similarly in many respects to the manner in which a private homeowner owns his home. He owns the Unit in fee and is entitled to the exclusive possession thereof. He is also the owner, in common with the owners of all other Units, of all remaining parts of the Property except for the Units themselves, including the land under the Building, its foundations and supports, the exterior walls and the roof (the "Common Elements"). Each Unit Owner's proportionate share (a "Common Interest") of the Common Elements is determined pursuant to New York State Real Property Law Sections 339-i and 339-m. Any portions of the land or Building (other than the Units themselves) which are reserved for the use of the owner of one or more specified Units to the exclusion of all others, are known as "Limited Common Elements."

The owners of Units 1-A, 1-B and 1-C each have exclusive access to their own terrace, garden and recreation room off their respective living space which are designated Limited Common Elements. Additionally, the owners of Units 2-A, 2-B and 2-C each have exclusive access to their own terrace off their respective living space which is designated a Limited Common Element. The owners of Units 3-A, 3-B and 3-C each have exclusive access to their own balcony off their respective living space which is designated a Limited Common Element. The owners of Units 4-A, 4-B and 4-C each have exclusive access to their own roof terrace and balcony off their respective living space which are designated Limited Common Elements. The owners of Units 4-D, 4-E and 4-F each have exclusive access to their own roof terrace and terrace off their respective living space which are designated Limited Common Elements. The Board of Managers may set forth reasonable rules and regulations which govern the use of all Limited Common Elements. See Exhibit D in Part of the Plan for further details.

Each Unit Owner is obligated to comply with the governing documents of the Condominium, including the Declaration of Condominium ("Declaration"), By-laws ("By-Laws"), and Rules and Regulations of the Condominium ("Regulations"). These documents are reproduced in Part II of the Plan.

Each Unit Owner may mortgage his Unit on the terms and in such amount as he or she chooses. However, if Purchasers seek mortgage financing to fund any part of the purchase price, they will be required to follow procedures set forth in the "Procedure to Purchase" section of the Plan (see Section 11) and in the Purchase Agreement contained in Part II of the Plan. No Unit will be subject to the lien of any mortgages placed by other Unit Owners on their Units.

Residential Units may be used for residential or permitted home occupation purposes only.

Sales and leases of Units by Unit Owners are subject to a right of first refusal by the Board of Managers of the Condominium (referred to herein as the "Condominium Board", "Board of Managers" or "Board") at the same price and on the same terms as the Unit Owner has been offered. Such right of first refusal is described in Section 18 of the Plan entitled "Rights and Obligations of Unit Owners." The Board of Managers does not have the right to approve or disapprove Purchasers, except by the exercise or waiver of the right of first refusal. The Board of Managers does not have a right of first refusal with respect to the sale or lease of Unsold Units by the Sponsor. See Article X of the By-Laws for further information.

A Unit Owner may make non-structural alterations and decorate the interior of his Residential Unit in any way he desires, subject to local codes and Regulations of the Condominium, and he is obligated for the cost of his own interior decoration, maintenance, and repairs after closing. Each Unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible if any of the other Unit Owners fail to pay their real estate taxes. The Board of Managers will assess against each Unit Owner, in proportion to his respective Common Interest, charges (the "Common Charges") for the maintenance of the Common Elements and for the operating costs of the Property (the "Common Expenses"), as provided in New York State Real Property Law Section 339-m. Each Unit Owner will pay for all electricity consumed within his own Unit, the charges for which will be separately metered.

In the opinion of counsel for the Sponsor, a Unit Owner, like a home owner, may deduct from his income for income tax purposes the real estate taxes and the interest paid on the mortgage encumbering the Unit(s) owned by the Unit Owner to the extent allowed by law.

Each Unit Owner will be responsible for maintaining his own Unit and for making repairs within his own Unit. The cost of maintenance and repair of the Common Elements shall be shared by all Unit Owners as provided above. Each Unit Owner shall have the same rights of access to, use of and benefit of the Common Elements (but not the Limited Common Elements). Each Unit Owner shall also be responsible for obtaining and bearing the cost of casualty and liability insurance in connection with his respective Unit. The Board of Managers shall have the duty of obtaining casualty and liability insurance, on behalf of the Condominium, with respect to the Building as a whole.

After the Sponsor surrenders control of the Board, the Board of Managers of the Condominium shall be composed of three (3) persons, each designated by one Unit Owner. The Board of Managers shall have the authority to manage and administer the affairs of the

Condominium, including, but not limited to, the determination of Common Charges and the adoption of rules and regulations covering the Condominium. Please see Section 19, "Rights and Obligations of Board of Managers and Summary of By-Laws" for further discussion.

Units may be purchased either by natural persons over the age of eighteen (18) years or by a duly formed partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York. The Board of Managers does not have the right to approve or disapprove Purchasers. The Plan does not limit the number of Unit Owners who may purchase for investment rather than personal occupancy; as a result, the Condominium may have Unit Owners who are non-owner occupants.

Sponsor represents that no contracts or agreements, written or oral, have been entered into by the sponsor for the sale or transfer of any of the units offered in the Plan and no deposits or advances of funds have been taken by or on behalf of the Sponsor in connection with the reservation, sale or transfer of such units prior to the submission of the Plan to the Department of Law.

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

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## 2. DEFINITIONS.

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|---|---|
| "Board of Managers" or "Board": | The governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their percentage of Common Interest. |
| "Building": | Refers to the structure containing the Units. |
| "Common Charges": | Each Unit's proportionate share of Common Expenses in accordance with its Common Interest. |
| "Common Elements": | All portions of the Property other than Units. Common Elements include the General Common Elements (such as the Building's foundation, roof and supports) and Limited Common Elements (such as balconies and private roof terraces, the windows and window frames located on the boundary of a Unit and serving exclusively that Unit). See Article FIFTH of the Declaration in Part II for a detailed description of General Common Elements and Limited Common Elements. |
| "Common Expenses": | (a) expenses of operation of the Property, and (b) all sums designated Common Expenses by or pursuant to the provisions of the New York Condominium Act, the Declaration or the By-Laws. |
| "Common Interest": | The proportionate, undivided interest expressed as a numerical percentage in the Common Elements, appertaining to each Unit, as determined in accordance with the Declaration and the Condominium Act in fee simple absolute. |
| "Condominium": | A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan "Condominium" specifically refers to "196-200 South 2nd Street Condominium". |
| "Condominium Act": | Article 9-B of the New York Real Property Law. |

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|---|---|
| "Condominium Documents": | By-Laws, Declaration and the Rules and Regulations of the Condominium. |
| "Declaration": | The instrument by which the Property is submitted to the provisions of the Condominium Act, and such instrument as from time to time may be amended, consistent with the provisions of the Condominium Act and the By-Laws. |
| "First Closing": | The first closing of title with a bona fide Purchaser of a Unit. The Sponsor anticipates that the First Closing will be on or about January 1, 2007. |
| "First Year of Condominium Operation": | The "First Year of Condominium Operation" commences when the First Closing occurs. |
| "Limited Common Elements": | Parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners. See the Article Fifth of the Declaration in Part II for a detailed description of the Limited Common Elements. |
| "Person": | A natural person, corporation, partnership, association, trustee or other legal entity. |
| "Property": | The land, Building and all other improvements thereon, owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the New York State Condominium Act by this Plan. |
| "Purchaser": | Any person over the age of 18 or entity that executes a Purchase Agreement with the Sponsor. |
| "Recording Officer"; "Recording" or "Recorded": | Shall have the meanings stated in Section 290 of the New York State Real Property Law. |
| "Repairs": | Means repairs, maintenance or replacement. |

| | |
|---|---|
| "Selling Agent": | Apts and Lofts.com, a licensed New York real estate brokerage company with offices 496 Driggs Avenue, Brooklyn, NY 11211. |
| "Sponsor": | The promoter of the project and/or Offering Plan to convert a particular parcel of Property to Condominium ownership. North Tower LLC is the Sponsor of this Offering Plan. |
| "Unit": | Any space in the Property designated as a Unit in the Declaration, consisting of a specific Unit in the Building and an appurtenant interest in the Common Elements. |
| "Unit Designation": | Means the number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the Unit in the Declaration and on the floor plans. |
| "Unit Owner": | Means the person or persons, or entity owning a Unit in fee simple absolute; "Unit Owners" collectively means the respective owners of the Units. |
| "Unsold Unit": | Means any Unit owned by the Sponsor. |

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## 3. DESCRIPTION OF PROPERTY AND IMPROVEMENTS.

The Property consists of the land and buildings located at 196-200 South 2nd Street, Brooklyn, New York 11211. The lot is approximately 75 feet wide and 120 feet deep. The Property is located approximately 210 feet southwest of the southern corner of the intersection of Roebling Street and South 2nd Street.

The Property is a new construction project. The Sponsor expects to complete construction of the in three four-story buildings consisting of thirty (30) Residential Units in January 2007. For a detailed description of the construction, see Exhibit D in Part II of the Plan.

The heating for each Unit will be provided by a split system HVAC unit located in each Unit and by gas-fired modular boilers. Gas for heating the individual Units, cooking, hot water and cooling will be supplied by Keyspan. The cost of gas for heat, hot water and cooling shall be included in the Common Charges.

Electricity for lighting and operating appliances will be supplied by Consolidated Edison of New York. Each Unit will have a separate meter for electric. See Schedule B-1 in the Plan for the estimated electric and gas costs of individual Residential Units.

The owners of Units 1-A, 1-B and 1-C each have exclusive access to their own terrace, garden and recreation room off their respective living space which are designated Limited Common Elements. .Additionally, the owners of Units 2-A, 2-B and 2-C each have exclusive access to their own terrace off their respective living space which is designated a Limited Common Element. The owners of Units 3-A, 3-B and 3-C each have exclusive access to their own balcony off their respective living space which is designated a Limited Common Element. The owners of Units 4-A, 4-B and 4-C each have exclusive access to their own roof terrace and balcony off their respective living space which are designated Limited Common Elements. The owners of Units 4-D, 4-E and 4-F each have exclusive access to their own roof terrace and terrace off their respective living space which are designated Limited Common Elements. The Board of Managers may set forth reasonable rules and regulations which govern the use of all Limited Common Elements. See Exhibit D in Part of the Plan for further details.

The Condominium is being constructed in accordance with all applicable zoning and building laws, regulations, codes and other requirements of the City of New York. Under the New York State Building and Fire Prevention Code, the Building is classified as a Class I-C, fireproof structure. For a more complete description of the Property, see Exhibit D, entitled "Description of Property and Building Condition", in Part II of the Plan.

The Sponsor reserves the right to close title to Units after procuring a temporary certificate of occupancy with respect to a Unit. However, the Sponsor will complete construction and obtain a permanent certificate of occupancy for the entire project before the temporary certificate of occupancy (as the same may be renewed, replaced or extended) expires. This period may extend longer than two (2) years from the First Closing.

For a more complete description of the Property, see Exhibit D, entitled "Description of Property and Building Condition", in Part II of the Plan.

## 4. LOCATION AND AREA INFORMATION.

### A. Location.

The Building is located approximately 210 feet southwest of the southern corner of the intersection of Roebling Street and South Second Street in Southside, Brooklyn. The adjacent neighborhoods are Williamsburg and Northside.

**B. Area Information**. The Property is located in a highly urban area.

#### 1. Transportation.

Public transportation is excellent. The New York City Transit's "L" subway line is 8 blocks away at Bedford Avenue which is 3 stops (15 minutes) from Union Square in Lower Manhattan. The "J-M-Z" subway lines are 4 blocks away at Mercy Avenue, which are 3 stops (10 minutes) to Canal Street in Lower Manhattan.

In addition, several public bus routes are very close to the Property; the "Q54", "60" and "24" bus lines can be picked up at Mercy Ave and South 5th Street daily. In addition the "Q54" can also be picked up at Rodney Street and South Third along with the "24" and at Grand street and South 1st Street along with the "Q59".

#### 2. Educational Facilities.

The following New York City pre-schools, public schools, private schools and colleges are located within a roughly 3/4-mile radius of the Property:

PRE-SCHOOLS:
Williamsburg Northside Preschool LLC; 94 North 5th Street

OTHER SCHOOLS:
PS 017 Henry D Woodworth Elementary; 208 North 5th Street
PS 019 Roberto Clemente Elementary; 325 South 3rd Street
PS 084 Jose De Diego Elementary; 250 Berry Street
PS 319 Elementary; 360 Keap Street
JHS 050 John D Wells Junior High; 183 South 3rd Street
El Puente Academy; 211 South 4th Street
Harry Van Arsdale High School; 257 North 6th Street
Boricua College, Northside Center; 186 N. 6th Street

No representation is made that any unit owner's child will be able to attend any particular educational facility.

**3. Religious Institutions.**

There are houses of worship of most major denominations within walking distance of the Property.

**4. Medical Facilities.**

In addition to several smaller medical and dental practices and specialists, Woodhull Medical and Mental Health Center can be found in the neighboring neighborhood of East Williamsburgh at 760 Broadway (718) 963-8000

**5. Parks, Recreation and Cultural Facilities.**

Metropolitan Pool and Fitness Center is located at 261 Bedford Ave. The facility has 2 Locker Rooms 1 Cardio Room, 1 Indoor Pool, 1 Arts & Crafts Room, 1 Fitness Room, 1 After School Room and 1 Computer Resource Center.

**6. Police, Fire, Water and Road Maintenance Services.**

Police, fire, water and road maintenance services are provided by the City of New York and all charges (except water/sewer) are incorporated into City taxes. The Property is located within the 90th Precinct located at 211 Union Ave. The NYC Fire Department Engine Company #221 Ladder #104 is located at 161 South 2nd Street.

**7. Zoning.**

The Building is located in a R6 zoning district.

**8. Mailing Address and Postal Facilities.**

The mailing address of the Building will be: "196-200 South 2nd Street, Brooklyn, New York 11211." The post office servicing the Building is Williamsburg Station located at 950 Fulton St., which is located approximately 1/4 mile from the Property. Two other U.S. post offices are within a mile of the Property: Greenpoint Station located at 66 Meserole Avenue and Post Office - Station #124 located at 94 Nassau Avenue.

**9. Shopping, Banking and Restaurant Facilities.**

Roughly 38 grocery stores, health food stores, specialty food shops and delicatessens are located within a 1/2-mile radius of the Property. There are also larger supermarkets such as C Town at 130 Havemeyer Street (0.30 miles away).

The following banks are within 1/2-mile from the Property:

Dime Savings Bank, 209 Havemeyer Street (0.2 miles away) (718) 782-6200
North Fork Bank, 185 Broadway (0.2 miles away) (718) 384-1137
Washington Mutual, 217 Havemeyer (0.2 miles away) (718) 302-0398
Cross County Fed Savings, 175 Bedford Ave (0.4 miles away) (718) 486-3599
Fast Cash Usa Inc, 126 Division Avenue (0.4 miles away) (718) 387-4380
Signature Bank, 84 Broadway (0.4 miles away) (718) 290-1580
Citibank NA, 51 Metropolitan Avenue # 10 (0.5 miles away) (718) 366-8190
Weiser Travel, 543 Bedford Avenue (0.5 miles away) (718) 782-4000

There are numerous restaurants within walking distance of the Property. Following is a selection of the extensive mix of ethnic restaurants located within a roughly half-mile radius of the Property:

Kam Long Restaurant, 740 Driggs Avenue; Baci & Abbracci, 204 Grand Street; Clem's, 264 Grand Street; Coco Café, 253 Grand Street; Dokebi Bar & Grill, 199 Grand; Ficlama, 331 Bedford Avenue; Kam Sing Chinese Restaurant,172 Grand Street; Khao Sarn Thai Cusine, 311 Bedford Avenue; New East Lake CO Inc, 217 South 4th Street; Snacky, 187 Grand Street, Brooklyn; Soma, 192 Grand Street; Allioli, 291 Grand Street;Atlas Café,116 Havemeyer Street; Bonita Restaurant, 338 Bedford Avenue; Buffalo Cantina, 149 Havemeyer Street; Cafe One Hope, 153 Roebling, Brooklyn; Coneys, 287 Bedford Avenue; El Emprdor Elias Restaurant, 274 Broadway, Brooklyn; El Loco Burrito II, 287 Bedford Avenue, Brooklyn; El Puente Restaurant, 231 South 4; Flaco's Pizza, 160 Havemeyer Street; Fortune Place, 286 Broadway; Good Friend, 246 Broadway; Gribouille, 2 Hope Street; Hooka Restaurant LLC, 160 North 4th; Imperial Inc, 270 South 5th Street; Kate's Brooklyn Joint, 295 Berry; New China Restaurant, 172 Havemeyer Street; Roebling Tea Room, 143 Roebling Street; Savalas, 285 Bedford Avenue; Sloyer-Forman Inc, 185 Broadway; Taco Chulo LLC, 318 Grand Street; The Bagel Store, 247 Bedford Ave; The Lodge, 318 Grand Street; The Pub, 312 Grand Street.

**10. Libraries.**

Leonard Library located at 81 Devoe St; this one-story Carnegie library opened in 1908. The building features five-bays, 10,000 plus square feet and a stone-trimmed doorway with a bracketed pediment. Located one block from busy Metropolitan Avenue, the Leonard Library underwent major renovations from the 1950s through the 1980s.

Williamsburgh Library located at 240 Division Ave; the remodeled library features a young adult wing on the 1st floor with 12 computers, an adult wing on the 1st floor with 14

computers, a new auditorium for community events and hundreds of new books, CDs, DVDs and videos. There is also a technology lab on the second floor for computer classes and training. The basement is home to the Brooklyn Superhero Alliance and Tutoring Center open Monday-Thursday 2:30- 5:30 PM.

In 1903, Williamsburgh Branch became the first Carnegie library built in Brooklyn. The 26,000 square-foot Classical Revival building featured a central delivery desk, radically arranged stacks, wood wainscoting and fireplaces. The Library was renovated in 1955, and again in 2003-2004.

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## Schedule A

### 196-200 South 2nd Street Brooklyn, NY 11211

### Schedule of Purchase Prices and Related Information based on

### Projected First Year of Condominium Operation January 1, 2007 - December 31, 2007

| Unit | Number of Bedrooms/Baths/Amenities (FN5) | Approximate Gross Square Footage excluding limited common elements (FN1) | Total Square Footage of Applicable Limited Common Elements (FN5) | Total Approximate Gross Square Footage Including Limited Common Elements | Purchase Price (FN2) | Percentage Interest in the General Common Elements (FN3) | Projected Common Charges (Monthly) | Projected Common Charges (Annually) | First Year of Operation Projected Real Estate Taxes w/o 421-a Benefits (Monthly) | First Year of Operation Projected Real Estate Taxes w/o 421-a Benefits (Annually) | First Year of Operation Projected Carrying Charges w/o 421-a Benefits (Annually) | First Year of Operation Projected Carrying Charges w/o 421-a Benefits (Monthly) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1A | 1/2.5/D/T/G/R | 2247 | 633 | 2,880 | $865,000 | 8.55% | $922.36 | $11,068.34 | $3,927.33 | $47,127.97 | $58,196.31 | $4,849.69 |
| 1B | 1/2.5/D/T/G/R | 2223 | 646 | 2,869 | $855,000 | 8.41% | $907.28 | $10,887.42 | $3,863.13 | $46,357.61 | $57,245.03 | $4,770.42 |
| 1C | 1/2.5/D/T/G/R | 2267 | 633 | 2,900 | $869,000 | 8.61% | $929.26 | $11,151.16 | $3,956.72 | $47,480.62 | $58,631.78 | $4,885.98 |
| 1D | 0/1.5/D | 1,144 | 0 | 1,144 | $655,000 | 3.40% | $366.58 | $4,398.94 | $1,560.86 | $18,730.29 | $23,129.23 | $1,927.43 |
| 1E | 0/1.5/D | 1,205 | 0 | 1,205 | $679,000 | 3.53% | $381.07 | $4,572.79 | $1,622.54 | $19,470.52 | $24,043.31 | $2,003.61 |
| 1F | 0/1.5/D | 1,136 | 0 | 1,136 | $645,000 | 3.37% | $363.82 | $4,365.85 | $1,549.11 | $18,589.37 | $22,955.21 | $1,912.93 |
| 2A | 1/2/RT | 892 | 485 | 1,377 | $720,000 | 4.09% | $441.00 | $5,292.05 | $1,877.76 | $22,533.06 | $27,825.11 | $2,318.76 |
| 2B | 1/2/RT | 917 | 498 | 1,415 | $715,000 | 4.15% | $447.48 | $5,369.71 | $1,905.31 | $22,863.72 | $28,233.43 | $2,352.78 |
| 2C | 1/2/RT | 915 | 485 | 1,400 | $745,000 | 4.16% | $448.61 | $5,383.32 | $1,910.14 | $22,921.68 | $28,305.00 | $2,358.75 |
| 2D | 0/2 | 561 | 0 | 561 | $435,000 | 1.67% | $179.76 | $2,157.17 | $765.42 | $9,185.04 | $11,342.22 | $945.18 |
| 2E | 0/2 | 555 | 0 | 555 | $439,000 | 1.65% | $177.84 | $2,134.10 | $757.23 | $9,086.81 | $11,220.91 | $935.08 |
| 2F | 0/2 | 557 | 0 | 557 | $439,000 | 1.63% | $176.14 | $2,113.73 | $750.01 | $9,000.07 | $11,113.80 | $926.15 |
| 2G | 0/2 | 603 | 0 | 603 | $456,000 | 1.77% | $190.69 | $2,288.29 | $811.94 | $9,743.34 | $12,031.63 | $1,002.64 |
| 2H | 0/2 | 566 | 0 | 566 | $395,000 | 1.68% | $181.27 | $2,175.24 | $771.83 | $9,261.96 | $11,437.19 | $953.10 |
| 2I | 0/2 | 580 | 0 | 580 | $479,000 | 1.72% | $185.75 | $2,229.04 | $790.92 | $9,491.05 | $11,720.09 | $976.67 |
| 3A | 1/2/B | 892 | 36 | 928 | $730,000 | 2.75% | $297.21 | $3,566.47 | $1,265.47 | $15,185.68 | $18,752.15 | $1,562.68 |
| 3B | 1/2/B | 917 | 39 | 956 | $725,000 | 2.80% | $302.32 | $3,627.87 | $1,287.26 | $15,447.15 | $19,075.02 | $1,589.58 |
| 3C | 1/2/B | 915 | 35.9 | 951 | $685,000 | 2.82% | $304.70 | $3,656.43 | $1,297.39 | $15,568.73 | $19,225.16 | $1,602.10 |
| 3D | 0/2 | 561 | 0 | 561 | $445,000 | 1.67% | $179.76 | $2,157.17 | $765.42 | $9,185.04 | $11,342.22 | $945.18 |
| 3E | 0/2 | 555 | 0 | 555 | $449,000 | 1.65% | $177.84 | $2,134.10 | $757.23 | $9,086.81 | $11,220.91 | $935.08 |
| 3F | 0/2 | 557 | 0 | 557 | $449,000 | 1.63% | $176.14 | $2,113.73 | $750.01 | $9,000.07 | $11,113.80 | $926.15 |
| 3G | 0/2 | 603 | 0 | 603 | $469,000 | 1.77% | $190.69 | $2,288.29 | $811.94 | $9,743.34 | $12,031.63 | $1,002.64 |
| 3H | 0/2 | 566 | 0 | 566 | $405,000 | 1.68% | $181.27 | $2,175.24 | $771.83 | $9,261.96 | $11,437.19 | $953.10 |
| 3I | 0/2 | 580 | 0 | 580 | $489,000 | 1.72% | $185.75 | $2,229.04 | $790.92 | $9,491.05 | $11,720.09 | $976.67 |
| 4A | 1/2/B/RT | 926 | 385 | 1,311 | $785,000 | 3.89% | $419.87 | $5,038.40 | $1,787.75 | $21,453.05 | $26,491.45 | $2,207.62 |
| 4B | 1/2/B/RT | 930 | 315 | 1,245 | $769,000 | 3.65% | $393.72 | $4,724.58 | $1,676.40 | $20,116.84 | $24,841.43 | $2,070.12 |
| 4C | 1/2/B/RT | 945 | 385 | 1,330 | $780,000 | 3.95% | $426.18 | $5,114.15 | $1,814.63 | $21,775.59 | $26,889.75 | $2,240.81 |
| 4D | 1/2/T/RT | 1,036 | 230 | 1,266 | $820,000 | 3.76% | $405.67 | $4,868.06 | $1,727.31 | $20,727.75 | $25,595.81 | $2,132.98 |
| 4E | 1/2/RT/T | 1,128 | 234 | 1,362 | $815,000 | 3.99% | $430.72 | $5,168.58 | $1,833.95 | $22,007.34 | $27,175.92 | $2,264.66 |
| 4F | 1/2/RT/T | 1,075 | 230 | 1,305 | $805,000 | 3.87% | $417.95 | $5,015.34 | $1,779.57 | $21,354.86 | $26,370.20 | $2,197.52 |
| Residential Totals | | 28554 | 5270 | 33824 | $19,011,000 | 100.00% | $10,788.72 | $129,464.62 | $45,937.36 | $551,248.36 | $680,712.98 | $56,726.06 |
| | | | | | | | | | | | | |
| | B: Balcony | | | | | | | | | | | |
| | T: Terrace | | | | | | | | | | | |
| | D: Duplex | | | | | | | | | | | |
| | RT: Roof Terrace | | | | | | | | | | | |
| | G: Garden | | | | | | | | | | | |
| | R: Rec Room | | | | | | | | | | | |

## FOOTNOTES TO SCHEDULE A

(1) The approximate gross square footages for Residential Units shown on Schedule A is measured horizontally from the exterior face of exterior walls to the midpoint of the opposite interior walls, and from the midpoint of demising walls between Units to the midpoint of the opposite wall; square footage is measured vertically from the underside of the Unit's finished flooring to the exposed painted face of a concrete ceiling or the unexposed side of the Unit's drywall or plaster ceiling, as applicable. The floor plans shown on Exhibit D in Part II of the Plan are based on the foregoing type of measurement. The usable interior area of the Units is significantly less than the square footage amounts set forth in Schedule A. Square footage shown in the Declaration of Condominium filed with the City Surveyor will also be lower than those shown on Schedule A because horizontal boundaries are measured from the inside surface of the exterior walls, the Unit side of any window glass, and the unfinished inside surface of any exterior wall door or window frame to the midpoint of the opposite interior walls for purposes of distinguishing Units from common elements in the Declaration.

Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. Each Unit should be inspected prior to purchase so that any prospective Purchaser will be able to inspect the interior dimensions, layout and physical condition. See Part II, Exhibit D.

(2) Terraces and balconies are designated as Limited Common Elements in the Declaration of Condominium.

The use of the Limited Common Elements by Unit Owners is governed by the terms of the Declaration and By-Laws, including the following:

No alteration or improvement may be made to the Limited Common Elements without the consent of the Board of Managers, including alterations (such as decking) which do not require the consent of the Building Department or other City agency. Certain improvements may also require the consent of the Building Department and the Board of Standards and Appeals, depending on whether such enclosures are deemed to use development rights belonging to the Condominium. The Board of Managers must approve any application to such agencies.

All alterations are subject to the Regulations of the Condominium regarding the time and manner of performance, security, insurance, responsibility for interruption of services, and liability for future repairs. Unit Owners may be required to execute an Alteration Agreement incorporating such terms, which agreement may be recorded and will bind future owners of the Unit.

The Board of Managers will have the right to enter any Limited Common Element for the purpose of inspecting or making repairs to the General Common Elements. The Unit Owner will be responsible for removing all personal property or improvements to a Unit in order to provide such access, at his or her expense.

Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers at the expense of the Unit Owner having direct and exclusive access, if the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks) or (b) the Unit Owner having direct and exclusive access to the Limited Common Element, at his sole cost and expense, if involving nonstructural or ordinary Repairs. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

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

(4) The Sponsor reserves the right to negotiate prices with individual Purchasers. 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 sales 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 purchase. See the Section 9 entitled "Changes in Prices and Units" for a more detailed discussion of price changes.

(5) At closing the Sponsor will collect an amount equal to four (4) months' Common Charges attributable to his Unit from each Purchaser of a Unit to be paid to the Condominium as initial Working Capital. See "Unit Closing Costs and Adjustments" in Section 15 of the Plan for other expenses which must be borne by Purchasers in addition to the sales prices set forth herein.

(6) These projections are based upon the first year's budget (see Schedule B), which was prepared on the assumption that the First Year of Condominium Operation will commence on January 1, 2007. The actual First Year of Condominium Operation may begin earlier or later. The monthly Common Charges payable by each Unit Owner are based on their percentage of Common Interest in the Common Charges. See the footnotes to Schedule B for a more detailed description of the expenses and services which Common Charges cover.

The estimated Common Charges do not include the following Unit ownership expenses that Unit Owners will pay separately: (a) utility company bills for electricity and gas supplied to each Unit as measured by separate meters or submeters (b) finance payments for any loan obtained to purchase a Unit; (c) cost to paint, clean, repair and maintain the interior of a Unit (including its equipment and appliances); (d) premiums for any insurance a Unit Owner may wish to obtain to insure its furniture, belongings and other personal property against loss from fire or other casualty or to insure against claims for personal injury or property damage arising from incidents in its Unit (these matters will not be covered under the insurance

maintained by the Condominium Board); (e) charges for telephone service, internet service and any cable television a Unit Owner may install; and (f) repairs to the interior of a Unit. See Schedule B-1 for individual carrying charges with respect to electricity and gas usage.

(7)(a) After the Condominium is divided into individual tax lots, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will his or her Unit be subject to, any lien arising form the non-payment of taxes on the other Units. Real estate taxes may be deductible for income tax purposes; depending on a Unit Owner's individual tax position (See Section 21 entitled "Income Tax Deductions to Unit Owners and Tax Status of Condominium"). It is anticipated that each Unit Owner's real estate taxes will be based on his percentage of Common Interest of the real estate taxes determined for the entire Property; however, the Sponsor cannot guarantee that the taxing authority will allocate taxes based upon Common Interest.

(b) As set forth in the opinion letter of Ben Rottenstein Associates Inc., 56 Willoughby Street, Brooklyn, NY 11201 ("Rottenstein"), the Sponsor's real estate tax appraiser, the real estate taxes for the Property for the First Year of Condominium Operation are estimated at $551,250, which is based on (i) an assessed value of $4,410,000 for the Residential Units; and(ii) an estimated tax rate of $12.50 per $100 of assessed value for the Residential Units for the first half of the year (1/1/07-6/30/07) and $12.50 per $100 of assessed value for the second half of the year (7/1/07-12/31/07).

(c) Real Estate Tax Estimates for Residential Units. As set forth in the opinion of Rottenstein, the real estate taxes for the Residential Units for the First Year of Condominium Operation (January 1, 2007 – December 31, 2007) are estimated at $551,250.

(d) 421-a Benefits. As set forth in the opinion letter of Ben Rottenstein Associates Inc., 56 Willoughby Street, Brooklyn, NY 11201 ("Rottenstein") the Sponsor shall apply for tax benefits under Section 421-a of the New York City Administrative Code ("421-a Benefits") and shall make a good faith effort to obtain these benefits on behalf of the Building. If the Sponsor obtains 421-a Benefits, then all increases in the assessed valuation of the Property from and after the commencement of construction will be exempt from real estate taxes for a period of twenty -one (21) years. Thereafter, the increase in the assessed valuation of the Building will be phased in at 20% per year between years 22 and 26 set forth below:

| Year | Percentage of 421-a Benefit |
|---|---|
| Years 1-21 | 100% |
| Year 22 | 80% |
| Year 23 | 60% |
| Year 24 | 40% |
| Year 25 | 20% |
| Year 26 | 0% |

Sponsor will keep records required by the New York City Department of Housing Preservation and Development ("H.P.D.") and will make them available to H.P.D. whenever requested to do so. H.P.D. routinely conducts audits, the result of which can be either the reduction or revocation of benefits if proper documentation is not provided.

While Sponsor believes that the Property will be eligible for 421-a Benefits, Sponsor shall not be responsible for any failure to obtain such Benefits and Sponsor makes no representation as to the amount or extent of such Benefits. However, the Sponsor shall make a good faith effort to obtain 421-a Benefits for the Building.

See Section 20 of the Plan entitled "Real Estate Taxes" for further details.

(8) The total monthly carrying charges are the sum of the estimated monthly Common Charges and the estimated monthly real estate taxes.

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## 6. BUDGET FOR FIRST YEAR OF OPERATION OF 196-200 SOUTH 2ND STREET CONDOMINIUM BEGINNING JANUARY 1, 2007

## SCHEDULE B

| ESTIMATED INCOME | CONDOMINIUM BUDGET |
|---|---|
| Common Charges (Note 1): | $129,465 |
| ESTIMATED EXPENSES | |
| Labor (Note 2)..... | $ 21,158 |
| Gas for Heating, Cooking, and Hot Water (Note 3)... | $ 35,456 |
| Utilities: Electricity and Gas (Note 4)..... | $ 12,916 |
| Water Charges and Sewer Rent (Note 5)..... | $ 8,035 |
| Repairs, Maintenance and Supplies (Note 6)..... | $ 10,150 |
| Insurance (Note 7)..... | $ 8,750 |
| Management Fee (Note 8)..... | $ 20,000 |
| Legal and Audit Fees (Note 9)..... | $ 5,000 |
| Other (Note 10)..... | $ 1,500 |
| Reserve for Contingencies (Note 11)..... | $ 7,500 |
| Total ..... | $129,465 |

The Notes to Schedule B below are an integral part of this Schedule and should be read in conjunction herewith.

## FOOTNOTES TO SCHEDULE B

### (1) First Year of Condominium Operation:

Amounts are projected on the assumption that the first year of Condominium operation will be the year from January 1, 2007 to December 31, 2007 (the "First Year of Condominium Operation"). The actual First Year of Condominium Operation may begin earlier or later than that year. In the event the actual or anticipated commencement date of the First Year of Condominium Operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by twenty-five percent (25%) or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their down payments returned, together with interest earned thereon.

These amounts represent the total Common Charges to be levied against and collected from the Unit Owners during the projected First Year of Condominium Operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium. Common Expenses have been allocated among the Units on the basis of percentage of Common Interest.

### (2) Labor: $21,158

The Condominium will employ one part-time, non-resident, non-union, superintendent to work approximately twenty-five (25) hours per week at an hourly rate of $14. The superintendent's general duties shall include cleaning common areas, landscape maintenance, snow removal, garbage removal and other routine maintenance. Such level of staffing complies with applicable housing, minimum wage and labor laws. The superintendent will not receive any health benefits, sick pay or vacation pay. The following expenses may be incurred as a result of having the superintendent as an employee:

| | | |
|---|---|---|
| FICA | (projected at 8% of wages) | $1,456 |
| Federal State Unemployment Insurance | (.8% of $18,200) | $146 |
| State Unemployment Insurance | (.4% of $18,200) | $73 |
| Workers' Compensation | (projected at 6.5% of total wages) | $1,183 |
| Disability Insurance | (projected at $100 x 1 employee) | $100 |
| Total Taxes and Benefits | | $2,958 |

No warranty is made with respect to the superintendent's actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits, as well as the assumptions described herein, are believed to be reasonable and reflect the experience of Sponsor's budget expert, Milagros Martinez, in managing comparable buildings.

**(3) Gas for Heating, Cooking and Hot Water: $35,456**

The heating for each Unit will be provided by a split system HVAC unit located in each Unit and by gas-fired modular boilers. Gas for heating the individual Units, cooking, hot water and cooling will be supplied by Keyspan. This estimate is based on a rate of $1.34 per Therm of gas, with a total Building consumption of 26,460 Therms for heat, hot water and cooking. The budget for gas is based on the estimate and projections of consumption as described in the letter dated August 14, 2006 from TSF Engineering, PC, 200 Park Avenue South, Suite 1020, New York, New York 10003.

**(4) Utilities: Electricity: $12,916**

The amount set forth is the estimate for the electricity consumed only by the Common Elements, since electricity for individual Units will be individually metered by Consolidated Edison.

The estimate is based on the projections of consumption for all Common Elements, as described in the letter dated August 14, 2006 from TSF Engineering, PC, 200 Park Avenue South, Suite 1020, New York, New York 10003. Electricity will be used to operate the elevator, water pumps and equipment, fans, lighting throughout the interior and exterior common areas, hallways, and stairs. The projected Common Element electricity cost of $12,916 is based on a consumption of 67,973 kilowatt hours of electricity at a rate of $0.19 per hour, which is the current rate, inclusive of sales tax.

See Schedule B-2 for the projected costs associated with individual electric consumption.

Utility expenses have been allocated among all Units on the basis of percentage of Common Interest.

**(5) Water Charges and Sewer Rent: $8,035**

The amount set forth in Schedule B for water charges and sewer rents is based on a letter dated August 14, 2006 from TSF Engineering, PC, 200 Park Avenue South, Suite 1020, New York, New York 10003. The amount described in the letter estimates 175,434 cubic feet of usage. Water charges are currently assessed at $1.76 per cubic foot and sewer rents are currently assessed at $2.82 per cubic foot.

Water charges and sewer rent have been allocated among all Units on the basis of percentage of Common Interest.

**(6) Repairs, Maintenance and Supplies: $10,150**

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements, including a service contract for the elevator in the sum of $2,100 per annum, pest control contract in the sum of $1,200 per annum, periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish bags, etc. used in connection with the operation of the Common Elements.

No amounts have been budgeted for repairs to the roof, the heating, and ventilating system or the Building exterior, and a relatively small amount has been estimated for other repairs, because the Building will be newly constructed.

Repair and maintenance expenses have been allocated among all Units on the basis of percentage of Common Interest.

**(7) Insurance: $8,750**

The insurance premiums are based on the letter dated July 24, 2006 from Alwex, Inc., setting forth the following coverage:

| | |
|---|---|
| All-risk peril, building at replacement cost | $6,000,000 |
| Deductible | $2,500 |
| Comprehensive general liability | $1,000,000/$2,000,000 |
| Boiler and machinery | $100,000 |
| Directors and officers liability | $1,000,000 |

This quotation is an indication of insurance premiums at current rates. Because conditions in the insurance marketplace are volatile, it is not possible to predict what the premiums will be for the First Year of Condominium Operation. Purchasers should be aware of the possibility of rate increases.

On or before the date of the First Closing, Sponsor will procure, on behalf of the Board, the general liability insurance required to be carried by the Condominium. The fire, casualty and general liability insurance carried by the Condominium will provide that each Unit Owner is an additional insured party; that there will be no cancellation without notice to the Board of Managers; a waiver of subrogation; a waiver of invalidity because of the acts of the insured and Unit Owners; and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

Insurance expenses have been allocated among all Units on the basis of percentage of Common Interest.

It is suggested that individual Unit Owners procure additional insurance at their own expense to cover such risks as fire and casualty losses to unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the unit, or (where applicable) on limited common elements.

**(8) Management Fee: $20,000**

Based on the management agreement to be entered into at or before the First Closing, Sponsor anticipates that the Managing Agent will receive an annual fee of $20,000 for the first year for the basic duties described in Section 24 hereof. In the opinion of Milagros Martinez, the Sponsor's budget expert, the Managing Agent's fee for the First Year of Condominium Operation is comparable to the fees charged for such services at similar buildings.

The management fee has been allocated among all Units on the basis of percentage of Common Interest. Reference should be made to "Management Agreement" for further discussion of the terms of that agreement.

**(9) Legal and Audit Fees: $5,000**

Based upon the estimate of Joseph Wolf of Inemer & Wolf, LLP, Certified Public Accountants and Business Advisors, $1,500 has been budgeted for fees to be incurred in connection with the preparation of the audited financial statements for the Condominium's First Year of Condominium Operation and its Federal, New York State and New York City income tax returns. The balance of the budgeted amount ($3,500) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as negotiation of minor agreements.

Legal and audit fees have been allocated among all Units on the basis of percentage of Common Interest.

**(10) Other: $1,500**

This estimate is included to provide for the estimated cost of miscellaneous administrative and other costs including, but not limited to, inspection fees, license fees, and permits. Miscellaneous expenses have been allocated to all Units on the basis of percentage of Common Interest.

**(11) Reserve for Contingencies: $7,500**

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or during, the First Year of Condominium Operation to increase items of expenses and decrease the contingency reserve. The reserve has been allocated among all Units on the basis of percentage of Common Interest.

In the opinion of Milagros Martinez, the Sponsor's budget expert, the projected income for the Condominium is adequate to meet the estimated expenses for the First Year of Condominium Operation. However, the budget is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges for the first year or any subsequent year of operation of the Property by the Board will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the First Year of Condominium Operation will vary from the amounts shown in the budget.

Special Note re: Closing adjustments: At closing, the Sponsor will adjust with the Condominium certain ongoing costs that have been prepaid by the Sponsor for the First Year of Condominium Operation, such as insurance for the Condominium. The Condominium will reimburse the Sponsor for net adjustments in favor of the Sponsor from the Condominium Working Capital Fund. The Sponsor estimates that net adjustments will not exceed $8,000. For more detailed information, see Sections 15 and 23 of the Plan.

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## 7. BUDGET FOR INDIVIDUAL ENERGY COSTS

### SCHEDULE B-1

By letter dated August 14, 2006 from TSF Engineering, PC, 200 Park Avenue South, Suite 1020, New York, New York 10003 provided the following estimate of annual electric costs for lighting, air conditioning and operating other typical electrical appliances in each Unit.

| Unit | Estimated Square Footage | Estimated Annual Electric Consumption per kilowatt hour (KWH) | Estimated Annual Electric Cost (Note 1) |
|---|---|---|---|
| 1-A, 1-B, 1-C | 2,250 | 13,250 | $2,518 |
| 1-D, 1-E, 1-F | 1,200 | 8,500 | $1,616 |
| 2-A, 2-B, 2-C, 3-A, 3-B, 3-C, 4-A, 4-B, 4-C, 4-D, 4-E, 4-F | 900-1,050 | 8,132 | $1,545 |
| 2-D, 2-E, 2-F, 2-G, 2-H, 2-I, 3-D, 3-E, 3-F, 3-G, 3-H, 3-I | 550 | 7,552 | $1,435 |

Note 1. The electric estimate for individual Unit Owners is based on the current rate, including applicable sales tax, plus a ten percent (10%) projected increase for a rate of $0.19 per KWH.

Note re: Utility Charges. In view of the varying costs of energy, it is not possible to predict with certainty whether the estimated figures will reflect the actual cost to be incurred during the First Year of Condominium Operation, although it is believed that reasonable provisions for increased costs have been made. The actual cost for electricity and gas will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Board of Managers or individual residents, the rates of the utility company (which fluctuate periodically), and the possibility of changes in the methods of calculating charges by the utility company.

The projected electricity and gas rates are not guaranteed and it must be expected that rates will increase with the passage of time and due to factors beyond the control of the Sponsor. Purchasers are advised that the projections are only estimates and actual consumption will be metered and will vary based on the personal needs of the occupants. See, Exhibit D, "Description of Property and Building Condition", in Part II of the Plan.

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# TOTAL REALTY ASSOCIATES

733 YONKERS AVE, SUITE 103
YONKERS, NEW YORK 10704 914-964-0554 PHONE 914-964-1804 FAX


October 12, 2006

North Tower LLC
134 Broadway
Brooklyn, NY 11211

Re: 196-200 South 2nd Street
Brooklyn, New York

**8. OPINION RE: COMPLIANCE WITH RPL 339-i**

Gentlemen:

I am a licensed real estate broker in the City of New York. I have been involved in the ownership, operation, appraisal, and sale of multifamily residential buildings, condominiums and cooperatives for more than twenty years. I have been retained as the expert consultant in connection with this Plan.

I have reviewed the allocation of common interest as shown on Schedule A to be included in the condominium offering plan for the subject premises.

The common interest has been allocated to each condominium unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the Unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular Unit, in accordance with Section 339-i (1) (iv) of the NYS Real Property Law. This allocation is based on measurements and calculation of net square footage made by Rogers Marvel Architects, the Sponsor's architect.

Very truly yours,

Milagros Martinez

Sworn to before me this
12th day of October, 2006

Notary Public

ANTHONY T. SIMARI
Notary Public, State of New York
No. 02SI6002629
Qualified in New York County
Commission Expires April 16, ~~2006~~ 2010

## 9. CHANGES IN PRICES AND UNITS.

The offering prices set forth in Schedule A for each Unit may be increased in all cases (including individual price increases) only by amendment to the Offering Plan, and decreased only by amendment if the change of price is an across-the-board change or is to be advertised. As set forth in the Notes to Schedule A, offering prices are negotiable. Accordingly, the Sponsor may enter into a Purchase Agreement with a Purchaser to sell one or more Units at prices less than those set forth in Schedule A without filing an amendment before entering into the Purchase Agreement. As a result of the negotiability of offering prices and the right to change them, certain Purchasers may pay or may have paid more or less than another Purchaser under this Plan for a similar Unit. However, no change will affect the percentage of Common Interest allocated to a Unit as to which the amount of the offering prices was changed.

Except as otherwise provided in the Plan, no changes will be made in the size or number of Units or their respective percentage of Common Interest, and any material adverse change will be made in the size, amount or quality of Common Elements only with the consent of all Unit Owners directly affected and by amendment to the Plan, and also by amendment to the Declaration if the Declaration was filed prior to such change.

Material changes in the size, layout or percentages of Common Interest of a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to Sponsor or material adverse changes in the size or quality of Common Elements directly affecting or servicing a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to Sponsor shall be made only with the written consent of the Purchaser of such Unit. If Purchaser is in default then Purchaser's consent shall not be required. Notwithstanding the foregoing, such changes may be made provided all directly affected Unit Owners consent in writing to such a change and all directly affected Purchasers who are contract vendees and who are not then in default either consent in writing to such a change or are given the right to rescind for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor. If Purchaser exercises such right of rescission, then Sponsor will promptly return any deposit or refund the down payment.

The Sponsor also reserves the right to substitute for any of the materials specified in the Building Plans, the Description of Property and Building Condition (Exhibit D of this Plan), or elsewhere in the Plan, materials of equal or better quality. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan and in the architectural plans on file, but, due to unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures, appliances and equipment of equal or better quality for any of those set forth in the specifications or otherwise in this Plan.

Once a Purchase Agreement is executed, the Sponsor may enter into additional agreements with Purchasers for the purpose of providing upgrades within a particular Unit. Among the items which may be upgraded are electrical fixtures, appliances, cabinetry, flooring, painting, or similar items or work at a cost above the prices listed in Schedule A, the offering prices. Each such agreement shall be separately negotiated from the Purchase Agreement price.

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

Sponsor may not 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.

## 10. INTERIM LEASES.

The Sponsor reserves the right to rent or lease Unsold Units to Purchasers prior to the closing of title. There are no rental protection laws which are applicable to interim leases or lessees.

The term of an interim lease shall be for a period which will expire on the earlier of the date of closing of title (in the event this Plan shall be declared effective) or one (1) year after the date of execution of the lease. Such lease will also provide that an uncured default by the Purchaser under his Purchase Agreement will constitute a default under the lease entitling the landlord (i.e., Sponsor), at its sole option, to immediately terminate such lease. The Purchase Agreement contains a similar cross-default provision entitling the Sponsor to cancel the Purchase Agreement if the Purchaser fails to cure a default under his lease within the applicable grace period (if any) and such default results in his eviction from the Unit (whether by voluntary removal or by court order). If the Purchaser defaults under the interim lease, an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Purchaser-tenant must be obtained or the Purchaser-tenant must have vacated the Unit before the Sponsor may declare the down payment under the Purchase Agreement forfeited. No portion of the rental paid under such lease will be credited toward the Unit's total purchase price.

The lessee shall have thirty (30) days to vacate the Unit after notice of a default under the Purchase Agreement.

If a right of rescission is offered in the future, and exercised by Purchaser, then the Purchaser's right to rescind will be conditioned upon his surrendering the Interim Lease and possession of the Unit and leaving the same vacant, in good condition and broom clean within thirty (30) days after he elects to rescind. He must also pay any rent due under his Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage caused to the Unit.

**IF THE PURCHASER FAILS TO COMPLY WITH THE ABOVE PROVISIONS, THE RIGHT OF RESCISSION WILL BE INEFFECTIVE AND THE PURCHASE AGREEMENT SHALL BE REINSTATED, EXCEPT THAT THE PURCHASER SHALL BE IN DEFAULT UNDER THE PURCHASE AGREEMENT AND SHALL BE REQUIRED TO CURE SUCH DEFAULT WITHIN THIRTY (30) DAYS THEREAFTER, AND THE INTERIM LESSEE AND THE SPONSOR WILL CONTINUE TO BE**

**ENTITLED TO ALL OF THEIR RESPECTIVE RIGHTS UNDER THE PURCHASE AGREEMENT.** If an Interim Lessee exercises a right of rescission, the lease shall automatically terminate in all events as of the date the rescission right is exercised and will not be reinstated under any circumstances.

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## 11. PROCEDURE TO PURCHASE.

### A. How to Purchase; Acceptance of Purchase Agreements.

A person desiring to purchase a Unit in the Condominium shall be required to execute four (4) copies of the Purchase Agreement in the form contained in Exhibit A attached hereto and return the executed agreements to the Sponsor's counsel, Smith, Buss & Jacobs, LLP, 733 Yonkers Avenue, Yonkers, NY 10704 (Sponsor's "Counsel") with a check in an amount equal to ten percent (10%) of the total purchase price for the Unit, drawn to the order of "SBJ-196-200 2nd Street Condominium Escrow Account".

Purchase Agreements will be binding on Purchasers who have had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) business days prior to their executing a Purchase Agreement. Within twenty (20) days after receiving four (4) executed copies of a Purchase Agreement, together with the required down payment, the Sponsor will return to the Purchaser a fully executed copy of the Purchase Agreement or reject the Purchase Agreement by returning to Purchaser the down payment tendered. If Sponsor takes no action within said twenty (20) day period, the Purchase Agreement shall be deemed null and void.

### B. Interest on Down Payment.

Interest will accrue on the down payment for the benefit of the Purchaser until the closing or termination of the Purchase Agreement.

### C. Disbursement of Funds.

Counsel for the Sponsor, Smith, Buss & Jacobs, LLP ("Escrow Agent"), 733 Yonkers Avenue, Yonkers, NY 10704 (914-476-0600) will hold all monies received directly or through its agents or employees in trust until the closing of title to a particular Unit in a special account, SBJ- 196-200 South 2nd Street Condominium Escrow Account or similar name (the "Escrow Account") at Hudson Valley Bank, 865 Mclean Avenue, Yonkers, NY 10704. The deposit shall be made into the Escrow Account within five (5) business days following delivery of a fully executed Purchase Agreement to Purchaser. The following attorneys with Smith, Buss & Jacobs, LLP are signatories on the account: Thomas W. Smith; Jeffrey D. Buss; Kenneth R. Jacobs; and Domenick J. Tammaro. The funds will bear interest at the prevailing rate for such accounts, currently 0.50%. Within ten (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, together with the account number and the rate of interest. After the closing of title to the Unit, such funds will be payable to Sponsor. Any interest earned on the deposits will be payable to the Purchaser at closing unless the Purchaser defaults. The signature of a member of Escrow Agent shall be required to withdraw any of such funds. 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. 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 Escrow Agent.

Before the Escrow Agent is changed, or funds are transferred to a new escrow account, the Plan will be amended to disclose the changes made. The Escrow Agent will maintain all records as to the escrow account for a period of seven (7) years after release of the funds. Upon the dissolution of Escrow Agent, the former partners or members of Escrow Agent shall make appropriate arrangements for the maintenance of these records by the successor law firm and shall notify the Department of Law of such transfer. The Department of Law may perform random reviews and audits of any records involving escrow accounts to determine compliance with statute and regulation.

The Sponsor reserves the right to secure a bond from a New York insurance company or letter of credit from a New York bank in favor of each Purchaser of a Unit at 196-200 South 2nd Street Condominium in an amount equal to the down payments received by Sponsor, directly or through its agents or employees, to guarantee the return of the down payments. In order to use security in the form of surety bonds or a letter of credit in lieu of escrow of such funds, the Sponsor must first apply and receive approval from the Attorney General. If Sponsor's application is granted, then the terms of such alternate security shall be disclosed in a promptly filed amendment to the Plan.

All funds received by Sponsor will be handled in accordance with the provisions of Section 352-h and 352-e(2)(b) of the General Business Law and Lien Law as well as Part 20 of Title 13 NYCRR and shall be employed by Sponsor only in connection with the consummation of the Plan. Such deposit together with any interest accumulated thereon shall remain the property of the Purchaser until consummation of the Plan.

All funds received by Sponsor for upgrades or extras must initially be placed in the Escrow Account. However, Purchasers should note as a Special Risk that such funds may be released from the Escrow Account by the Sponsor's Counsel as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras.

The following provisions of Section 71-a(3) of the Lien Law are included in the Plan for explanatory purposes only, and not to supersede any other rights granted to Purchaser in this Section 11. Section 71-a(3) of the Lien Law requires, at the Purchaser's option, that the deposit be placed in escrow in an interest-bearing escrow account in a bank, trust company, savings bank, state or federal savings and loan association located in New York. Said monies must be deposited within five (5) business days after entering into the Purchase Agreement. The Sponsor must advise the Purchaser, in writing, within ten (10) business days after the deposit has been made. Such deposit, together with the interest accumulated thereon, shall remain the property of the Purchaser until consummation of the transaction or until such time as either party is entitled to said funds pursuant to the terms of the Purchase Agreement and the Offering Plan. All interest shall be the property of the Purchaser unless the Purchaser defaults under the Purchase Agreement.

If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, he may cancel the 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 these regulations and requisite notice was timely mailed to the Purchaser.

The form of Escrow Agreement governing the disbursement of funds from the Escrow Account and the resolution of disputes relating thereto is contained in Exhibit G. For further information regarding the terms of the Escrow Agreement, see subsections (J) and (K) below.

Any provision of an agreement with a Purchaser by which a Purchaser purports to waive or indemnify Escrow Agent with respect to any obligation of Escrow Agent holding trust funds is absolutely void. The provisions of this Section shall prevail over any conflicting or inconsistent provision in the Plan or in a Purchase Agreement.

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 the 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 Purchaser until employed in connection with 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.

**D. Events of Default.**

The following will be Events of Default under the Purchase Agreement:

(a) Failure to pay the balance of the purchase price or any other fees or charges under the Purchase Agreement when due, which failure is not cured within thirty (30) days after written notice; or

(b) Failure to comply with any other requirements of the Purchase Agreement, which failure is not cured within thirty (30) days after written notice.

If an Event of Default occurs, the Sponsor will have the right to terminate the Purchase Agreement and to retain as liquidated damages the down payment, plus the cost of any special work done for the Purchaser. This will be the Sponsor's sole remedy.

**TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS TO MAKE PAYMENTS AND TO COMPLY WITH OTHER OBLIGATIONS UNDER THE PURCHASE AGREEMENT, AND WITH RESPECT TO ALL GRACE PERIODS FOR CURING DEFAULTS. FAILURE OF A PURCHASER TO COMPLY WITH ITS OBLIGATIONS WITHIN APPLICABLE TIME PERIODS MAY RESULT IN LOSS OF**

**THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT.** If the Purchase Agreement is canceled, the Sponsor will have the right to sell the Unit to others as though the Purchase Agreement had never been made (and without accounting to Purchaser for the proceeds of such sale), and Sponsor shall be relieved of all further liability and obligations thereunder and under the Plan.

**E. Closing, Payment of Balance Due.**

After the Plan is declared effective, Purchasers shall be given not less than thirty (30) days notice of the closing of title to their Units. This notice period may be waived by Purchasers. The notice shall provide that the balance of the purchase price shall be due at closing of title. The balance of the cash portion of the purchase price must be paid by cash, unendorsed certified, teller's or cashier's check made payable to the order of Sponsor or as the Sponsor may direct. Failure to make this payment when a Purchaser is called upon to make such payment may result in loss of the down payment and cancellation of the Purchase Agreement.

**F. Fees.**

Counsel for the Sponsor will charge $1,750, payable by the Unit Purchasers, in connection with the preparation of closing documents and attendance at the closing. In addition, if the closing takes place outside of the Manhattan offices of Counsel for the Sponsor, an additional fee of $250 will be charged, and an additional fee of $250 will be charged if the closing is adjourned at the request of the Purchaser or its lender. Other fees may be incurred under certain circumstances. For further information regarding closing fees and adjustments, see Section 15.

**G. Risk of Loss.**

The risk of loss from fire or other casualty with respect to each Unit shall remain with Sponsor until the closing of title, but without any obligation or liability by Sponsor to repair or restore any Unit. In case of damage or destruction of a Unit due to fire or other casualty prior to the closing, but after a Purchase Agreement has been signed, the Sponsor will have the right to elect whether to repair or restore the Unit, which election shall be in the Sponsor's sole discretion. If the Sponsor elects to restore the Unit, the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit or abatement against the purchase price of the Unit. In that event, the Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any insurance proceeds shall belong solely to the Sponsor. If the Sponsor elects not to restore the Unit, or (if the damage occurs after the establishment of the Condominium, but before closing of title to the subject Unit) the Board of Managers elects not to restore the Common Elements of the Condominium, the Purchase Agreement shall be deemed canceled, the Sponsor shall return to Purchaser all sums deposited thereunder (together with interest) and the parties shall have no further liability to each other. However, if a Purchaser is in default under the Purchase Agreement at such time, the Sponsor may retain all sums paid as liquidated damages.

In the event a Purchaser enters into actual possession of a Unit prior to the closing of title, the Purchaser shall bear the risk of loss or other casualty with respect to the Unit (i.e., the Purchaser will be obligated to bear the cost of restoring the Unit to the same extent as if the Purchaser had already taken title). Accordingly, any Purchaser who takes possession of a Unit prior to the closing of title would be well advised to obtain insurance coverage for the Unit prior to taking possession. A Purchaser should consult with an attorney and/or an insurance agent as to the Purchaser's insurance needs.

**H. Conflicts between Plan and Purchase Agreement.**

Any conflict between this Plan and the Purchase Agreement will be resolved in favor of the Plan. In no event may the Purchase Agreement contain, or be modified to contain, any provision waiving Purchaser's rights, other than the ability of Purchaser to waive his right to thirty (30) days notice prior to the closing of title to Purchaser's Unit. In no event may the Purchase Agreement contain, or be modified to contain, any provision abrogating Sponsor's obligations under the Plan or under Article 23-A of the General Business Law.

**I. Minimum Sales Requirement.**

Pursuant to existing law and regulation the Sponsor may declare the plan effective when Purchase Agreements representing a minimum of fifteen percent (15%) of the Common Interest, or a minimum of five (5) Residential Units are executed by a bona fide Purchaser.

Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number of sales, if the Purchasers counted towards effectiveness do not ultimately purchase a Unit.

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

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

**J. Procedures for Release of Funds under Escrow Agreement between Sponsor and Escrow Agent.**

In addition to the provisions in the "Disbursement of Funds" subsection above, the release of escrow funds shall be governed by the following:

(1) Under no circumstances shall the 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.

(2) The Escrow Agent shall hold the funds in escrow until otherwise directed in (a) a writing signed by both the Sponsor and Purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction, or until released pursuant to subsection (4) below.

(3) The 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.

(4) 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 that ten (10) business days. Thereafter, the funds may be paid to the Sponsor, unless the Purchaser has already made an application to the Department of Law and notified the Escrow Agent pursuant to the dispute resolution provisions described in subsection (K) below.

**K. Disputes Relating to Release of Funds.**

(1) 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 Department of Law. The party applying shall contemporaneously send to all other parties a copy of such application.

(2) 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.

(3) 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.

(4) The Attorney General shall act upon the application within thirty (30) days after its submission to the Department of Law, by either making a determination or notifying the parties that an extension of time is necessary for stated reasons.

(5) If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until (a) both the Sponsor and Purchaser direct payment to a specified party in accordance with a written direction signed by both the Sponsor and Purchaser or (b) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent or (c) the Escrow Agent deposits the disputed amount into court.

(6) 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.

A copy of the form of Application to the Attorney General for dispute resolution appears as Exhibit H in Part II of the Plan.

**L. Effect of Delays in Closing Date.**

The Sponsor anticipates the First Closing will occur on or before January 1, 2007. If the date of the First Closing of a Unit is delayed beyond December 31, 2007, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements by notice given to the Sponsor within 15 days after presentation of an amendment disclosing the delay.

**M. Power of Attorney to Board of Managers.**

At closing, Purchasers are required to execute a Power of Attorney in favor of the Board of Managers of the Condominium in the form contained in Exhibit B in Part II of the Plan. For further information see Section 19(K) of the Plan.

**N. Prepayment of Upgrades and Extras.**

Any funds paid to the Sponsor for the purposes of upgrades or extras are non-refundable and shall not be governed by the escrow requirements detailed in this Section.

**O. Deposits in Excess of $100,000 Not Insured by the Federal Deposit Insurance Corporation.**

The Sponsor shall deposit down payments in a bank that is covered by the Federal Deposit Insurance Corporation ("FDIC"). A FDIC insured bank is insured for all deposits in the amount of $100,000 or less; however, the portion of the deposit in excess of $100,000 is not covered by insurance. Purchasers should note that any deposit over $100,000 will not be FDIC insured in excess of $100,000.

**P. Limited Financing Contingency.** Purchase Agreements are subject to a limited financing contingency. If a Purchaser is electing to obtain financing, the obligations of Purchaser hereunder will be conditioned upon issuance on or before the 45th day after the date of the Agreement of a written commitment from certain lending institutions to be designated by the Sponsor ("**Sponsor Designated Lender**") on or before the date of the Purchase Agreement, subject to the following conditions and limitations:

(a) The financing contingency is only applicable to mortgage financing of no more than 80 percent (80%) of the purchase price (or such lesser amount as Purchaser shall apply for) at the Sponsor Designated Lender's prevailing rate of interest and for a customary loan term, secured by a first mortgage on the Unit;

(b) Purchaser shall apply to at least one (1) Sponsor Designated Lender for such first mortgage loan within ten (10) days after the date of the Agreement;

(c) Purchaser shall furnish accurate and complete information to the Sponsor Designated Lender relating to Purchaser, as required;

(d) Purchaser shall pay all fees, points and charges required in connection with such application and any other "points" or charges if the Purchaser accepts the commitment;

(e) Purchaser shall pursue such application with diligence, and generally cooperate in good faith with such Sponsor Designated Lender to the end of securing such first mortgage. Purchaser shall notify the Sponsor promptly of the name and address of each Sponsor Designated Lender or other lender to which Purchaser has given an application. Purchaser shall furnish Seller with a copy of such commitment promptly after receipt thereof. If Purchaser fails to obtain such a commitment from a Sponsor Designated Lender on or before the 45th day after the date of the Agreement, Purchaser shall have the right to cancel the Purchase Agreement by giving notice to Seller by the 50th day after the date of the Agreement. Upon cancellation, the Down Payment and accrued interest shall be promptly refunded to Purchaser, and neither party shall have any further rights against, or obligations or liabilities to the other by reason of the Agreement. If Purchaser does not give such notice to Seller on or before the 50th day after the date of the Agreement or if the Purchaser has not applied to at least one (1) Sponsor Designated Lender, the Agreement shall not be terminated by virtue of this paragraph and the Agreement shall remain in full force and effect, except that Purchaser's right to cancel under this Paragraph shall be deemed waived. A mortgage commitment conditional upon the Purchaser's selling any property that Purchaser owns, the liquidation or reduction of any existing installment debt prior to closing, or the furnishing of documents and information reasonably available to Purchaser, shall be deemed a firm mortgage commitment which satisfies the limited financing contingency clause in the Agreement;

(f) If Purchaser obtains a financing commitment from a Sponsor Designated Lender and the commitment lapses or expires before the actual closing date through no fault of Purchaser, Purchaser shall make a good faith effort to extend the commitment, including payment of a reasonable and customary extension fee and acceptance of changes in the interest rate to reflect

prevailing market conditions. If the Sponsor Designated Lender is unwilling to extend the commitment on those terms, Purchaser shall have the right to cancel the Agreement by notice given to Sponsor within ten (10) days after receiving the notice of refusal to extend the commitment. In case of cancellation, the applicable provisions of subsection (a) shall apply;

(g) As used in the Agreement, "Lender" means a person or entity in the business of making loans to persons seeking to purchase residential homes. A mortgage broker who does not have independent lending capacity shall not be deemed to be a "Lender" under the Agreement; and

(h) In the event that Purchaser uses a lender other than the Sponsor Designated Lenders, no financing contingency will apply to the Agreement. As a result, Purchaser will not have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

## 12. ASSIGNMENT OF PURCHASE AGREEMENTS.

Purchase Agreements are not assignable. Any purported assignment shall be void ab initio. See Paragraph 10 of the Purchase Agreement.

## 13. EFFECTIVE DATE OF PLAN.

All Purchase Agreements signed by Sponsor shall be contingent upon Sponsor's declaring the Offering Plan effective pursuant to the requirements and terms of the Plan. These requirements, stated below, must be satisfied within one (1) year of the date the Plan is accepted for filing unless the Plan is amended so as to extend this period. The closing of title to any Unit may not occur until (i) the Sponsor has served Purchasers by regular mail with an Effectiveness Notice which states the date that the Plan is declared effective, (ii) an amendment has been filed with the Department of Law substantiating the same, and (iii) the Condominium Declaration, By-Laws, and floor plans have been duly recorded.

The Plan will be declared effective by the mailing or personal delivery of written notice to all Purchasers stating that the Plan was declared effective on a particular date, the percentage of Units used to declare the Plan effective and a list of the Units being counted to meet the minimum percentage under the terms of the Plan to declare same effective.

The Plan may be declared effective when Purchase Agreements have been executed by bona fide Purchasers, including investors, and accepted by Sponsor for the sale of all the Residential Units, which represents a minimum of at least fifteen percent (15%) of the Units offered under this Plan. The Plan must be declared effective only when Purchase Agreements have been both executed and accepted by Sponsor for the sale of Units representing a minimum of eighty percent (80%) of the Units offered under the Plan. 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; (ii) as to which the Purchaser was not afforded the opportunity to review the Plan and all amendments for at least three (3) business days before signing a Purchase Agreement; or (iii) with any Purchaser who is the Sponsor, the selling agent, the managing agent (if any), or is a principal of any of the foregoing, or related to

any of the foregoing by blood, marriage or adoption or is a business associate, employee, shareholder or limited partner (except that such a Purchaser (other than the Sponsor or a principal thereof) may be included if the Sponsor submits satisfactory proof to the Department of Law establishing that the Purchaser is bona fide).

The Plan may be abandoned, at Sponsor's sole option, at any time before it is declared effective. If the Plan is abandoned, Sponsor shall promptly file an amendment to the Plan and a notice of abandonment on Form RS-3 with the Department of Law. Such notice shall explain the basis for abandonment and must state how any funds received pursuant to the Plan will be distributed. All monies paid by Purchasers pursuant to Purchase Agreements shall be refunded to them in full, with interest, if any, within twenty (20) days of such abandonment.

The Sponsor also reserves the right to abandon the Plan after it has been declared effective, but prior to the First Closing, for any defect in title which cannot be cured without litigation or cannot be cured for less than 0.5 percent (0.5%) of the total offering price, or due to substantial damage or destruction of any portion of the Building by fire or other casualty which cannot be repaired for less than 0.5 percent (0.5%) of the total offering price (as estimated by the insurance adjuster retained by the Sponsor) or the taking of any material portion of the Property by condemnation or eminent domain. Attorneys' fees are excluded from the calculation that determines whether the resolution of an above-described title defect, damage to the Building, or taking by condemnation or eminent domain costs 0.5 percent (0.5%) or more of the total offering price. The cost of curing a title defect or determination of any authority or regulatory association, which exists on the date of presentation of the Plan and is either known to the Sponsor or is a matter of public record, will not be grounds to abandon the Plan after it is declared effective.

If the holder of any blanket mortgage acquires title to any portion of the Property (prior to the First Closing) or to the Unsold Units (after the First Closing) due to a default by the Sponsor under such mortgage, such holder will have the right to act as the agent and attorney-in-fact for the Sponsor to direct the abandonment of the Plan, the filing of a Form RS-3, and the return of the down payments to the prospective Purchasers.

## 14. TERMS OF SALE.

### A. Generally.

The Units, when sold by the Sponsor, will be sold in fee simple to Purchasers who may be individuals, a duly formed partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government, any department or agency thereof, or any other entity which is permitted to own property in the State of New York. The sale of the Units will be made at the respective sales prices as set forth in Schedule A (as such prices may be changed by the Sponsor), and will include the respective undivided interests in the Common Elements. The Sponsor will convey good and marketable title to the Units and its appurtenant interests in the Common Elements by Bargain and Sale Deed with Covenants against Grantor's Acts (a form of which is contained in Part II of the Plan) and containing the

provisions set forth in subdivision 5, Section 15 of the Lien Law, free and clear of all liens, encumbrances, and title exceptions, except those set forth below and in the deed:

1. Any state of facts an accurate survey or physical inspection of the Unit may show, but policy will insure that any encroachment of the Unit onto the Common Elements or onto other Units may remain undisturbed as long as the Building stands;

2. Zoning and building ordinances, resolutions, restrictions and regulations of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, providing same will not be violated by the contemplated structures and use;

3. The Declaration, By-Laws, Maps and floor plans of the Condominium to be recorded in the Office of the City Register, Kings County, as the same may be amended from time to time;

4. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, existing as a result of the construction of the Building, or renovation of the individual Units, or which may have come or may come into existence as a result of settling or shifting of the Building, or as a result of repair of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units and the Common Elements;

5. Easements in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utilities, and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units, including, but not limited to, an easement of access to the basement of a Unit to have such pipes, wires, ducts, conduits, cables and public utilities inspected, maintained, repaired and if applicable, metered and read by the appropriate authority;

6. Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;

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

8. Any easement or right of use created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the right to use, maintain and repair wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the Property;

9. Service, maintenance and union contracts, and agreements, if any, in effect on the date of the First Closing and to be assumed by the Condominium;

10. Encroachments of stoops, areas, cellar steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, drainage pipes, standpipes, sewer pipes, foundations, footings, retaining walls, fences, fire escapes, air conditioning units, canopy and similar projections, if any, on, over or under the Property or the streets or sidewalks or property abutting the Property and rights of governmental authorities and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any;

11. All covenants, restrictions, reservations, agreements and easements of record, if any, which are still in force and effect on the date of the First Closing, provided that they are not violated by and do not prevent residential use of the Units at the Property nor prevent the existence of the present structure;

12. Beams and beam rights and party walls and party wall agreements, if any;

13. The lien of any unpaid real estate tax, and the lien of any water charges or sewer rents generally (which shall be apportioned at closing);

14. Any variations between tax lot lines and lines of record title;

15. Standard printed exceptions contained in the form of title insurance policy then issued by the title insurance company insuring Purchaser's title to his Unit;

16. Any restrictions imposed by the provisions of Section 37 of the General City Law;

17. Any state of facts an accurate survey of the Property would show,

18. Any easements and/or restrictions which are of record as of the filing date of the Plan.

If the Unit is materially damaged between the date of the Purchase Agreement and the closing date, and the Sponsor has not elected to abandon the Plan, either the Sponsor or the Purchaser will have the right to cancel this Purchase Agreement by notice given to the other within thirty (30) days after the date of the damage. However, if the Sponsor elects to cancel this Purchase Agreement, provided the damage relates solely to an individual Unit and does not affect the Common Elements of the Condominium, then a Purchaser may, within ten (10) days notice, nullify the Sponsor's election to cancel and agree to take title subject to the damage without abatement or reduction in the purchase price. The Purchaser will then receive an assignment of all insurance proceeds allocable to the repair of the Unit. If the Purchase Agreement is canceled, the down payment and all accrued interest shall be returned to the Purchaser and the parties shall have no further liability. If the Purchase Agreement is canceled by

the Sponsor and subsequently reinstated, then at closing the Sponsor shall assign to the Purchaser all insurance proceeds allocable to the Unit and the Sponsor shall have no further responsibility to repair the Unit. If the Purchase Agreement is not canceled, the Sponsor will repair the Unit with all reasonable dispatch, subject to receipt of insurance proceeds and force majeure. In that case, the Sponsor will be entitled to reasonable adjournments of the closing date in order to complete repairs, subject to the other rights of rescission of the Purchaser contained in the Plan.

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 subject to the next sentence. The foregoing does not include any personal property of the Sponsor or its agents or contractors used for the construction of the Unit or the Common Elements, or in connection with the sales of Units or the operation of the Condominium (other than the Unit).

**B. Closing Adjustments with Condominium Board.**

Immediately prior to the First Closing, Sponsor shall apportion the following items with the Condominium Board as of midnight of the day immediately preceding the closing:

1. Common Charges for the period from the First Closing to the end of the month in which same occurs;

2. wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building, if any;

3. fees for assignable permits and licenses, if any;

4. charges for electricity for the Common Elements, for which the Sponsor shall obtain a reading;

5. charges under service and maintenance contracts and concession agreements, if any;

6. water charges and sewer rents on the basis of the fiscal or calendar year for which assessed;

7. supplies on hand at Sponsor's cost (plus sales tax);

8. premiums for transferable insurance policies, provided that the amount and the extent of coverage conforms to the disclosures in this Plan in Schedule B;

9. survival of tax certiorari rights and obligations; and

10. such other items as are customarily included in closing adjustments in the State of New York.

At the time of the First Closing of title to each Unit, the Sponsor will collect the equivalent of four (4) months of Common Charges for the Working Capital Fund of the Condominium. Within ninety (90) days after the First Closing, the Sponsor shall pay into the Working Capital Fund the equivalent of four (4) months of Common Charges for any remaining Unsold Units. Thereafter, when title to an Unsold Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse Sponsor at the closing of title for the amount contributed to the Working Capital Fund. This is a special contribution which is separate from the obligations of the Sponsor to pay expenses of Condominium operation.

The Condominium Association will reimburse the Sponsor for net adjustments in favor of the Sponsor from the Condominium Working Capital Fund. The Sponsor estimates that net adjustments will not exceed $8,000, comprised mostly of reimbursement for insurance. In that case, the adjustments can be paid entirely from the Working Capital Fund without any additional Common Charges being required.

**C. Conditions for Closing of Title to Individual Units.**

At the closing of title to a Unit the Purchaser will pay to the Sponsor the balance of the purchase price for the Unit and the Sponsor will deliver to the Purchaser a Bargain and Sale Deed with Covenants against Grantor's Acts.

Closing of title shall take place concurrently with or after the following events have occurred:

1. If required by law or the Department of Buildings, the issuance of a temporary or permanent certificate of occupancy for the Building or alternatively, the issuance of a temporary certificate of occupancy for the Unit closed.

In order to secure the Sponsor's obligation, if the Sponsor has not obtained a permanent certificate of occupancy for the entire project prior to the closing of title to the last Unit, it shall retain an amount in escrow, certified by the Sponsor's architect or engineer, sufficient to perform any work required within the common areas of the Building to obtain a permanent certificate of occupancy for the project. All funds received by Sponsor from Unit closings must be held in an escrow account until the Sponsor's architect or engineer certifies a specific escrow dollar amount. The amount retained in escrow may be disbursed only to pay for work or services in connection with completing the construction and obtaining a permanent certificate of occupancy. Any balance in the account after obtaining a permanent certificate of occupancy will be disbursed to Sponsor. Notwithstanding the foregoing, the Sponsor shall not be required to escrow funds if it has sufficient alternate means, either from capital contributions from its members or a firm construction loan commitment, to finance the remaining work required to obtain a permanent certificate of occupancy for the entire project.

2. The recordation in the City Register's Office of the Declaration, the By-Laws and the filing in that office of a set of as-built floor plans of the Building showing the layout, location and approximate dimensions of the Units and the Unit designations, in accordance with the New York Condominium Act and applicable state and local law. Such filings will be certified by the Tax Assessor of the County of Kings as conforming to the official tax lot number for each such Unit and include an architect's statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York which certifies that the plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the particular Unit or Units as built;

3. The discharge of all duly recorded liens affecting the Unit to be closed and its undivided Common Interest, or the recording of a partial release which releases such Unit and its undivided Common Interest from such lien, if any, as required by Section 339-r of the Real Property Law of the State of New York; and

4. Service by personal delivery or ordinary mail to the Purchaser of written notice of the closing date not less than thirty (30) days prior to closing of title, unless Purchaser elects to waive the thirty (30) day requirement. The notice of closing will require the Purchaser to inspect the Unit or Common Elements during normal business hours prior to closing, or the Purchaser will be deemed to have accepted the Unit in "as is" condition.

The Sponsor will assign to the Unit Owner any manufacturer's warranties with respect to equipment and appliances installed within a Unit at the closing of title to that Unit. Sponsor will assign to the Board of Managers any warranties with respect to equipment and appliances installed in Common Elements at the First Closing.

## 15. UNIT CLOSING COSTS AND ADJUSTMENTS.

### A. General.

The estimated closing costs, expenses and adjustments to be borne by each Purchaser of a Unit are described in detail below. Such costs are only estimates and are subject to change.

### 1. Costs and Expenses.

a. The Sponsor has already cleared title through Royal Abstract ("Royal"), as agent for Stewart Title Insurance Company, having an office at 500 Fifth Avenue, New York, New York 10110, and strongly urges Purchasers to order title through Royal to save time. Fee title insurance rates in the State of New York as of the date of this Plan are as follows: $541.25 for up to $100,000 of coverage, plus $3.05 per thousand dollars of the additional purchase price up to $500,000, and $2.80 per thousand dollars of the additional purchase price in excess of $500,000.

b. Title search charges and recording fees for recording the deed and Unit Owner's Power of Attorney and partial releases of mortgage, which fees are estimated at $500.

c. If a mortgage is obtained from a lending institution, the Purchaser may expect to incur the following costs:

(i) Points, application fee, appraisal costs, survey update or Condominium endorsement if required, legal fees and other customary costs of the lending institution;

(ii) Mortgage title insurance policy costs for a mortgage title insurance policy naming the lending institution as the insured. Mortgage title insurance rates in the State of New York as of the date of this Plan for a borrower simultaneously obtaining fee title insurance are $138.00 for up to $100,000 of coverage, plus $0.77 per thousand dollars of the additional purchase price up to $500,000, and $0.70 per thousand dollars of the additional purchase price in excess of $500,000 to $1,000,000, and $0.64 per thousand dollars of the additional purchase price in excess of $1,000,000. For a Unit with a $1,000,000.00 mortgage simultaneously obtaining fee title insurance, the cost would be about $1,052.

A Purchaser may obtain mortgage title insurance from a company other than its fee insurance company, or without obtaining fee title insurance. However, the cost of mortgage title insurance under those circumstances would be substantially higher ($2.54 per thousand for additional coverage up to $500,000 and $2.32 per thousand from $500,000 to $1,000,000.)

(iii) Mortgage recording tax (currently 2.05% of the amount of the mortgage for residential mortgages in the amount of less than $500,000, and 2.175% of the amount of the residential mortgage if the loan equals or exceeds $500,000, less 1/4% of the loan amount (plus $25.00) paid by the mortgage lender for a residential Purchaser). For a residential mortgage of $1,000,000.00, the cost to a Purchaser would be approximately $19,275. Please note the discussion of mortgage tax credit in Section 15(A)(5) below;

(iv) Recording fee for recording of the mortgage, approximately $450.00.

(v) A deposit towards the payment of real estate taxes and hazard insurance based upon a multiple of estimated monthly real estate taxes and insurance, which will vary with the closing date.

d. Fees and expenses of Sponsor's Counsel for closing of title ($1,750, plus $250.00 if the closing takes place anywhere except in Counsel's offices and a $250 adjournment fee for each adjournment of the closing date requested by Purchaser), as well as those of Purchaser's own attorney, if any. The Sponsor has already cleared title through Royal Abstract ("Royal"). The Sponsor strongly urges Purchasers to use Royal, having an office at 500 Fifth Avenue, New York, New York 10110. If a Purchaser elects to obtain title insurance through a company other than Royal, Counsel for Sponsor and the Purchaser will be required to spend additional time to clear title with Purchaser's title company due to such company's unfamiliarity with the Property.

e. Four (4) months of Common Charges, to be paid into the Working Capital Fund, unless previously contributed by the Sponsor, in which case they shall be paid to the Sponsor. Based on the Common Charges contained in Schedule A, this would total approximately $704.56 to $3,717.04 depending on the Unit.

f. New York State and New York City transfer taxes for Units: For the purchase of a single Unit, the state transfer tax is $2.00 per $500 of the purchase price ("NYS Tax"), and the New York City transfer tax is 1% of the purchase price, if the purchase price is less than $500,000 and 1.425% if the purchase price equals or exceeds $500,000 ("RPT Tax"). **THESE TAXES ARE NORMALLY PAID BY THE SELLER. HOWEVER, BY CONTRACTUAL ARRANGEMENT, THIS WILL BE PAID BY EACH PURCHASER.** Therefore, for purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax. The steps to compute the tax for a Unit costing $500,000 or more are:

(i) Multiply the purchase price by 1.425% to compute the preliminary RPT Tax.
(ii) Multiply the purchase price by .4% to compute the preliminary NYS Tax.
(iii) Add the preliminary taxes to the purchase price.
(iv) Multiply the total by 1.425% to get the final RPT Tax.
(v) Multiply the total by .4% to get the final NYS Tax.

Example: If the Purchase Price is $655,000:

(1) $655,000 x 1.425% = $9,333.75
(2) $655,000 x .4% = $2,620.00
(3) $655,000 + $9/333.75 + $2,620 = $666,953.75 [taxable consideration]
(4) $666,953.75x 1.425% = $9,504.09 [RPT Tax]
(5) $666,953.75 x .4% = $2667.82 [NYS Tax**]

* (rounded up by law)
** (excludes the Additional Tax described in subsection g below)

The New York City tax rate also varies according to the type of purchase. If the purchase is considered a purchase of commercial property and costs more than $500,000, the rate is 2.625%. Purchasers should note that the New York City Department of Finance may aggregate the purchase price of two or more residential units and impose the commercial rate of 2.625% on the aggregate purchase price.

g. If the purchase price of the Unit exceeds $1,000,000, an additional New York State tax due under Article 31 of the Tax Law (the "Additional Tax"), currently equal to 1% of the purchase price.

**2. Adjustments.**

All adjustments shall be made as of the scheduled closing date, unless the closing is adjourned at the Sponsor's request. Adjustments include the following:

a. Real estate taxes from the midnight preceding the date of the closing through the end of the half-year tax payment period within which the closing date occurs, provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes which Sponsor would not otherwise have had to pay, but for an adjournment in closing of title by Purchaser.

b. Common Charges assessed during the month in which title closes shall be adjusted with the Sponsor as of the midnight preceding the closing date, provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any Common Charges which Sponsor was obligated to pay to the Board of Managers as a result of any delay in closing of title at the request of Purchaser. The amount of such Common Charges to be assessed against each Unit will be fixed by the Board of Managers. Common Charges to be initially assessed are expected to conform to those shown in Schedule A of the Plan.

c. Interest on the purchase price at twelve percent (12%) per annum due to any adjournment in closing of title due to Purchaser's request beyond the time limits imposed by Sponsor to compensate the Sponsor for lost opportunity costs on the unpaid amount.

The above closing costs are cumulative to the extent applicable to any individual closing.

**3. Escrows with and Payments to Condominium at Closing.**

(a). Escrows for Real Estate Taxes until Units are Separately Assessed for Real Estate Taxes.

If the Units have not been separately assessed for real estate tax purposes prior to the closing of title to a Unit, then at closing, real estate taxes for the tax year in which the closing occurs will be adjusted with the Sponsor as per Section 15(A)(2)(a) above. In addition, the Unit Owner will place in escrow with the Condominium an amount equal to the real estate taxes allocable to the Unit for the next succeeding half tax year. For example, if the closing occurs before January 1, 2007, pro-rata taxes for the half tax year January 1, 2007 - June 30, 2007 will be collected at closing, and the Unit Owner will place in escrow with the Condominium the projected allocable taxes for the tax period July 1, 2007 - December 31, 2007. The Condominium will then apply such payments toward the taxes due for the Property for the applicable tax year. When the Units are separately assessed, any amounts held in escrow on behalf of a particular Unit will be returned to the Unit Owner or as he or she may direct.

If no separate Unit apportionment has occurred by the time of a Unit closing, the real estate taxes allocable to each Unit shall be on the basis of the percentage of Common Interest attributable to such Unit. If a subsequent adjustment needs to be made when the tax lots are apportioned to correct any discrepancy between the adjustment on the basis of percentage Common Interest and adjustment on the basis of actual apportionment, it shall be made at that time.

The Sponsor will not be obligated to put any amounts in escrow with the Condominium Board unless tax lots remain unapportioned as of the first day of the last month before the next tax payment period. Thereafter, the Sponsor shall be entitled to reimbursement from a Unit Owner for real estate taxes that the Sponsor has placed in escrow with the Condominium.

(b) Next Month's Common Charges. At closing, each Unit Owner will pay the Common Charges (and real estate tax installment, if applicable) to the Condominium for the next month

after the month in which the closing date occurs. Such payment is being made at closing to avoid potential delays in collection due to move-ins and changes of address. Such payments will be applied to the Common Charges and real estate taxes applicable to that month.

**4. Summary: Typical Closing Costs, Adjustments, Escrows.**

A Purchaser of a Unit costing $655,000 will pay the following typical estimated costs:

Fee Title Insurance ($2,088)
Title search ($500)
Recording charges ($500) (for deed and Power of Attorney)
Sponsor's Legal Fees ($1,750)
NYC Real Property Transfer Tax ($9504.09)
NYS Transfer Tax ($2667.82)
Additional Tax ($0)

In addition, a Purchaser will make a mandatory contribution to the Working Capital Fund of approximately $704.56 to $3,717.04 depending on the Unit.

If the Purchaser is obtaining mortgage financing in the amount of $1,000,000.00, the Purchaser can anticipate the following expenses of financing: mortgage title insurance, simultaneous rate ($1,052); NYS and NYC mortgage tax ($19,275.00 for a residential mortgage); and recording charges ($450.00).

The Purchaser will likely incur other financing charges, such as commitment fee, application fee, appraisal, legal fees for the lender, a survey update or a Condominium endorsement if required, and other customary costs of the lending institution. Since these costs vary greatly from lender to lender, no estimate is provided here.

At closing, the Purchaser will also make cash payments for escrow deposits for real estate taxes with either the lender or the Condominium; the following month's Common Charges; and loan interest to its lender through the end of the month in which the closing occurs. In addition, the Purchaser will adjust with the Sponsor for prepaid real estate taxes and Common Charges. However, none of these payments are additional closing costs, but represent reimbursement or prepayment of actual expenses of ownership of the Unit and operation of the Condominium. Likewise, the mortgage tax credit under Section 339-ee does not change the total mortgage tax payment owed by a Purchaser, merely whether such tax is paid to the lender or used to reimburse the Sponsor.

Purchasers are advised to read the detailed analysis of costs in this Section for further information.

5. **Mortgage Tax Credit.**

Section 339-ee(2) of the New York Real Property Law provides as follows:

"In the event the proceeds of a construction mortgage were applied to construction of a Unit of a Condominium submitted to the provisions of the article, or in the event that a Unit submitted to the provisions of this act was subject to a blanket mortgage whose proceeds were applied exclusively to payment of the construction mortgage or to capital expenditures or expenses for the development or operation of the Condominium, or to purchase of land or buildings for the Condominium provided that such purchase was no more than two years prior to the recording of the declaration of Condominium, and a mortgage tax was duly paid on such construction or blanket mortgage in accordance with article eleven of the tax law, then, as each Unit is first conveyed, there shall be allowed a credit against the mortgage recording taxes (except the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of the tax law) that would otherwise be payable on a purchase money mortgage, said credit to be in the amount resulting from the product of the Purchaser's pro-rata percentage of interest in the common elements and the mortgage tax already paid on the construction or blanket mortgage. No credit shall be allowed under this subdivision (a) on account of the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of the tax law or (b) where the first Condominium Unit is sold more than two years after the construction or blanket mortgage was recorded."

Since there is no mortgage of any kind encumbering the Property, the above Section 339-ee(2) of the New York Real Property Law does not apply.

**B. Option of Sponsor to Pay All Expenses of Operation in Lieu of Common Charges.**

By notice to the Unit Owners, the Sponsor will have the right to pay all expenses of operation of the Property in lieu of Common Charges until the earlier of (a) thirty (30) days after delivery of a cancellation notice to all Unit Owners (unless the Sponsor notifies the Unit Owner at the closing of title to its Unit as to the last day for which the Sponsor will pay expenses of operation, in which case such date will apply); (b) one (1) year after the First Closing; or (c) sales of seventy-five percent (75%) of all Units in percentage of Common Interest. At that time, Sponsor will amend the Plan and furnish an updated budget before commencing collection of Common Charges from the Unit Owners. Thereafter, all Unit Owners will pay Common Charges for their Units, including the Sponsor with respect to the Unsold Units

## 16. RIGHTS AND OBLIGATIONS OF SPONSOR.

No bond or other security has been furnished to secure the performance of the Sponsor's obligations. Although at the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. If the Sponsor cannot perform the Sponsor's financial obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units.

## A. General Representations.

The Sponsor makes the representations set forth below with respect to certain obligations under the Plan.

1. Sponsor represents that it will make good faith efforts to sell all of the Units included in this offering, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives, filing customary update amendments to keep the Plan in effect, and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of five percent (5%) or more from the offering prices set forth in Purchase Agreements counted toward effectiveness for comparable Units, then the Sponsor reserves the right to rent, rather than sell, the Unsold Units until there is an upturn in the market. If the Sponsor files a price increase amendment to the Plan, then Sponsor's right to rent shall only apply if offers fall below the initial offering prices contained herein, not the increased prices.

If the Sponsor (its successors, assigns or designees) does not receive offers for the prices set forth in Schedule A, then any Unsold Units may be offered for lease. Purchasers of any such leased Units will therefore be purchasing Units that have been previously occupied. Sponsor will notify Purchasers of Units that have been previously occupied prior to the execution of a Purchase Agreement of such occupancy and will set forth the condition in which such Unit will be delivered (including outstanding warranties, if any). There shall be no obligation on the part of Sponsor or any other offeror of such Unit to decorate, repaint, refurbish or in any way repair such Unit.

Bona fide Purchasers may purchase Units for personal occupancy or for rental operation. Units rented to tenants will receive the same Building services and use of the Building's common areas as owner-occupants. However, a tenant may not have the same economic interest in the maintenance and care of the Building's facilities and amenities as the owners of the Units. In addition, owner-occupants and non-owner occupants may disagree as to expenditures for items such as lobby and hallway decorations and capital improvements, to exercise the Board's right of first refusal to purchase or lease a Unit, or to borrow money to alter or improve the Building.

2. Sponsor shall be obligated to defend any suits or proceedings arising out of its acts or omissions and to indemnify the Board of Managers or the Unit Owners against any such suits or proceedings.

3. All representations under the Plan, all obligations pursuant to the General Business Law and such additional obligations under the Plan which are to be performed subsequent to the closing date will survive delivery of the deed.

4. The Sponsor will pay or cause to be paid all contractors, subcontractors and material suppliers and all others involved in the construction of the Units and Common Elements for the authorized and proper work performed and fixtures, material and equipment supplied or

installed in said construction and will cause all mechanics liens with respect to such construction to be promptly discharged or bonded.

5. The Sponsor will pay all Common Charges, real estate taxes, special assessments and other expenses allocable to any Units owned by the Sponsor, so long as Sponsor shall continue to own the same, subject to the other terms of this Plan. However, if Purchaser has adjourned the closing of title, Sponsor shall be entitled to certain reimbursements for real estate taxes, Common Charges and interest on the purchase price at the rate of twelve percent (12%) per annum to compensate the Sponsor for lost opportunity costs.

6. The risk of loss from fire or other casualty with respect to each Unit shall remain with Sponsor until the closing of title to the Unit, unless a Purchaser takes possession prior to purchasing his Unit (in which case the Purchaser shall bear the risk of loss or other casualty with respect to that Unit, i.e., the Purchaser will be obligated to bear the cost of restoring the Unit as if the Purchaser had already taken title). For specific details, see Section 11, entitled "Procedure to Purchase".

7. Prior to the First Closing, Sponsor shall procure on behalf of and at the expense of the Condominium, fire and casualty insurance policies pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid coinsurance, as set forth in Schedule B. The cost of such insurance will be adjusted with the Board of Managers at the First Closing and repaid from the Working Capital Fund of the Condominium.

8. The Sponsor shall not voluntarily dissolve or terminate prior to the First Closing. In the event of a dissolution or liquidation of the Sponsor or the transfer of twenty percent (20%) or more of the total number of Units in the Condominium, 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 law or regulations.

9. The Sponsor will diligently, expeditiously and at Sponsor's own cost, complete the construction of the Units and Common Elements substantially in accordance with the Building Plans and specifications described in the Plan. If any work still remains to be done to complete such construction, then provided such work will not prevent the issuance of a new permanent certificate of occupancy, the Sponsor, at Sponsor's own cost and expense, will perform or cause all such work to be performed and will supply or cause all material therefore to be supplied and will pay for such work and materials and discharge or bond all mechanic's liens which may be filed as a result of the construction of the Units or Common Elements.

The Sponsor reserves the right to substitute for any of the materials specified in either the Building Plans, the Description of Property and Building Condition or elsewhere in the Plan, materials of equal or better quality and design. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan and in the architectural plans on file, but, due to the possible unavailability of materials and supplies, Sponsor may substitute materials, fixtures, appliances and equipment of equal or better quality and design for any of those set forth in the specifications or otherwise in this Plan.

No change will be made in the size, location of the Building or Units or other improvements or Common Elements if such changes affect the percentage of Common Interest 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. Notwithstanding the foregoing, such changes may be made provided all directly affected Unit Owners have consented in writing to such change and all directly affected Purchasers who are still contract vendees and who are not then in default, are given the right to rescind their Purchase Agreements and receive from Sponsor a return of any deposit or down payment for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor.

10. The Sponsor reserves the right to close title to Units after procuring a temporary certificate of occupancy with respect to a Unit. However, the Sponsor will complete the construction and obtain a permanent certificate of occupancy for the entire project before the temporary certificate of occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than two (2) years from the First Closing.

In order to secure the Sponsor's obligation, if the Sponsor has not obtained a permanent certificate of occupancy for the entire project prior to the closing of title to the last Unit, it shall retain an amount in escrow, certified by the Sponsor's architect or engineer, sufficient to perform any work required to obtain a permanent certificate of occupancy for the project. The amount retained in escrow may be disbursed only to pay for work or services in connection with completing construction and obtaining a permanent certificate of occupancy. Any balance in the account after obtaining a permanent certificate of occupancy will be disbursed to Sponsor. Alternatively, Sponsor may 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 Department of Law. Notwithstanding the foregoing, the Sponsor shall not be required to escrow funds if it has sufficient alternate means, either from capital contributions from its members or a firm construction loan commitment, to finance the remaining work required to obtain a permanent certificate of occupancy for the entire project.

11. Sponsor shall keep copies of the Plan, exhibits and documents referred to in the Plan on file at Sponsor's offices for six (6) years from the date the Declaration is recorded.

12. In accordance with Section 339-p of the Real Property Law of the State of New York, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the floor plans filed with the recording of the Declaration are a substantially accurate copy of portions of the plans of the Building as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings.

13. During the time that the principals of the Sponsor and other Sponsor designees control the Board, it is within their sole power to enforce the obligations of the Sponsor pursuant to the Plan and as these obligations pertain to the Common Elements. Therefore, Sponsor agrees that during such period it will, in its capacity as the Board of Managers, enforce such obligations

when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding Sponsor, at a special meeting of the Unit Owners called for such purpose.

14. The Sponsor will assign to the Unit Owner any manufacturer's warranties with respect to equipment and appliances installed within a Unit at the closing of title to that Unit. Sponsor will assign to the Board of Managers any warranties with respect to equipment and appliances installed in Common Elements at the First Closing.

15. The Sponsor will pay all expenses incurred prior to the establishment of the Condominium in connection with its operation and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium whenever such costs or expenses are incurred, or in connection with the sale of all of the Units held or owned by the Sponsor, and will pay or have paid, except as otherwise provided in the Plan, all selling expenses of Sponsor, including, but not limited to, advertising and printing costs, architect's fees, organization costs, engineer's fees, appraisal and any surveying fees and costs. The above does not obligate the Sponsor to perform any work for the Purchaser prior to closing of title, except as specifically described in the Purchase Agreement or elsewhere in this Plan.

16. Prior to the First Closing, all liens affecting the Property shall be paid and satisfied or bonded, or the Units being conveyed and their appurtenant Common Interest shall be released therefrom by partial release duly recorded.

17. Sponsor shall deliver to the Board of Managers a set of "as built" architectural plans upon completion of the project.

18. No bond or other security has been furnished to secure the performance of the Sponsor's obligations. At the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units. The Sponsor intends to fund its obligations to the Condominium through income from projected sales. If sales do not meet the Sponsor's projections then Sponsor may require a capital contribution from its principal or enter into lease agreements for the Unsold Units. The subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. If the Sponsor cannot perform the Sponsor's financial obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units.

19. The Sponsor and Sponsor's attorneys will comply with the escrow and trust fund provisions of Section 352-e (2) (b), 352-h of the General Business Law and Section 71-a (3) of the Lien Law.

20. Sponsor will not be liable for, and a Purchaser may not make a claim for, incidental, consequential, special, or indirect damages. The Sponsor will not be responsible for correcting any latent defects of construction or renovation or defects in the installation or operation of any appliances, equipment or fixtures with respect to which assignable warranties or other undertakings (however denoted) from contractors, material suppliers, or others, have been

assigned to the Condominium or individual Unit Owners. Also, in no event shall the Sponsor be responsible for any condition resulting from normal wear and tear or natural deterioration or from the normal settling or shifting of the Building or normal spalling of concrete, or for other minor defects, such as, without limitation, nail pops, ridging on sheet rock walls, lumber shrinkage, door sticking due to weather, door warpage, bath tile grouting, or consequential damage resulting from settlement (including, without limitation, concrete cracks which do not impair the structural soundness of the Building or slight separation between base and floor), normal plumbing and heating noises, any leakage from doors within a Unit leading to an exterior Limited Common Element area (such as roof terraces, balconies, or yards) if the Purchaser has not installed storm doors, or floor discoloration and stretching.

**B. Sponsor's Rights of Access, Alterations, Repairs.**

**1. General.** As a condition of sales of Units pursuant to this Plan, Sponsor reserves to itself, its principal shareholders, successors, assigns, designees, invitees, contractors, agents, employees and tenants any and all easements and rights of access, in and to Units, Common Elements and Limited Common Elements consistent with the purposes of the Plan and Sponsor's rights and obligations thereunder.

**2. Examples of Specific Easements and Rights of Access Reserved by Sponsor.** Without in any way limiting the generality of rights reserved in Section 16(A) above, such rights reserved to Sponsor and its designee(s) specifically include the following:

a. The right to maintain any vacant and Unsold Unit(s) as general and sales and leasing office(s) and/or Model Unit(s) and to maintain personnel at the Property, to post signs, and to conduct other activities connected with promotion, sales or leasing, such as inspection by and display of vacant or leased Units, as well as, all Common Elements and Limited Common Elements, to prospective Purchasers or lessees;

b. The right of access in and to Units, Common Elements, Limited Common Elements and adjoining lots for purposes of renovation, construction, repair, refurbishment, correction, alterations, finishing, servicing (including, but not limited to, garbage collection) and similar work;

c. The right to show vacant or leased Units; and

d. Utility and other easements to alter any Unit or General or Limited Common Elements subject to filed amended plans and/or specifications, and consistent with the terms of this Plan.

**3. Alterations.** Sponsor (and its successors, assigns and designees) shall have the right to alter any Unit, Common Element or Limited Common Element subject to filed amended plans and/or specifications, and consistent with the terms of this Plan.

**4. Repairs; Interference.** Sponsor agrees to repair damage resulting to a Unit from exercise of the above rights of access and to exercise such rights so as to limit, to the extent

practicable, unnecessary interference with use of the Property by Unit Owners. However, under no circumstances will the Sponsor be obligated to repair or replace improvements or decorations to a Unit made by a Unit Owner.

C. Limited Warranty.

1. **Common Elements**. The Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to the Common Elements. However, the Common Elements are subject to a limited warranty ("Common Element Warranty") given by the Sponsor as follows:

For a period of one (1) year, the Sponsor will correct defects in the Common Elements which are caused solely by: (i) defective workmanship by Sponsor or any agent or subcontractor of or persons working for Sponsor; (ii) defective materials supplied by Sponsor or any agent or subcontractor of or persons working for Sponsor; or (iii) defective design provided by the architect, or subcontractor, engineer or other design professional or subcontractor engaged solely by Sponsor.

The foregoing one-year Common Element Warranty shall commence upon the later of (i) three (3) months from the First Closing or (ii) receipt by the Condominium of written notice from the Sponsor that the General Common Elements are substantially complete, as certified by the Sponsor's architect or engineer (the "Common Element Warranty Period").

The specific scope of the covered defects is further defined in the Common Element Warranty attached to the Declaration. If a Unit Owner or the Board of Managers believes there is a Common Element defect which is covered by this Common Element Warranty, then he or the Board member must, within thirty (30) days after the last day of the Common Element Warranty Period, notify the Sponsor of his claim in a writing, sent by certified mail, return receipt requested, to: North Tower LLC, 134 Broadway, Brooklyn, NY 11211.

**THERE ARE NO COMMON ELEMENT WARRANTIES WHICH EXTEND BEYOND THE FACE OF THE COMMON ELEMENT WARRANTY AS SET FORTH IN THE DECLARATION OF CONDOMINIUM. THE PURPOSE OF THE COMMON ELEMENT WARRANTY IS TO IDENTIFY THE SPONSOR'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS.**

**NOTHING IN THE LIMITED WARRANTY SHALL RELIEVE THE SPONSOR OF LIABILITY, SUBJECT TO AND IN ACCORDANCE WITH APPLICABLE LAW, FOR DEFECTS DUE TO SPONSOR'S FAILURE TO CONSTRUCT THE UNIT SUBSTANTIALLY IN ACCORDANCE WITH APPLICABLE BUIDING CODES AND FILED BUILDNG PLANS AND SPECIFICATIONS.**

**TIME IS OF THE ESSENCE WITH RESPECT TO ALL NOTICE PERIODS UNDER THE COMMON ELEMENT WARRANTY.**

**2. Units**. The Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to this offering. However, sales of Units are subject to a limited warranty ("Warranty") given by the Sponsor as follows:

(a) For one (1) year, the Unit will be free from: (i) defects caused by workmanship or materials that do not meet the standards of the applicable Building Code, or (for items not covered by code) locally accepted building practices; (ii) defects caused by unskillful installation of plumbing, electrical, heating, cooling and ventilation systems (if any); and (iii) material physical defects in the structural elements (foundation, floors, walls, roof framing) which make it unsafe or unlivable. The specific scope of the covered defects is further defined in the Warranty attached as Exhibit A to the Purchase Agreement.

(b) Defects not caused by defective workmanship, materials or design, and patent defects which were obvious (or would have been obvious upon inspection) are excluded. There are no warranties for appliances sold with the Unit, which are covered by other warranties from the manufacturers of those goods.

(c)(i) A Purchaser cannot make a claim for incidental, consequential, special or indirect damages; (ii) a Purchaser's recovery for defects is limited to $25,000; (iii) the Warranty is for the benefit of the first owner of a Unit and excludes all subsequent owners; and (iv) the Warranty applies only to the portions of the Unit which were renovated or newly constructed by the Sponsor, as described in the "Description of Property and Building Condition" set forth in Part II of the Plan. However, if any of the foregoing provisions fail to meet or exceed the applicable Building Code, or in the absence of such relevant specific standard, a locally accepted building practice, or fail to ensure that the Unit is habitable by permitting conditions to exist which render the home unsafe, such provision shall be void as contrary to public policy. In addition, the Sponsor will remain liable in accordance with filed Building Plans and specifications, subject only to applicable statute(s) of limitations.

**NOTHING IN THE LIMITED WARRANTY SHALL RELIEVE THE SPONSOR OF LIABILITY, SUBJECT TO AND IN ACCORDANCE WITH APPLICABLE LAW, FOR DEFECTS DUE TO SPONSOR'S FAILURE TO CONSTRUCT THE UNIT SUBSTANTIALLY IN ACCORDANCE WITH APPLICABLE BUIDING CODES AND FILED BUILDNG PLANS AND SPECIFICATIONS.**

For the full scope of the Warranty, Purchasers are advised to read the Warranty attached to the Purchase Agreement in Part II of the Plan. **TIME IS OF THE ESSENCE WITH RESPECT TO ALL NOTICE PERIODS UNDER THE WARRANTY**. Sponsor shall be deemed to have discharged any obligation it may have with respect to patent or latent defects, as the case may be, if notification of any warranty claim is not accomplished within the time periods described in the Warranty attached to the Purchase Agreement.

**D. <u>Power of Attorney</u>.**

At closing all Unit Owners must execute a Power of Attorney in favor of the Sponsor to amend the Declaration, By-Laws and the Regulations of the Condominium to effect reallocations

of percentages of Common Interest among Sponsor owned Units and to permit the Sponsor to implement various rights reserved to the Sponsor under the Condominium Documents. See the form of Power of Attorney and Declaration in Part II of the Plan.

## 17. CONTROL BY SPONSOR.

Title to all Units which have not been sold by the time of the First Closing will remain with the Sponsor or its designees until such Units shall thereafter be sold to bona fide Purchasers. Sponsor sales do not require a waiver of the right of first refusal from the Board of Managers.

Until the first anniversary of the recording of the Declaration of Condominium ("First Anniversary"), the Board of Managers shall consist of three (3) persons designated by the Sponsor. Accordingly, until such First Anniversary, the Sponsor shall have absolute voting control of the Board of Managers. Thereafter, the Sponsor will relinquish control of the Board of Managers after the earlier of (i) the transfer of title to Units, the percentage Common Interest of which, in the aggregate, equals at least ninety percent (90%) or (ii) five (5) years after the First Closing ("Control Period"). During the Control Period, the Sponsor will have control of maintenance, facilities and services to be provided, as well as determining the Common Charges to be paid by Unit Owners. The Sponsor will cause the Condominium to hold a meeting of Unit Owners within thirty (30) days after the expiration of the Control Period to elect new Board members unaffiliated with the Sponsor.

So long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to designate one (1) of the members of the Board of Managers. While the Sponsor owns a Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interest allocated to all of its Units for all seats on the Board. However, after the Control Period has expired, not more than one less than a majority of the members of the Board will be affiliated with the Sponsor and the majority of the Board will then be elected by the Unit Owners of the Condominium.

Until such time as the Unsold Units constitute less than ten percent (10%) of the Common Interest, or five (5) years from the First Closing (whichever is sooner), the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) make any addition, alteration or improvement to the Common Elements or to any Unit at the expense of the Condominium; (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, except to the extent that the aggregate fund does not exceed five percent (5%) of the budgeted expenses of the Property; (iii) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are insufficient); or (iv) hire any employee or enter into any service or maintenance contract to perform services or work not set forth in Schedule "B". As long as the Sponsor or any Sponsor-designee shall continue to own a Unit, the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designee; or (ii) interfere with the offer and sale or leasing offices at the Property or any actions necessary for construction, renovation, repair or correction at the Property required by Sponsor. The

Sponsor or Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions. However, notwithstanding the foregoing restrictions, the Sponsor or Sponsor-designee shall not have the right to veto expenses detailed in Schedule B, or expenditures for the making of capital repairs to the Common Elements, or assessment of any Common Charge for expenses required to remedy any notice of violation, comply with applicable law, or cure a work order of an insurance carrier.

Members of the Board of Managers will serve without compensation. All officers of the Condominium shall also serve without compensation. Sponsor represents that for as long as it or any of its designees are members of the Board of Managers neither it nor any of its designees will vote for remuneration for either members of the Board of Managers or officers of the Condominium.

Except for a member of the Board of Managers designated by the Sponsor, a member of the Board of Managers may be removed from office with or without cause by the affirmative vote of Unit Owners owning in the aggregate a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor may only be removed for cause or by the Sponsor, and in either event, only the Sponsor shall have the right to designate a replacement.

An officer may be removed, with or without cause, by an affirmative vote of a majority of the members of the Board of Managers.

## 18. RIGHTS AND OBLIGATIONS OF UNIT OWNERS.

### A. Sale or Lease of Units.

1. Each Unit Owner may freely sell his Unit provided he first gives the Board, on behalf of all Unit Owners, an opportunity to purchase such Unit at the same price and on the same terms as were offered in good faith by a prospective Purchaser as more specifically provided for in the By-Laws. The Unit Owner will indicate whether or not the prospective Purchaser will be an owner-occupant. After receipt of the initial notice, the Board of Managers reserves the right to request additional information regarding the proposed Purchaser and the transaction, and to request a personal interview. The Board of Managers has a right of first refusal with respect to the sale of a Unit. The Board of Managers will notify the Unit Owner of its intention to exercise the right within thirty (30) days after receipt of the offering Unit Owner's notice (or, if additional information has been requested after reviewing the submissions of the Unit Owner, within thirty (30) days after receipt of all additional information reasonably required by the Board). If the Board fails to notify the Unit Owner of its election to purchase the Unit within thirty (30) days after receipt of the offering Unit Owner's notice (or, if additional information has been requested after reviewing the submissions of the Unit Owner, within thirty (30) days after receipt of all additional information reasonably required by the Board), the Unit Owner will have sixty (60) days to accept the outside offer of the prospective Purchaser, failing which the Unit Owner will be required to again first offer same to the Board.

2. Each Unit Owner may lease his Unit provided he first gives the Board, on behalf of all Unit Owners, an opportunity to lease such Unit at the same price and on the same terms as were offered in good faith by a prospective lessee as more specifically provided for in the By-Laws. After receipt of the initial notice, the Board of Managers reserves the right to request additional information regarding the proposed lessee and the lease. The Board of Managers has a right of first refusal with respect to the lease of a Unit. The Board of Managers will notify the Unit Owner of its intention to exercise the right within thirty (30) days after receipt of the offering Unit Owner's notice (or, if additional information has been requested after reviewing the submissions of the Unit Owner, within thirty (30) days after receipt of all additional information reasonably required by the Board). If the Board does not elect to lease the Unit within thirty (30) days after receipt of the offering Unit Owner's lease notice, the Unit Owner will have sixty (60) days to accept the lease offer of the prospective lessee, failing which the Unit Owner will be required to again first offer same to the Board. The Board may establish reasonable rules with respect to lease terms.

Leases of Units may be subject to additional restrictions including, but not limited to, a minimum term length and rights after a default. See Article X of the By-Laws for further details. Any lease of a Unit shall be in the form then recommended by the Real Estate Board of New York, Inc., for residential space except for such changes therein as may be provided in the By-Laws and the Regulations of the Condominium.

3. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges and assessments and expenses theretofore assessed by the Board of Managers against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

4. Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed such Unit Owner's (i) undivided interest in the Common Elements; (ii) interest in any Unit or Units acquired by the Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit); and (iii) interest in any other assets of the Condominium.

5. The foregoing provisions of Section 18(A) shall not apply with respect to (a) any sale, conveyance or lease by a Unit Owner of his Unit to his spouse or to any of his children over the age of 18 years or to his parent or parents or to his brothers or sisters, or any one or more of them, or to a trust established for the benefit of any of them; (b) a sale or lease of a Unit owned by the Sponsor or any principal thereof (as defined in the Offering Plan pursuant to which the Condominium was established); or (c) the sale or lease of a Unit to the controlling principal of any non-individual entity owning the Unit or members of his or her immediate family; (d) the acquisition, sale or lease of a Unit by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure; or (e) a conveyance or transfer by gift during a Unit Owner's lifetime; or (f) the devise of a Unit by will or intestacy. However, the Board of Managers must be given written notice of every sale or lease of a Unit.

The restrictions upon the sale and leases of Units set forth in this Section 18(A) shall not apply to Units owned by the Sponsor, its designees, or to any first mortgagee acquiring title in

foreclosure or by deed in lieu of foreclose; they shall be free to sell or lease a Unit without first offering to sell or lease to the Board of Managers on behalf of the Unit Owners.

6. By virtue of executing a lease, all Unit Owners, tenants and occupants irrevocably submit to personal jurisdiction in the State of New York and venue in Kings County in any action commenced by the Board of Managers.

**B. Mortgage of Units.**

Each Unit Owner is free to mortgage his Unit. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy any arrearage for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefore. The By-Laws provide that the Board of Managers may request that it be notified by each Unit mortgagee of any default of a mortgage on a Unit.

**C. Easements and Right of Access.**

Each Unit Owner shall have an easement in common with the Owners of other Units to use and maintain all pipes, ducts, cables, wires, conduits, air conditioning condensers (if any), public utility lines or other Common Elements located in the other's Unit and serving his or her own Unit, if any. In addition, each Unit Owner shall have an easement for the continuance of any encroachment by the Unit on any adjoining Unit or on any Common Element, now existing or which may come into existence hereafter as a result of the settling or shifting of the Building, or as a result of restoration of the Building or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or by reason of any alteration made by the Board of Managers to the Common Elements so that any such encroachment may remain undisturbed so long as the Building stands. This easement includes, but is not limited to, an easement of access to the basement of a Unit to have such pipes, wires, ducts, conduits, cables, and public utilities inspected, maintained, repaired and if applicable, metered and read by the appropriate authority. The Board of Managers, through a designated manager, managing agent, or their employees or other designee, shall have a right of access to such Unit to inspect and make repairs to the Unit to prevent damage to the Common Elements, Limited Common Elements or any other Unit.

**D. Use and Occupancy of Units.**

The Residential Units may be used only for private residential use, or any home occupation use permitted under applicable zoning law and ordinances, Building Code or other rules and regulations of governmental authorities having jurisdiction. The Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law and ordinances and provided further, that the prior written consent of the other Unit Owners to such professional use is obtained. No illuminated or other sign may be used in connection with the aforementioned use, except for a professional sign, non-illuminated, and not larger than the size permitted by the Board of Managers.

Except as set forth above, no industry, business, trade, occupation or profession of any

kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units, nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right is reserved by the Sponsor, its designee and the Board of Managers, or its agent, to place "For Sale", "For Rent", or "For Lease" or similar signs on any Unsold or unoccupied Units. Sponsor and its designee shall have the right to place "For Sale", "For Rent", or "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size.

No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners of the other Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.

Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and for providing access to the Units. No part of the Common Elements shall be obstructed as to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage or where specifically designated as such; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

No portion of a Unit other than the entire Unit may be leased.

For a more complete discussion, see the Declaration and the Regulations of the Condominium which are reproduced in full in Part II of the Plan.

**E. Determination of Common Charges and Liens for Nonpayment of Common Charges.**

Each Unit Owner shall have an obligation to pay Common Charges and assessments or other expenses when due. Common Charges for each Unit shall be determined by multiplying that Unit's percentage of Common Interest by the total annual net expenses incurred or anticipated to be incurred for those items listed in Schedule B in the Plan, together with the expense of any special repairs, major capital improvements or other expenses deemed by the Board of Managers to be part of the Common Expenses and to be paid as Common Charges, all in accordance with Article VI of the By-Laws. Common Charges will be established on an annual basis and paid in equal monthly installments, due and payable on the first day of each

month. In accordance with Article VI of the By-Laws, the Board of Managers may also impose special assessments as it deems necessary to meet unanticipated or extraordinary expenses, including, but not limited to, expenses incurred for major capital improvements. Any such special assessment to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of Common Interest. Common Charges also include late payment charges, fees and expenses of collection or enforcement of the Condominium Documents (including attorneys' fees), accrued interest, and fines charged to a Unit Owner.

Common Charges which remain unpaid for more than thirty (30) days shall bear interest at the maximum rate permitted by law.

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers on behalf of the Unit Owners will have a lien against each Unit for unpaid Common Charges assessed by the Board of Managers. Such lien will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon in excess of six (6) months Common Charges and attorneys fees for collection thereof. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of notice thereof in the office of the Register of the City of New York, County of Kings and until all sums secured thereby with the interest thereon shall have been fully paid or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Board of Managers to recover the unpaid Common Charges without foreclosing the lien.

Upon the failure of a Unit Owner to pay any portion of Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against the Unit Owner's Unit for the unpaid Common Charges as set forth above, and to impose late charges and administrative fees of up to $100 per violation as additional Common Charges with respect to each new violation to cover the additional costs of administration. The Sponsor will cause the Board of Managers to file a lien as provided in Real Property Law Section 339-aa on Units in which the Sponsor is more than thirty (30) days in arrears of Common Charges while the Sponsor controls the Board. Failure of the Board of Managers to place such a lien or impose such charges shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time.

Under the provisions of Section 339-kk of the Real Property Law of the State of New York, the Board of Managers also shall be entitled to collect all rental payments due from a tenant to a non-owner occupant if the non-owner occupant fails to make payments to the Board of Managers for Common Charges, assessments or late fees when due, and if such non-payment shall continue for a period of sixty (60) days after the expiration of any grace period for payment provided for in the Declaration and By-Laws.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer, or other conveyance made by him of his Unit, with appurtenant Common Elements, in accordance with the Declaration and By-Laws.

All Unit Owners shall be required to comply with the Declaration, By-Laws, Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

The Board of Managers may also impose fines on Unit Owners who violate the Condominium Documents. The amount and administration of such fines shall be established in the Board's reasonable discretion. Such fines shall be deemed additional Common Charges.

**F. Repairs.**

All maintenance, repairs and replacements to any Unit, ordinary or extraordinary, and to the doors, windows, electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning Units (if any) within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws.

All maintenance, repairs and replacements (individually and collectively "Repairs") to the General Common Elements (as defined in the Declaration) shall be made by or on behalf of the Board of Managers and be charged to Unit Owners as a Common Expense, except to the extent that the Repairs are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case the expense shall be charged to such Unit Owner.

Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers at the expense of the Unit Owner, if it is a Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks) or (b) by the Unit Owner having direct and exclusive access the Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs.

Notwithstanding the foregoing, the Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents. The Board of Managers and the managing agent (if any) shall have the right of access to any Unit for the purpose of inspecting any repair, replacement or maintenance to a Limited Common Element.

**G. Additions, Alterations and Improvements.**

A Unit Owner may make a non-structural alteration to a Unit that does not affect the

exterior of the Building, the utility systems of the Condominium, or the value of other Units without the consent of the Board of Managers. However, the Board of Managers may establish regulations governing access, insurance and other matters relating to the performance of any work within a Unit. No other installations or alterations may be made to a Unit without the consent of the Board of Managers, as described below. No Unit Owner, other than the Sponsor may make a structural alteration in a Unit, install any fixtures or appliances (other than electrical appliances), or make any alteration affecting the utility systems of the Building without the prior written approval of the Board of Managers, which shall not be unreasonably withheld. Any approval, if granted, shall provide that such alteration shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurances, (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions shall be maintained in their entirety by said Unit Owner (who shall also be responsible for any repairs, including structural repairs, to such addition under all circumstances, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration or due to improper design or construction of the structural alteration). Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration. The Unit Owner shall sign an alteration agreement to the effect of the foregoing and incorporating such other terms as the Condominium may require.

No Unit Owner may alter or improve a Limited Common Element without the consent of the Board of Managers.

Unit Owners may combine two or more Units, subject to the conditions and limitations set forth in this Section.

The Board of Managers and managing agent (if any) shall have a right of access to any Unit for the purpose of inspection, making any repairs or replacements to any of the Common Elements or Limited Common Elements contained in such Unit or elsewhere in the Building, remedying any condition which would result in damage to any other Unit or to the Common Elements or Limited Common Elements or which would violate the provisions of any mortgage encumbering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, or to cure any defaults by a Unit Owner or for any other purpose permitted by the By-Laws.

All alterations are subject to the Regulations of the Condominium regarding the time and manner of performance, security, insurance, responsibility for interruption of services, and liability for future repairs. Unit Owners may be required to execute an Alteration Agreement incorporating such terms, which agreement may be recorded and will bind future owners of the Unit.

The consent of the Board of Managers is not required in order for the Sponsor to make alterations or additions to Unsold Units, whether or not such alterations are structural or

nonstructural, ordinary or extraordinary, so long as they do not materially adversely affect the structure or utility systems of the Building. The Condominium hereby appoints the Sponsor as its attorney-in-fact, coupled with an interest, to execute such documents on behalf of the Condominium as may be required in order to obtain any necessary licenses or permits to make or complete an alteration, and grants to the Sponsor an easement of access, ingress and egress to make any such alterations.

**H. Use of Limited Common Elements.**

The first floor Unit will have exclusive access to a private terrace off its living space on the eastern facade of the Building, as well as, the eastern light well located at the upper cellar level, and the handicap lift located at the Building entry; the second floor Unit will have access to a private terrace off its living space on the western façade of the Building; and the Unit located on the third floor will have access to a private balcony off the master bedroom on the eastern façade of the Building and a private roof terrace on the lower roof. These areas are deemed Limited Common Elements and the use thereof is reserved for the exclusive use of the respective Unit Owner. The location and dimensions of such areas are detailed on the floor plans attached in Part II of the Plan.

The use of the Limited Common Elements by Unit Owners is governed by the terms of the Declaration and By-Laws, including the following:

No alteration or improvement may be made to the Limited Common Elements without the consent of the Board of Managers, including alterations (such as decking) which do not require the consent of the Building Department or other City agency. Certain improvements may also require the consent of the Building Department and the Board of Standards and Appeals, depending on whether such enclosures are deemed to use development rights belonging to the Condominium. The Board of Managers must approve any application to such agencies.

All alterations are subject to the Regulations of the Condominium regarding the time and manner of performance, security, insurance, responsibility for interruption of services, and liability for future repairs. Unit Owners may be required to execute an Alteration Agreement incorporating such terms, which agreement may be recorded and will bind future owners of the Unit.

The Board of Managers will have the right to enter any Limited Common Element for the purpose of inspecting or making repairs to the General Common Elements. The Unit Owner will be responsible for removing all personal property or improvements to a Unit in order to provide such access, at his or her expense.

Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers at the expense of the Unit Owner having direct and exclusive access, if the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks) or (b) the Unit Owner having direct and exclusive access to the Limited Common Element, at his sole cost and expense, if involving

nonstructural or ordinary Repairs. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

**I. Insurance.**

The insurance policies obtained by the Board of Managers shall provide that each Unit Owner shall be an additional insured. These policies shall provide fire and casualty insurance for the Building, liability insurance, water damage, and legal liability insurance. The specific amounts of coverage are noted in footnote 7 of Schedule B.

The Condominium's insurance coverage does not include coverage for losses either due to fire, theft or other casualty to the personal property of a Unit Owner contained within the Unit or a Limited Common Element or the cost of living elsewhere if a Unit is greatly damaged. Nor does it include liability coverage for a Unit Owner for occurrences within a Unit or a Limited Common Element. Unit Owners should consult their insurance agents as to the availability of this insurance and any additional coverage which might be recommended.

**J. Miscellaneous.**

The Sponsor is not required to obtain the approval of the Board of Managers or meet requirements imposed upon the Unit Owners in order to exercise a number of rights described in the By-Laws, including, but not limited to: (i) the right to use a Unit as a model and display "For Sale", "For Rent", or "For Lease" signs, or similar signs; (ii) the right to alter a Unit without obtaining the prior consent of the Board of Managers (but only in accordance with the other terms of this Plan); and (iii) the right to amend the Declaration without a vote for the sole purpose of filing the floor plans as required by Section 339-p of the Real Property Law of the State of New York and (iv) the right to transfer a Unit without offering the Unit Owners the right of first refusal. For as long as the Sponsor or its designee own title to one or more Units, the Regulations of the Condominium, By-Laws or Declaration may not be amended in a manner which would, in the sole discretion of Sponsor or its designee, adversely affect the Sponsor or its designee in any way, unless the Sponsor or its designee give their written consent to such an amendment.

## 19. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS AND SUMMARY OF BY-LAWS.

Principal provisions of the By-Laws are summarized in this Section. It is suggested that Purchasers make reference to the full By-Laws, a copy of which is set forth in Part II of the Plan.

**A. Board of Managers.**

Under the By-Laws, the affairs of the Condominium will be managed by a Board of Managers consisting of three (3) persons. Each Unit Owner shall designate one member of the Board. Each Unit Owner, including the Sponsor or its designee, shall be entitled to cast one vote

for each 0.1% of interest in the Common Elements attributable to their Unit(s) on all matters put to a vote at all meetings of the Unit Owners. If Units are owned by more than one person or entity as joint tenants, tenants by the entirety or as tenants in common, the persons or entities owning that Unit shall agree among themselves and cast the votes for their Unit.

Unit Owner meetings to elect Board members shall be held on an annual basis. In addition, special meetings of Unit Owners may be held from time to time pursuant to the By-Laws at the direction of the Board of Managers or upon receipt by the Secretary of a petition signed by more than one-third (1/3rd) of the Unit Owners.

Notwithstanding the foregoing, until the First Anniversary of the recording of the Declaration, the Board of Managers shall be designated by the Sponsor and shall consist of three members. Initially, the Sponsor contemplates that the first Board members will be Chayem Meisels (a principal of the Sponsor), Aron Deutsch (a principal of the Sponsor) and Esther Deutsch (an employee of Aron Deutsch). Thereafter, the Sponsor shall relinquish voting control of the Board of Managers after the earlier of (i) the transfer of title to Units, the percentage Common Interest of which, in the aggregate, equals at least ninety percent (90%), or (ii) five (5) years after the First Closing (the "Control Period"). Subject to the foregoing limitations, the Sponsor will cause the Condominium to hold a meeting of Unit Owners within thirty (30) days after the expiration of the Control Period to elect new Board members unaffiliated with the Sponsor.

The Sponsor will have absolute voting control of the Board of Managers until the expiration of the Control Period, and will thus have control of maintenance, facilities and services to be provided, as well as determining the Common Charges to be paid by Unit Owners.

While the Sponsor owns any Unsold Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interest allocated to its Unsold Units for all the available seats on the Board, including unaffiliated Unit Owners. However, after the Control Period has expired, not more than one less than a majority of the members of the Board will be affiliated with the Sponsor. So long as the Sponsor or Sponsor-designee owns at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to designate one of the members of the Board of Managers. See Section 19 of the Plan.

After the Control Period expires, the number of members may be changed by a vote of the Unit Owners at their annual meetings prior to the election of the next Board of the Unit Owners. The Managers shall be elected at each annual meeting of the members and shall serve staggered terms, as set forth in the By-Laws.

To be eligible for election, members of the Board of Managers, except for those members elected or designated by the Sponsor, must be either a Unit Owner, the principal or officer of a Unit Owner, or the spouse, son, daughter, or parent of a Unit Owner.

After the Sponsor voting Control Period expires, the Board of Managers may be comprised of both owner-occupants and non-owner-occupants (or members of their households unrelated to the Sponsor and its principal). Owner-occupants and non-owner-occupants,

including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing. For example, an owner-occupant who is purchasing a Unit as a home may have views on repairs and capital expenditures which differ from a non-owner-occupant who has purchased for purposes of an investment.

Except for a member of the Board of Managers designated by Sponsor, a member of the Board of Managers may be removed from office, with or without cause, by the affirmative vote of Unit Owners owning, in the aggregate, a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor may be removed without cause only by the Sponsor and only the Sponsor shall have the right to designate a replacement. The Unit Owners may transact such other business at such meetings as may properly come before them. All members of the Board of Managers shall serve without compensation, and the Sponsor represents that, for as long as it or any of its designees are members of the Board of Managers, neither it nor any of its designees will vote for remuneration for either members of the Board of Managers or officers of the Condominium.

The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, including, but not limited to: determination of the Common Charges, adoption of rules and regulations covering the details of the Property, opening of bank accounts, purchasing, leasing or otherwise acquiring Units, selling, leasing, or mortgaging of Units owned by the Board of Managers and generally managing or supervising the Condominium as provided in the Declaration and By-Laws. The Common Expenses shall include such amounts as the Board of Managers deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for capital replacements and to make up any deficit in the Common Expenses for any prior year. The Board, in its discretion, may delegate such managerial powers as it sees fit to the officers of the Condominium. The Board of Managers is authorized to employ a managing agent for the Condominium, on such terms as the Board of Managers may deem proper.

In order to limit the liability of the Unit Owners, the members of the Board of Managers, the managing agent, if any, and any officers of the Condominium, any contract or other commitment shall be made by the Board of Managers or the managing agent or an officer of the Condominium, as the case may be, only as agent for the Unit Owners. The members of the Board of Managers, the managing agent or the officer, as the case may be, shall have no personal liability on any such contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners. The Board of Managers and the officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify the members of the Board of Managers and the officers of the Condominium against any liability or claims except those arising out of the bad faith or willful misconduct of the members of the Board of Managers or the officers of the Condominium, but the liability of any Unit Owner on account of such indemnification shall be limited to such proportionate share thereof as the

Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners. Members of the Board of Managers and any officers of the Condominium who handle or are responsible for Condominium funds shall be bonded.

Upon the transfer of title to any Unit, the Unit Owners will be required to execute a Power of Attorney in favor of the Board of Managers and the Sponsor to exercise certain rights on behalf of the Condominium, such as: (i) exercising or waiving a right of first refusal to purchase or lease a Unit (to the extent applicable)(and taking such steps as may be needed to implement such action); (ii) borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj; (iii) protesting the Condominium's real estate tax valuations with the City of New York; (iv) file applications and protests (or employ persons to do same) with respect to the assessed valuation of one or more Units and to execute all documents and pay all costs in connection therewith; and (v) vote to supplement or amend any provision of the Declaration and By-Laws on behalf of one or more Unit Owners, as the Board may deem necessary or appropriate, so long as no such amendment increases the financial obligations of the Unit Owners if fewer than all Unit Owners are affected, or changes the percentage of Common Interest. The form of Power of Attorney appears as Exhibit B in Part II.

**B. Officers.**

The principal officers of the Condominium shall be: the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The President must be a member of the Board of Managers and either a Unit Owner, the principal or officer of a Unit Owner, or the spouse, son, daughter, or parent of a Unit Owner. Other officers need not be a Unit Owner, principal or officer or a Unit Owner or the relative of a Unit Owner or a member of the Board of Managers. The President and Treasurer may not be the same person. The Board of Managers may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in its judgment may be necessary. All officers shall serve without compensation from the Condominium. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Board of Managers and of Unit Owners. The Vice President shall take the place of the President in his or her absence. The Secretary shall be empowered to take and keep minutes of all meetings and to keep the books and records of the Condominium. The Treasurer shall be responsible for the funds of the Condominium and for accurately keeping the financial records and books of the Condominium. The Board of Managers, in its discretion, shall delegate such powers to the officers as it deems necessary or appropriate in order to, among other things, execute agreements, contracts, deeds, leases and checks on behalf of the Condominium.

**C. Repairs.**

As used in this Section, repairs, maintenance and replacements of any portion of the Unit or Common Elements whether ordinary or extraordinary, are referred to as "Repairs". All Repairs to any Unit, and to the doors (except painting the exterior side of a Unit entrance door), windows (except painting the exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units (if any) within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense,

except as otherwise specifically provided in the By-Laws.

Repairs to the General Common Elements (as defined in the Declaration) and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the Repairs are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case the expense shall be charged to such Unit Owner. Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers at the expense of the Unit Owner, if the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks) or (b) by the Unit Owner having direct and exclusive access to the Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs.

Notwithstanding the foregoing: (i) the Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents; and (ii) the Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

**D. Additions, Alterations or Improvements by Board of Managers.**

Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements, and the Board determines to require the placement of a lien on the Common Elements or an assignment of Common Charges payable by the Unit Owners, and (if required by law and not otherwise delegable to the Board of Managers) the making of such additions, alterations or improvements shall have been approved by fifty percent (50%) in number and in Common Interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with the By-Laws (and by the holders of Unit mortgages, if such approval is required), the Board of Managers shall have the right to proceed with such additions, alterations or improvements and to assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements which do not require a lien to be placed on the Common Elements or an assignment of the Common Charges payable by the Unit Owners may be made by the Board of Managers, without approval of the Unit Owners or the holders of Unit mortgages, and the cost thereof (unless paid from the Working Capital Fund in accordance with the Plan) shall constitute part of the Common Expenses. As long as Sponsor or its designee own a Unit, or for a period of five (5) years from the First Closing of title to a Unit, whichever is earlier, the Board of Managers may not make any addition, alteration, or improvement to the Common Elements without Sponsor's prior written consent, unless required by law.

For a description of the rights of Unit Owners to alter or improve the Common Elements, see Section 18(G).

**E. Insurance.**

The Board of Managers shall be required to obtain and maintain the following insurance: fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units, including all of the Units and all fixtures installed therein by the Sponsor and any property customary to the servicing and general occupancy, (but not including furniture, furnishings, equipment or other personal property supplied or installed by Unit Owners), together with all service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interest may appear, in an aggregate amount to be determined by the Board of Managers, but in no event to be less than eighty percent (80%) of the full replacement cost of the Building, including the above noted items, but exclusive of footings and foundations, as approved by a fire insurance company or a qualified insurance broker. Notwithstanding the foregoing, while the Sponsor controls the Board of Managers, the Sponsor will cause the Condominium to carry one hundred percent (100%) replacement cost insurance with an agreed value endorsement.

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 insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of Units. The standard mortgage loss payable clause shall be attached to all policies.

The Board of Managers shall also obtain and maintain to the extent obtainable: (i) workmen's compensation insurance for Condominium employees and (ii) public liability insurance covering each member of the Board of Managers and each Unit Owner to such limits as the Board of Managers may deem proper, and covering all claims for bodily injury or property damage arising out of any occurrence in the Common Elements or the Units, except that such policy will not cover liability of a Unit Owner arising from occurrences within his own Unit. The Board of Managers shall review such limits once each year. The public liability insurance will also cover cross-liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners, liability insurance will be up to a limit of at least $1,000,000 covering all claims for bodily injury with respect to any one occurrence.

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

In the event of a fire or other casualty which destroys or substantially damages less than seventy-five percent (75%) of the Building, the insurance proceeds shall be dedicated to the repair and/or renovation of the Building and the Units, but not to the repair or replacement of any improvements made by individual Unit Owners. If the cost of such repair exceeds the insurance proceeds available, the excess cost shall constitute a Common Expense and Unit Owners may be accordingly assessed a proportional amount to be paid as Common Charges.

In the event of a fire or other casualty in which more than seventy-five percent (75%) of the Building is destroyed or substantially damaged, repairs and/or restoration will be made if Unit Owners whose percentage of Common Interest, in the aggregate, is at least seventy-five percent (75%) of the total Common Interest, affirmatively vote for such a course of action. If no such affirmative vote is given, then the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor.

**F. Notice of Meetings; Reports to Unit Owners.**

Notice of the annual meeting of Unit Owners or of any special meetings of Unit Owners shall be given by the Secretary, as directed by the Board of Managers, to Unit Owners not less than ten (10) days or more than fifty (50) days before such meeting. Minutes of all meetings of Unit Owners and of all meetings of the Board of Managers shall be kept by the Board, together with records of all actions taken by the Board and the financial records of the Condominium. The Board shall retain an independent certified public accountant to prepare an annual report of the receipts and expenditures of the Condominium, which report shall be promptly sent to each Unit Owner.

**G. Severance of Ownership Prohibited.**

Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed, his undivided interest in the Common Elements, together with his interest in any Unit or Units acquired by the Board of Managers at a foreclosure or other judicial sale involving such Unit or Units, in accordance with the provisions of the By-Laws, all of which are interests appurtenant to his Unit.

**H. Right of First Refusal; Units Acquired or Leased by the Board of Managers.**

In administering the right of first refusal granted to the Board of Managers with respect to any sale or lease of a Unit, the Board shall be required to exercise such rights, if at all, within thirty (30) days after receipt of written notice from a Unit Owner of the Unit Owner's intention to sell or lease the Unit to a bona fide grantee or lessee, as the case may be, together with all other information reasonably required by the Board. See Section 18 of the Plan for a detailed description of the rights and obligations of the Board and Unit Owners in this regard.

In the event the Board does exercise its right of first refusal with respect to a sale of a Unit, the acquisition of the Unit may be made from the working capital and Common Charges or, if such funds are insufficient, the Board of Managers may assess each Unit Owner, other than the offering Unit Owner, in proportion to each Unit Owner's percentage of Common Interest or may borrow money to finance such acquisition. The sole security which may be given for any funds so borrowed is the Unit to be acquired. The Board of Managers may also assess each Unit Owner, as provided above, for the cost of paying the Common Charges or rent and the maintenance of such Unit. In the event any Units are acquired by the Board of Managers, the title shall be held by the Board on behalf of all Unit Owners in proportion to their percentage of Common Interest and any sale of such Unit shall be made by the Board on behalf of all Unit Owners in proportion to their percentage of Common Interest. Such Unit, while owned by the

Board of Managers, may be used for any purpose for which it could be used by an individual Unit Owner. In no event, however, may the Board of Managers at any meeting of Unit Owners vote the votes appurtenant thereto.

The foregoing restrictions on sales, leasing and the contents of leases contained in this Section shall not apply to a Unit owned by Sponsor, or a Unit owned by a mortgagee who took title for its own account in foreclosure or by deed in lieu of foreclosure.

At the closing of title to a Residential Unit, each Unit Owner shall be required to execute a Power of Attorney in the form contained in Exhibit B of Part II of the Plan, which (in part) designates the Board of Managers and their successors, as his attorneys-in-fact, coupled with an interest, for the purpose of waiving or exercising rights of first refusal, selling, conveying, mortgaging, leasing, subleasing (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or their designee, borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, and filing tax protests on behalf of the Unit Owners.

**I. Review of Real Estate Tax Assessments.**

It shall be the responsibility of the individual Unit Owners, at their sole cost and expense, to review the real estate tax assessments of their Units and, if they so desire, to take any steps necessary to review and challenge such assessments. However, the Board of Managers reserves the right, on behalf of all Unit Owners, to challenge any assessment at the expense of the Condominium.

**J. Amendments to Condominium Declaration and By-Laws.**

The Declaration may be amended upon a vote of sixty-seven percent (67%) of the Unit Owners in number and whose percentage of Common Interest in the aggregate exceeds sixty-seven percent (67%) held at a duly called meeting of 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 record Owner(s) affected thereby and the first mortgagees, if any, of each of these same Units agree to such amendment by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of the Sponsor without the Sponsor's consent.

The By-Laws may be amended 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 sixty-seven percent (67%) of the Unit Owners in number and Common Interest (or such lesser amount as may be required by law); 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 Owner's interest and the interests of holders of a mortgage encumbering a Unit or Units. No amendment shall adversely affect the Sponsor or its designee without the prior written consent of Sponsor or such designee.

Subject to the foregoing restrictions, and pursuant to the Power of Attorney executed by Unit Owners, the Board of Managers is also appointed the attorneys-in-fact for each Unit Owner to make such amendments to the Declaration and By-Laws as it may deem necessary or appropriate in its business judgment.

**K. Unit Owner Power of Attorney.**

Upon the transfers of title to any Unit, the Unit Owners will be required to execute a Power of Attorney in favor of (a) the Board of Managers to exercise certain rights on behalf of the Condominium, such as protesting the Condominium's real estate tax valuation with the City of New York, or executing, acknowledging and delivering any declaration or other instrument affecting the Condominium that the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of a governmental authority applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium and (b) the Sponsor to exercise certain rights on behalf of the Condominium, such as amending the Declaration, By-Laws and Regulations of the Condominium and executing any documents that may be required to be filed with the City of New York in order to complete construction of the Common Elements of the Condominium or to make an alteration to an Unsold Unit permitted under the Declaration and By-Laws. The form of Power of Attorney appears as Exhibit B in Part II of the Plan.

**L. Termination.**

The Condominium may be terminated by withdrawing the Property from the provisions of the New York Condominium Act, by an affirmative vote of not less than eighty percent (80%) of Unit Owners in number and whose percent of Common Interest equals in the aggregate, not less than eighty percent (80%). The Sponsor shall not cast the votes of any Unsold Units it holds for such withdrawal unless votes equaling 80% in number and of the Common Interest have been so cast or unless at least 80% in number and in Common Interest of all other Unit Owners have voted to terminate. If the Unit Owners vote to terminate the Condominium, the Property shall be subject to an action for partition by any Unit Owner or lienor and the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interest, provided that no Unit Owner shall receive any payment until there has first been paid out of such Unit Owner's share of the net proceeds all liens on his Unit.

## 20. REAL ESTATE TAXES.

**A. Generally.**

After the closing of title, each Unit will be taxed as a separate tax lot for real estate tax purposes. As a result, a Unit Owner will not be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non-payment of taxes on other Units.

Under Section 339-y of the Real Property Law of the State of New York, the aggregate assessments of all Units cannot exceed the assessment of the Property if the Property were assessed as a single parcel. Moreover, under Section 581 of the Real Property Tax Law, real

property owned on a Condominium basis cannot be assessed at a higher amount than if the parcel were not owned on a Condominium basis. Thus, the assessing authority customarily bases its calculation of assessed valuation as if the Property were a rental property, and each Unit were rented at fair market value. Once such valuation is established, generally the assessed valuation of each Unit is calculated based on the percentage of Common Interest of each Unit in the deemed assessed valuation of the Property.

Purchasers should note that the City of New York may allocate the tax assessment for each Unit on a basis that differs from the allocation of Common Interest set forth in the Declaration.

As set forth in the opinion letter of Ben Rottenstein Associates Inc., 56 Willoughby Street, Brooklyn, NY 11201 ("Rottenstein"), the Sponsor's real estate tax appraiser, the real estate taxes for the Property for the First Year of Condominium Operation are estimated at $551,250, which is based on (i) an assessed value of $4,410,000 for the Residential Units; and(ii) an estimated tax rate of $12.50 per $100 of assessed value for the Residential Units for the first half of the year (1/1/07-6/30/07) and $12.50 per $100 of assessed value for the second half of the year (7/1/07-12/31/07). A copy of the opinion letter follows.

Frequently, there is a delay between the establishment of the Condominium and separate billing from the City to each Unit Owner. If the Units have not been separately assessed for real estate tax purposes prior to the closing of title to a Unit, each Unit Owner will place in escrow with the Condominium an amount equal to the real estate taxes allocable to the Unit for the next succeeding half tax year after the half-year in which the closing occurs in accordance with the provisions of Section 15(A)(3)(a) of the Plan, until such separate assessment has been made. The tax assessment for each Unit may be allocated on a basis that differs from the allocation of Common Interest.

Section 5 of Article III of the By-Laws provides that the Board of Managers has the power to request a reduction in the taxable assessed valuation of the Condominium on behalf of all Unit Owners. Each Unit Owner has delegated such right to the Board of Managers by Power of Attorney executed at the closing.

In no event will the Sponsor, the Sponsor's Counsel, the Board of Managers of the Condominium, the selling agent, managing agent (if any) or any other person be liable if the Property's real estate taxes exceed the amounts described herein or if there are changes in the applicable statutes or regulations.

**B. <u>421-a Benefits</u>.**

The Sponsor shall apply for tax benefits under Section 421-a of the New York City Administrative Code ("421-a Benefits"). If the Sponsor obtains 421-a Benefits, then all increases in the assessed valuation of the Property from and after the commencement of construction will be exempt from real estate taxes for a period of twenty-one (21) years. Thereafter, the increase in the assessed valuation of the Building will be phased in at 20% per year between years 22 and 26 set forth below:

| Year | Percentage of 421-a Benefit |
|---|---|
| Years l-21 | 100% |
| Year 22 | 80% |
| Year 23 | 60% |
| Year 24 | 40% |
| Year 25 | 20% |
| Year 26 | 0% |

Sponsor will keep records required by the New York City Department of Housing Preservation and Development ("H.P.D.") and will make them available to H.P.D. whenever requested to do so. H.P.D. routinely conducts audits, the result of which can be either the reduction or revocation of benefits if proper documentation is not provided.

While Sponsor believes that the Property will be eligible for 421-a Benefits, Sponsor shall not be responsible for any failure to obtain such Benefits and Sponsor makes no representation as to the amount or extent of such Benefits. However, the Sponsor shall make a good faith effort to obtain 421-a Benefits for the Building.

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July 20, 2006

Mr. Chayem Meisels
c/o North Tower, LLC
1274 49th Street, Suite #117
Brooklyn, NY 11219

Re: 421-A Application
**196, 198, 200 South 2nd Street. Brooklyn, NY**
Block: **2833** Lot: 30
Thirty (30) Residential Condo Units

Dear Mr. Meisels:

I am writing in response to your request for an opinion regarding the eligibility of a construction project at the referenced site for tax benefits pursuant to Section 421-A of the Real Property Tax Law.

**1. Eligibility requirements**
To be eligible for Section 421-A tax benefits, the Project must comply with each of the eligibility requirements set forth in Chapter 6 of Title 28 of the Rules of the City of New York. The application of these requirements to the project is discussed in detail below.

**A. Location Requirements**

1. Geographic Exclusion Area Limitation

Sections 6-02(b)(2) and 6-02(c)(10) of the Rules provide that a project in the Geographic Exclusion Area is eligible for Section 421-A benefits only if carried out with Substantial Governmental Assistance or if affordable units are created in accordance with the requirements of Section 6-08 of the Rules.

The Project is not located in the Geographic Exclusion Area and is therefore not subject to these limitations.

2. Public and Private Park Limitation

Paragraphs (5) and (6) of Section 6-02(c) bar 421-A benefits for projects situated on land mapped as a public park (with certain exceptions) or utilized for ten (10) or more consecutive years immediately prior to October 1, 1971 as a Private Park. You state, and I assume, that the Site does not fall within either category.

**B. Site Requirements**

Section 6-02(f) of the Rules states that for a project to be eligible for 421-A benefits, the land on which it is located must have been vacant, predominantly vacant, underutilized, or improved with a non-conforming use on the operative date. "Operative Date" means, in the case of the Project, thirty-six months prior to the Commencement of Construction.

You have stated that construction commenced June 15, 2005. You have stated that construction commenced in the 2004/2005 Fiscal Year. Accordingly the Operative Date will fall within New York City's 2001/2002 Fiscal Year. You have also stated that the site was vacant prior to the commencement of construction. Accordingly the Site will qualify as underutilized for the purposes of 421-A Rules.

**C. Project Requirements**

1. New Multiple Dwelling

Section 6-02(b) of the Rules provides that a project is eligible for Section 421-A benefits only if it is a "new multiple dwelling" containing three or more dwelling units. Section 6-02(c)(2) states that multiple dwellings resulting from the conversion or rehabilitation of a building or structure are ineligible for benefits, and Section 6-01 of the Rules provides that:

Construction shall not commence prior to the issuance by the Department of Buildings of either (i) a building or alteration permit for the construction of an entirely new multiple dwelling, the footprint of which consisted entirely of vacant and unimproved land upon such date, or (ii) an alteration permit for the construction of a new multiple dwelling above, and on an entirely separate tax lot from, one or more existing structures which are to be retained provided that only the floor area attributable to the new multiple dwelling, and any eligible commercial, community facility or accessory use space within such new structure shall be eligible for benefits under the act.

You state that the Project will be carried out pursuant to a new building permit and, upon completion, will be a newly constructed multiple dwelling constructed on land which was entirely underutilized as of the Commencement of Construction. Accordingly, the project will meet the requirements set forth above.

You state that the new construction will consist of 30 newly constructed residential condominium units, with expected completion date of February 2007 (Fiscal Year 2006/2007).

2. Not used as a Hotel or for Single Room occupancy

Paragraphs (3) and (4) of Section 6-02(c) of the 421-A Rules deem any building or portion thereof which is used as a hotel or for single room occupancy ineligible for 421-A benefits. You state that no such use of the Project will occur.

**D. Timing Requirements**

1. Project Commencement

Section 6-02 subdivision (b)(1) and (d)(5) of 421-A Rules requires that a project to be commenced on or after July 1, 1985 and is completed no later than December 31, 2007 to be eligible for Twenty Five (25) year benefits under that section. You state, and we assume that the project will be completed prior to December 31, 2007.

2. Reduction of Benefits for Excess Commercial, Community Facility or Accessory Use Space

Section 6-06(b) of the Rules provides that the tax exemption granted by 421-A will be reduced if the floor area of the Project's commercial, community facility and accessory use space exceeds twelve percent (12%) of the aggregate floor area.

The amount of commercial, community facility and accessory use space, and resulting decrease in benefits will be determined by the Department of Housing and Preservation and Development ("HPD") in accordance with the 421-A Rules based on building plans for the Project.

3. Exemption during construction

If the project satisfies all of the requirements set forth in Section 421-A and has received a Preliminary Certificate of Eligibility it shall be exempt from real property taxes, other than assessments for local improvements upon any increase in assessed valuation over the Prior Assessed Valuation during the statutorily defined period of construction or for a period of three years, whichever is less, provided that taxes shall be paid in each tax year in which full or partial exemption is in effect on the Prior Assessed Valuation, as defined in Section §6-01 of 421-A Rules.

4. Exemption after construction

After the first taxable status date immediately following the completion of the construction, any increase in assessed valuation over the Prior Assessed Valuation of the eligible Project which has received a Final Certificate of Eligibility shall be exempt from real property taxes, other than assessments for local improvements, for twenty five consecutive tax years pursuant to the following schedule. In addition, condo owners must pay full taxes on the Prior Assessed Valuation, as defined in §6-01 of Section 421-A.
In addition, condo owners must pay full real estate taxes on the Prior Assessed Valuation and any increases until the Final Certificate of Eligibility is issued, as defined in Section §6-01 of 421-A Rules.

**Twenty Five Year Exemption**

| Year | Percent of Increased Assessed Valuation Which Is Exempt |
|---|---|
| First through Twenty-first | 100% |
| Twenty-second | 80% |
| Twenty-third | 60% |
| Twenty-fourth | 40% |
| Twenty-fifth | 20% |
| Twenty-sixth | 0% |

Prior to the commencement of construction, records of the New York City Department of Finance Real Property Assessment Department reveal that assessed valuation of the subject premises is as follows: (Years 2004/2005)

BLOCK: 2419 LOT: 16 (196 South 2nd Street. Brooklyn, NY)

| | | |
|---|---|---|
| ACTUAL VALUES | LAND: $20,250 | TOTAL: $20,250 |
| TRANSITIONAL VALUES | LAND: $19,710 | TOTAL: $19,710 |

BLOCK: 2419 LOT: 17 (198 South 2nd Street. Brooklyn, NY)

| | | |
|---|---|---|
| ACTUAL VALUES | LAND: $20,250 | TOTAL: $20,250 |
| TRANSITIONAL VALUES | LAND: $19,710 | TOTAL: $19,710 |

BLOCK: 2419 LOT: 18 (200 South 2nd Street. Brooklyn, NY)

| | | |
|---|---|---|
| ACTUAL VALUES | LAND: $20,250 | TOTAL: $20,250 |
| TRANSITIONAL VALUES | LAND: $19,710 | TOTAL: $19,710 |

It is estimated the assessed value of the property upon completion of construction will be approximately $4,410,000. The Department of Finance will allocate the assessed value to the condominium units, usually based upon the percentage of common interest as listed in the Condominium Offering Plan. The 2006/2007 Tax Class 2 tax rate is estimated at $12.50 per $100.

Any increase in assessment due to the physical improvements attributable to the newly constructed residential condominium units shall be exempt as per the TWENTY FIVE YEAR EXEMPTION table shown earlier.

Although the aforesaid estimate of the post construction Assessed Valuation is a good faith estimate, it is not possible to estimate it with any degree of certainty, and thus such assessed valuation when actually made may be less or greater than estimated above. In no event will the firm of BEN ROTTENSTEIN ASSOCIATES INC., the Sponsor, the Sponsor's counsel, or any other person be liable if the assessed valuation when actually made, is less or greater than predicted above or if the Administrative Code and the applicable rules and regulations of the City of New York are in the future changed or if the facts as represented to the office of BEN ROTTENSTEIN ASSOCIATES INC., prove to be untrue.

Based on the foregoing, it is our opinion that the Department of Housing and Preservation and Development ("HPD") will consider the property eligible for real estate tax exemption benefits under Section 421-A.

**NO WARRANTY IS OR CAN BE MADE BY THIS FIRM THAT HPD OR THE NEW YORK CITY BUREAU OF REAL PROPERTY ASSESSMENT, OR ANY OTHER AGENCY WITH JURISDICTION WILL APPROVE SPONSOR'S APPLICATION FOR SECTION 421-A TAX BENEFITS, OR THAT THE ASSESSED VALUATION WILL BE AS ESTIMATED HEREIN, AND THE WRITER OF THIS LETTER SHALL NOT BE LIABLE, IF BECAUSE OF CHANGES IN LAWS AND/OR REGULATIONS, OR THE INTERPRETATIONS OF LAWS AND/OR REGULATIONS, OR IF THE FACTS REPRESENTED BY SPONSOR, ARCHITECT OR APPRAISER PROVE INCORRECT, THE PROPERTY FAILS TO OBTAIN SECTION 421-A BENEFITS.**

We consent to the inclusion of this letter in the Offering Plan.

Very truly yours,

BEN ROTTENSTEIN ASSOCIATES INC.

Adam J. Sabo
Chief Operating Officer

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

The Sponsor has been advised by its attorneys, Smith, Buss & Jacobs, LLP, 733 Yonkers Avenue, Yonkers, New York 10704 that for Federal income tax purposes, under Sections 163 and 164 of the Internal Revenue Code of 1986, as amended, a Unit Owner will be entitled to a deduction for interest paid or accrued with respect to any mortgage indebtedness encumbering the Unit(s) and for real estate taxes paid or accrued with respect to the Unit. It is also the opinion of Sponsor's Counsel that each Unit Owner for New York State and New York City income tax purposes, will be entitled to a deduction equivalent to that which is allowed for Federal income tax purposes for such mortgage interest and real estate taxes paid or accrued during the taxable year.

It should be noted, however, that such deductions may be curtailed if (among other events): (i) the Unit is not occupied by the Unit Owner as his or her first or second home; (ii) mortgage indebtedness exceeds the purchase price of the Unit (plus the costs of any improvements thereto); (iii) the Unit is utilized for professional or business use or for the production of income; and/or (iv) the Unit Owner is subject to Alternative Minimum Tax.

Specific exemptions from real estate taxes may be available for veterans, senior citizens, or government rebate programs. Purchasers are advised to consult their attorneys to determine if this or any other exemption may be available to them.

All Purchasers are advised to consult with their counsel to determine their tax liability for the particular circumstances.

Each Unit Owner's proportionate share of the income received by the Board of Managers will either be includable by the Unit Owner as taxable income for Federal and New York State income tax purposes, or taxed on the Condominium itself. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional Common Charge. In such event this additional Common Charge may also be subject to tax.

Under Section 528 of the Internal Revenue Code, a Condominium may be eligible to be exempt from taxation on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met. One of the requirements to be met is that at least eighty-five percent (85%) of the total square footage of the Units must be used by individuals as residences or (if unoccupied) zoned for individuals as residences. As currently used, the Condominium meets this criterion and therefore, the Condominium may elect to be taxed as a homeowners association under Section 528.

In the opinion of Counsel, it does not appear that the Condominium's members would incur substantial taxes even if Section 528 did not apply, i.e., if the Condominium is treated either as their agent or as a partnership for tax purposes. If, as anticipated, its income is largely offset by expenses, the ultimate income tax payable would be small. Hence, the major concern, if Section 528 is not available, would lie in assuring that the net taxable income derived from the Condominium's activities in any year is minimal. With careful attention to the various

accounting and other administrative details, this would not be difficult to accomplish. For example, assessments for capital expenditures would be made and held in trust by the Board of Managers until the funds were disbursed, and careful documentation to this effect should be prepared on each occasion.

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

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Smith,
Buss
& Jacobs
LLP
ATTORNEYS AT LAW

733 Yonkers Avenue
Yonkers, New York 10704
Telephone: 914•476•0600
Fax: 914•476•0614
www.sbjlaw.com

## 22. OPINION OF COUNSEL re: DEDUCTIBILITY OF TAXES

October 10, 2006

North Tower LLC
134 Broadway
Brooklyn, NY 11211

Re: 196-200 South 2nd Street Condominium
196-200 South 2nd Street, Brooklyn, New York 11211

Dear Sir/Madam:

You have requested our opinion with respect to the deductibility for Federal and New York State income tax purposes of mortgage interest and real estate taxes paid by a person (a "Unit Owner" or an "Owner") who purchases a Unit (a "Unit") under the offering plan for the above-referenced condominium (the "Plan"). The Plan provides for the condominium conversion of the building to thirty (30) Residential Units.

In connection with this opinion, we have reviewed the Plan, including the schedules and exhibits thereto. The opinions expressed in this letter are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms so that valid condominium ownership of the premises known as 196-200 South 2nd Street Condominium, 196-200 South 2nd Street, Brooklyn, New York 11211 (the "Condominium") is established upon the filing of a condominium declaration. In our opinion, pursuant to the Plan:

A. A Unit Owner will own fee simple title to his or her Unit and an undivided interest in the Common Elements;

B. Each Unit, together with its appurtenant interest in the Common Elements, will be a separate tax lot for purposes of Kings County and City of New York real estate taxation, and the Unit Owner will be directly liable for the real estate tax assessment with respect to his or her Unit, but not with respect to any other Unit;

C. Subject to certain restrictions described in the Declaration and By-Laws of the Condominium, a Unit Owner may mortgage his or her Unit as he or she wishes, and the Unit will not be subject to the lien of any mortgage placed on other Units; and

D. A Unit Owner may transfer his or her Unit subject, with certain exceptions, to certain rights of the Board of Managers as described in the Plan.

Jeffrey D. Buss
Kenneth R. Jacobs
Thomas W. Smith
Domenick J. Tammaro

Voula T. Katsoris
Emanuela Lupu
Peter A. Nenadich
Anthony T. Simari
Matthew J. Smith
Maryam C. Toosie

Of Counsel
James R. Anderson
Edgar C. Gentry, Jr.
Gerald Kahn

500 Fifth Avenue • New York, New York 10110
Telephone: 212•688•2400 • Fax: 212•688•3058

Under the Plan, the Condominium will be managed by a Board of Managers whose members will be elected by the Unit Owners (and by the Sponsor of the Plan, to the extent that the Sponsor owns any Units). We also understand that the Condominium will, at least initially, be an unincorporated association under New York law. The Plan and the By-Laws provide that the expenses incurred in the operation and maintenance of the Condominium exclusive of the Units themselves (the "Common Expenses") shall be borne by the individual Unit Owners and assessed (in proportion to each Unit Owner's Common Interest) and collected by the Condominium Board on behalf of the Condominium (the "Common Charges").

Based upon the foregoing, it is our opinion that an individual Unit Owner who purchases a Residential Unit as his or her principal or second residence and who itemizes deductions will be entitled, under present tax laws and regulations, to deduct from adjusted gross income, for Federal income tax purposes, real estate taxes, if any, assessed against such Owner's Unit, as well as qualified residence interest on acquisition indebtedness up to $1,000,000 ($500,000 for a married individual filing a separate return) secured by a Unit (See Sections 163(h) and 164 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion as to the availability of such deductions under applicable requirements of the Code with respect to payment of alternative minimum tax under Sections 55-59 of the Code, or as to the availability of such deductions to the owner of a Residential Unit which is not used as the Unit Owners' principal or second residence (e.g., a rental Unit).

Where an owner does not occupy the condominium Unit but holds it instead as an investment, current Federal tax law imposes a limit on the amount of interest that is deductible equal to the taxpayer's net investment income for the year. The deduction is also considered a miscellaneous deduction that (together with other miscellaneous deductions) must exceed two percent (2%) of adjusted gross income to have effect. An investor-owner should obtain the opinion of his own tax advisor to determine how the investment interest limitation affects him/her.

Common Charges will be borne by Unit Owners and assessed and collected by the Board of Managers. If the Condominium is treated for tax purposes as merely the agent of the Unit Owners, the income received by the Board of Managers and the Condominium, and the expenses incurred would be deemed to be income and expenses of the individual Unit Owners, in proportion to their respective interests, and the amount of such income less such expenses would be taxable to them in the same proportion. See, e.g., Rev. Rul. 74-563.

The law in this area is uncertain, though. If the Internal Revenue Service asserts that the Condominium constitutes an association under the default rules of Section 301.7701-3(b), it would be taxable as a partnership unless it elects to be taxable as a corporation. If so, members of the Condominium would be subject to Federal income tax on their pro-rata share of the Condominium's income.

Receipts by the Condominium from capital or special assessments are not taxable income where the funds are properly treated as trust funds, or set aside in separate bank accounts for a specific purpose, designated as such and properly accounted for. See GCM 36188; Rev. Rul. 75-371. Interest earned on these funds would be taxable income as discussed below. Annual assessments in excess of annual expenses will also be includable in the Condominium's income, unless the member-owners are given the option to have excess assessments returned to them at the end of each year. See Rev. Rul. 70-604; TAM 9539001; Mission Heights Homeowners Association v. US, 96-2 USTC ¶ 50,489 (S.D. Cal).

Under Section 528 of the Internal Revenue Code, a Condominium Management Association may elect to be exempt from Federal tax on membership fees, dues, assessments and other "exempt function income" received from the owners of the condominium Units who are members of the association. To be exempt function income, the income must be received by the association as part of the obligation of ownership of the residential property and not as payment for private services. For example, annual fees for special facilities such as tennis courts are exempt but guest fees, rentals of a clubhouse for a private party and interest earned by the association are not. The association is taxed on its non exempt function income less any expenses directly connected with the production of this taxable income.

To qualify for the above election, which must be made annually, the following requirements must be met:

1. It must be organized and operated to carry out exempt functions such as management, maintenance and care of association property.

2. At least sixty percent (60%) of gross income must consist of membership dues, fees or assessments from the owners of the residences.

3. At least ninety percent (90%) of annual expenditures must be to acquire, construct, manage, maintain, care for or improve association property.

4. No part of net earnings may inure to the benefit of any private shareholder or individual.

5. Substantially all (at least 85%) of the total square footage of the Units must be used by individuals as residences or (if unoccupied) zoned for individuals as residences.

Based on the information provided to us regarding the use of the Units, it appears that the Condominium may elect to be taxed as a homeowners association under Sec. 528, and accordingly, its membership income will not be subject to Federal tax.

However, it does not appear that the Condominium's members would incur substantial taxes even if Section 528 did not apply, i.e., if the Condominium is treated either as their agent or as a partnership for tax purposes. If, as anticipated, its income is largely offset by expenses, the ultimate income tax payable would be small. Hence, the major concern, if Section 528 is not available, would lie in assuring that the net taxable income derived from the Condominium's

activities in any year is minimal. With careful attention to the various accounting and other administrative details, this would not be difficult to accomplish. For example, assessments for capital expenditures would be made and held in trust by the Board of Managers until the funds were disbursed, and careful documentation to this effect should be prepared on each occasion.

Please note further that it is also possible that other sources of income, such as interest on interim investments by the Board of Managers and income from concessions or rentals, if any, may be subject to federal or state income taxation.

The New York State Department of Taxation and Finance is likely to take the position that the Condominium is subject to the New York State Corporation Franchise Tax even though the Condominium does not (absent an election) constitute an association taxable as a corporation for Federal income tax purposes. In addition, regardless whether or not the Condominium is subject to any corporate taxes, the New York City Department of Finance may take the position that the Condominium is subject to the New York City Unincorporated Business Tax.

We express no views as to any Federal or New York State tax consequences, or as to any aspects of the Plan, other than those aspects explicitly discussed in this opinion, or as to any tax status of the Plan under the laws of any other jurisdiction. Thus, this opinion does not deal with tax consequences which may result from ownership of a Unit in connection with a Unit Owner's trade or business, or for the purposes of investment or the production of income, or which may result to a foreign Unit Owner by reason of his or her foreign status. This opinion also does not deal with the tax consequences which may arise if Units or Common Elements are acquired, sold, and/or leased by the Board of Managers. Thus, each person contemplating the purchase of a Unit is strongly advised to consult his or her own tax advisor as to all such tax matters (as well as with respect to the tax matters discussed in this opinion).

Tax laws, regulations and rulings are subject to change by the federal and state governments and their agencies, and also by judicial interpretation. Moreover, facts and conditions assumed in this opinion are subject to change. To the extent that such changes may occur, no warranties or assurances are made that the Internal Revenue Service or the New York State Department of Taxation and Finance will allow income tax deductions. Neither the Sponsor nor the Counsel to the Sponsor will be liable if such changes occur and as a result it is determined that the income tax deductions referred to herein are not allowable in whole or in part.

Compliance with RPL Section 339-i. We have reviewed the allocation of Common Interest among the units of the Condominium. In our opinion, the allocation of Common Interest complies with the requirements of Section 339-i of the New York State Real Property Law. Our opinion is based on the analysis made by Synoptic Management, that the Common Interest has been allocated to each condominium unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit, in accordance with Section 339-i (1) (iv) of the Real Property Law of the State of New York, and that such allocation was based on measurements and calculation of net square footage made by the Sponsor's architect.

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

Very truly yours,

SMITH, BUSS & JACOBS, LLP

By: Kenneth R. Jacobs, Member

## 23. WORKING CAPITAL FUND.

At the closing of title to each Unit, the Sponsor will collect an amount equal to four (4) months of Common Charges (as set forth in Schedule A) from each Purchaser for the working capital fund of the Condominium (the "Working Capital Fund"). Within ninety (90) days after the First Closing, the Sponsor shall pay into the Working Capital Fund the equivalent of four (4) months of Common Charges for any remaining Unsold Units. Thereafter, when title to an Unsold Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse the Sponsor at the closing of title for the amount contributed to the Working Capital Fund. This fund is to be used initially to pay any of the Condominium's closing adjustment expenses incurred at the First Closing.

In the event that the closing adjustments with the Condominium Board as set forth in the Section 14(B) of the Plan result in a net credit to Sponsor, the Board of Managers may be required to draw on the Working Capital Fund to pay such adjustments to Sponsor. After deducting net closing adjustments, the Working Capital Fund may be held or used at any time for working capital, to make repairs or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Board of Managers in its sole discretion.

No provision has been made in the budget for a reserve fund in excess of the amount contributed to the Working Capital Fund. The Sponsor believes that the amount of the Working Capital Fund will be sufficient to pay for major capital improvements or replacements to the Building which are reasonably foreseeable within five (5) years from the date of this Plan. However, the Sponsor makes no representation or warranty to that effect. If additional funds are required, it may be necessary to increase Common Charges or assess the Unit Owners.

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

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

## 24. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS.

At or before the First Closing, the Sponsor will enter into a management contract with Sky Tower Management, LLC, with an office at 134 Broadway, Brooklyn, NY 11211, an affiliate of the Sponsor. The management contract provides for the following responsibilities:

(a) cause to be hired, paid and supervised all persons necessary to be employed in order to properly maintain and operate the Building and cause to be discharged all persons unnecessary or undesirable;

(b) cause the Building to be maintained in such condition as may be deemed advisable by the Board of Managers and cause repairs and alterations of the Building to be made, subject to the Declaration and By-Laws;

(c) cause all such acts and things to be done in or about the Building as shall be necessary or desirable to comply with any orders or violations affecting the Building as a result of any federal, state or municipal authority having jurisdiction over the Building;

(d) enter into contracts for electricity, steam, telephone, window cleaning, rubbish removal, security services, cable television and other essential services;

(e) purchase at competitive prices all supplies and engage all repair persons as shall be necessary to properly maintain and operate the Building;

(f) obtain and maintain insurance policies for the Building which provide for the coverages set forth in the budget contained herein, and obtain additional insurance coverage at the discretion of the Board;

(g) check all bills received for services, work, and supplies ordered in connection with maintaining and operating the Building and pay or cause to be paid all such bills and mortgage interest (if any), mortgage amortization (if any), water charges, sewer rent, assessments, real estate taxes and other taxes assessed against the Board of Managers or the Building as and when the same shall become due and payable;

(h) bill or cause the Unit Owners to be billed for Common Charges, rent or other charges and use its best efforts to collect same;

(i) maintain accurate sets of books for the Condominium (other than books of account to be maintained by the Condominium's accountants) and orderly files of rent records, insurance policies, leases, receipted bills and the like;

(j) cause to be prepared and filed the necessary forms for unemployment insurance, withholding and social security taxes and all other tax and forms relating to employment of Building employees and maintenance and operation of the Building;

(k) render or cause to be rendered regular monthly statements setting forth the amounts collected during the previous month less disbursements made and the like;

(l) set up and keep in good order a separate, accurate income and operating expense statement and maintain orderly files containing rent records, insurance policies, and all other documents and papers pertaining to the Building or the operation thereof;

(m) cooperate with the Condominium's accountants with regard to the annual audit of the books of account of the Board of Managers and with regard to the preparation and filing on behalf of the Board of Managers of federal, state, city and any other income and other tax returns required by any governmental authority;

(n) accept applications and references from all prospective Unit Owners and tenants and prepare all necessary documents required for approval of same;

(o) oversee and endeavor to obtain the compliance of all Unit Owners with their obligations under the By-Laws, Declaration and other Condominium policies; and

(p) do all things reasonably necessary or desirable for the proper management of the Building.

The annual financial statements with respect to the Condominium will not be prepared by the Board. Such statements will be prepared by an independent certified public accountant engaged by the Board of Managers, whose fees are to be paid by the Board of Managers and charged to the Unit Owners as a Common Expense. However, after control of the Board passes to Unit Owners other than the Sponsor, the Board reserves the right to provide financial statements in a form reasonably satisfactory to the Board.

The Board of Managers' may procure a fidelity bond in an amount up to a minimum of $100,000 exclusively for the benefit of the Condominium, with a surety company authorized to do business in the State of New York, to protect against loss incurred by the Condominium through any improper acts of the officers and employees of the Condominium or the Board members. The cost of the bond is not included in the Common Charge estimate for insurance.

Sponsor represents that at the time of the First Closing there shall be no service contracts which will be binding upon the Condominium.

## 25. IDENTITY OF PARTIES.

### Sponsor

The Sponsor of the Offering Plan is North Tower LLC which was formed on January 20, 2005 with an office 134 Broadway, Brooklyn, New York 11211. The Managing Members of the Sponsor are Chayem Meisels and Aron Deutsch. This is the first condominium conversion Mr. Meisels. Mr. Deutsch has been involved with a prior condominium conversion for 88-100 Maspeth Avenue, Brooklyn, NY, which awaiting approval.

Sponsor acquired title to the Property in May 2005.

### Selling Agent

The Selling Agent is Apts and Lofts.com, having an office at 496 Driggs Ave, Brooklyn, New York 11211. Neither the Selling Agent nor its principals have any financial interest in the Property or the Sponsor, except that they will be paid a fee for their services.

**Managing Agent**

The Managing Agent is Sky Tower Management, LLC, with an office at 134 Broadway, Brooklyn, New York 11211. Chayem Meisels, the principal of the Managing Agent, has had over ten (10) years experience as managing agent for numerous rental properties in the New York area. Chaeym Meisels, a principal of the Sponsor, is the Managing Member of the Managing Agent.

**Architect and Engineer**

The consulting architect for the project ("Architect") is Scarano & Associates Architects PLLC, with an office at 110 York Street, Brooklyn, New York 11201. The Architect does not have any financial interest in the Property or the Sponsor, except that the Architect will be paid a fee for his services.

The mechanical consultant who prepared the energy estimates contained in Schedule B and B-1 is TSF Engineering PC ("Engineer"). The Engineer has relevant experience in forecasting utility costs for both commercial and residential properties.

Neither the Architect nor the Engineer has no financial interest in the Property or the Sponsor, except that they will be paid a fee for their services.

**Counsel to Sponsor for Offering**

The Sponsor has retained the law firm of Smith, Buss & Jacobs, LLP, with an office at 733 Yonkers Avenue, Yonkers, New York 10704, to represent it in the preparation of the Offering Plan. Kenneth Jacobs, Esq. of this law firm prepared the Declaration, and the By-Laws, this Plan, the form of Purchase Agreement, the form of deed and all other documents necessary in connection with the formation of the Condominium, and is advising the Sponsor in connection with all legal matters incidental thereto.

No separate counsel has been retained to represent the Condominium. It is suggested and expected that each Purchaser will consult and be represented by his own counsel in connection with this offering.

The above-noted Counsel has no financial interest in the Property or the Sponsor, except that they will be entitled to a fee for their services.

## 26. 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 April 30th of each calendar year, which report shall be certified while the Sponsor controls the Board of Managers;

(2) prior notice of annual Unit Owners' meetings; and

(3) a copy of the proposed annual budget of the Condominium no later than fifteen (15) days prior to the date set for adoption thereof by the Board of Managers, which budget shall be certified as adequate by an independent expert while the Sponsor controls the Board of Managers.

## 27. DOCUMENTS ON FILE.

The Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan, on file and available for inspection without charge, and copying at a reasonable charge, at the offices of Apts and Lofts.com, having an office at 496 Driggs Ave, Brooklyn, New York 11211, for a period of six (6) years from the date of the closing of the First Unit. The Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the First Closing.

## 28. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION.

Attached in Part II of the Plan is the Architect's Description of Property and Building Condition detailing the work to be performed by the Sponsor in constructing the Building.

The Sponsor hereby adopts the Description of Property and Building Condition in Part II of the Plan. The Sponsor represents that the Sponsor has no knowledge of any material defects or need for major repairs to the Property, except as may be set forth in the Description of Property and Building Condition.

Purchasers should review the entire Architect's Report for more information regarding the nature of the construction work performed at the Building.

## 29. GENERAL.

A. Each Unit Owner shall be required to comply with and abide by the Declaration, the By-Laws and the Regulations of the Condominium made in accordance therewith and to pay the Common Charges levied by the Board of Managers. Such obligations shall be enforceable by the Board of Managers by foreclosure of the statutory lien against the Unit for the amount of any such unpaid Common Charges or by suit to collect the same by action for damages, by injunction or by other appropriate relief.

B. There are no lawsuits or other legal proceedings pending which would materially affect this offering, the Purchasers of Units, the Property, Sponsor's capacity to perform all its obligations under the Plan, the Condominium or the operation thereof.

C. To the best of Sponsor's knowledge, the Property has not been the subject of any prior public offering.

D. The Declaration and By-Laws of the Condominium are made part of this Offering Plan.

E. Annexed to the By-Laws are the Regulations of the Condominium which shall apply unless amended by the Board of Managers.

F. This Plan contains an accurate summary of the pertinent provisions of the various documents referred to herein and copies thereof are on file with the Sponsor for inspection purposes. Any information, data, or representation not referred to in this Plan and not contained in the various documents mentioned herein, must not be relied upon. This Plan does not knowingly omit any material fact or contain any untrue statement of a material fact. No person has been authorized by the Sponsor to make any representation which is not expressly contained in the Plan.

G. If there is an amendment to the Plan that materially adversely affects Purchasers, the Sponsor will grant Purchasers a right of rescission for a period not less than fifteen (15) days after the date of presentation of the amendment to exercise the right. The Sponsor must return any deposit or down payment to Purchasers who rescind. The Sponsor may condition the return of the down payment to interim lessees (if any) to their vacating the Unit.

H. Sponsor hereby represents that neither it, nor any of its agents, will refuse to sell or offer, or will otherwise discriminate against any person or persons by reason of their sexual orientation, race, religion, color or place of national origin in the sale, transfer or lease of Units described in this Plan.

I. As of the date the Plan is accepted for filing, all of the Units are vacant and none of the Units have been occupied by residential or commercial tenants.

J. The Sponsor has not taken any money, entered into any Purchase Agreements, or taken any reservations for Units at the Premises, as of the date hereof.

K. This Plan may not be changed or modified orally.

North Tower LLC
Sponsor

# PART II

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# PURCHASE AGREEMENT
## 196-200 SOUTH 2ND STREET CONDOMINIUM
## NEW YORK, NEW YORK

| | | |
|---|---|---|
| Unit No.: ____ | | Percentage of Common Interest: _____ |
| | | |
| Purchaser(s): | | Tel. No. |
| Name | | Fax No. |
| Address | | |
| | | |
| Purchaser(s): | | |
| Name | | Tel. No. |
| Address | | Fax No. |
| | | |
| Purchaser's Attorney: | | |
| Name | | Tel. No. |
| Address | | Fax No. |
| | | Email: |
| | | |
| Co-Broker : | | |
| Name | | Tel. No. |
| Address | | Fax No. |
| | | |
| Purchase Price | $ | |
| Down Payment | $ | (Payable to "SBJ- 196-200 SOUTH 2ND STREET Condominium— Special Escrow Account") |
| Balance Due at Closing | $ | |

## Statement of Seller:

North Tower, LLC or the Sponsor, with an office at 134 Broadway, Brooklyn, New York 11211 ("**Seller**"), has promulgated a Plan of Condominium Ownership ("**Plan**") for 196-200 South 2nd Street Condominium, 196-200 South 2nd Street, Brooklyn, New York 11238("**Condominium**") pursuant to which the land, with appurtenances, and the units ("**Units**") being constructed thereon by Seller, located in the City of New York, County of New York, will be declared to be a condominium under the provisions of Article 9-B of the Real Property Law of the State of New York on the terms and conditions more particularly set forth in the Plan.

## Statement of Purchaser:

Purchaser acknowledges as follows:

Purchaser has received and read a copy of the Plan and all filed amendments thereto. The Plan and amendments, which include the Declaration to be made by the Seller and to be recorded in the Office of the New York City Register, the schedules, By-Laws and Rules and Regulations attached thereto, are incorporated herein by reference and made part of this Agreement with the same force and effect as if fully set forth herein.

**PURCHASER HAS HAD THE OPPORTUNITY TO REVIEW THE OFFERING PLAN AND ANY FILED AMENDMENTS FOR NOT LESS THAN THREE (3) DAYS.**

Purchaser is desirous of purchasing the above-numbered Unit, as designated in the Declaration and on the floor plans filed or to be filed in the aforesaid City Register's Office, together with an undivided interest in the Common Elements appurtenant thereto (the above-numbered Unit and the undivided interest being hereinafter collectively called the "**Unit**");

**Agreement Between Seller and Purchaser:**

For good and valuable consideration, receipt of which is hereby acknowledged, Seller and Purchaser mutually agree as follows:

1. **Payment for Unit:** Seller hereby agrees to sell and Purchaser hereby agrees to purchase the Unit for the Purchase Price stated above. The Down Payment stated above has been paid on the signing of this Agreement, receipt of which by check, subject to collection, is hereby acknowledged by Seller. The Balance Due at Closing shall be payable at the closing of title, as hereinafter provided in Paragraph 2, by unendorsed certified check of Purchaser, or teller's or cashier's check, drawn on a bank or trust company which is a member of the New York Clearing House Association, to the order of the Seller or as Seller may direct.

2. **Acceptance by Seller**. Within twenty (20) days after delivery to Seller or its Agent by Purchaser of this Purchase Agreement, executed by Purchaser, Seller will either:

(a) accept this Agreement and cause to be returned to Purchaser a fully executed counterpart thereof; or

(b) reject this Agreement offer and refund the Down payment tendered by Purchaser. If Seller takes no action within the aforesaid twenty (20) day period the Purchase Agreement shall be deemed null and void and the Down Payment shall be returned.

3. **Closing of Title**: The closing of title shall take place on no less than thirty (30) days written notice to Purchaser at such place as Seller may designate, at an hour and on a date (hereinafter called the "**Closing Date**") to be specified by Seller. The closing of title may be adjourned by Seller to such later date as the parties may agree upon in writing, and the adjourned date shall then be deemed the Closing Date hereunder. **TIME WILL BE OF THE ESSENCE AS TO THE CLOSING DATE.**

The Seller shall be entitled to reasonable adjournments in the closing of title in the event of delays by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. However, if Seller shall be unable to convey title to the unit within twelve (12) months after the projected date for the first Unit closing under the Plan, except for (i) delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Seller from obtaining necessary supplies or materials, or (ii) Purchaser's default, Seller or Purchaser shall have the right to cancel this Purchase Agreement upon written notice within fifteen (15) days subsequent to the end of such twelve (12) month period, and upon such cancellation, Purchaser shall be entitled to the return of any moneys paid by Purchaser to Seller under the terms of this Agreement, with interest, if any.

At the closing of title, Seller shall deliver to Purchaser a bargain and sale deed in the form contained in Part II of the Plan, with covenant against grantor's acts, conveying the Unit to Purchaser, executed and acknowledged by Seller in form for recording.

Title to the Unit will close only after, or concurrently with, the occurrence of the events set forth in "Conditions of Closing Title to Individual Units" in Section 14 of the Plan, entitled "Terms of Sale".

4. **Power of Attorney to Board of Managers and Seller:** At the closing of title and simultaneously with the delivery to Purchaser of the deed conveying the Unit, Purchaser shall execute and acknowledge the power of attorney to the Board of Managers and the Seller in the form contained in Part II of the Plan. Purchaser agrees to deliver such power of attorney to Seller at the closing of title for recording and to pay the recording fee.

5. **Limited Financing Contingency:**

(a) The obligations of the Purchaser under this Purchase Agreement are conditioned upon issuance on or before a date which is forty-five (45) days from the date the Purchase Agreement is accepted by Sponsor and returned to Purchaser (the "Commitment Date")

of a written commitment (the "Commitment") from Sponsor Designated Lender (hereinafter referred to as "Sponsor Designated Lender") pursuant to which such Sponsor Designated Lender agrees to make a loan, other than a VA, FHA or other governmentally insured loan to Purchaser, at Purchaser's sole cost and expense of no more than eighty percent (80%) of the Purchase Price of the Unit, or such lesser sum as Purchaser shall be willing to accept, at the prevailing fixed rate or adjustable rate of interest for a term of at least thirty (30) years and on other customary commitment terms, whether or not conditioned upon any factors other than an appraisal satisfactory to the Sponsor Designated Lender, secured by a first mortgage on the Unit together with its undivided interest in the Common Elements (the "Mortgage Loan").

(b) Purchaser shall:

1. make a prompt application to a Sponsor Designated Lender for the Mortgage Loan through Washington Mutual, having an address at 4001 Broadway, New York, New York 10032, within ten (10) days of the date of execution of the Purchase Agreement;

2. furnish truthful, accurate and complete information, data and documents on Purchaser and members of Purchaser's family, as required, and promptly submit such further information, data and documents requested by the Sponsor Designated Lender;

3. pay all fees, points and charges required in connection with such application and Mortgage Loan;

4. pursue such application with diligence;

5. cooperate in good faith with the Sponsor Designated Lender to the end of securing the Mortgage Loan;

6. promptly give notice to Sponsor of the name and address of the Sponsor Designated Lender to which Purchaser has made such application; and

7. comply with all requirements of the Commitment (or of any Commitment accepted by Purchaser) and furnish Sponsor with a copy thereof promptly after receipt.

The obligations of Purchaser set forth in (1) through (7) above are collectively referred to herein as the "Financing Obligations." Purchaser agrees to diligently comply with all of the Financing Obligations.

(c) If a Commitment is not issued on or before the Commitment Date pursuant to Paragraphs (b) above, then unless Purchaser has accepted a Commitment that does not comply with the requirements set forth in Paragraph (a) above, Purchaser may cancel the Purchase Agreement by giving notice to Sponsor (the "Cancellation Notice") within five (5) business days after the Commitment Date, "time being of the essence", in which case the Purchase Agreement shall be deemed canceled and thereafter neither party shall have any further

rights against, or obligations or liabilities to, the other by reason of the Purchase Agreement, except that the Down Payment, together with any interest earned thereon, shall be refunded to Purchaser within ten (10) business days thereafter. The Cancellation Notice shall be accompanied by a copy of any loan refusal letter or non-complying Commitment, as the case may be, issued by the Institutional Lender, if available, or if not available, provided promptly after receipt. If Purchaser fails to give the Cancellation Notice or if Purchaser shall accept a Commitment that does not comply with the requirements of set forth in Paragraph (a) above, then Purchaser shall be deemed to have waived Purchaser's right to cancel the Purchase Agreement and to receive a refund of the Down Payment by reason of the contingency contained in this Rider.

(d) In the event that Purchaser uses a lender procured other than through the Sponsor Designated Lender, no financing contingency will apply to the Purchase Agreement. As a result, Purchaser will not have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

6. **Condition of Title:**

(a) Seller agrees to convey to Purchaser title in fee simple to the Unit, free and clear of all liens and encumbrances other than those set forth in the Plan (specifically in Part I thereof in the section entitled "Terms of Sale") and Exhibits submitted in connection therewith. Notwithstanding the above, the existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided that a reputable title insurance company licensed to do business in the State of New York shall be willing to insure against collection of same from the Unit herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the Property, not provided for in the Plan or this Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

(b) Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage or development loan mortgage and any advances heretofore or hereafter made thereon, and any payments or expenses which at any time were or may be incurred pursuant to the terms thereof, incidental thereto or to protect the security thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments. However, at closing the Unit will be conveyed free and clear of all mortgage liens.

7. **Expenses of Closing and Closing Adjustments:**

(a) Purchaser will pay the closing costs and expenses referred to in the Section of the Plan (as same may be amended to date) entitled "Unit Closing Costs and Adjustments", including the following:

(i) fee title insurance;

(ii) deed, power of attorney and any mortgage agreements recording fee;

(iii) mortgage costs chargeable by the lender, mortgage title insurance, and mortgage taxes (including a reimbursement to the Seller for mortgage tax previously paid by the Seller as per subsection (d) below);

(iv) two months of common charges for the working capital fund (unless the Sponsor has previously made such contribution, in which case payment shall be made to the Sponsor);

(v) attorneys' fees of Seller (as detailed in the Plan), Purchaser and Mortgage Lender (if any);

(vi) New York State and New York City Real Property transfer taxes attributable to the transfer of the Unit, as described in the Plan;

(vii) Escrow for real estate taxes payable with respect to the Unit for the next tax payment period following the Closing Date; and

(viii) If the purchase price of the Unit exceeds $1,000,000, an additional New York State tax due under Article 31 of the Tax Law, currently equal to one percent (1%) of the purchase price.

Purchaser should refer to Section 15 of the Plan for a detailed description and calculation of the estimated closing costs and adjustments to be borne by Purchaser.

(b) If Purchaser adjourns the Closing, the Purchaser will be liable for all common charges and real estate taxes assessed against the Unit from and after the scheduled Closing Date; and interest on the purchase price at the rate of twelve percent (12%) per annum from the scheduled Closing Date until the actual Closing Date to reimburse the Sponsor for construction loan interest (if any) and its lost opportunity costs with respect to the unpaid purchase price. If the closing is adjourned by Purchaser or his lender on less than 48 hours notice, then the Purchaser shall pay an adjournment fee of $250 to Sponsor's Counsel.

(c) Except as otherwise provided in this agreement, real estate taxes and common charges and expenses shall be adjusted between Seller and Purchaser as of midnight preceding the Closing Date in accordance with the provisions of the Plan. Any such expenses or adjustments payable to Seller in excess of Two Hundred Dollars ($200.00) will be paid by certified check or bank check.

(d) Prior to the Closing Date, the Seller will have paid a mortgage recording tax for a construction loan mortgage on the Property. Pursuant to Section 339-ee(2) of the Real

Property Law of the State of New York, it is specifically understood that such credit shall inure to the benefit of Seller. Accordingly, at closing, each Purchaser electing mortgage financing shall pay the full amount of the mortgage recording tax chargeable on the amount being financed, without regard to any credit to which the Sponsor is entitled under Section 339-ee(2), and the Sponsor will be reimbursed out of such payment at closing to the extent of any mortgage tax credit allowed.

8. **Default by Purchaser:**

(a) If Purchaser shall fail to pay any portion of the purchase price when due; fail to close title on the date, hour and place specified by Seller pursuant to Paragraph 3 hereof; fail to perform any of Purchaser's other obligations hereunder; or if any of Purchaser's representations in this Agreement shall be untrue in any respect, Purchaser shall be in default, and Seller may send a notice to Purchaser to cure the default within thirty (30) days. If within the thirty (30) day period Purchaser shall fail to cure the default, Seller, at its option, may cancel this Agreement by notice of cancellation to Purchaser. If Seller shall elect to cancel this Agreement, Seller shall certify to its Counsel that title has not closed because of Purchaser's default and that Seller has elected to cancel this Agreement by reason thereof Counsel shall thereupon pay over to Seller as liquidated damages the Down Payment and the interest earned thereon, if any. Upon such payment being made each of the parties hereto shall be relieved of any further liabilities or obligations hereunder. If this Agreement shall be canceled by Seller, Seller may sell the Unit to any third party and shall be under no obligation to account to Purchaser for any part of the proceeds of such sale. Counsel may rely upon the truth and accuracy of the facts contained in Seller's certification and the authority of the person or persons executing the same and shall have no liability as a result of such reliance.

(b) **TIME IS OF THE ESSENCE AS TO PAYING THE BALANCE DUE, AND AS TO CURING ALL DEFAULTS WITHIN ANY GRACE PERIODS GRANTED HEREUNDER. FAILURE TO MAKE A PAYMENT WITHIN THE GRACE PERIOD AFTER A PURCHASER IS CALLED UPON TO MAKE SUCH PAYMENT MAY RESULT IN LOSS OF THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT**. Purchaser should consult his or her own attorney prior to executing a Purchase Agreement.

(c) In the event of an uncured default by Purchaser in his or her obligations under the Purchase Agreement, no more than ten percent (10%) of the purchase price, plus any interest earned thereon and the cost of any special work performed for the Purchaser, may be retained as liquidated damages. Seller agrees not to seek the remedy of specific performance in connection with Purchase Agreements as to which there has been a default by Purchaser. No Down Payment or other monies shall be released pursuant to an uncured default by Purchaser before the First Unit Closing

9. **Agreement Subject to Plan Becoming Effective; Seller's Right to Cancel:** This Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Seller at any time prior to its being declared effective and shall be abandoned and

deemed abandoned if it has not been declared effective within the time prescribed by the Plan. If the Plan is abandoned or does not become effective this Purchase Agreement shall be deemed canceled, and the plan terminated and not later than forty-five (45) days thereafter, all monies paid by Purchaser hereunder shall be refunded in full, and upon such repayment no party shall have any claim against any other party, person or entity, and all parties shall be released from all obligations hereunder and under the Plan. Seller may cancel this agreement if any of the following occur: (a) any government bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution, or use of materials necessary in the construction of residential housing and such restrictions shall prevent the Seller from obtaining such materials from its regular suppliers or from using same in the construction or completion of the dwellings; or (b) Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies, acts of God or if the installation of public utilities is restricted or curtailed. If Seller elects at any time to cancel this agreement pursuant to any rights granted under the Plan, Seller's cancellation shall be effective by forwarding its check in the full amount paid by the Purchaser and interest earned, together with a notice in writing, addressed to the Purchaser at his address set forth on page 1.

10. **Agreement May Not Be Assigned:** Purchaser shall have no right to assign this Agreement without the prior consent in writing of Seller and any purported assignment of this Agreement in violation hereof shall be voidable at the option of Seller.

11. **Survival:** The closing of title to the Unit and the delivery of the deed thereto shall be deemed full compliance by Seller with each and every term of this Purchase Agreement, except as to any item specifically listed and excepted therefrom.

12. **No Representations:** Except as specifically set forth herein or in the Plan, Purchaser acknowledges that he has not relied upon any architect's plans, sales plans, selling brochures, representations, warranties or statements of any nature, whether made by Seller, the Selling Agent, Seller's Counsel, or otherwise, including, but not limited to, any relating to the description or physical condition of the building or the Unit, the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the building services, the estimated common charges and expenses allocable to the Unit, the availability of any tax benefits, or the right to any income tax deduction on account of any real estate taxes or mortgage interest paid by Purchaser. Purchaser agrees that Seller shall have no liability or responsibility to Purchaser if the layout or dimensions of the Unit or any part thereof or of the Common Elements as shown on the floor plans or on the architectural plans and specifications for the building are not accurate or correct provided such layout or dimensions conform substantially to the floor plans and the architectural plans and specifications for the building and the site as modified or supplemented in accordance with the Plan and that Purchaser will not be relieved from his obligations hereunder by reason of any minor inaccuracy or error.

13. **Recording of Deed and Power of Attorney:** At the closing of title, Purchaser will deliver the executed deed received from Seller and executed and acknowledged power of attorney to the representative of the title company, if any, or to Seller for recording in the Office

of the City Register, County of New York. Such deed and power of attorney will be in the forms annexed hereto (and made a part hereof) as set forth in Part II of the Plan.

14. **Binding Effect:** This agreement shall not be effective or binding on Seller until a counterpart hereof is executed by Seller and delivered to Purchaser. Subject to the provisions hereof, this Purchase Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

15. **Monies to be Held in Trust, Payment of Purchase Price; Notice of Closing:** The required Down Payment pursuant to this Agreement will be ten percent (10%) of the purchase price for the Unit as set forth in the Plan, as amended. Smith, Buss & Jacobs, LLP Esq. is the escrow agent under this Agreement ("**Escrow Agent**"). All monies received by Seller through its agents or employees pursuant to this Agreement will be deposited in an account of Escrow Agent at Hudson Valley Bank, 865 McLean Avenue, Yonkers, New York 10704, in an account or accounts entitled "**196-200 SOUTH 2ND STREET Condominium – Special Escrow Account**" or similar name, which account or accounts shall be interest-bearing for the benefit of the Purchaser in accordance with Section 71-a(3) of the Lien Law. Such funds will be held in trust in accordance with the escrow and trust provisions of Sections 352(h) and 352-e(2)(b) of the New York General Business Law, and Regulations, if any, promulgated pursuant to said Section 352-e(2)(b). Such funds will be disbursed only upon the signature of Counsel for the Sponsor as follows: (i) to Seller if the Plan is declared effective and title closes hereunder or if Purchaser defaults hereunder; or (ii) to Purchaser if the plan is abandoned or withdrawn or title does not close because of Seller's default, or this Agreement is canceled (without default by either party) in accordance with its terms. Down Payments, with any accumulated interest, shall remain the Property of the Purchaser except as provided by law.

Down Payments will be retained in the Escrow account as set forth above until: (i) Seller performs under the terms of the Purchase Agreement; (ii) Purchaser rescinds or defaults in performance, thereby excusing performance by Seller; (iii) release or discharge of Seller's liability to refund such Down Payment; (iv) upon transfer of title to the Unit to the Purchaser; or (v) by mutual consent of Seller and Purchaser.

The parties acknowledge that the Escrow Agent for the Down Payment is also Counsel for the Sponsor. Purchaser agrees that in case of any dispute relating to the disposition of the Down Payment, Counsel for the Sponsor may continue to represent the Sponsor.

The provisions of Section 11, subsections (J) and (K) of the Plan are incorporated into this Agreement as if set forth in full herein.

16. **Equipment and Furnishings:** Seller will provide Purchaser only with fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the purchase price of the Unit. Furnishings, equipment, appliances and decorations in any model unit or sales office that are not referred to in the Plan are excluded from this sale unless specifically included by a rider to this Purchase Agreement. The cost of any such special items will be an addition to the purchase price.

17. **Acceptance of Condition of Unit; Risk of Loss:**

(a) Purchaser shall accept title without abatement in or credit against the purchase price, and without provision for escrow, notwithstanding that Seller may not have completed construction of (i) minor details of the Unit or the Building; (ii) another Unit; or (iii) portions of the Common Elements that do not materially affect Purchaser's access to and use of the Unit.

(b) Purchaser acknowledges that it has read and accepted the terms of the Warranty set forth on Exhibit A attached hereto and made a part hereof, which Warranty is given in lieu of and replaces all other warranties on the construction and sale of the Unit and its components, both express and implied (including any warranties of merchantability or fitness for a particular purpose and the housing merchant implied warranty). The purpose of the Warranty is to identify the Sponsor's responsibilities for construction defects of a latent or hidden nature that could not have been found or disclosed on final inspection of the Unit.

(c) (i) The risk of loss from fire or other casualty with respect to each Unit shall remain with Seller until the closing of title, but without any obligation or liability by Seller to repair or restore any Unit. In case of damage or destruction of a Unit due to fire or other casualty prior to the closing, Seller will have the right to elect whether to repair or restore the Unit, which election shall be in the Seller's sole discretion. If the Seller elects to restore the Unit, the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit or abatement against the purchase price for the Unit. In that event the Seller shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any insurance proceeds shall belong solely to the Seller. If the Seller elects not to restore the Unit, or (if the damage occurs after the establishment of the Condominium but before closing of title to the Unit) the Board of Managers elects not to restore the Common Elements of the Condominium, the Purchase Agreement shall be deemed cancelled, the Seller shall return to Purchaser all sums deposited thereunder (together with interest), and the parties shall have no further liability to each other. Purchaser may nullify such cancellation (provided the damage relates solely to an individual Unit and does not affect the Common Elements of the Condominium) by notice given within Ten days thereafter, agreeing to take title subject to the damage without abatement or reduction in the purchase price, but with an assignment of all insurance proceeds allocable to the repair of the Unit. In that case, at closing the Seller shall assign to the Purchaser all insurance proceeds allocable to the Unit and the Seller shall have no further responsibility to repair the Unit. The foregoing rights apply only if Purchaser is not in default. If Purchaser is in default under the Purchase Agreement at such time, the Purchaser may not nullify the Seller's option to cancel and the Seller may retain all sums paid as liquidated damages.

(ii) Notwithstanding part (i), if Purchaser enters into actual possession of a Unit prior to the closing of title, the Purchaser shall bear the risk of loss or other casualty with respect to that Unit, i.e., the Purchaser will be obligated to bear the cost of restoring the Unit to the same extent as if the Purchaser had already taken title.

18. **Inspection, Condition of Units:** At least one (1) day before Closing, a representative of the Sponsor and Purchaser shall inspect the Unit. At the conclusion of the inspection Purchaser will complete and sign an inspection statement in the form annexed as Exhibit B. Purchaser's signing of this Purchase Agreement shall constitute its acceptance of the Unit and the Building in the condition in which it shall be at the time of Closing, subject solely to the "Exceptions" noted on the inspection statement (including the existing kitchen, bathroom and other appliances, fixtures, equipment, air conditioning units and installations, if any, which are owned by the Sponsor) and in accordance with Sponsor's rights and obligations under the Plan. By closing title, Purchaser waives any claim regarding the condition of the Unit except as set forth in the inspection statement. Purchaser shall be in default under this agreement if Purchaser fails to inspect the Unit with a representative of the Sponsor on or before the day before the scheduled Closing Date. Except as expressly provided in this Agreement or the Plan, Sponsor shall have no obligation to repair or improve the Unit, any portion of Property, or the appliances, equipment, or fixtures attached to or used in connection with the Unit or the Property.

19. **Possession of Unit Prior to Closing:** It is expressly understood and agreed that the Purchaser shall in no event take possession of the unit prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this agreement, and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove him from the Unit as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and if the Seller so elects, the Seller may cancel this Agreement and the amount deposited hereunder shall belong to the Seller as liquidated damages deemed earned hereunder. It is further understood and agreed that the Seller will not be responsible for damage or loss to any Property belonging to Purchaser, whether same is delivered to the Property before, on or after the closing of title herein.

20. **Limitation of Seller's Liability:** Except as may otherwise be required by law, the Seller's liability under this agreement for failure to complete any portion of the Unit or Building, or deliver title for any reasons whatsoever shall be limited to the return of the money deposited hereunder (with interest, if any), and upon the return of said money, this Agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, the Seller shall not be required to bring any action or proceeding or otherwise incur any expense to render the title to the Unit marketable or to cure any objection to title.

21. **Definitions:** The term "Purchaser" shall be read as "Purchasers" if more than one person are Purchasers, in which case their obligations shall be deemed joint and several. The terms used herein shall have the same meanings as ascribed thereto in the Plan.

22. **Gender:** The use of the masculine gender in this Purchase Agreement shall be deemed to refer to the feminine gender or to an entity whenever the context so requires.

23. **Other Agreements:** This Purchase Agreement supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them and no oral representations or statements shall be considered a part hereof.

24. **Amendment of Purchase Agreement:** This Purchase Agreement may not be amended, altered or discharged except by agreement in writing signed by the party sought to be charged therewith or by his, her or its duly authorized agent.

25. **Brokerage**: Purchaser represents and warrants to Seller that Purchaser did not negotiate with any broker for the purchase of the Unit other than Apts and Lofts.com ("Selling Agent") and the agents set forth on page 1 of this Agreement (if any). Purchaser hereby agrees to indemnify, defend and hold harmless Seller, the Selling Agent, and their respective agents, Counsel and employees, from any claims by any other broker that alleges that it has dealt with Purchaser in connection with the purchase of the Unit.

26. **Governing Law:** This Purchase Agreement shall be governed by and construed in accordance with the law of the State of New York.

27. **Jury Waiver:** Purchaser hereby waives trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement, or the relationship of the parties as Purchaser and Seller, or the right of Purchaser to any statutory relief or remedy.

28. **Binding Effects of Declaration, By-Laws, Plan, Rules and Regulations:** Purchaser hereby agrees to be bound by the Declaration, By-Laws, the Rules and Regulations and the Plan.

29. **Notices**: Any notice to be given hereunder shall be in writing and sent by registered or certified mail or personal delivery as follows: if to Purchaser, at the address set forth on page 1 or at such other address as Purchaser may hereafter designate in writing; and if to Seller, to: North Tower LLC, c/o Smith, Buss and Jacobs, 733 Yonkers Avenue, Yonkers, New York 10704, Attention: Kenneth Jacobs, Esq. The date of mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address.

30. **Conflict with Plan:** Any conflict between the Plan and this Purchase Agreement will be resolved in favor of the Plan.

31. **Captions:** The captions in this Purchase Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Purchase Agreement, or the intent of any provision hereof.

32. **No Recording:** This Purchase Agreement shall not be recorded. Recording of the Purchase Agreement is an event of default hereunder.

33. **Bona Fide Purchase:** Purchaser represents that:

(i) he or she is an individual over eighteen years of age;

(ii) he or she is a bona fide Purchaser of the unit for occupancy or investment; and

(iii) he or she is not an employee, shareholder, member or limited partner of the Sponsor, Selling Agent, or any principal thereof, nor is he or she related by blood, marriage or adoption or as a business affiliate to the Sponsor or the Selling Agent.

In witness whereof, each party has signed this Agreement.

Dated:_____

_____
Purchaser

_____
Purchaser

Accepted:
Dated: _____

**By: North Tower LLC, the Sponsor**

By: _____
Name:
Title:

EXHIBIT A

WARRANTY

SPONSOR: NORTH TOWER LLC
134 Boradway
Brooklyn, New York 11211

NAME OF PURCHASER(S): _____

ADDRESS OF PURCHASER(S): _____

ADDRESS OF UNIT WARRANTED: Unit No. _____
196-200 South 2nd Street Condominium
196-200 South 2nd Street, Brooklyn, New York 11211

COMMENCEMENT DATE: The date that Purchaser takes title to the Unit or the date that any person begins residential occupancy to the Unit, whichever is earlier ("Warranty Date").

This Warranty excludes all consequential, incidental, special and indirect damages. In addition, Sponsor's obligation to pay for the cost of repairing any defect, damage or injury to property is limited to $25,000.

THIS WARRANTY IS GIVEN IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND SALE OF THE UNIT AND ITS COMPONENTS. BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE AND THE HOUSING MERCHANT IMPLIED WARRANTY). THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS WARRANTY IS TO IDENTIFY THE SPONSOR'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS OF A LATENT OR HIDDEN NATURE THAT COULD NOT HAVE BEEN FOUND OR DISCLOSED ON FINAL INSPECTION OF THE UNIT.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS WARRANTY TO THE CONTRARY, THIS WARRANTY SHALL NOT RELIEVE THE SPONSOR OF LIABILITY, SUBJECT TO AND IN ACCORDANCE WITH APPLICABLE LAW, FOR DEFECTS DUE TO SPONSOR'S FAILURE TO CONSTRUCT THE UNIT SUBSTANTIALLY IN ACCORDANCE WITH APPLICABLE BUILDING CODES AND FILED BUILDING PLANS AND SPECIFICATIONS.

1. **This Is A Limited Warranty.** This is a limited Warranty which excludes any other promises or guarantees that Sponsor could make (also known as "express warranties" or "implied warranties") regarding the renovation of your Unit and its components, including any warranties of merchantability or fitness for a particular purpose, or the Housing Merchant Implied Warranty. There are no warranties which extend beyond the face of this document.

2. **Limit On Sponsor Liability.** As noted on page 1 of this Warranty, Sponsor is not obligated to pay for any defect, damage or injury not caused directly as a result of a defect covered by this Warranty. In other words, this Warranty excludes "consequential", "incidental", "special" and "indirect" damages, except as required by state law. In addition, Sponsor's obligation to pay for the cost of repairing any defect to property is limited to $25,000 ("Sponsor's Limit of Total Liability").

3. **Warranty Only To You**. This Warranty is given only to you while you own your Unit. It will end automatically if you transfer the Unit to any other person at any time.

4. **Warranty Made Exclusively By The Sponsor**. This Warranty is made exclusively by the Sponsor whose name appears on page 1.

5. **Warranty Coverages And Periods.** The Warranty Period for all coverages begins on the date that you take title to the Unit or any person begins residential occupancy of the Unit, whichever date is earlier. It ends at the expiration of the applicable coverage period shown below. **TIME IS OF THE ESSENCE WITH RESPECT TO THESE WARRANTY COVERAGE PERIODS. WARRANTY COVERAGE PERIODS WILL NOT BE EXTENDED.**

6. **Final Inspection Of The Unit.** Before you move into the Unit or accept the deed, the Sponsor will set up an appointment for final inspection of the Unit with you. The purpose of this final inspection is to discover any defects or flaws of a visible or obvious nature--such as mars, chips, dents, cracks, or scratches--that may have occurred during the final stages of finishing the home, or any unfinished work caused by back-orders beyond the Sponsor's control.

All defects or flaws found on final inspection of the Unit will be itemized on a Final Inspection Sheet, which will be signed by you and the Sponsor before occupancy of the Unit or transfer of the deed.

When you move into the Unit or accept the deed, the Sponsor's responsibility is limited to:

(a) completion of items in accordance with the Final Inspection Sheet (see Exhibit B attached hereto), and

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

7. **What Is Included In The Warranty.**

(a) Sponsor makes the following warranties to you solely with respect to the new elements of your Unit, as described in the Description of Property and Building Condition in Part II of the Plan. For one (1) year, the Unit will be free from: (1) defects caused by workmanship or materials that do not meet the standards of the applicable building code, or (for items not covered by code) locally accepted building practices; (2) defects caused by unskillful installation of the Plumbing, Electrical, Heating, Cooling and Ventilation Systems (if any); and (3) Material Defects in the structural elements (foundation, floors, walls, roof framing) which make it unsafe or unlivable. Capitalized terms in this subsection are defined in subsection (c) below.

(b) Sponsor will not be liable unless the defect, damage or injury was caused by one of the following:

(1) defective workmanship by Sponsor or any agent or subcontractor of or person working for Sponsor;

(2) defective materials supplied by Sponsor or any agent or subcontractor of or persons working for Sponsor; or

(3) defective design provided by the architect, or subcontractor, engineer or other design professional or subcontractor engaged solely by the Sponsor.

(c) Definitions: As used in this Section 7, the following words and phrases have the following meanings:

(1) "Material Defect": means actual physical damage to the following load-bearing parts of the Unit which affects their load-bearing functions to the extent that the Unit becomes unsafe, unsanitary or unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

(2) "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.

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

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

(d) Sponsor's Warranty does not extend to any other type of defect.

**8. <u>What Is Excluded From Warranty Coverage</u>.** The following items are excluded from Sponsor's Warranty:

(a) Any defects in appliances sold by Sponsor with your Unit, unless the defect was caused by Sponsor's failure to install the appliance in a skillful manner. However, Sponsor will transfer to you any manufacturer's warranties which it receives.

(b) Any defect which was obvious (or would have been obvious if you had inspected your Unit) before purchase or occupancy, including defects shown on the Final Inspection Sheet.

(c) Any normal wear and tear or deterioration in your Unit.

(d) Any normal settling or shifting of your Unit (including, without limitation, expansion or contraction of the walls or floor, concrete cracks which do not impair the structural soundness of the Unit or Building, or separation between baseboards and the floor)

(e) Minor defects, such as nails popping; lumber shrinkage; door sticking due to weather; door warping; cracking, discoloration or separation of caulking or grouting; normal plumbing or heating noises; floor discoloring; or leaks due to your failure to install storm doors or windows.

(f) Damage to personal property.

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

(1) negligence, improper maintenance, or improper operation by anyone other than Sponsor, its employees, agents, or subcontractors;

(2) failure by you or anyone other than Sponsor, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment;

(3) your failure to give notice to Sponsor of any defects or damage within a reasonable time;

(4) changes in the grading of the ground by anyone other than Sponsor, its employees, agents or subcontractors;

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

(6) dampness or condensation due to your failure to maintain adequate ventilation.

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

(i) 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.

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

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

(1) Any damage which you have not taken timely action to minimize.

(m) Insect damage.

(n) Bodily injury or damage to personal property.

(o) Sponsor's failure to complete construction of the Unit.

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

(q) Loss or damage due to abnormal loading on floors by you which exceeds design loads as mandated by the Building Code or building standards.

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

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

(t) With respect to a claim for a Material Defect, damage to non-load bearing portions of the Unit including (but not limited to) the following: 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 (if any) 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; and insulation.

(u) Loss or damage caused by defective workmanship performed by any person other than the Sponsor or an agent or subcontractor of the Sponsor working under the direction and supervision of the Sponsor.

(v) Loss or damage caused by defective materials supplied by any person other than the Sponsor.

(w) Loss or damage caused by defective design provided by any person other than a design professional retained exclusively by the Sponsor.

(x) 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)(if any); site 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.

(y) Any defects, whether material or otherwise, which arise from those portions of the Unit or Building that are not newly constructed by the Sponsor.

(z) Any claim not filed in a manner set forth below in Section 10, "How to Make a Warranty Claim".

**9. Warranty.**

(a) If a defect occurs in an item covered by this Warranty, Sponsor will repair, replace or pay to you the reasonable cost of repairing or replacing the defective item within a reasonable time after Sponsor's inspection or testing discloses the problem. The choice among repair, replacement or payment is solely that of Sponsor.

(b) In no event will Sponsor's total liability for deficiencies under this Warranty exceed the Sponsor's Limit of Total Liability, as described in on page 1 and Section 2 on page 2. However, if any of the Warranty provisions set forth herein fail to meet or exceed the applicable building code, or in the absence of such relevant specific standard, a locally accepted building practice, or fail to ensure that the Unit is habitable by permitting conditions to exist which render the home unsafe, then such provision shall be void as contrary to public policy. In addition, the Sponsor will remain liable in accordance with applicable law for defects due to Sponsor's failure to construct the Unit substantially in accordance with filed building plans and specifications, subject only to applicable statute(s) of limitations.

(c) Repair, replacement or payment of reasonable cost for any Material Defect is further limited to (1) the repair of damage to the load-bearing portions of the Unit themselves which is necessary to restore their load-bearing function; and (2) the repair of those items of the Unit damaged by the Material Defect which made the Unit unsafe, unsanitary or otherwise unlivable.

(d) When Sponsor 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 Sponsor.

**10. How To Make A Warranty Claim.**

(a) If you believe that you are covered under this Warranty, you must send to Sponsor a **Notice of Warranty Claim.** The Notice of Warranty Claim is a letter, sent by certified mail, return receipt requested to the following address:

**North Tower LLC**
**134 Broadway**
**Brooklyn, New York 11211**

The letter must identify the Unit, give the Warranty Date, explain your claim, and include your name, address and work and home phone numbers.

(b) You must notify Sponsor of your claim within 30 days after the last day of the warranty period for the defective part, as described in Sections 5 and 7, or you will lose your right to have it repaired by Sponsor under this Warranty.

(c) Within a reasonable time after Sponsor receives your complete letter, it will make an appointment to inspect the defective part of your Unit with you. Sponsor is not obligated to make any repair if it is unable to get into your Unit to inspect (or you did not keep an appointment) after reasonable efforts.

(d) Upon completion of inspection and testing, the Sponsor will determine whether to accept or reject the claim. If the Sponsor rejects the claim, the Sponsor will give written notice of that decision to you at the address shown on the Notice of Claim. If the Sponsor accepts the claim, the Sponsor will take corrective action within a reasonable period of time and, upon completion, will give written notice of completion to you at the address shown on the Notice of Claim Form.

(e) If Sponsor confirms that a repair must be made, it will start the repair within a reasonable time and continue working until the repair is completed.

(f) If you and Sponsor disagree about whether Sponsor is liable, you may elect to have the claim arbitrated following the rules of the American Arbitration Association. If you sue Sponsor, though, you may no longer demand that your claim be arbitrated unless Sponsor consents.

**IF YOU DO NOT FOLLOW ALL OF THE ABOVE PROCEDURES, YOU WILL BE BARRED FROM MAKING A WARRANTY CLAIM. SPONSOR WILL NOT EXTEND ANY TIME PERIODS FOR MAKING A CLAIM UNDER ANY CIRCUMSTANCES.**

**11. Additional Protections For Sponsor In Response To Your Claim.**

(a) No steps taken by Sponsor, you or any other person to inspect, test or correct defects will extend any time period under this Warranty. If Sponsor elects to respond to a complaint or request which is not made in the form of a proper and timely Notice of Warranty Claim, the fact that Sponsor has chosen to respond will not affect or reduce any of Sponsor's rights under this Warranty. Sponsor will continue to have all of its rights under this Warranty, including its right to receive a timely and properly completed Notice of Warranty Claim.

(b) In response to a Notice of Warranty Claim, or any other complaint or request by you, Sponsor will have the right to inspect and test the portion of the Unit to which the claim relates. You must provide reasonable access to Sponsor and its agents during normal business hours to complete inspection, testing and repair or replacement.

(c) Sponsor will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessarily are subject to weather conditions, Acts of God, availability of materials, and other events beyond Sponsor's control.

**12. Legal Actions**. No claim under this Warranty may be commenced or asserted in any suit, action, or other legal proceeding against Sponsor in any court or forum unless notice of the claim has been received by Sponsor in a timely and properly completed Notice of Warranty Claim Form as provided in paragraph 10 above.

**13. General Provisions.**

(a) This Warranty is governed by the laws of New York State.

(b) If any part of this Warranty is deemed unenforceable by a court, the remainder will remain enforceable.

(c) This Warranty may not be changed in any way without the written consent of the Sponsor.

(d) As used in this Warranty, "including" means "including but not limited to"; "or" means "and/or"; use of one gender includes the other gender; and the singular includes the plural and vice versa.

(e) The Warranty shall not limit the Sponsor's obligation to construct the Premises substantially in accordance with all applicable building codes and filed building plans and specifications, as set forth in the Plan.

## EXHIBIT B

## FINAL INSPECTION STATEMENT

Date:_____

North Tower LLC
134 Broadway
Brooklyn, New York 11211

Re: Unit ___ at
196-200 South 2nd Street Condominium
196-200 South 2nd Street
Brooklyn, New York 11211

Ladies and Gentlemen:

This is to confirm that based on the undersigned's personal inspection of the above-referenced Unit, I (we) have found the Unit, its floors, walls, doors, fixtures, appliances, equipment, hardware and all other items listed below, to be in good and satisfactory condition, free of chips, mars, scratches, breaks or other defects, except for those matters (if any) expressly noted below under "exceptions" requiring repair, adjustment or correction:

| | **Exceptions (if any)** | **Purchaser's Initials** |
|---|---|---|
| **1. Walls** | | |
| **2. Floors** | | |
| **3. Ceilings** | | |
| **4. Windows (glass, sash, pane. sills, etc.)** | | |
| **5. Doors** | | |
| **6. Electric Fixtures** | | |
| **7. Painted Surfaces** | | |
| **8. Kitchen Cabinets** | | |
| **9. Appliances** | | |
| **10. Kitchen Sink** | | |
| **11. Medicine Cabinet(s)** | | |

| | Exceptions (if any) | Purchaser's Initials |
|---|---|---|
| **12. Vanity(ies)** | | |
| **13. Water Closet(s)** | | |
| **14. Bathtub(s)** | | |
| **15. Shower Door(s)** | | |
| **16. Bathroom tile** | | |
| **17. Hardware (doorbell, doorknobs, faucet(s), locks, etc.)** | | |
| **18. Other** | | |

We understand that to prevent pilferage certain items, such as medicine cabinet doors, shower heads, toilet seats and towel bars, will be installed just prior to the date we move in.

The undersigned will sign and deliver to Sponsor a separate statement signifying our satisfaction with each item excepted above (if any), immediately upon the completion of the repair, adjustment or correction of same.

The undersigned understands and agrees that Sponsor shall not be obligated to make any repairs, adjustments or corrections to the Unit or any portion thereof or its fixtures, appliances, equipment, etc., contained therein, from or after the date of delivery of possession of the Unit to the undersigned, except as to those items (if any) expressly excepted above (and Sponsor's obligation regarding any such excepted items shall cease upon the completion of the repair, adjustment or correction of same).

Very truly yours,

_____
Purchaser's Signature

_____
Purchaser's Signature

Acknowledged:

By: **North Tower LLC**

By: _____
Name:
Title:

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## POWER OF ATTORNEY

I(we)_____, residing at _____the owner(s) of Condominium Unit No. _____ in the Condominium known as 196-200 SOUTH 2ND STREET CONDOMINIUM **("Condominium")** covering the property located in the City of New York, County of New York, do hereby irrevocably nominate, constitute and appoint the members of the Board of Managers of 196-200 SOUTH 2ND STREET CONDOMINIUM **("Condominium Board")** and their successors, jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution in my (our) name and on my (our) behalf pursuant to the plan of Condominium ownership evidenced by the Declaration and By-Laws filed with respect to the Condominium to (1)(a) vote on, exercise or waive any right of first refusal to purchase a Unit available to the Condominium under the By-Laws of the Condominium, and to vote to approve the exercise of the waiver on behalf of the Unit Owners, subject to any other limitations contained in the By-Laws, or (b) 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 whose owner desires to sell 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 (our) 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 (our) attorneys-in-fact may in their sole discretion determine granting to my (our) said attorneys-in-fact the power to do all things in the said premises which I (we) could do if I (we) were personally present; (2) execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution, or requirement of the Department of Buildings, the City Planning Commission, the Zoning Board and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium, or (b) any consent covenant, restriction, easement or declaration, or any amendment to the Declaration of Condominium or By-Laws affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate; (3) file applications and protests (or employ persons to do same) in my (our) name and stead with respect to the assessed valuation of my (our) Unit, and to execute all documents and pay all costs in connection therewith; (4) borrow funds to repair the Common Elements pursuant to Real Property Law Section 339-jj; (5) vote to supplement or amend any provision of the Declaration and By-Laws of the Condominium on my (our) behalf, as the Condominium Board may deem necessary or appropriate (except that nothing herein shall restrict me (us) from amending the Declaration or By-Laws pursuant to a vote of Unit Owners in accordance with the provisions of such documents), so long as no such amendment increases my financial obligations if fewer than all other Unit Owners are similarly affected, or changes my percentage of Common Interest; and (6) act as my agent and my attorneys-in-fact on my behalf, at my expense, to take such action against any tenant or occupant of my Unit, including (but not limited to) maintaining summary proceedings for eviction or engaging in other litigation, as the Condominium Board may deem necessary in order to protect the interests of the Condominium if (a) such tenant or occupant remains in possession of the Unit after any lease or occupancy for the Unit has been terminated

or expires; or (b) such tenant or occupant violates the terms of the Condominium Documents or any lease or occupancy agreement between myself and such tenant or occupant.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned (does) (do) hereby irrevocably nominate, constitute and appoint North Towers, LLC or Sponsors **("Sponsor"),** as attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to (a) amend from time to time the Declaration, By-Laws and the Rules and Regulations of said Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by the Sponsor in accordance with the Declaration; or (2) shall be required by (i) an institutional lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (ii) any governmental agency having regulatory jurisdiction over the Condominium, or (iii) any title insurance company selected by Sponsor to insure title to any Unit; however, any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the undersigned's Unit, (ii) require a material, physical modification to the undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage held by an institutional lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. In addition, the Sponsor is designated as the attorneys-in-fact for the undersigned (a) to execute any documents that may be required to be filed with the City of New York in order to complete construction of the Common Elements of the Condominium or to make an alteration to an Unsold Unit permitted under the Declaration and By-laws of the Condominium or (b) to cause the Condominium Board and all of the Unit Owners and their successors and/or assigns to take such action and execute, acknowledge, deliver and record such instruments and documents, including, but not limited to, deed(s), lease(s), zoning lot agreement(s), declaration(s), lot line window declaration(s) and/or grant(s) of any such Unit Owner's and the Condominium Board's interest, if any, in any floor area development rights allocated to the Property ("Air Rights") for the purpose (i) confirming the rights of the Sponsor to cause any transfer of Air Rights on behalf of the Condominium and to receive consideration for causing such transfer; (ii) effectuating the conveyance, transfer, assignment or surrender of such rights by the Condominium; and (iii) making any amendment to the Declaration which the Sponsor deems necessary or appropriate to effectuate its rights described above. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph shall remain in full force and effect until such time as Sponsor(s) shall cease to own any Unit in 196-200 South 2nd Street Condominium.

Notwithstanding the foregoing, the consent of the Condominium Board is not required in order for the Sponsor to make alterations or additions to Unsold Units, whether or not such alterations are structural or nonstructural, ordinary or extraordinary, so long as they do not materially adversely affect the structure or utility systems of the Building. The Condominium hereby appoints the Sponsor as its attorneys-in-fact, coupled with an interest, to execute such documents on behalf of the Condominium as may be required in order to obtain any necessary

licenses or permits to make or complete an alteration, and grants to the Sponsor(s) an easement of access, ingress and egress to make any such alterations.

This power of attorney is coupled with an interest and is irrevocable.

IN WITNESS WHEREOF, I (we) have hereunto set my (our) hand(s) and seal this _____ day of _____, 20___.

By: _____

By: _____

STATE OF NEW YORK )
)SS.:
COUNTY OF )

On the ____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY PUBLIC

STATE OF NEW YORK )
)SS.:
COUNTY OF )

On the ____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY PUBLIC

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# UNIT DEED

**THIS INDENTURE** made the day of between **NORTH TOWERS LLC, or the** Sponsors (**"Grantor"**), with an address at 134 Broadway, Brooklyn, New York 10026, and _____ **("Grantee").**

**WITNESSETH:**

That the Grantor, in consideration of Ten Dollars ($10.00), lawful money of the United States and other good and valuable consideration, paid by Grantee, does hereby grant and release unto the Grantee, their heirs and successors and assigns of the Grantee forever,

The Condominium Unit (the "Unit") known as Unit No.___ in the building designated as **196-200 SOUTH 2ND STREET CONDOMINIUM in** the Declaration establishing a plan for Condominium Ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act") dated _____ recorded in the Office of the Register of New York County (the "Register's Office") on Reel _____ in Page _____, and also designated as Tax Lot ____ in Block _____ of the Borough of Brooklyn on the Tax Map of the Real Property Assessment Department of The City of New York and on the floor plans of said building certified by _____, and filed with the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____, and also filed in the City Register's Office on _____ as Map No._____ . The premises within which the Unit is located (the "Property") is more particularly described in Schedule A attached hereto and made a part hereof.

Together with an undivided _____% in the common elements of the Condominium to said premises. Together with the appurtenances and all the estate and rights of the Grantor in and

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

SUBJECT TO the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded or filed simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded or filed in the Office of the City Register of the County of New York, 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 Grantee, the heirs or successors and assigns of the Grantee forever.

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

AND the Grantor, in compliance with Section 13 of the Lien Law covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund 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 purpose.

By acceptance of this deed, Grantee ratifies the provisions of the Declaration and the By-laws of the Condominium recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the Office of the New York City Register, County of New York, and to comply with the Rules and Regulations of the Condominium.

The use for which the Unit is intended is that of residential occupancy subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance was authorized by a vote of the holders of two thirds of the membership interest of the Grantor a meeting duly noticed and called for that purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of the indenture so requires.

IN WITNESS WHEREOF, the Grantor has duly executed this deed and the Grantee acknowledges this deed, on the day and year first above written.

Grantor: **North Tower, LLC**

By: _____
Name:
Title:

Grantor:

_____

STATE OF NEW YORK )
)SS.:
COUNTY OF )

On the ____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY PUBLIC

STATE OF NEW YORK )
)SS.:
COUNTY OF )

On the ____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY PUBLIC

SCHEDULE A
PROPERTY DESCRIPTION

[TO BE INSERTED]

November 28, 2006

**Scarano Architects PLLC**

**IN THE MATTER OF THE CONDOMINIUM OFFERING FOR 196, 198, 200 SOUTH 2ND STREET , BROOKLYN, NEW YORK 1211**

Description of Property and Specifications per Part 20 of Title 13 NYCRR Section 20.7 (a)-(cc)

**(a) Location and use of property:**

1. 196 South Second Street, the property is located on the 210 feet southwest of the southern corner of the intersection formed by Roebling Street and South Second Street in the borough of Brooklyn. 198 South Second Street, the property is located on the 185 feet southwest of the southern corner of the intersection formed by Roebling Street and South Second Street in the borough of Brooklyn. 200 South Second Street, the property is located on the 160 feet southwest of the southern corner of the intersection formed by Roebling Street and South Second Street in the borough of Brooklyn.
2. The address of the condominium is 196 South 2nd Street, located in Block 2419 Lot 16, 198 South 2nd Street, located in Block 2419 Lot 17 and 200 South 2nd Street, located in Block 2419 Lot 18.
3. The properties are located within Zoning District R-6 under the Zoning Resolution of The City of New York, which permits residential uses "as of right".
4. The property will comply with local law 58/87 for handicapped access and design.

**(b) Topographical Features:**

1. The land consists of relatively flat terrain.

**(c) Status of construction:**

The N.Y.C. Department of Buildings approved and permitted the Building Plans on 09.19.2005 under application #301936626. Plans being filed with the Attorney General's Office will be copies of the approved plans. The lots are vacant. There will be 3 (three) new four-story building with cellar. The construction will be concrete block and steel framing, with a 8" precast concrete plank flooring system. Fire protection will be provided in accordance with a Class '1C' fireproof building under the Building Code. At present, there is no Certificate of Occupancy; a Temporary or Final Certificate of Occupancy for the residential building will be issued and obtained upon completion of the entire construction by the sponsor prior to closing. Sponsor has projected an expected completion date of January 2007.

**(d) Site:**

1. The size of 196, 198, 200 south 2nd street is 2,500 square feet and they are regular rectangular shaped tax lots.

2. The first floor of the building will cover approximately 60 % of the lot, as required by zoning for this district. The building will front and have an entrance on South 2nd Street, and will consist of a cellar, first floor, second floor, second floor mezzanine, third floor, third floor mezzanine, fourth floor, fourth floor mezzanine, and will consist of a total of thirty (30) residential units. Parking is not provided.

(e) **Description of Units:**

**196 South 2nd Street:**

**Apt. 1C** – A - 2,267.9 S.F residential unit, with a 105.1 s.f. bedroom, full bath, kitchen & 244.4 s.f. living room/dining room area. The unit has accessory space at the cellar level containing two recreation rooms, a kitchenette, two bathrooms, a sunken garden, a home office and a storage. Unit is also W/D ready. The unit has a terrace at the 1st floor.

The only entrance to the second recreation room is through the sunken garden and it can be slippery in the icy conditions.

**Apt. 1D** – A - 1,143.9 S.F studio residential unit, with a

full bath, kitchen & a 149.4 s.f. living room/dining room area. The unit has accessory space at the cellar level containing one recreation room and a bathroom, the unit is also W/D ready.

**Apt. 2C** – A 915.1 S.F residential unit, with a 120.9 s.f. bedroom, full bath, kitchen & 249.6 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has an exterior private terrace.

**Apt. 2D** – A 560.7 S.F studio residential unit, with a full bath, kitchen & 140.9 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 2E** – A 552.6 S.F studio residential unit, with a full bath, kitchen & 120 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3C** – A 915.1 S.F residential unit, with a 120.9 s.f. bedroom with full bath, kitchen & 249.6 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level and is also W/D ready. The unit has a balcony.

**Apt. 3D** – A 560.7 S.F studio residential unit, with a full bath, kitchen & 140.9 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3E** – A 552.6 S.F studio residential unit, with a full bath, kitchen & 120 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 4C** - A 944.5 S.F residential unit, with a 109.2 s.f. bedroom with full bath, kitchen & 232 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a balcony at the 4th floor and a private roof terrace.

**Apt. 4D** - A 1,036 S.F residential unit, with a 139.4 s.f. bedroom with full bath, kitchen & 229.7 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a terrace at the 4th floor and a private roof terrace.

**198 South 2nd Street:**

**Apt. 1B** – A - 2,222.5 S.F residential unit, with a 106.3 s.f. bedroom, full bath, kitchen & 203,6 s.f. living room/dining room area. The unit has accessory space at the cellar level containing two recreation rooms, a kitchenette, two bathrooms, a sunken garden, a home office and a storage. Unit is also W/D ready. The unit has a terrace at the 1st floor.

The only entrance to the second recreation room is through the sunken garden and it can be slippery in the icy conditions.

**Apt. 1E** – A - 1,205.2 S.F studio residential unit, with a ,

full bath, kitchen & a 164.5 s.f. living room/dining room area. The unit has accessory space at the cellar level containing one recreation room, a bathroom and storage, the unit is also W/D ready.

**Apt. 2B** – A 917.2 S.F residential unit, with a 144.5 s.f. bedroom, full bath, kitchen & 204 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has an exterior private terrace.

**Apt. 2F** – A 557 S.F studio residential unit, with a full bath, kitchen &

143.3 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 2G** – A 603.4 S.F studio residential unit, with a full bath, kitchen & 147.7 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3B** – A 917.2 S.F residential unit, with a 144.5 s.f. bedroom with full bath, kitchen & 204 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a balcony.

**Apt. 3F** – A 557 S.F studio residential unit, with a full bath, kitchen & 143.3 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3G** – A 603 S.F studio residential unit, with a full bath, kitchen & 147.7 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 4B** – A 929,5 S.F residential unit, with a 145.7 s.f. bedroom with full bath, kitchen & 186.6 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a balcony at the 4$^{th}$ floor and a private roof terrace.

**Apt. 4E** - A 1,127.5 S.F residential unit, with a 122.9 s.f. bedroom with full bath, kitchen & 269.9 s.f. living room / dining room area. The unit has

accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a terrace at the 4th floor and a private roof terrace.

**200 South 2nd Street:**

**Apt. 1A** – A 2,247.2 S.F residential unit comprised of a 106.3 s.f. Bedroom with a closet, full bath, kitchen and a 234.1 s.f. living dining room area. The unit has accessory space at the cellar level containing two recreation rooms, a kitchenette, two bathrooms, a sunken garden and a home office. Unit is also W/D ready. The unit has a terrace at the 1st floor.

The only entrance to the second recreation room is through the sunken garden and it can be slippery in the icy conditions.

**Apt. 1F** – A - 1,135.8 S.F studio residential unit, with a full bath, kitchen & a 157.4 s.f. living room/dining room area. The unit has accessory space at the cellar level containing one recreation room and a bathroom, the unit is also W/D ready.

**Apt. 2A** – A 892.1 S.F residential unit, with a 128 s.f. bedroom, full bath, kitchen & 237.9 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level and is also W/D ready. The unit has an exterior private terrace.

**Apt. 2I** – A 579.9 S.F studio residential unit, with a full bath, kitchen & 167 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 2H** – A 535.7 S.F studio residential unit, with a full bath, kitchen & 108.6 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3A** – A 892.1 S.F residential unit, with a 128 s.f. bedroom with full bath, kitchen & 237.9 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a balcony.

**Apt. 3H** – A 535.7 S.F studio residential unit, with a full bath, kitchen & 108.6 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 3I** – A 579.9 S.F studio residential unit, with a full bath, kitchen & 167 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready.

**Apt. 4A** – A 926,4 S.F residential unit, with a 132.5 s.f. bedroom with full bath, kitchen & 237.7 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level and is also W/D ready. The unit has a balcony at the 4$^{th}$ floor and a private roof terrace.

**Apt. 4F** - A 1,074.6 S.F residential unit, with a 137.4 s.f. bedroom with full

bath, kitchen & 269.9 s.f. living room / dining room area. The unit has accessory space and mechanical room at the mezzanine level, and is also W/D ready. The unit has a terrace at the 4th floor and a private roof terrace.

In addition there are 5483 square feet of common area in the building for utilities, lobby, stairs, hallways, etc.

Off-site and on-site drainage will comply with the Department of Buildings Code requirements. All storm water runoff shall be collected at yard drains and gutters and shall be connected through a pipe system to the drywells provided at front yard. All storm water piping to be installed as per the Approved Plans.

3. The lots are vacant.

4. There are no streets owned or to be maintained by this property.

5. There is a concrete sidewalk bordering the north side of the property owned by the City of New York but maintained by the Project. The sidewalks are concrete slabs in fair condition, and currently will be repaired or replaced as required to comply with all applicable codes.

**(f) Utilities:**

1. WATER: Water mains exist in the city streets. Service will be provided by the City of New York, distributed through copper piping to one meter of the building. Each individual unit will pay for their water through common charges.

2. ELECTRIC: Provided by ConEdison. Each condominium unit will be individually

metered and billed directly by ConEdison. A separate meter will be provided for electrical requirements for the lobby and stair lighting, exterior residential entrance lighting, operation of exhaust fans, and other common area needs and will be a part of the common charges.

3. TELEPHONE/DSL: Verizon will provide Telephone and DSL service, and each condominium unit will be billed directly by Verizon for activation and for monthly service, as contracted for by the individual unit owner. Each residential unit will be provided with telephone / DSL wiring and jacks / connections to all rooms.

4. SEWAGE SYSTEM: There are three (3) common waste stacks serving the residential condominium units connecting to the sewage main in the cellar level. This sewage main will connect to a city sewer line. All costs for the sewage connection are contained within the water and sewage taxes and are paid proportionally by unit size in the common charges of the Condominium. Storm discharges into the city sewer line.

5. GAS: Provided by Keyspan. Each condominium unit will be billed proportionally by unit size in the common charges for gas service for heating and cooking.

(g) **Sub-Soil Conditions:**

A visual inspection of the exterior building surfaces of adjoining buildings resulted in no evidence of uneven settling or cracks that would indicate the presence of subsurface soil instabilities. No signs of prolonged subsurface moisture were present in the test borings.

Test borings were taken by a licensed engineer to determine the bearing value and classification of the sub-soil. The soil should have a minimum bearing capacity of two tons per square foot, which

would be sufficient to support the proposed four-story and cellar buildings. Soil borings indicated a suitable soil, consisting of a well graded to fine brown sand with gravel and a trace of salt (Classif. 7-65) at an elevation of approximately 8'-0" below curb level. There are no nearby sources of water that pose a threat of flood.

The cellar walls will be waterproofed and should have no moisture seepage. The foundation walls shall have a ¼" thick mastic waterproofing toweled on down to the base and the cellar floor slab is of 5" concrete with a 6 mil moisture barrier immediately under same.

**(h) Landscaping and enclosures:**

All open areas will be paved with concrete, and will be pitched in order to provide adequate storm water runoff. Leaders shall collect roof runoff and ground water runoff shall be collected in drains located in areas abutting the building.

Concrete curbs and retaining walls will be installed, where required.

**(i) Building size:**

When completed, the building will be 55'-0" in height, measured from the sidewalk to the main roof. There are no crawl spaces. There is a full cellar. When completed, there will be four (4) floors, plus the cellar. The floor to ceiling height is 8'-10-1/4" for the cellar and first floors.

From the 2nd floor thru fourth floors the ceiling height is 14'-8" in living\dining areas and bedrooms and 7'-3 ½" in bathrooms and kitchens.

There will be a storage rooms, electrical meter room, sewer water / gas meter room, a house trap, refuse compactor room in the cellar. Connections for stackable laundry units are within the washer/dryer closets within the apartment units.

All terraces and roofs will have either a 42" tall railing or a 42" tall parapet, or combination thereof, as required by the New York City Building Code.

(j) **Occupancy:**

1. The total number of residential units in this condominium is thirty (30).

2. The total number of residential rooms can be calculated by using the following formula:

| | |
|---|---|
| Living/ Dining Room | = 1 |
| Kitchen/kitchenette | = 1 |
| Bedroom | = 1 |
| Bathroom | = ½ |

Residential Room Count Detail:

First Floor:

Apt.1A:
1 – Bedroom = 1
1 – LR/DR = 1
2 – Kitchen = 2
3 – Bathroom= 1.5
Total 5 ½ Rooms *

Apt.1B:
1 – Bedroom = 1
1 – LR/DR = 1
2 – Kitchen = 2
3 – Bathroom= 1.5
Total 5½ Rooms *

Apt.1C:
1 – Bedroom = 1
1 – LR/DR = 1
2 – Kitchen = 2
3 – Bathroom= 1.5
Total 5½ Rooms *

Apt.1D:
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms *

Apt.1E: 1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms *

Apt.1F: 1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms *

Second Floor:

Apt.2A: 1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.2B: 1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.2C: 1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.2D: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.2E: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.2F:
1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.2G:
1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.2H:
1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.2I:
1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Third Floor:

Apt.3A:
1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.3B:
1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.3C:
1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

Apt.3D: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.3E: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.3F: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom=
Total 3 Rooms

Apt.3G: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.3H: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Apt.3I: 1– LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 3 Rooms

Fourth Floor:

Apt.4A: 1 – Bedroom = 1
1 – LR/DR = 1
1 – Kitchen = 1
2 – Bathroom= 1
Total 4 Rooms

| | | |
|---|---|---|
| Apt.4B: | 1 – Bedroom | = 1 |
| | 1 – LR/DR | = 1 |
| | 1 – Kitchen | = 1 |
| | 2 – Bathroom | = 1 |
| | Total | 4 Rooms |
| Apt.4C: | 1 – Bedroom | = 1 |
| | 1 – LR/DR | = 1 |
| | 1 – Kitchen | = 1 |
| | 2 – Bathroom | = 1 |
| | Total | 4 Rooms |
| Apt.4D: | 1 – Bedroom | = 1 |
| | 1 – LR/DR | = 1 |
| | 1 – Kitchen | = 1 |
| | 2 – Bathroom | = 1 |
| | Total | 4 Rooms |
| Apt.4E: | 1 – Bedroom | = 1 |
| | 1 – LR/DR | = 1 |
| | 1 – Kitchen | = 1 |
| | 2 – Bathroom | = 1 |
| | Total | 4 Rooms |
| Apt.4F: | 1 – Bedroom | = 1 |
| | 1 – LR/DR | = 1 |
| | 1 – Kitchen | = 1 |
| | 2 – Bathroom | = 1 |
| | Total | 4 Rooms |

* Apartments indicated include accessory cellar area including recreation space for the unit owner's exclusive use only, having an interior stair within the unit.

3. Residential Room Count:

The total number of Residential Rooms in this condominium is 109.5 consisting of the following:

| | Apartment # | Rooms |
|---|---|---|
| First Floor: | | |
| | A | 5.5 |

| | |
|---|---|
| B | 5.5 |
| C | 5.5 |
| D | 3 |
| E | 3 |
| F | 3 |

Second Floor:

| | |
|---|---|
| A | 4 |
| B | 4 |
| C | 4 |
| D | 3 |
| E | 3 |
| F | 3 |
| G | 3 |
| H | 3 |
| I | 3 |

Third Floor:

| | |
|---|---|
| A | 4 |
| B | 4 |
| C | 4 |
| D | 3 |
| E | 3 |
| F | 3 |
| G | 3 |
| H | 3 |
| I | 3 |

Fourth Floor:

| | |
|---|---|
| A | 4 |
| B | 4 |
| C | 4 |
| D | 4 |
| E | 4 |
| F | 4 |

Total number of Residential rooms:.....109.5

**(k) Structural System:**

1. EXCAVATION

a) All excavation for foundations will consist of the removal of all substances which would be

encountered to reach the proper elevations for footings / grade beams. All material removed for this process will be used for backfill and grading to maintain the proper grades as set forth in the final overall site plan.

b) In general, footings and foundation walls are to be formed to determined depths based on cellar elevation, and are to be located a minimum of 4'-0" below adjacent grade.

2. FOUNDATION

a) Concrete footings to be poured reinforced concrete. Foundation walls to be reinforced concrete 12" thick.

b) All concrete shall be in accordance with RS 10-3 of the New York City Building Code.

c) Footings to bear on soil classification of 4,000 psf (7-65) bearing capacity of or two ton soil as determined by inspection at the site by a professional engineer or licensed Architect.

d) Slab on grade to be 5" reinforced concrete with 6" x 6"- #6/#6 W.W.F. Topsoil and other materials to be removed before pouring slab. Porous fill or suitable on-site material to be placed over undisturbed soil or over well compacted fills. Compacted fill to be placed in 6" layers and compacted to 95% Standard Proctor Density.

e) Concrete for footings and walls to be stone concrete with a minimum ultimate compressive strength of 3,500 psi at 28 days. Slabs on grade to be stone concrete with a minimum ultimate compressive strength of 3,500 psi at 28 days.

3. BUILDING STRUCTURE

a) The building structure consists of CMU load bearing walls (see below) with steel framing, supporting 8" precast concrete planks (see Section 4) on all floors except

the cellar floor. The cellar floor is a 4" poured concrete slab.

b) Exterior walls shall be constructed with 8" CMU masonry block from the first floor up and 10" poured concrete in the cellar, as per approved plans, to comply with minimum requirements of the N.Y.C. Earthquake Code. Inside surface of masonry walls to be furred out with 2½" metal studs on 16" on center with 5/8" gypsum board screwed to studs. Insulation to be provided between metal studs with 3½" full thick fiberglass insulation (R-11). All non-rated partitions to be 2½" or 3 5/8" metal studs or equal.

c) Walls at building sides will be 2-hour rated, with 10" solid poured concrete in the cellar, and 8" CMU block from the first floor up. The walls will also be reinforced vertically and horizontally with metal bars as per approved plans, to comply with minimum requirements of the N.Y.C. Earthquake Code.

d) The windows in the building will be all new aluminum clad with insulated thermal double glazed, panel glass as noted on Architect's Window Schedule, manufactured by Traco window company builder line, or approved equal. Lot line windows, located on the north-east and south-west lot lines, whether operable or not, shall be fire protected via a sprinkler head inside the building, above each window that is located on a lot line. These windows are located in these apartments:

- First Floor: - Apt. 1A, Apt. 1C
- Second Floor: - Apt. 2A, Apt. 2C, Apt. 2D
- Third Floor: - Apt. 3A , Apt. 3C , Apt. 3D

- Fourth Floor: -Apt. 4A, Apt. 4C , Apt. 4D

*None of the lot line windows are required for light and air.

*All lot line windows are specified as a Special Risk.

The average air infiltration is 0.03 cubic feet. All windows to be thermal break as per minimum requirements of New York State Energy Code. These windows are warranted against failure or defect for 7 years.

Balcony doors shall be of aluminum construction, swinging type as per above. The average air infiltration is 0.15 cubic feet. All windows and doors will be weather stripped (from factory) and caulked. Windows and balcony doors will be covered by the building's warranty.

All window lintels and sills to be of steel as required.

The premises has no landmark status.

4. VERTICAL EXTENSION, FLOORING, EXTERIOR WALLS AND PARAPETS

The vertical extension will have heavy gauge metal stud and gypsum board walls. The flooring system will be 8" concrete precast planks with 1" of leveling fill, ¾" plywood with #2 oak hardwood flooring. The exterior walls of the building will be a combination of metal studs with 5/8" gypsum board inside, fiberglass batt insulation providing an R-value of 19, exterior DensGlass Gold gypsum board sheathing, and zinc panleing exterior finish on the front facade, and exposed CMU block on the side & rear façades. Concrete masonry units will be used for that portion of walls, which will be constructed along the party walls of

adjacent buildings. Any parapets on the building will be 3'-6" galvanized balustrade guardrail, heavy gauge metal studs, gypsum board, and zinc paneling finish on the front and exposed CMU block at rear. This will be of new construction.

5. CHIMNEY.

a. Chimney flue is to be an approved type "CI" chimney by "HEATFAB" flue constructed of double wall air insulated (or approved equal), enclosed with a one-hour rated partition where required , with an approved type anti-down draft gas vent cap. Top of flue to be a minimum 3'-0" above any part of roof within 10'-0" of flue. Flues to be flashed at roof penetration.

6. INTERIOR DOORS AND FRAMES

a. Swing type interior doors will be hollow core pressed wood doors on wood frames with painted finish. These will be typical for all rooms and are not labeled doors and are not fireproof.

b. Closet doors will be hollow core, swing type and in wood frames. They have no label and are not fireproof. Bathroom doors shall be ¾" undercut.

c. Cellar stair doors, boiler and utility room doors will be hollow metal on metal frames by KD Doors or equal, CL. 'A' 2 hour fire rated and self-closing.

d. Hardware for doors as follows by Kwikset or equal:

| Location | Type |
|---|---|
| Entry | Mortise Lock |

| | |
|---|---|
| Bedroom doors | Passage |
| Closet doors | Passage |
| Bathroom doors | Privacy |

7. INTERIOR PARTITIONS

a. Partitions separating apartments from stair hall and other apartments shall be one hour fire rated walls (as per approved plans) and shall be 3 5/8" metal studs at 16" on center with two layers of 5/8" gypsum board type "X" on one side and one layer of 5/8" gypsum board type "X" on other side, with three (3) 2" glass fiber sound insulation between studs. STC rating (sound transmission rating) = 50.

b. Partitions enclosing ducts shall be of metal stud construction with two layers of 5/8" gypsum board type "X" each side (minimum one hour rated).

c. All other partitions within apartments to be 2½" and 3 5/8" metal studs at 16" on center with ½" gypsum board each side (non- rated) or equal.

d. All partitions in bathrooms to receive water resistant gypsum board.

e. All partitions in cellar are of non-combustible construction (2½" metal studs or equal).

8. BALCONIES

a. Balconies to be of concrete construction – 8" cantilevered precast concrete slab. Balcony guardrails to be 3'-6" high decorative aluminum or wrought iron rail, of childproof design.

b. Exterior doors to balconies to be swinging patio type doors with integral weather stripping. Doors to comply with the New York State Energy Code.

9. EXTERIOR ENTRANCES

a. Front entrance doors to building / residential units to be swing type of steel, aluminum or fiberglass construction with integral weather stripping or approved equal, and shall have a minimum of 5 square feet of glazed area. Door to be fitted with a cylinder lock. Door to comply with New York State Energy Code. Exterior entrance is to be equipped with an electrical low voltage door chime with an approved type peephole.

b. Mailboxes will be provided in an antechamber to the entrance vestibule, in accordance with US Postal Service Rules and Regulations. Mailboxes shall be US Postal Service approved cluster type boxes (or equal). Entrance lighting, interior and exterior will be provided per New York City Code requirements.

c. Lighting shall be installed adjacent to building entry doors. Fixtures to be provided and selected by sponsor and to meet requirements of the N.Y.C. Building Code.

10. ROOFS

a. Roof to be constructed as follows: Pitched rigid insulation (see plan for size) with 5/8" dense deck or equal, "Grace" water shield water proofing membrane with pavers on sleepers on pored concrete footing. The underside of the metal deck to be covered with 5/8" gypsum board, type "X", or equal.

b. Except for a change in material as per the Architect's drawings, this roof will carry a 15-year manufacturer's warranty. The expected useful life is 20 years (with a one year guarantee by the sponsor).

c. All penetrations of chimneys, ducts, pipes, etc. to be properly flashed with aluminum type flashing.

d. Metal work at roof will be aluminum type for base and cap flashing at masonry wall at roof and for gutters.

e. The roofing material will be pavers on sleepers. There will be 3 roof drains (type – ZURN Z105 or equivalent) on all roof terraces of each building – total of 9 roof drains for 196, 198, 200 South Second Street. The main roof is partially used as a common area, located on the center of the roof and partially for private use by apts 4A, 4B, 4C, 4D, 4E, 4F.

Apt 4A has a private access to the roof and 349.1 SF of private roof terrace.

Apt 4B has a private access to the roof and 278.4 SF of private roof terrace.

Apt 4C has a private access to the roof and 349.1 SF of private roof terrace.

Apt 4D has a private access to the roof and 98.2 SF of private roof terrace.

Apt 4E has a private access to the roof and 97.2 SF of private roof terrace.

Apt 4F has a private access to the roof and 100.2 SF of private roof terrace.

f. Bulkheads Bulkhead walls shall be constructed with heavy gauge metal studs with double Gold bond gypsum board, and stucco finish, to comply with minimum requirements of the N.Y.C. Earthquake Code.

Insulation to be provided between metal studs with 3½" full thick fiberglass insulation (R-11).

11. There is (1) one means of egress per building via public stairs, and an elevator located at 198 South Second Street shared by all buildings on each floor since the building is of fireproof construction and 55'-0" tall. All floors egress through internal fire stairs. These metal pan stairs with concrete treads are completely non-combustible and leads through a corridor on the ground floor directly to the front of the building. All interior stair doors are hollow metal and the frames are hollow metal. All stair doors are 2-hour fire rated FPSC doors.

12. The is one (1) rear yard on 196 south second street, one (1) rear yard on 198 south second street and one (1) rear yard at 200 south second street. No side yards or front yards are required.

13. All copings as required will be new aluminum to match building façade materials.

14. The foundation walls are sufficient to carry a building of this type. There are no signs of settling, cracking or bulging from the existing adjacent buildings.

15. The ceilings of the cellar are gypsum board where necessary, intended to provide required fireproofing. The walls are masonry or concrete. The floors of the cellar are concrete. All public halls will have non-slip material as the finished floor.

16. The window lintels for all windows are steel. The front façade will be made of zinc panels, stucco and glass attached to 8"CMU concrete block wall. All exterior masonry surfaces after lying up will be cleaned as part of the construction project once construction is completed and prior to closing.

17. There is one (1) means of egress from each floor, of each building, since the building is of

fireproof construction and less than 60'-0" tall. All floors egress through an internal fire stair. This metal pan stair with concrete treads is completely non-combustible and leads through a corridor on the ground floor directly to the front of the building. All interior stair doors are hollow metal and the frames are hollow metal. All stair doors are 2-hour fire rated FPSC doors.

18. There is no existing building on the site.

19. There are no existing surfaces, which pose a threat of lead paint.

(l) Interior Finishes and Auxiliary Facilities:

1. The finishes for the kitchen are as follows.

   a. The countertops will be Granite

   b. The cabinets will be wood (solid and veneer)

   c. The floors will be hard wood, ceramic tile or slate where applicable

   d. The sink will be stainless steel

   e. All kitchen fixtures supplied by builder to be as follows: GE or approved equal, stainless steel stove, refrigerator and dishwasher are standard and microwave is optional.

2. Builder will not supply stackable washer/dryer units but will provide connections for same as required by New York City Building Code.

3. The finishes for the living areas are as follows:

   a. The floors will be wood veneer (hard wood)

b. The stairs will be steel frame with steel steps;

c. The interior doors will be flush painted hollow doors throughout.

4. The finishes for the master bathrooms are as follows:

a. The floor tile will be upgraded textured ceramic tile and partial walls;

b. The vanity will have a granite countertop with wood (solid or veneer) cabinets;

c. The sink will be American Standard or approved equal ceramic oval;

d. The bathtub will be a fiberglass whirlpool bathtub;

e. The toilet will be American Standard or approved equal with elongated toilet bowl (where possible.)

5. The finishes for the second bathroom are as follows:

a. The floor tile will be upgraded textured ceramic tile;

b. The sink will be a pedestal sink;

c. Toilet will be an elongated toilet bowl (where possible.)

6. Laundry Facilities

Every apartment shall contain Mechanical room to accommodate a stacked washer / dryer unit, to be supplied by others. Each laundry closet will have a connection to a duct running to a common roof fan for exhaust ventilation as per NYC code. Ventilation for dryers shall consist of individual duct, 4" diameter, minimum of 28 gauge, secured to mechanical exhaust outlets from dryers. All ducts shall terminate at outside air. There is no common laundry room / facilities.

7. Refuse Disposal

Refuse removal is provided by the City of New York Department of Sanitation two times per week. Refuse will be collected as per Department of Sanitation requirements, as per their schedule, which is subject to change. Residential Unit Owners will have to bring their trash and recyclables to a trash room located on each floor, into a chute leading to a compactor room in the cellar, and then placed at sidewalk by building super for sanitation pick-up. Unit Owners will be required to comply with NYC Sanitation Department regulations on recycling, and storing refuse within their designated refuse closet until regularly scheduled pickup days. There is 1 trash compactor at each trash room at the cellar level – total of 3. Trash Compactor make & type – WILKINSON COMPACTOR 45KSR 208V, 3-PH, 30 Amp or equivalent.

8. Miscellaneous finishes:

   a. Screens for windows

   b. Cellar floor should be wall to wall carpeting or shall have a broom swept concrete finish.

   c. All bedrooms, bathrooms and closets will be provided with primed & painted gypsum board walls and ceilings.

   d. The internal common area access stairs and landing will have finished concrete floors and stair treads, painted gypsum board walls, painted gypsum board ceilings.

   e. The floor of the building lobby will have texture ceramic tile with granite or slate. The walls will be painted gypsum board walls and painted gypsum board ceilings.

   f. The apartment doors will be steel entry doors with integrated bell and peephole. The

Main entry doors to the vestibule and lobby will be steel or aluminum frame – storefront type.

g. The cellar meter and mechanical rooms will have concrete floors, painted block or gypsum board walls and painted gypsum board ceilings.

(m) Plumbing and drainage:

All domestic water, fire protection, gas, storm drainage, waste and vent piping will be new as described below.

1. Water Supply

A new 4" diameter metered copper or ductile iron pipe will be connected to the New York City street main on South 2nd Street to provide common domestic water supply for each building. Service is metered in the cellar and will be a part of the common charges. Water pressure is maintained by a booster pump. All water connections to each residential unit will comply with the City of New York requirements.

Water service piping within the property line shall be of type "K" copper tube or ductile iron pipe. Water distribution system piping shall be of hard temper type "K" copper tube below grade, hard temper type "L" copper tube above grade only.

2. Fire protection system

a. One 4" diameter metered copper or ductile iron fire line connected to the New York City street mains on South 2nd Street for sprinkler and domestic water services. A sprinkler Siamese is provided. Detector double check valves with bypass meter are installed in the cellar. Residential occupancy type hazard sprinkler heads are located

throughout the building.

b. Off-site hydrants are located in the city streets along the curb for fire protection.

c. Automatic sprinklers are provided throughout the entire building, as required by the Building Code. The system shall consist of iron piping or as approved per New York City Department of Buildings and approved type sprinkler heads as per approved plans.

d. The sprinkler system is supplied from the city water main. Water pressure is maintained by fire pump as required by the New York City Building Code.

3. Hot water heater and enclosures.

The hot water heater is a gas fired storage heater, and is located in the boiler room on the roof of the building.

4. Water pressure is provided by booster pump to comply with the New York City Building Code requirements.

5. Sanitary sewage system

The Sanitary Sewage System for the condominium will consist of six (6) common no-hub cast iron waste stacks serving the building in the front of the building connected to New York City Building Code minimum approved sized sanitary house drains located at the cellar level to a common house trap and then fed through the sanitary main into the city sewer line. The waste stacks are cast iron, 'no hub'; plumbing pipes to be 4" soil and 3"vent; house drain to be 6"; trap to be 6"; outside house drains to be a minimum of 6", all complying with the New York City Building Code. There is one sewage ejector pump in the cellar.

6. Permits

See item (s) below.

7. Storm drainage system

196, 198, 200 South 2nd Street covers approximately 60% of the lot. There are drains from all roofs & terraces connected to the storm drain. The stair roof drains to the main roof. The storm water run-off for the site will be collected in leaders and will drain into the storm drain, which in turn will be connected to the city sewer line, all in accordance with plans approved by the City of New York and the Department of Water Resources.

(n) Heating:

1. Each dwelling unit will have a split system HVAC unit located in each apartment's mechanical room or hung in a bathroom ceiling as per plans, and shall be AGA and MEA approved. The heating system will be thermostatically controlled.
2. Each unit is provided with its heat from the modular boilers, manufactured by "LAARS," located in a boiler room on the roof. The heating unit will be sufficient to maintain 70 degrees F within the dwellings when the outside ambient temperature is 13 degrees F.
3. Natural gas used to fire the boilers and hot water heater will be supplied by Keyspan. The boilers and hot water heater are vented at the roof and provided with combustion air via louvers in the wall.
4. There is no oil tank on the premises.

(o) Gas supply:

1. Natural gas from Keyspan for space heating, hot water and cooking.

2. The meters are located in the cellar.

3. Piping for gas shall be black steel type and pressure tested within the requirements of the New York City Plumbing Code.

(p) Air Conditioning:

Air Conditioning in each unit will be provided by means of a split system HVAC unit installed in this unit. They are adequate for normal standards of cooling the residential units to 74 degrees Fahrenheit. All units are CARRIER-FX4D/38TXA.

(q) Ventilation:

1. Kitchen: All condominium units will be provided with a kitchen exhaust connected to a common exhaust duct or to a common roof exhaust fan.

2. Bathrooms and other internal spaces: Each condominium unit will have a connection to a duct running to the roof for exhaust ventilation of bathrooms per NYC code. The fan unit will be provided, installed, and connected to the individual bathroom vents, which are connected to the common exhaust duct/roof ventilation.

3. Ventilation systems to be manufactured by "Greenheck" or approved equal with a minimum capacity of 50 cfm for bathrooms and toilets.

(r) Electrical system:

1. SERVICE

Main building electric service is 4 wire, 3 phase 120 / 208 volt from Con Edison, 800 Amps. Switchgear will be located in the cellar with individual metering, plus an additional

meter for common building electrical uses.

The electric system described above is fully adequate for modern usage. The 100-amp panel with 24 to 42 circuits provided to each apartment is adequate for the build-out of a modern residential dwelling. A custom build-out utilizing an excessive amount of dedicated circuits for lighting systems may require the addition of another sub-panel to the service panel provided for additional circuits.

Service to the building section to be underground and to be supplied by Con Edison. Each unit contains 120/208-volt single-phase circuits.

a. The electrical system shall be sized and laid out within the requirements of the New York City Electrical Code. All circuits are to be provided with circuit breakers as protective equipment.

b. Meters to be located at the north east side of the cellar of the building, subject to the approval of the utility company. Ultimate placement to comply with utility company requirements.

c. Only copper wire shall be used ( u.o.n. ).

d. Switches and receptacle as per N.Y.C. Code.

e. Lighting circuits protected by 20 AMP breaker.

f. Utility outlets protected by 20 AMP breaker.

g. No. 12 BX wire and No. 14 BX wire as per N.Y.C. Code.

h. Outside fixtures shall be waterproof type.

i. Separate circuits for heating.

j. Intercoms and bell systems per apartment shall be of low voltage (24 volts).

k. Average number of circuits per apartment shall be twenty (20).

l. Service per apartment: single phase- 208 volts- 100 amps.

m. Common service for each building section: three phase- 208 volts- 400 amps.

2. WIRING

All wiring to be copper BX Cable approved type, all in accordance with the requirements of the New York Board of Fire Underwriters. Panels shall be

Square 'D' company or equal with a protective metal panel box will construct all wire protective equipment.

3. OUTLETS AND LIGHTING FIXTURES

All electrical wall outlets are duplex receptacles. In all rooms where there are no ceiling fixtures, one duplex outlet will be wired to a switch. All fixtures in each unit will be as per Builder's Fixture Samples. Lighting fixtures are to be located in the following areas: in ceiling kitchens, dining areas, home offices, hall areas, walk-in closets, storages, meter rooms and utility rooms. Wall brackets will be provided in bathrooms and toilets, bedrooms, living rooms and recreation rooms.

LIGHTING FIXTURES are provided as follows:

| Location | Make |
|---|---|
| Front entry of building | Progress, P5684-31 or equal100 watt incandescent cast wall lantern. |

| | |
|---|---|
| Common hallways and stairwells | Lightolier Model 6790 or equal 32 watt circline fluorescent with white Lexan diffuser. |
| Bathroom Wall Mounts | Progress, Model P3015-30 or equal (2) 60 watt incandescent. |
| Bedrooms | Progress, Model P4961 or equal. |
| Kitchen | Lightolier Model 5240 or equal 32 watt and 40 watt circline Fluorescent with white Lexan diffuser. |
| Apartment Foyer | Progress, Model P3750-10 or equal, 60 watt incandescent. |
| Balcony | Progress, Model P5602 or equal, 60 watt incandescent. |

Light fixtures provided will be incandescent exposed lamps in a ceramic base and include one (1) in the foyer, one (1) in the bathroom, one (1) in the kitchen, and one (1) in any walk-in closets, mechanical rooms or hallway spaces.

PUBLIC AREA LIGHTING

Adequate fluorescent lighting as required by the New York City Building code will be provided outside the residential entrance, inside the lobby, at each landing inside the fire stairs, and any other common building space. Fixture model chosen and installed by builder in accordance with N.Y.C. Electrical code.

Individual unit owners are responsible for having any additional lighting, and power, as needed.

4. METER

Each unit will have its own electric meter and get its own bill. Common electric meter for the building and meters for the dwelling units are to be located in the designated cellar meter room, at the north east side of the cellar floor.

5. SAFETY AND WARNING DEVICES

Hard-wired combination smoke & carbon monoxide detectors will be provided on each level of each unit, and installed as per Local Law 62/81 and R.S. 17 and as per Section 28-02 of the New York City Building Code.

Emergency lighting with battery back up will be provided in all fire stairs and in the building lobby.

6. TELEVISION RECEPTION AND HIGH SPEED INTERNET FACILITIES

Each residential unit will be provided with cable television wiring and jacks to all living areas. Each residential unit will be wired to be ready to accept high speed DSL or Cable Internet access.

7. INTERCOMMUNICATION AND SURVEILLANCE SYSTEM

A TV voice / video intercom system with ability to trigger an electronic door lock on the lobby door will be provided to each unit. TV surveillance cameras at judicious locations of building and exterior will be provided by sponsor.

8. CERTIFICATE

Certificate of Compliance to be obtained for the electrical work from the City of New York, Bureau of Electrical Control.

9. ELEVATOR

There is one (1) hydraulic elevator cab with 2,000 lbs capacity, 13 person maximum, servicing all floors of the building, manufactured by Canton elevator corp. The elevator is powered by permanent 220 VAC, 125 Amps three fase power. The wall of the elevator with the door will be entirely stainless steel Brushed #4 finish. The other 3 walls will be rigidized stainless steel. The seilling will be laminated with stainless steel and have down lighting (spot lights). The flooring will be commercial grade rubber tiles. The elevator is equipped with a factory calibrated governor, cables, photo eye and safety systems which stop the elevator in the event of overspeed or hazardous conditions, 120 AV alarm systems and emergency auto-dial speakerphone available to occupants of the elevator for use during emergencies.

New overhead Traction Machine:

One Hollister-Whitney Overhead Traction Machine of heavy duty construction with hoist machine, car sling and platform. The bed plate is steel welded incorporating structural members. Sounds isolation will be placed between the supporting beam and steel plate. The traction sheave will be of sufficient size and hardness to insure proper operation and long life. In addition to a new machine, a new DC brake will be included.

Elevator Cab & Entrances:

New Elevator cab and entrances by Columbia Elevator Products, The side and rear wall of the cab shall be plastic laminated. The front return and door will be stainless steel # 4 finish. The cab shall have an emergency exit of the required size in dome, light fixtures, certificate

frame and protection pads buttons. Door opening to be 7'-0"x3'-0".

This elevator is located at198 South Second Street, and is shared by a corridor with the buildings neighboring it, 196 South Second street and 200 South Second Street.

(s) PLUMBING FIXTURES

a. Bathroom vanities (21" or 24") to be manufactured by Yorktown or equal.

b. All plumbing fixtures by American Standard or approved equal:

| Item | Model | Material |
|---|---|---|
| Toilet | Water-Saver<br>Lexington RND 6.014 | Vitreous China |
| Basin | Aqalyn Lav. 0476.028 | Vitreous China |
| Kitchen Sink | Kingsford Single Bow<br>Sunset (self-rimming) | Stainless Steel |
| Tub | Crane Mod. 2176 | Steel Enamel |
| Shower Stall | Model 3636.STTS<br>36"x36" Single Threshold<br>Shower Base | High Gloss Acrylic |

(t) Permits;

Before starting any work, builder to obtain a work permit from the Department of Buildings, City of New York. The following permits are required for the completion of the project, and will be obtained in the course of the work:

- General Construction permit (including HVAC and structural)
- Plumbing

- Sprinkler
- The NYC Department of Buildings has jurisdiction over the above (3) permits.
- Boiler

The Department of Air Resources will have jurisdiction over the above permits.

(u) Inspections:

Builder to retain the service of an architect or engineer for controlled inspections on piles, mechanical ventilation, fire stopping, drywell installation, soil percolation, reinforcement of masonry walls, and concrete; all in accordance with the requirements of the New York City Building Code.

The NYC Department of Buildings will inspect and sign off on all general construction work. The HVAC and structural work will be inspected and signed off by architects or engineers licensed in the state of New York. The sprinkler, plumbing and boiler work will be signed off by installers so licensed in the City of New York.

(v) Violations:

As of the date of this report, there are no violations against this property from the NYC Fire Department. As of the date of this report, there are no violations against this property from the NYC Department of Highways. As of this date of this report, there are no open ECB, DOB, HPD or Dept of Air Resources violations against the property.

(w) Unit information:

The condominium will consist of thirty (30) residential condominium units. All required

maintenance that may be needed for each unit shall be provided by that unit owner. Condominium units each of varying size and design, as designated on the floor plans provided.

The physical dimensions of each Residential Unit consists of the area enclosed horizontally by the exterior surface of the front or rear wall of the building, as well as ½ of all walls shared by either public & private spaces, and adjacent buildings. Vertical divisions of the Residential Units shall consist of the upper face of the sub floor of the Residential Unit, up to the unexposed side of the gypsum board forming the ceiling for that unit. Doors and windows that open from a Residential Unit interior walls of a Residential Unit and or Community Facility space all be deemed to be part of the Residential Unit.

**196 South Second Street**

| Apt. | Main floor | Mezz. | Yard | Terrace | bulkhead | Total | Total Gross |
|---|---|---|---|---|---|---|---|

| | (Sq. Ft.) | (Sq.Ft.) | (Sq. Ft.) | (Sq. Ft.) | (Sq.Ft.) | (Sq.Ft.) | (Sq. Ft.) |
|---|---|---|---|---|---|---|---|
| 1C | 1577.5 | 690.4 | 514.6 | 118.8 | 0.0 | 2,901.3 | 2,267.9 |
| 1D | 581.2 | 562.7 | 0.0 | 0.0 | 0.0 | 1,143.9 | 1,143.9 |
| 2C | 690.4 | 224.7 | 0.0 | 485.2 | 0.0 | 1,400.3 | 915.1 |
| 2D | 404.4 | 155.9 | 0.0 | 0.0 | 0.0 | 560.7 | 560.7 |
| 2E | 398.7 | 153.9 | 0.0 | 0.0 | 0.0 | 552.6 | 552.6 |
| 3C | 690.4 | 224.7 | 0.0 | 485.2 | 0.0 | 1,400.3 | 915.1 |
| 3D | 404.4 | 155.9 | 0.0 | 0.0 | 0.0 | 560.7 | 560.7 |
| 3E | 398.7 | 153.9 | 0.0 | 0.0 | 0.0 | 552.6 | 552.6 |
| 4C | 690.5 | 206.6 | 35.9 (BALCONY) | 349.4 | 184.5 | 1329.8 | 944.5 |
| 4D | 671.4 | 180.1 | 0.0 | 230.2 | 185.7 | 1,266.2 | 1,036.0 |
| | | | | | | | |

## 198 South Second Street

| Apt. | Main floor (Sq. Ft.) | Mezz. (Sq.Ft.) | Yard (Sq. Ft.) | Terrace (Sq. Ft.) | bulkhead (Sq.Ft.) | Total (Sq.Ft.) | Total Gross (Sq. Ft.) |
|---|---|---|---|---|---|---|---|
| 1B | 1,541.7 | 680.8 | 527.2 | 118.8 | 0.0 | 2,868.5 | 2,222.5 |
| 1E | 577.7 | 627.5 | 0.0 | 0.0 | 0.0 | 1,205.2 | 1,205.2 |
| 2B | 682.2 | 235.0 | 0.0 | 498.8 | 0.0 | 1,416.0 | 917.2 |
| 2F | 405.9 | 151.1 | 0.0 | 0.0 | 0.0 | 557.0 | 557.0 |
| 2G | 440.0 | 163.4 | 0.0 | 0.0 | 0.0 | 603.4 | 603.4 |
| 3B | 682.6 | 235.0 | 0.0 | 36.6 (balcony) | 0.0 | 953.8 | 917.2 |
| 3F | 405.9 | 151.1 | 0.0 | 0.0 | 0.0 | 557.0 | 557.0 |
| 3G | 440.0 | 163.4 | 0.0 | 0.0 | 0.0 | 603.4 | 603.4 |
| 4B | 682.3 | 218.5 | 35.9 (balcony) | 278.4 | 28.7 | 1,244.4 | 929.5 |
| 4E | 700.7 | 202.9 | 0.0 | 234.3 | 223.9 | 1,361.8 | 1,127.5 |
| | | | | | | | |

## 200 South Second Street

| Apt. | Main floor (Sq. Ft.) | Mezz. (Sq.Ft.) | Yard (Sq. Ft.) | Terrace (Sq. Ft.) | bulkhead (Sq.Ft.) | Total (Sq.Ft.) | Total Gross (Sq. Ft.) |
|---|---|---|---|---|---|---|---|
| 1A | 1,566.5 | 680.7 | 514.6 | 118.8 | 0.0 | 2,880.6 | 2,247.2 |
| 1F | 504.8 | 631.0 | 0.0 | 0.0 | 0.0 | 1,135.8 | 1,135.8 |
| 2A | 682.6 | 209.5 | 0.0 | 485.2 | 0.0 | 1,377.3 | 892.1 |
| 2H | 400.7 | 165.0 | 0.0 | 0.0 | 0.0 | 565.7 | 565.7 |
| 2i | 422.0 | 157.9 | 0.0 | 0.0 | 0.0 | 579.9 | 579.9 |
| 3A | 682.6 | 209.5 | 0.0 | 35.9 (balcony) | 0.0 | 928.0 | 892.1 |
| 3H | 400.7 | 165.0 | 0.0 | 0.0 | 0.0 | 565.7 | 565.7 |
| 3i | 422.0 | 157.9 | 0.0 | 0.0 | 0.0 | 579.9 | 579.9 |
| 4A | 682.8 | 208.5 | 35.9(balcony) | 349.1 | 35.1 | 1,311.4 | 926.4 |
| 4F | 669.5 | 219.4 | 0.0 | 230.2 | 185.7 | 1,304.8 | 1,074.6 |
| | | | | | | | |

(x) Miscellaneous:

1. The building is served by and is required to have an elevator.
2. The building is not served by or required to have an incinerator.
3. The building is served by and required to have a trash compactor.
4. The building is not served by any fireplaces.
5. The building is not served by or required to have Fire escapes.
6. The building is not served by tennis courts, playgrounds or other recreation facilities
7. There are no swimming pools allowed, or provided.
8. Handicapped Accessibility- All residential and community facility spaces have been designed for handicap adaptability, all in accordance with Local Law 58 and the N.Y.C. Building Code. A handicap accessible route is provided from the main entry.
9. All common areas are heated by electric cabinet heaters, and will be a part of the common charges.

(y) Asbestos Disclosure:

This statement is to disclose that there will be no asbestos made products, partially or in whole,

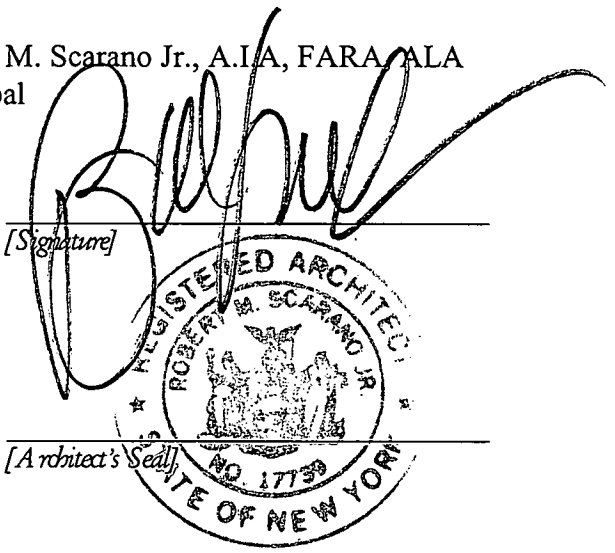
specified for the construction of this condominium as per approved plans.

(z) Certification:

The building and units will be constructed in accordance with the Building Code and Regulations of the City of New York Zoning Resolutions, New York State Energy Code and any other applicable authority, and in accordance with the plans and specifications filed with the Department of Buildings. With reference to the preparation of such material, the Sponsor consulted with the registered architects who prepared the plans and specifications.

The Sponsor will obtain from the NYC Department of Buildings a Temporary Certificate of Occupancy and then a Final Certificate of Occupancy for the proposed work. The Department of Air Resources will issue a Certificate of Operation for all boilers. There are no specific certificates for the plumbing and sprinkler work. The Bureau of Electrical control will issue a certificate for completion of the electrical work.

Robert M. Scarano Jr., A.I.A, FARA, ALA
Principal

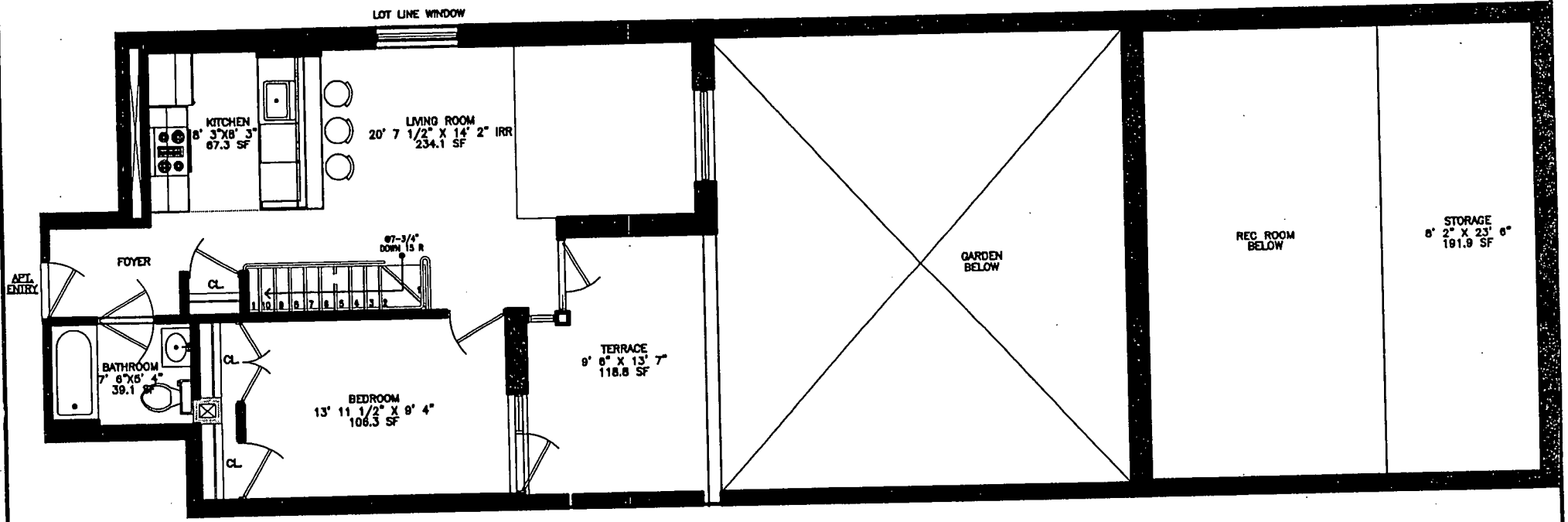



*[Signature]*

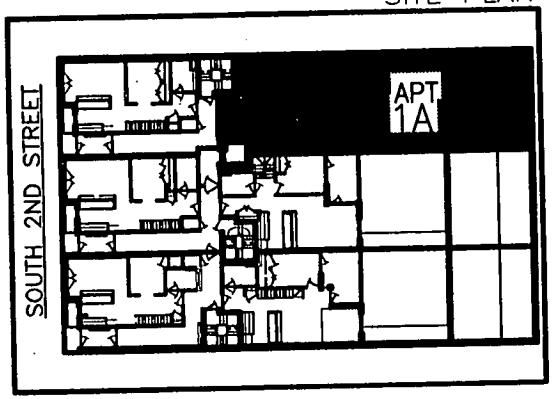
*[Architect's Seal]*

APT 1A
AREA: 2247.2 SF

0 1 2 5 10FT




SITE PLAN




| | |
|---|---|
| APT 1A | 1ST FLOOR |
| GROSS AREA: | 680.7 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

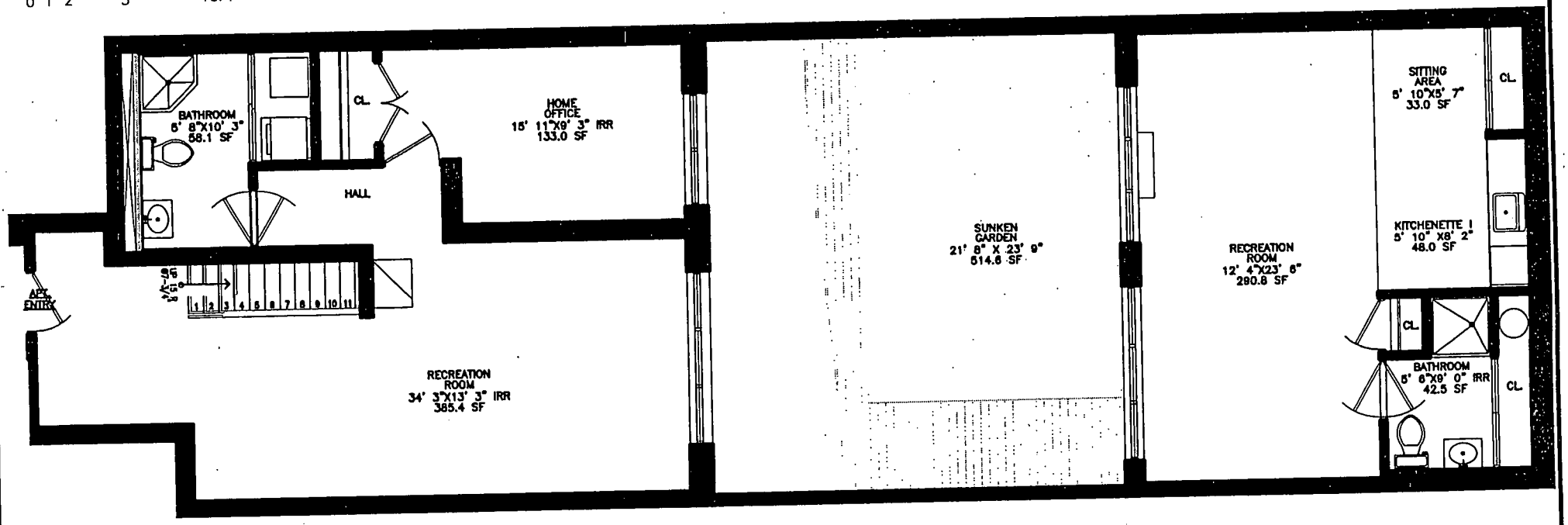
ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

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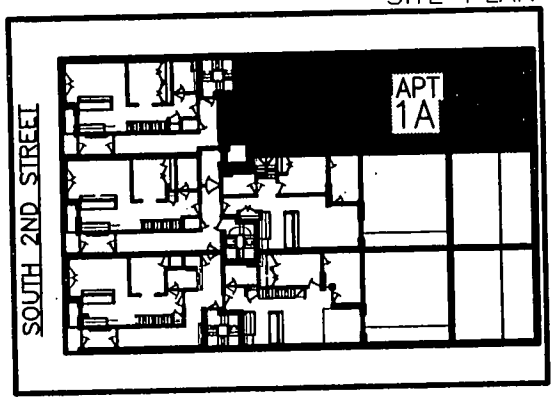
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|---|---|---|---|
| drawn by SY/AO | checked by RMS | title APT 1A 1ST FLOOR | date 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 [illegible] Street, Brooklyn, NY 11201 | | project PROPOSED BUILDING @ 200 SOUTH SECOND STREET BROOKLYN NY 11211 | job # 25215 / scale 1/8"=1'-0" / dwg # RE-1A |

APT 1A
AREA: 2247.2 SF

0 1 2 5 10FT




SITE PLAN




| | |
|---|---|
| APT 1A | CELLAR |
| GROSS AREA: | 1566.5 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

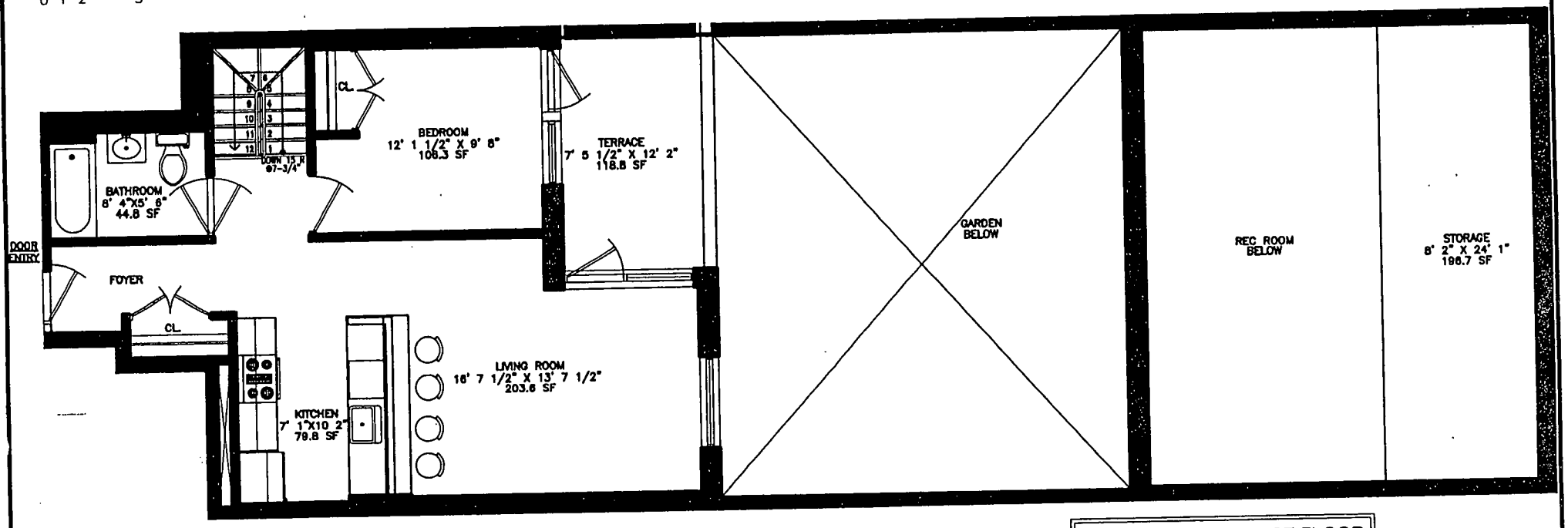
ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

| | | | |
|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 1A CELLAR | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 | | project: PROPOSED BUILDING @ 200 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 |
| | | | scale: 1/8"=1'-0" |
| | | | dwg #: RE-1A |

D-45

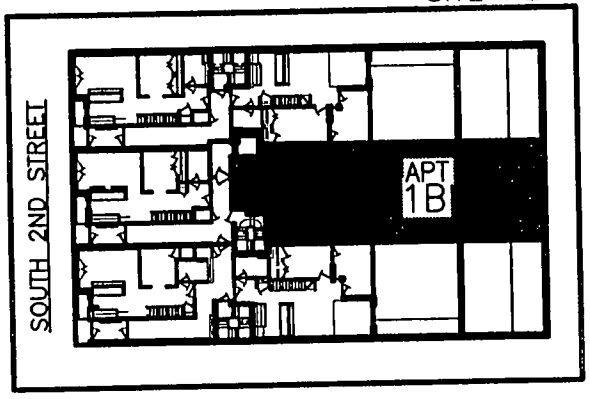
APT 1B
AREA: 2222.5 SF

0 1 2 5 10FT




| | |
|---|---|
| APT 1B | 1ST FLOOR |
| GROSS AREA: | 680.8 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

SITE PLAN



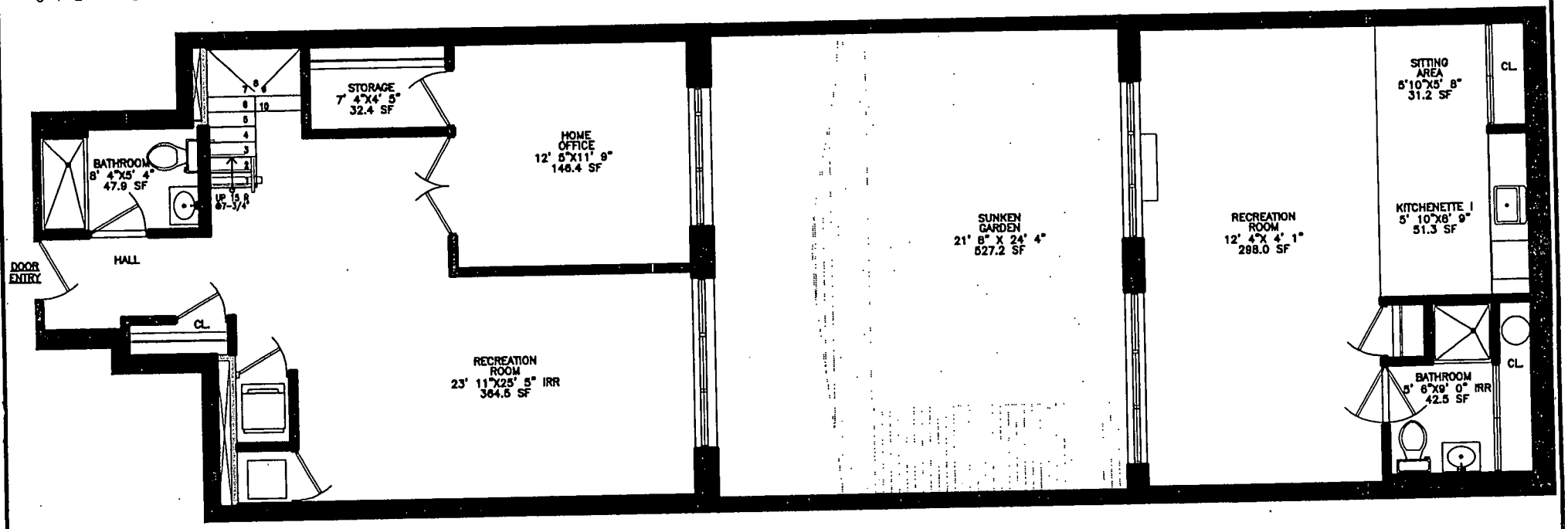

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-46

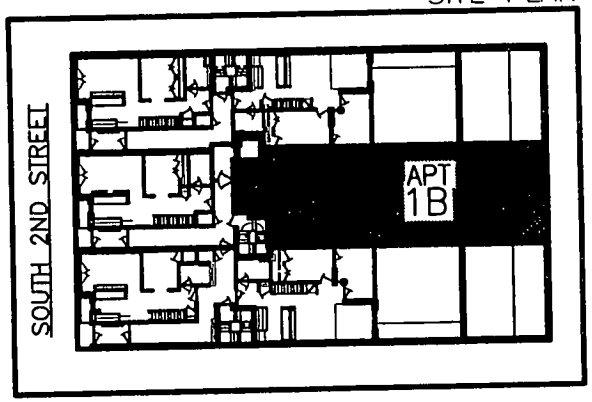
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|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 1B 1ST FLOOR | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 | | project: PROPOSED BUILDING @ 198 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 |
| | | | scale: 1/8"=1'-0" |
| | | | dwg #: RE-1B |

APT 1B
AREA: 2222.5 SF

0 1 2 5 10FT




SITE PLAN




| APT 1B | CELLAR |
|---|---|
| GROSS AREA: | 1541.7 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-47

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 1B CELLAR | 04/20/2006 |

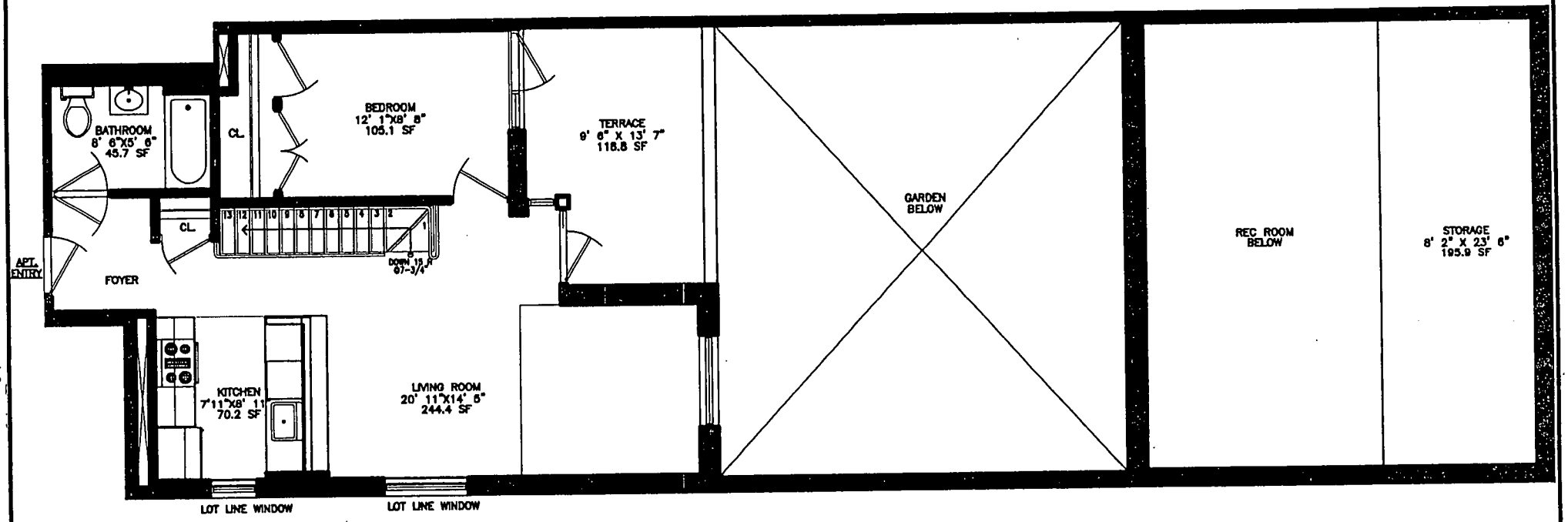
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201

project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
scale 1/8"=1'-0"
dwg # RE-1B

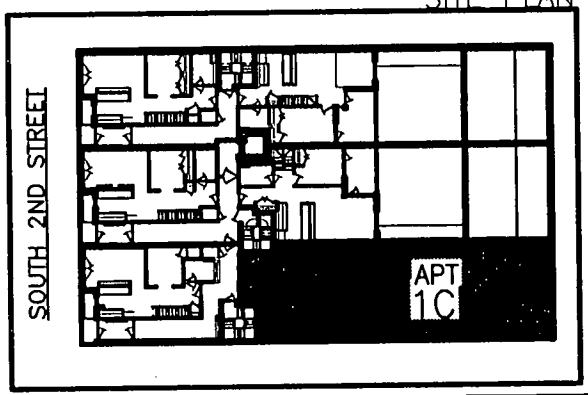
APT 1C
AREA: 2267.9 SF

0 1 2 5 10FT




D-48

SITE PLAN



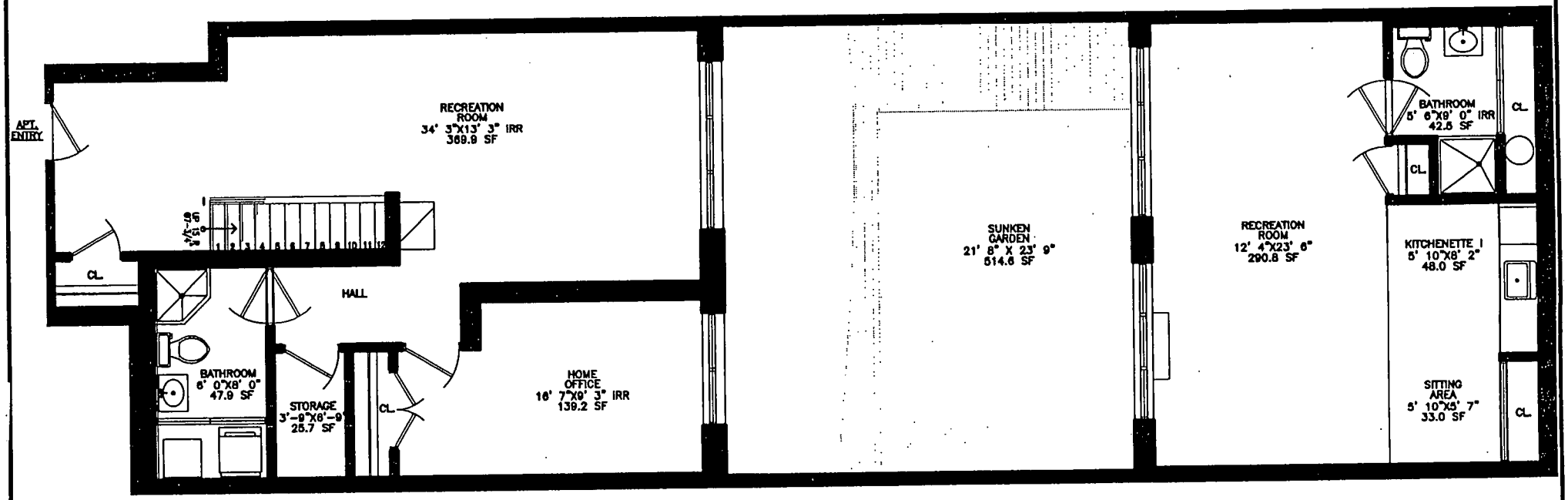

| | |
|---|---|
| APT 1C | 1ST FLOOR |
| GROSS AREA: | 690.4 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

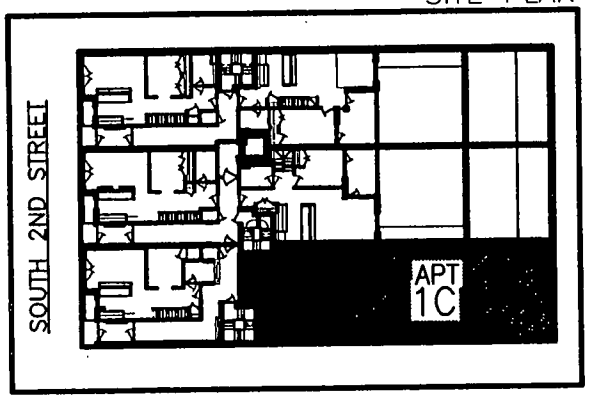
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|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 1C 1ST FLOOR | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 Phone (718) 222-0322 Fax (718) 222-4486 | | project: PROPOSED BUILDING @ 196 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 |
| | | | scale: 1/8"=1'-0" |
| | | | dwg #: RE-1C |

APT 1C
AREA: 2267.9 SF

0 1 2 5 10FT




SITE PLAN




| APT 1C | CELLAR |
|---|---|
| GROSS AREA: | 1577.5 SF |
| CIELING HEIGHT: | 8'-10 1/4" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 1C CELLAR | 04/20/2006 |

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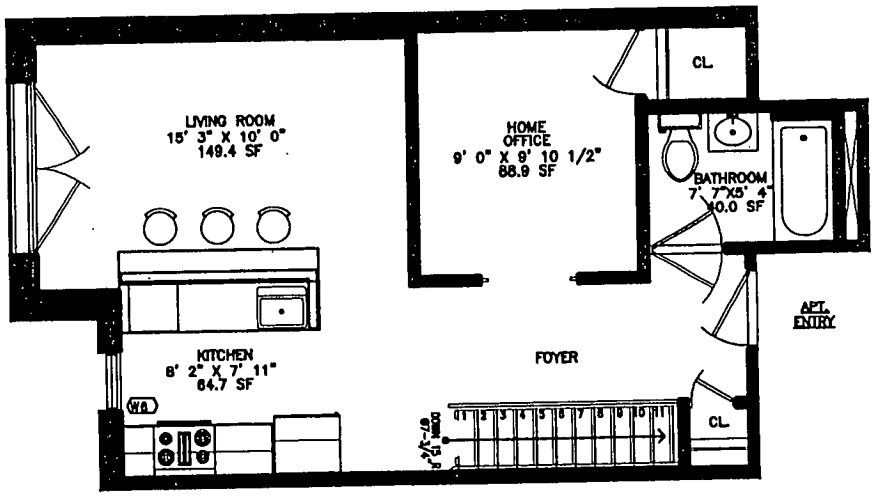
project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-1C |
| scale | |
| 1/8"=1'-0" | |

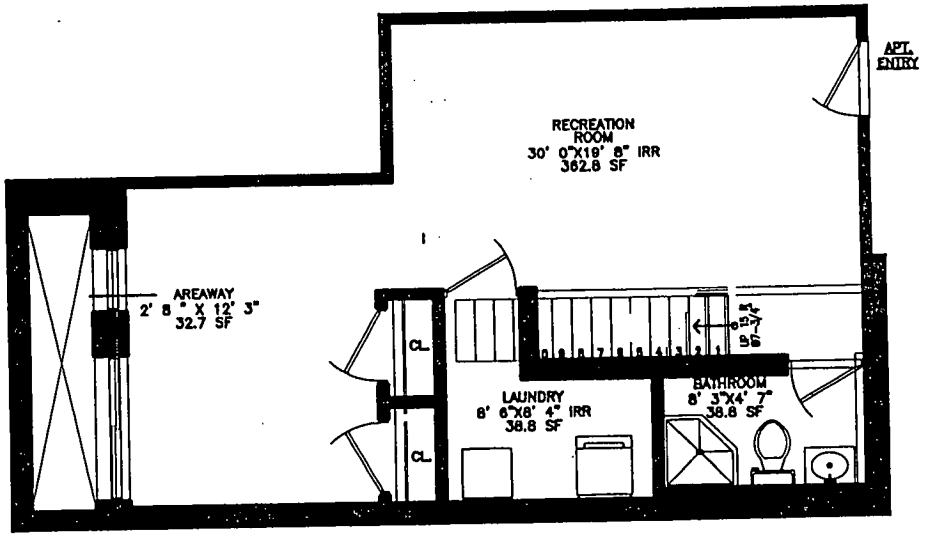
APT 1D
AREA: 1143.9 SF

0 1 2 5 10FT

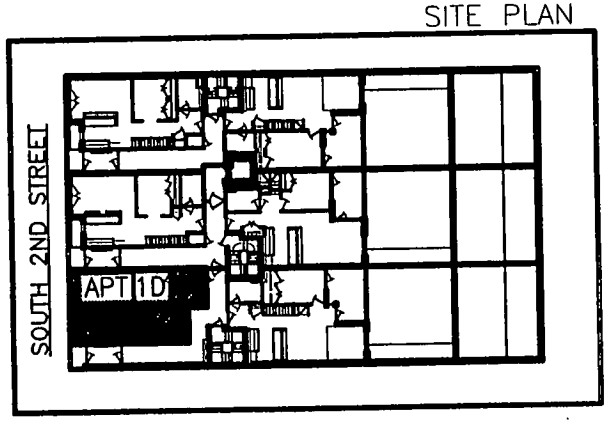
| APT 1D | 1ST FLOOR |
|---|---|
| GROSS AREA: | 562.7 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




| APT 1D | CELLAR |
|---|---|
| GROSS AREA: | 581.2 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-50

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 1D | 04/20/2006 |

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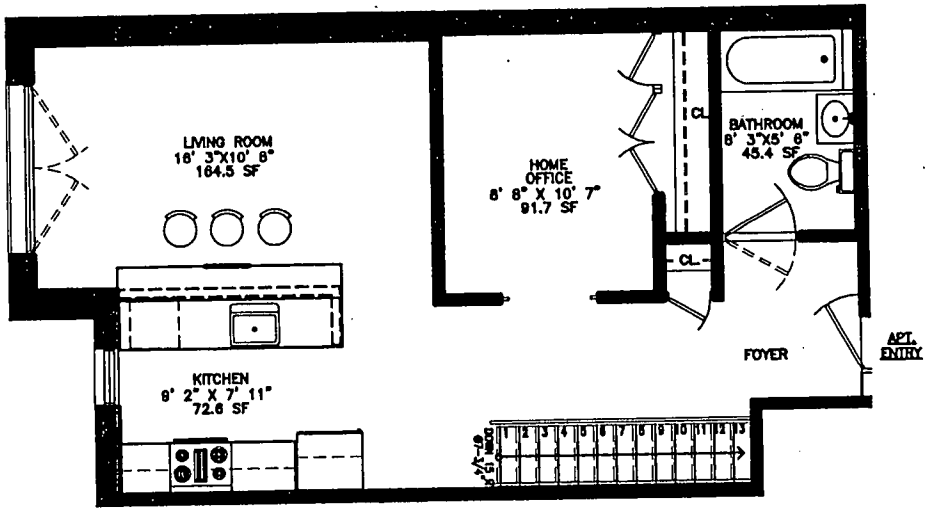
project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | |
| scale | RE-1D |
| 1/8"=1'-0" | |

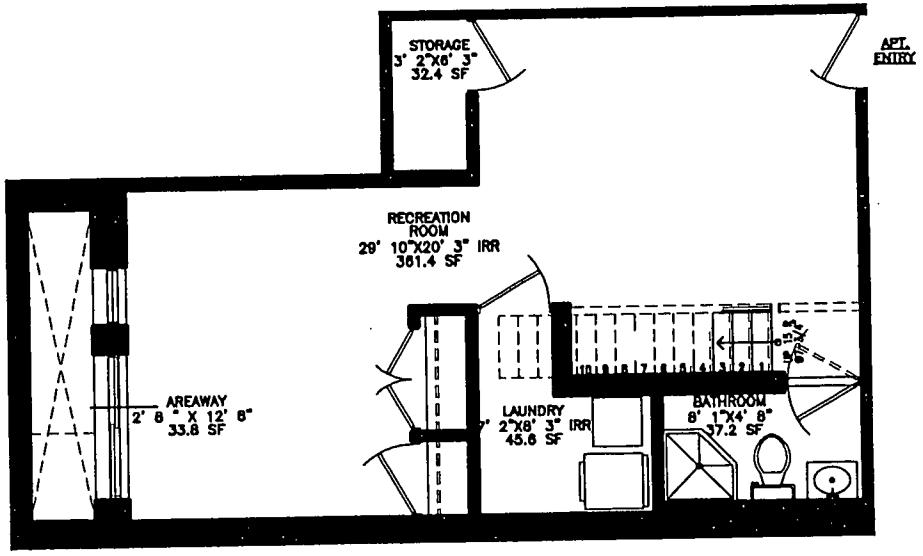
APT 1E
AREA: 1205.2 SF

0 1 2 5 10FT

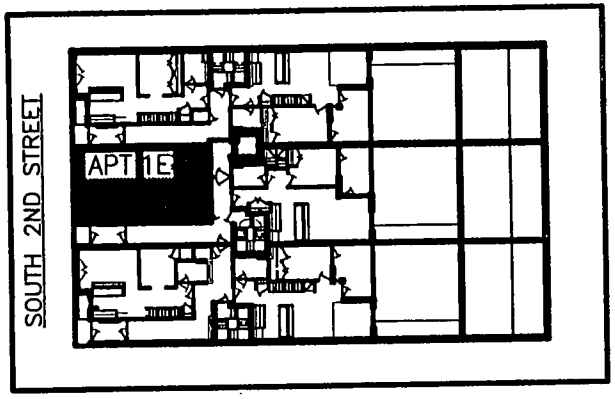
| APT 1E | 1ST FLOOR |
|---|---|
| GROSS AREA: | 627.5 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




| APT 1E | CELLAR |
|---|---|
| GROSS AREA: | 577.7 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-51

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 1E | 04/20/2006 |

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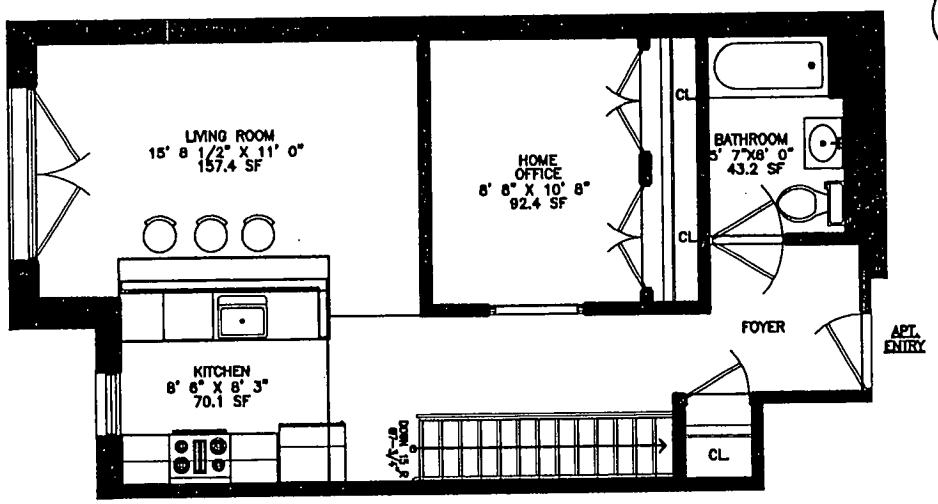
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-1E |
| scale | |
| 1/8"=1'-0" | |

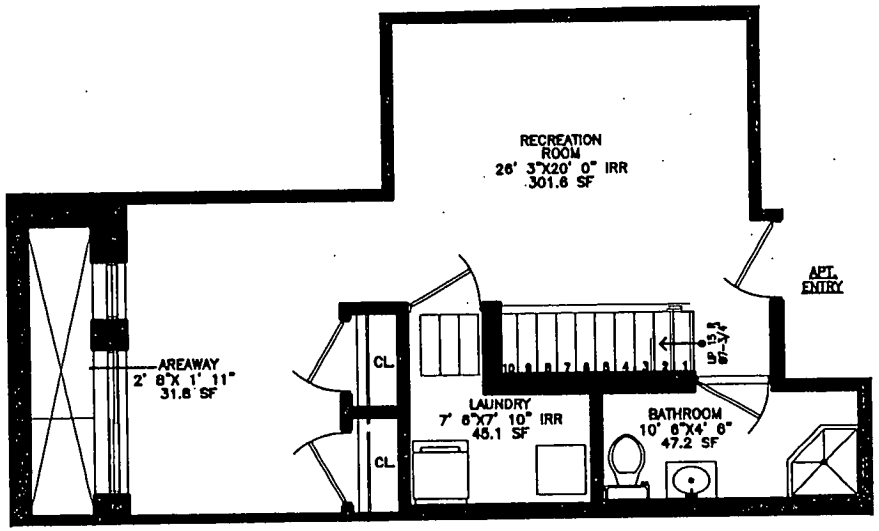
APT 1F
AREA: 1135.8 SF

0 1 2 5 10FT

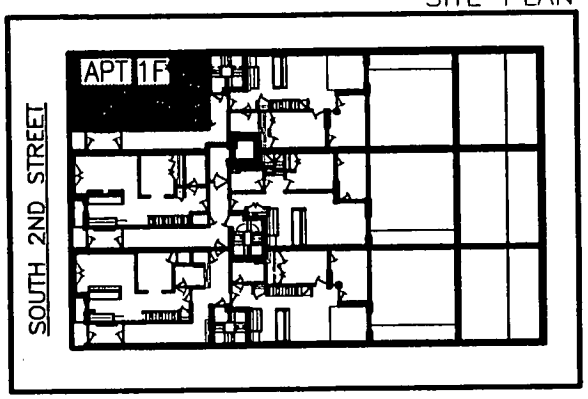
| APT 1F | 1ST FLOOR |
|---|---|
| GROSS AREA: | 631 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




| APT 1F | CELLAR |
|---|---|
| GROSS AREA: | 504.8 SF |
| CIELING HEIGHT: | 8'-10 1/4" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-52

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 1F | 04/20/2006 |

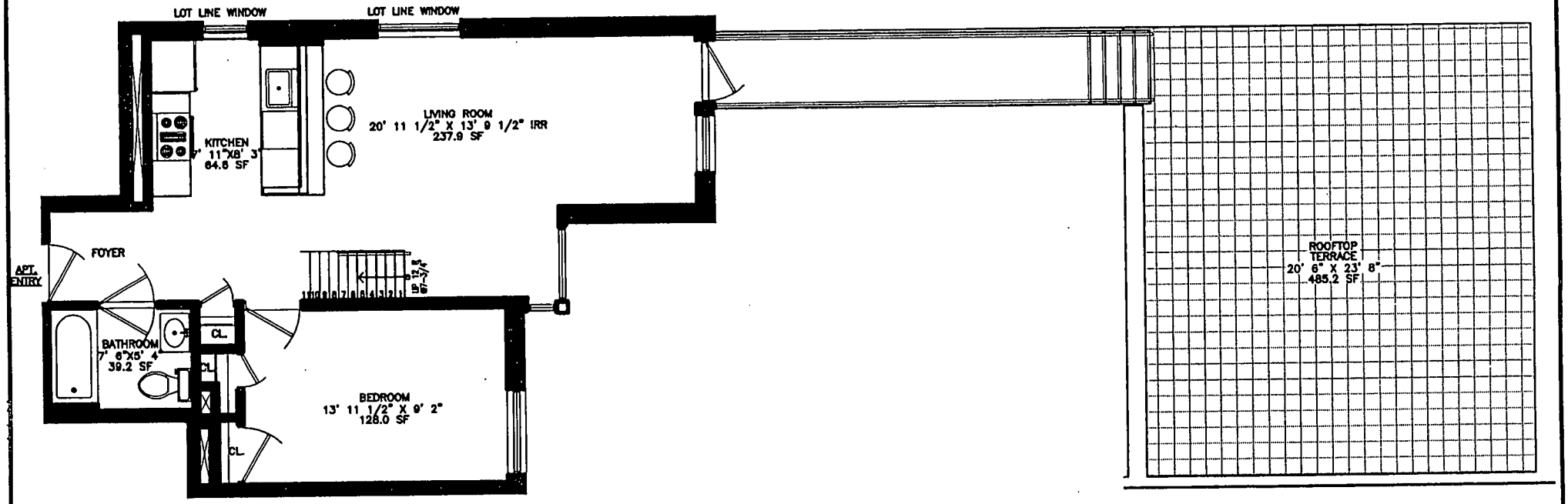
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110 York Street, Brooklyn, NY 11201
Phone (718) 222-0322 Fax (718) 222-4486

project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

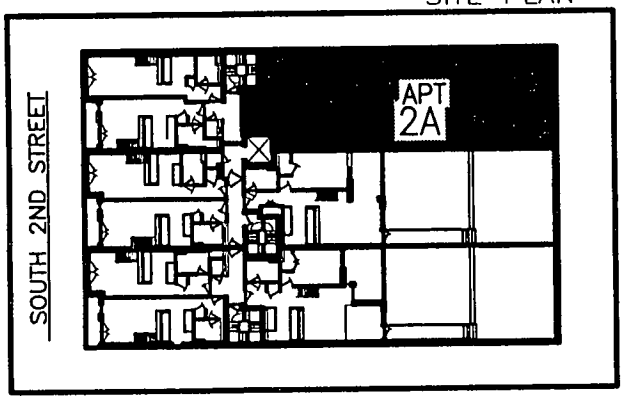
| job # | dwg # |
|---|---|
| 25215 | RE-1F |
| scale | |
| 1/8"=1'-0" | |

APT 2A
AREA: 892.1 SF

0 1 2 5 10FT




SITE PLAN




| APT 2A | 2ND FLOOR |
|---|---|
| GROSS AREA: | 682.6 SF |
| CIELING HEIGHT: | 14'-8" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-53

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2A 2ND FLOOR | 04/20/2006 |

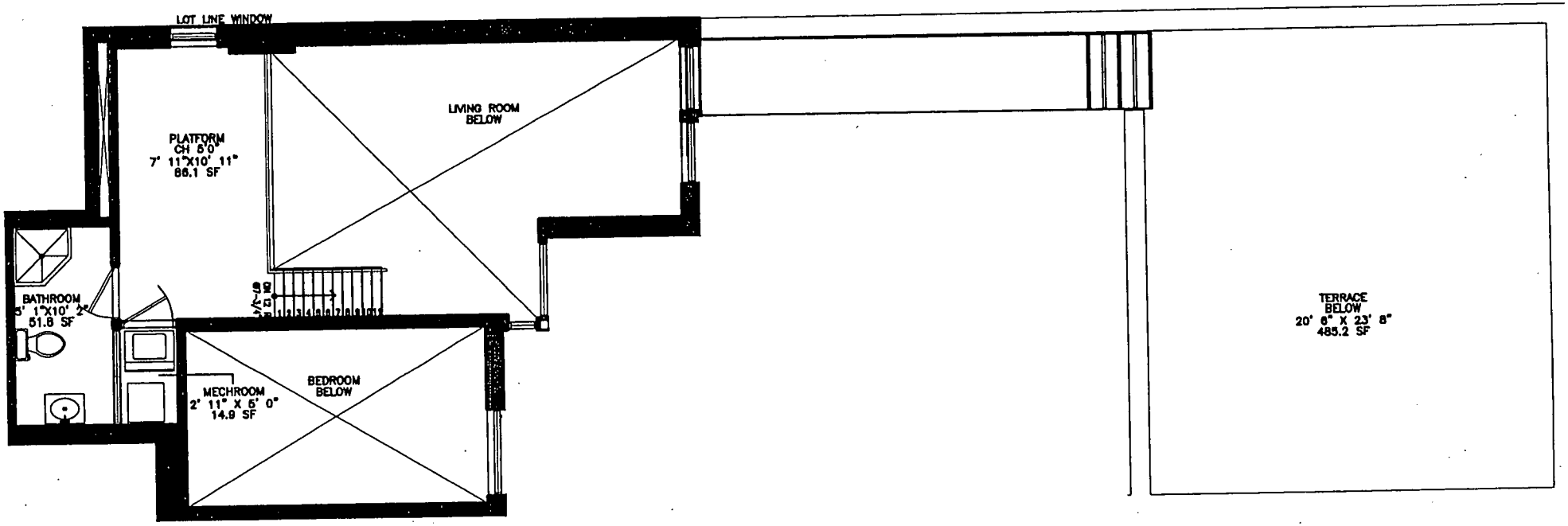
SCARANO & ASSOCIATES
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Phone (718) 222-0322 Fax (718) 222-4488

project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

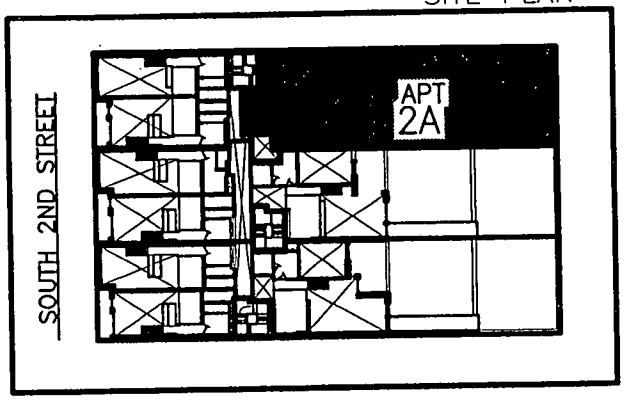
job # 25215
scale 1/8"=1'-0"
dwg # RE-2A

APT 2A
AREA: 892.1 SF

0 1 2 5 10FT




SITE PLAN




| APT 2A | MEZZ |
|---|---|
| GROSS AREA: | 209.5 SF |
| CIELING HEIGHT: | 14'-8" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-54

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2A MEZZANINE | 04/20/2006 |

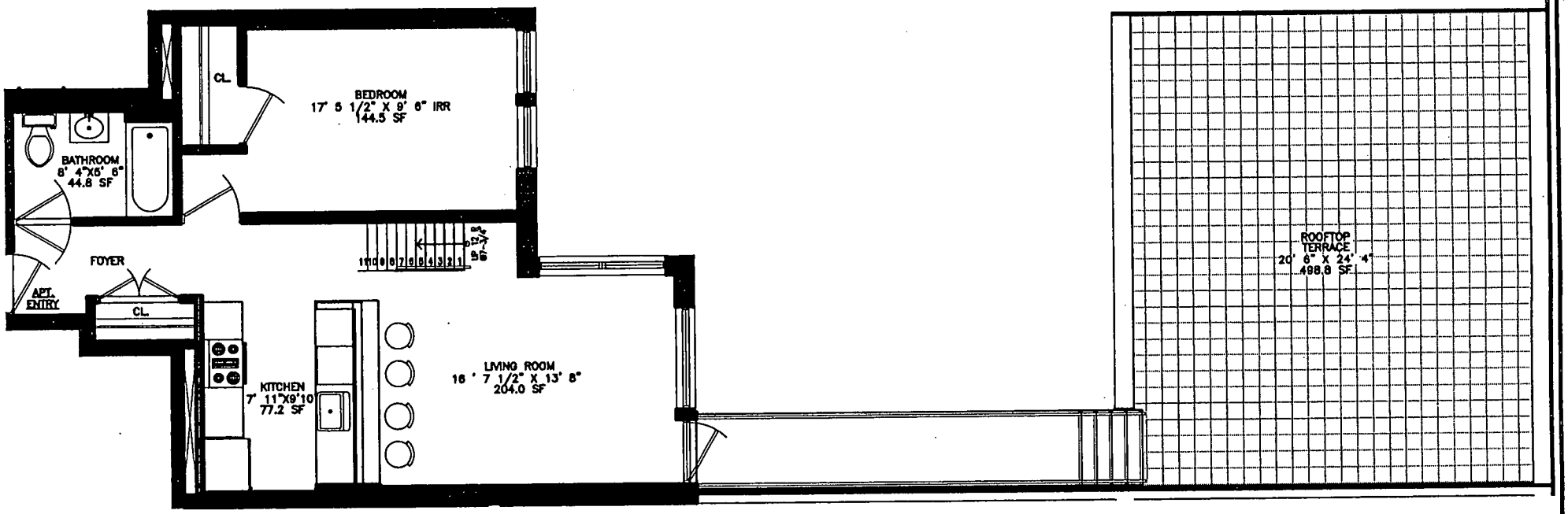
SCARANO & ASSOCIATES
ARCHITECTS
110 [illegible] Street, Brooklyn, NY 11201

project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

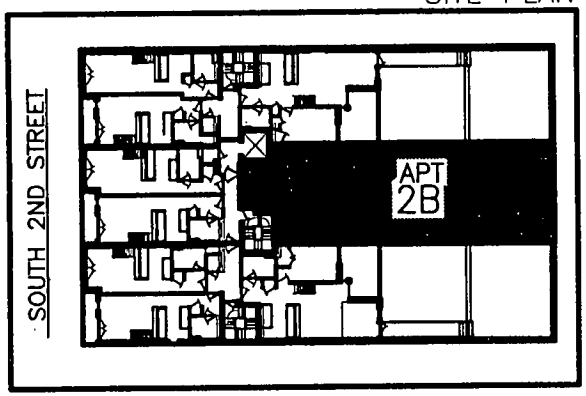
| job # | dwg # |
|---|---|
| 25215 | RE-2A |
| scale 1/8"=1'-0" | |

APT 2B
AREA: 917.2 SF

0 1 2 5 10FT




SITE PLAN




| | |
|---|---|
| APT 2B | 2ND FLOOR |
| GROSS AREA: | 682.2 SF |
| CIELING HEIGHT: | 14'-8" |

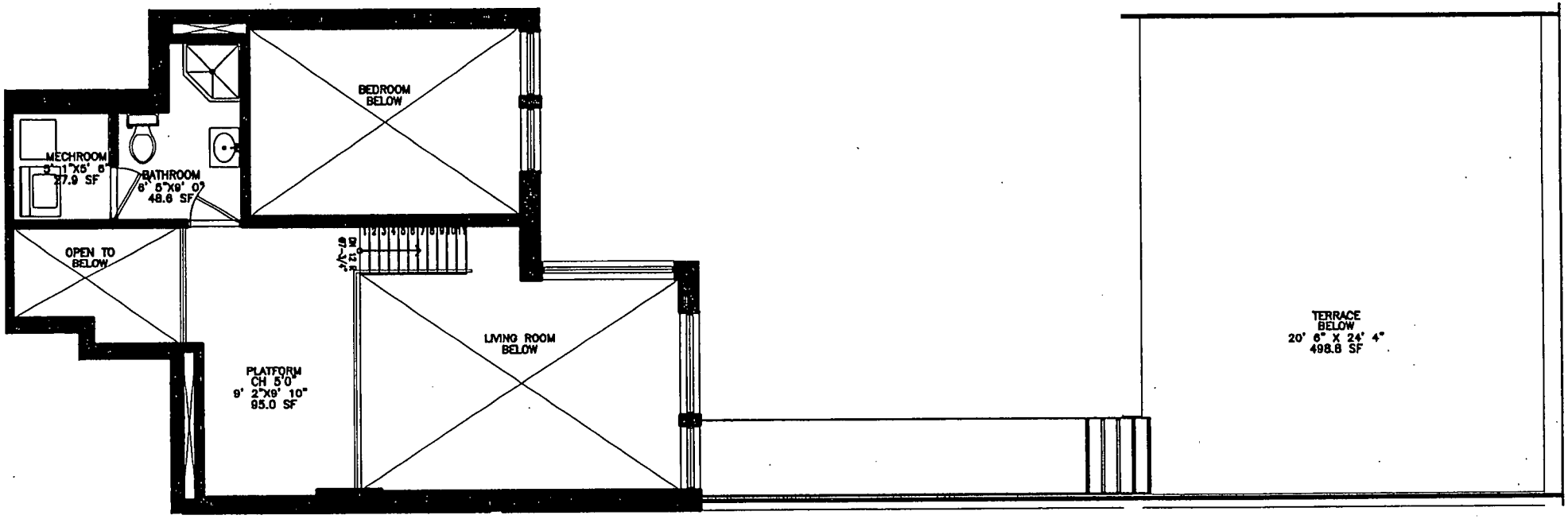
ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-55

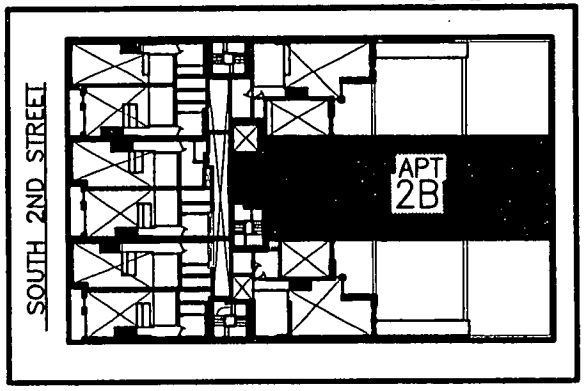
| | | | |
|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 2B 2ND FLOOR | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 Phone (718) 222-0322 Fax (718) 222-4486 | | project: PROPOSED BUILDING @ 198 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 dwg #: RE-2B scale: 1/8"=1'-0" |

APT 2B
AREA: 917.2 SF

0 1 2 5 10FT




SITE PLAN




| APT 2B | 2ND MEZZ |
|---|---|
| GROSS AREA: | 235 SF |
| CIELING HEIGHT: | 14'-8" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-56

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2B 2ND MEZZNINE | 04/20/2006 |

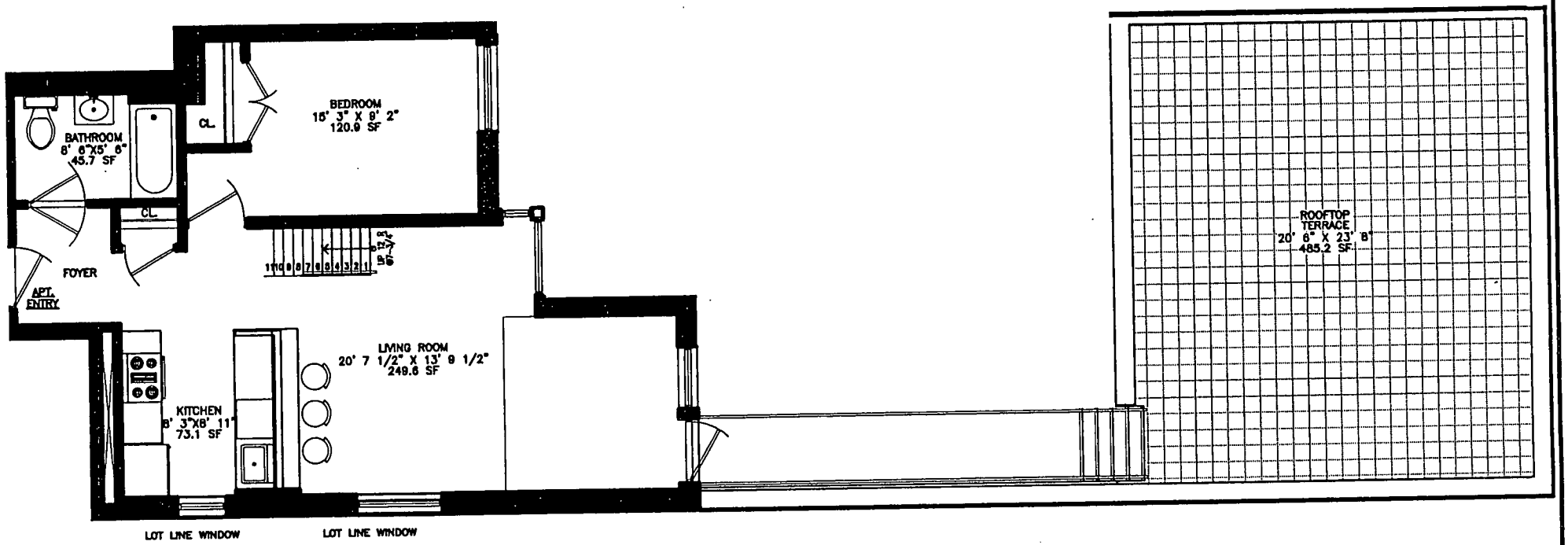
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201
Phone (718) 222-0322 Fax (718) 222-4466

project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

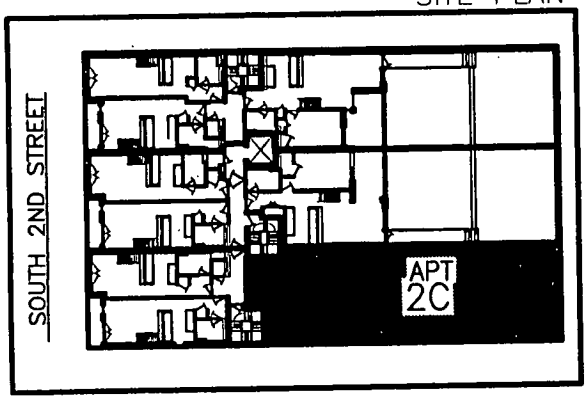
job # 25215
scale 1/8"=1'-0"
dwg # RE-2B

APT 2C
AREA: 915.1 SF

0 1 2 5 10FT




SITE PLAN




| | |
|---|---|
| APT 2C | 2ND FLOOR |
| GROSS AREA: | 690.4 SF |
| CIELING HEIGHT: | 14'-8" |

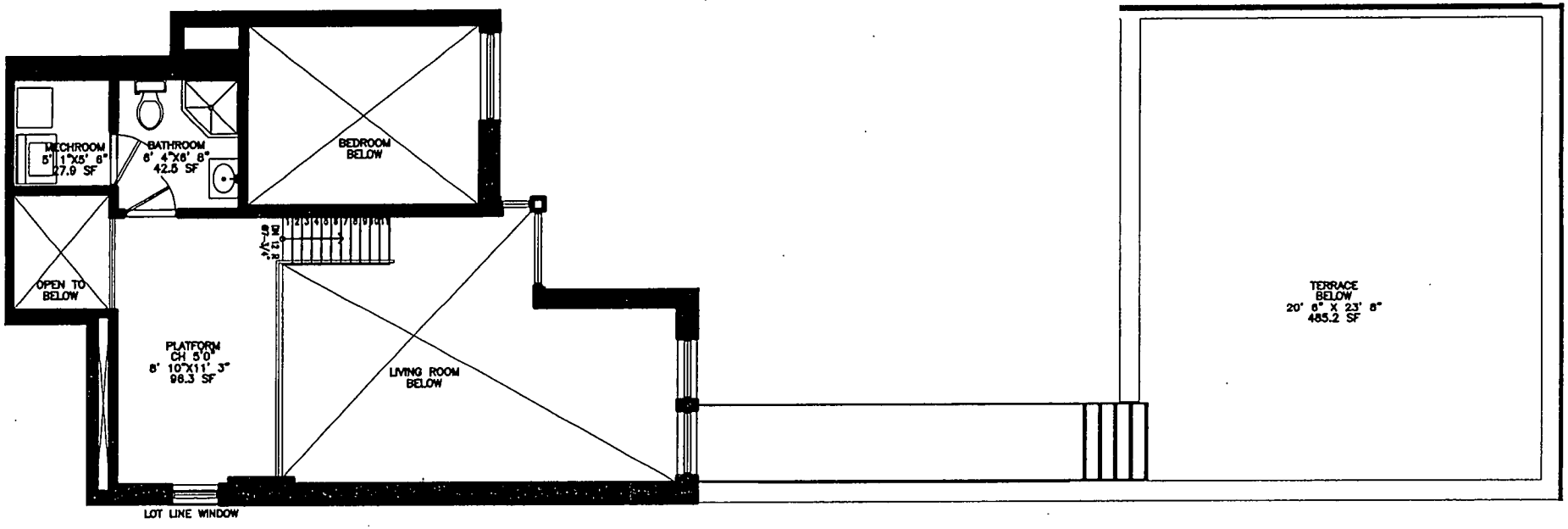
ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-57

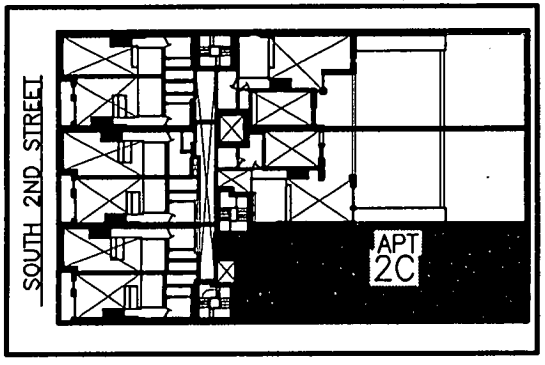
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|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 2C 2ND FLOOR | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 | | project: PROPOSED BUILDING @ 196 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 |
| | | | scale: 1/8"=1'-0" |
| | | | dwg #: RE-2C |

APT 2C
AREA: 915.1 SF

0 1 2 5 10FT




SITE PLAN




| | |
|---|---|
| APT 2C | 2ND MEZZ |
| GROSS AREA: | 224.7 SF |
| CIELING HEIGHT: | 14'-8" |

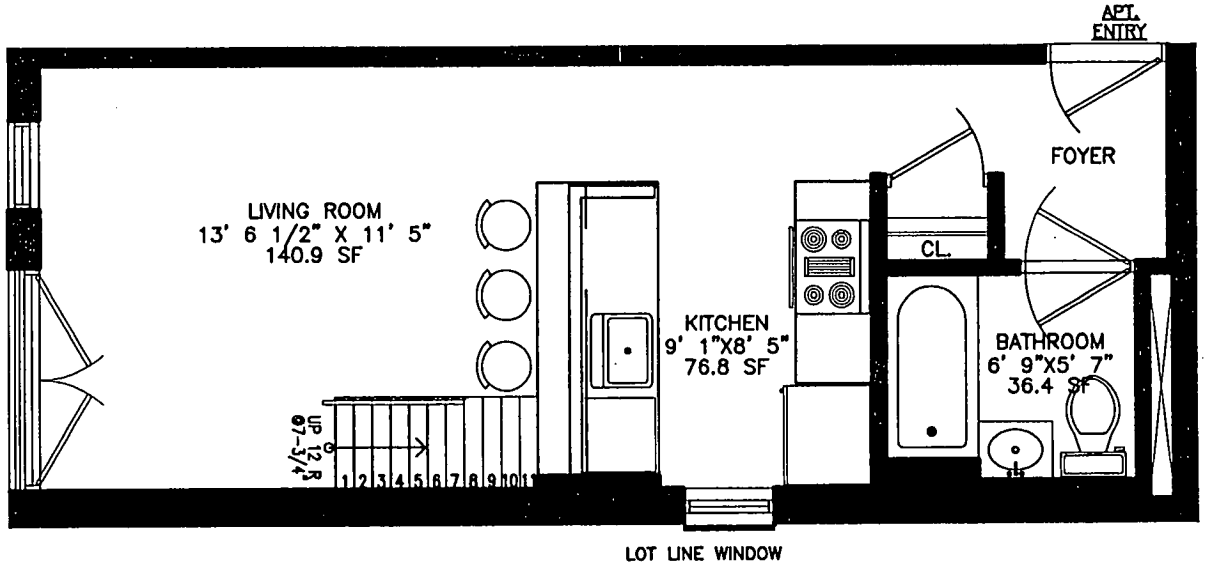
ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

| | | | |
|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 2C 2ND MEZZANINE | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS<br>110 York Street, Brooklyn, NY 11201<br>Phone (718) 222-0322 Fax (718) 222-4486 | | project: PROPOSED BUILDING @<br>196 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215<br>scale: 1/8"=1'-0" |
| | | | dwg #: RE-2C |

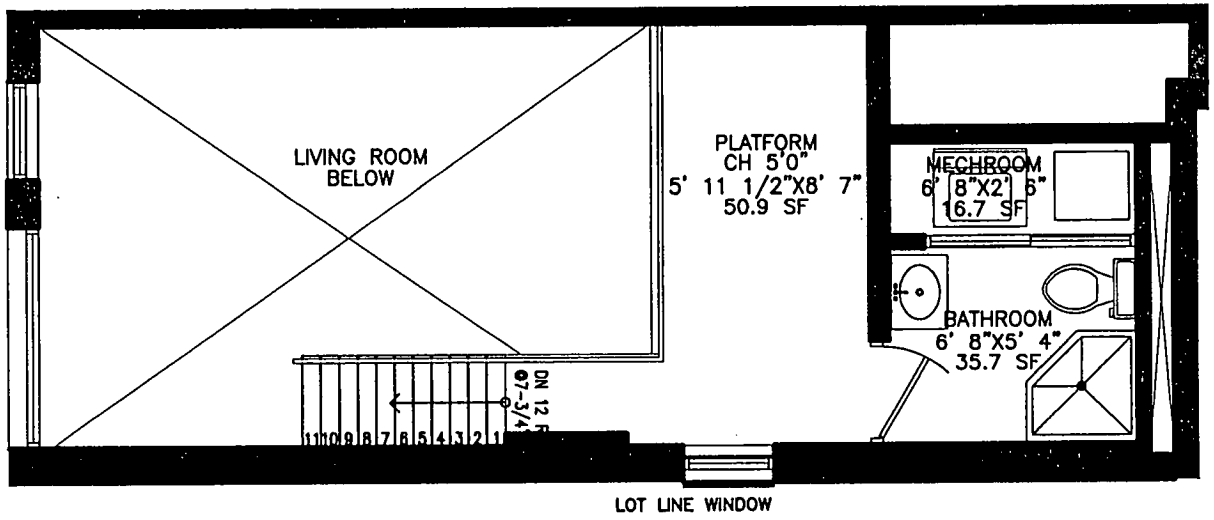
D-58

APT 2D
AREA: 560.7 SF

0 1 2 5 10FT

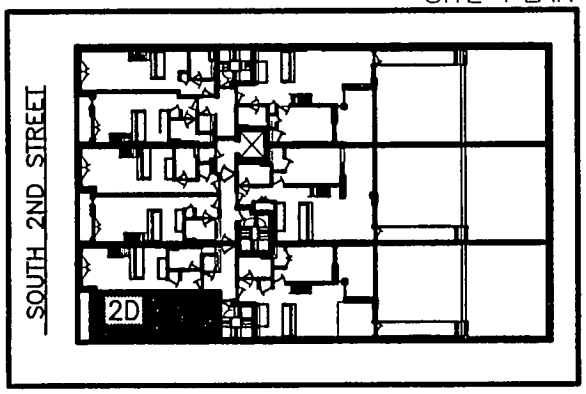



| APT 2D | 2ND FLOOR |
|---|---|
| GROSS AREA: | 404.8 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 2D | 2ND MEZZ |
|---|---|
| GROSS AREA: | 155.9 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-59

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2D | 04/20/2006 |

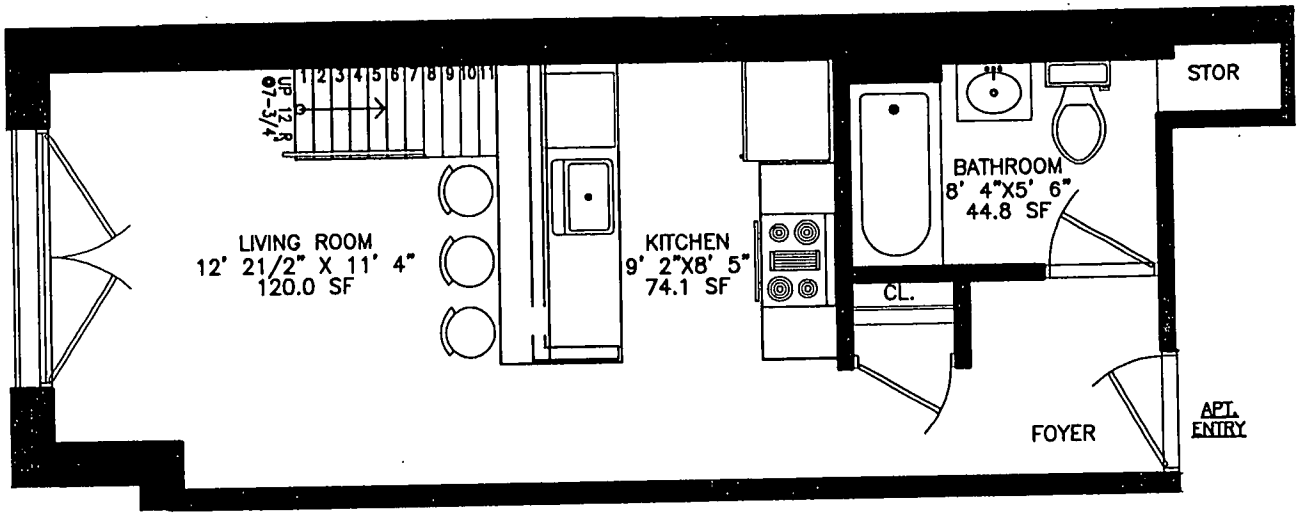
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PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215 | dwg # RE-2D | scale 3/16"=1'-0"

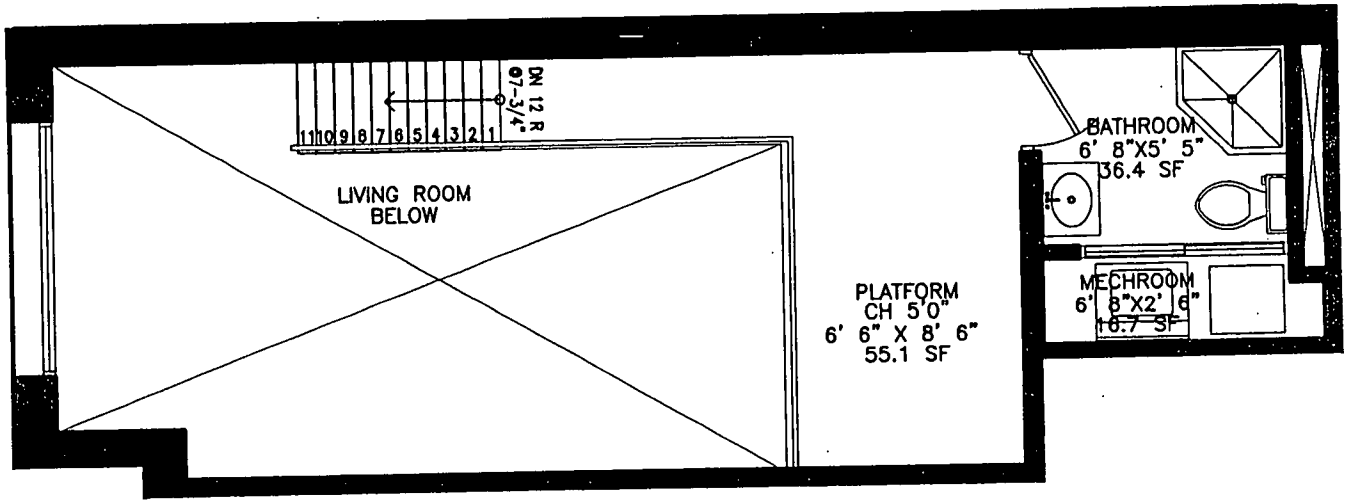
APT 2E
AREA: 552.6 SF

0 1 2 5 10FT

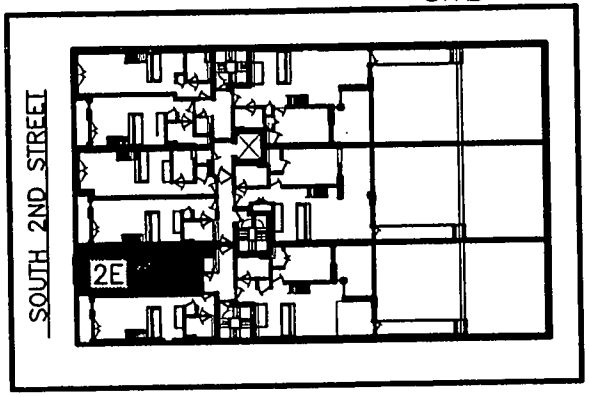



| APT 2E | 2ND FLOOR |
|---|---|
| GROSS AREA: | 398.7 SF |
| CIELING HEIGHT: | 14'-8" |

| APT 2E | 2ND MEZZ |
|---|---|
| GROSS AREA: | 153.9 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-60

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2E | 04/20/2006 |

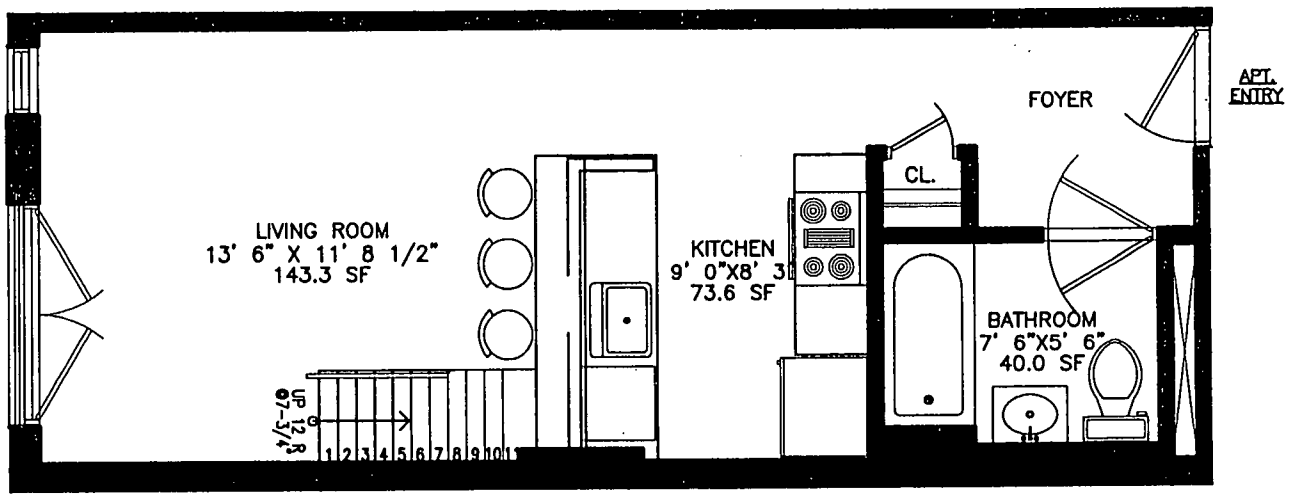
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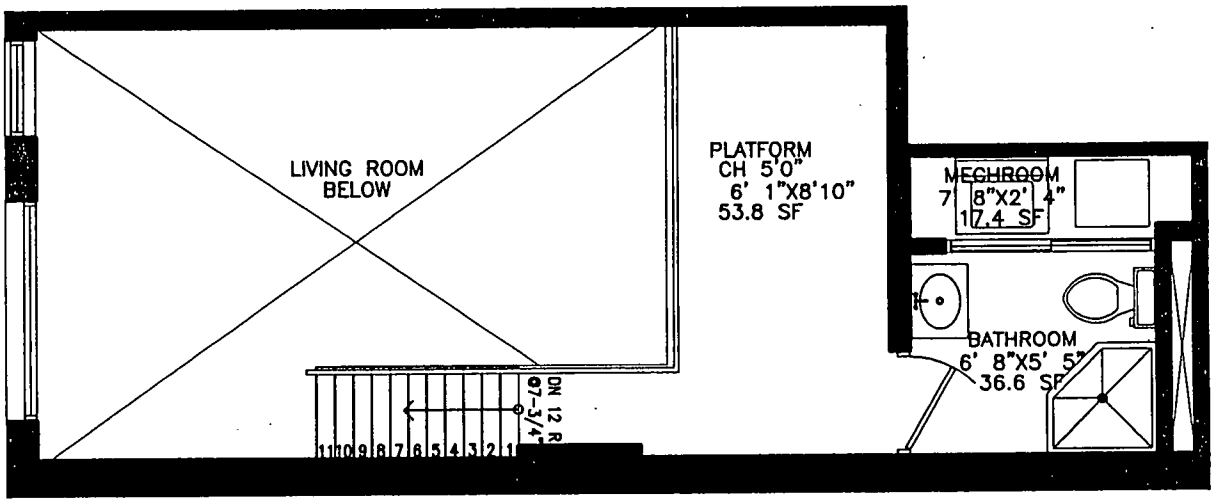
job # 25215
scale 3/16"=1'-0"
dwg # RF-2E

APT 2F
AREA: 557 SF

0 1 2 5 10FT

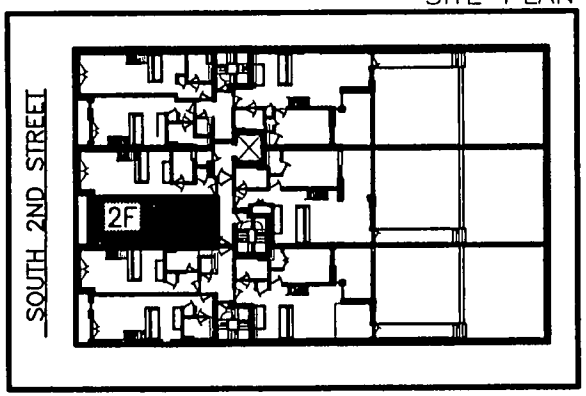



| APT 2F | 2ND FLOOR |
|---|---|
| GROSS AREA: | 405.9 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 2F | 2ND MEZZ |
|---|---|
| GROSS AREA: | 151.1 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-61

| drawn by | checked by | title | date |
|---|---|---|---|
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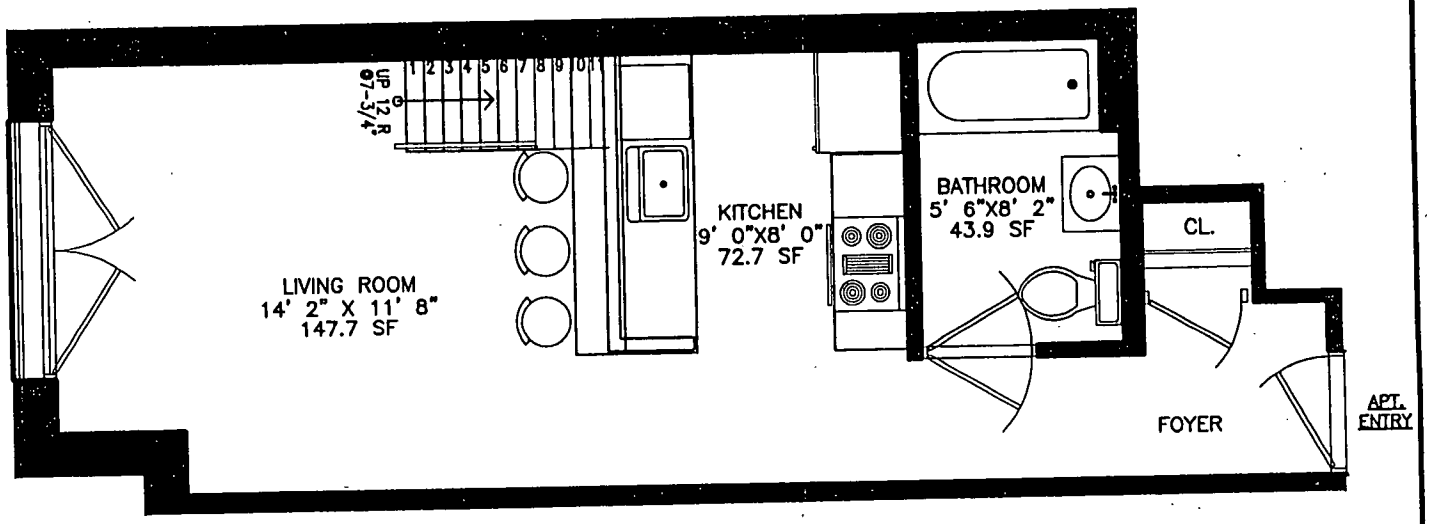
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|---|---|
| 25215 | RE-2F |

scale 3/16"=1'-0"

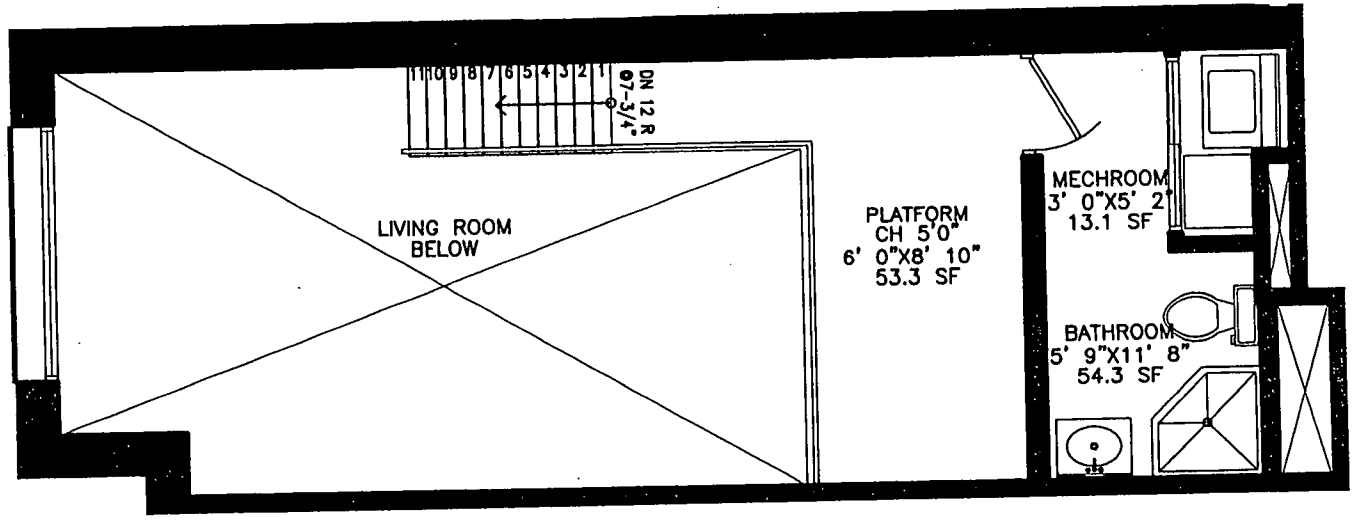
APT 2G
AREA: 603.4 SF

0 1 2 5 10FT

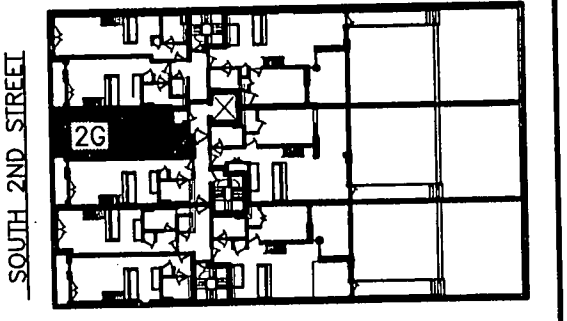
| APT 2G | 2ND FLOOR |
|---|---|
| GROSS AREA: | 440 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 2G | 2ND MEZZ |
|---|---|
| GROSS AREA: | 163.4 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-62

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 2G | 04/20/2006 |

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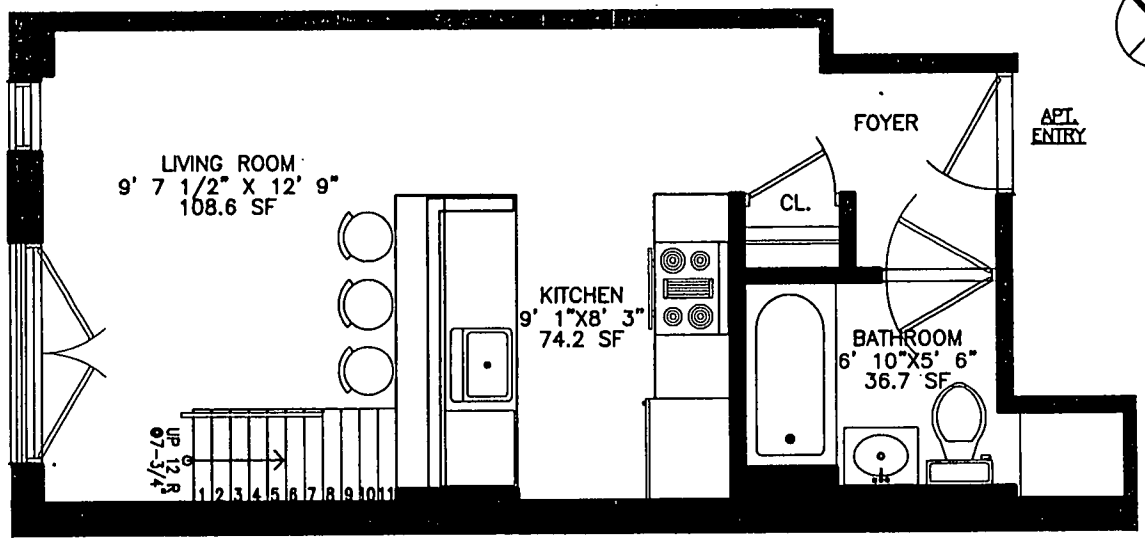
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-2G |

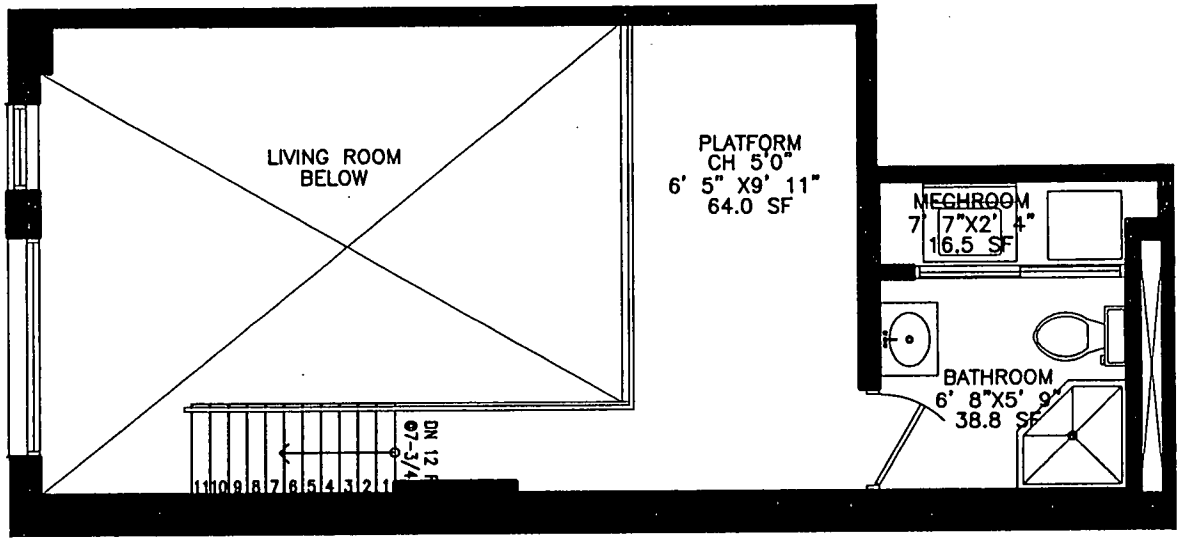
scale 3/16"=1'-0"

APT 2H
AREA: 535.7 SF

0 1 2 5 10FT

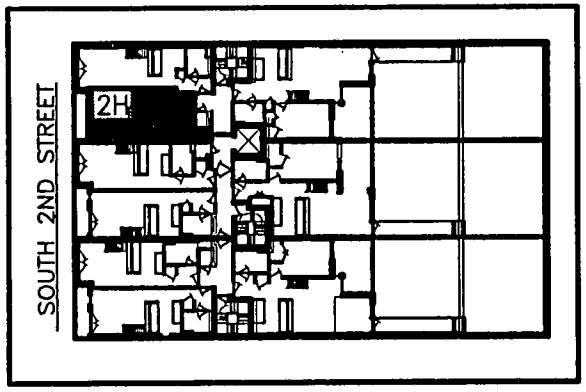



| APT 2H | 2ND FLOOR |
|---|---|
| GROSS AREA: | 370.7 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 2H | 2ND MEZZ |
|---|---|
| GROSS AREA: | 165 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-63

| drawn by | checked by | title | date |
|---|---|---|---|
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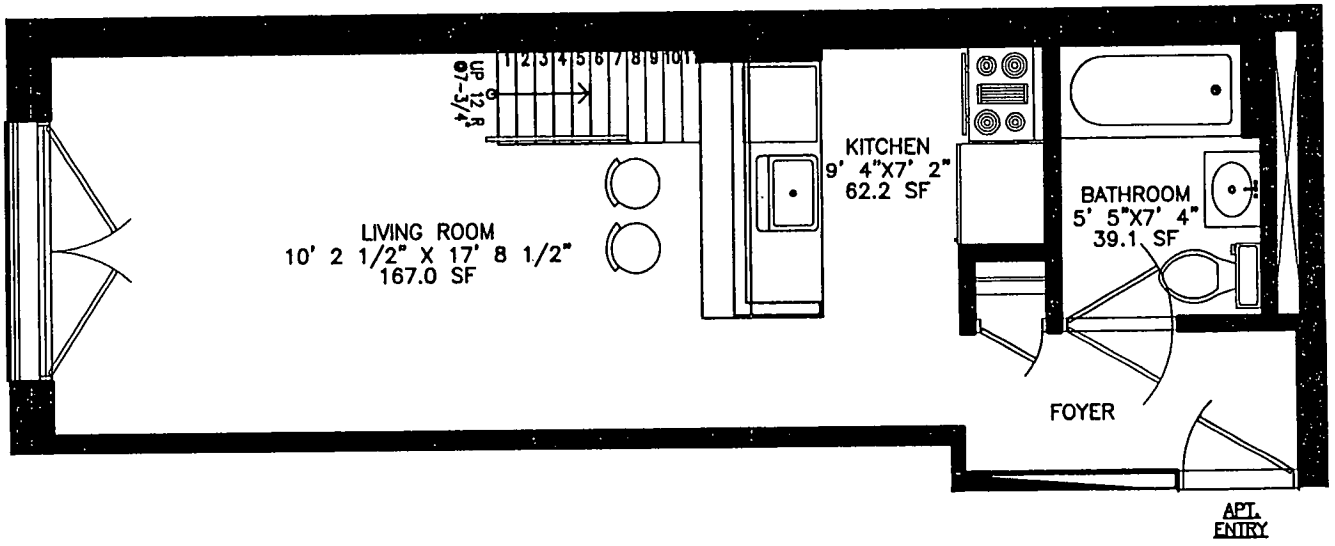
project
PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-2H |
| scale | |
| 3/16"=1'-0" | |

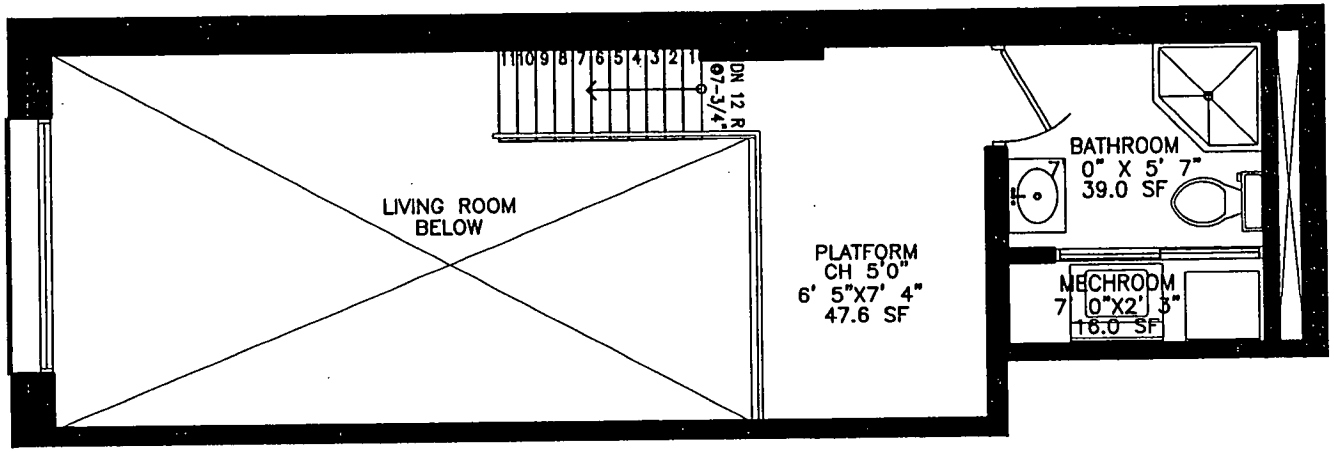
APT 2I
AREA: 579.9 SF

0 1 2 5 10FT

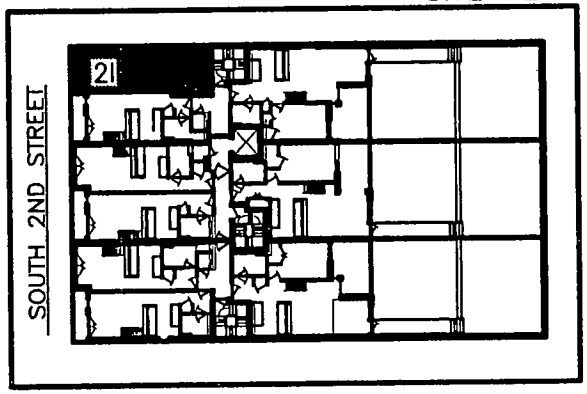
| | |
|---|---|
| APT 2I | 2ND FLOOR |
| GROSS AREA: | 422 SF |
| CIELING HEIGHT: | 14'-8" |




| | |
|---|---|
| APT 2I | 2ND MEZZ |
| GROSS AREA: | 157.9 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN



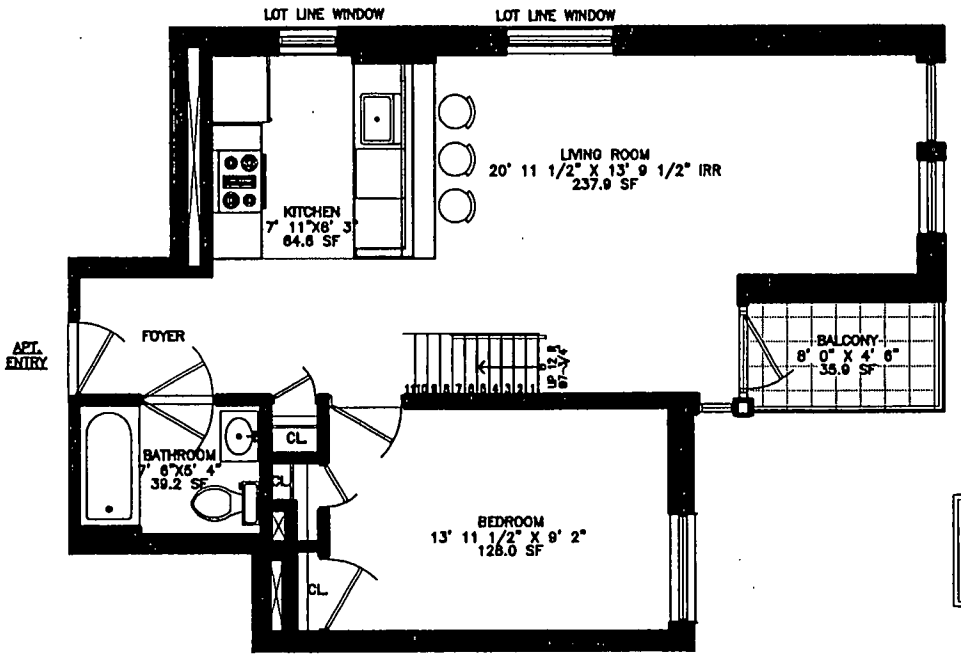

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-64

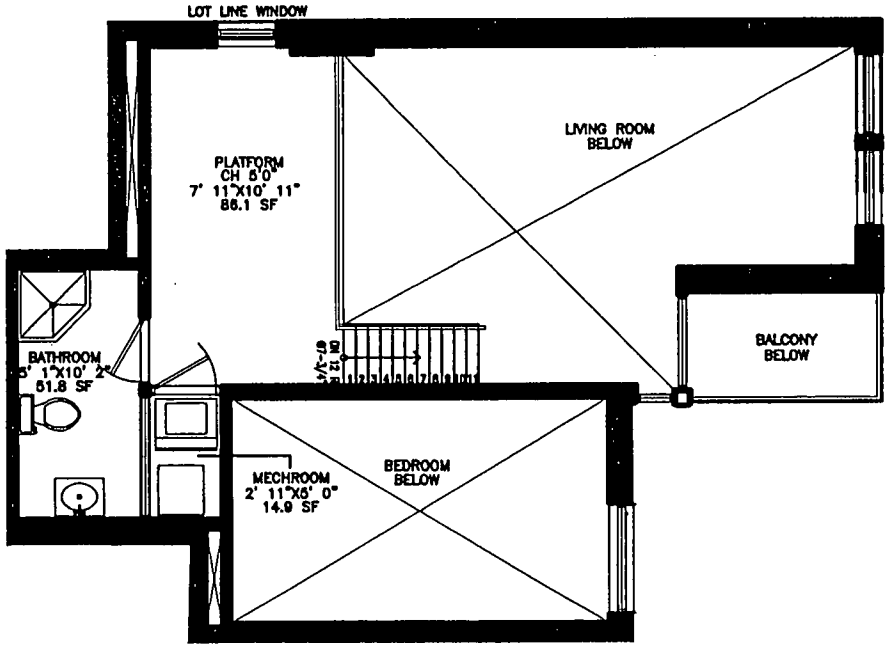
| | | | |
|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 2I | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 Phone (718) 222-0322 Fax (718) 222-4486 | | project: PROPOSED BUILDING @ 200 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 dwg #: RE-2I scale: 3/16"=1'-0" |

APT 3A
AREA: 892.1 SF

0 1 2 5 10FT

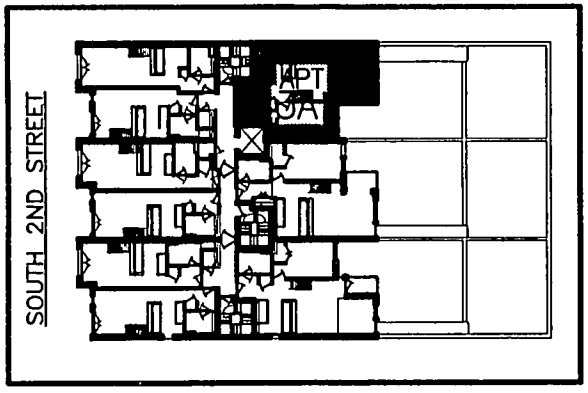



| APT 3A | 3RD FLOOR |
|---|---|
| GROSS AREA: | 682.6 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3A | 3RD MEZZ |
|---|---|
| GROSS AREA: | 209.5 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-65

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3A | 04/20/2006 |

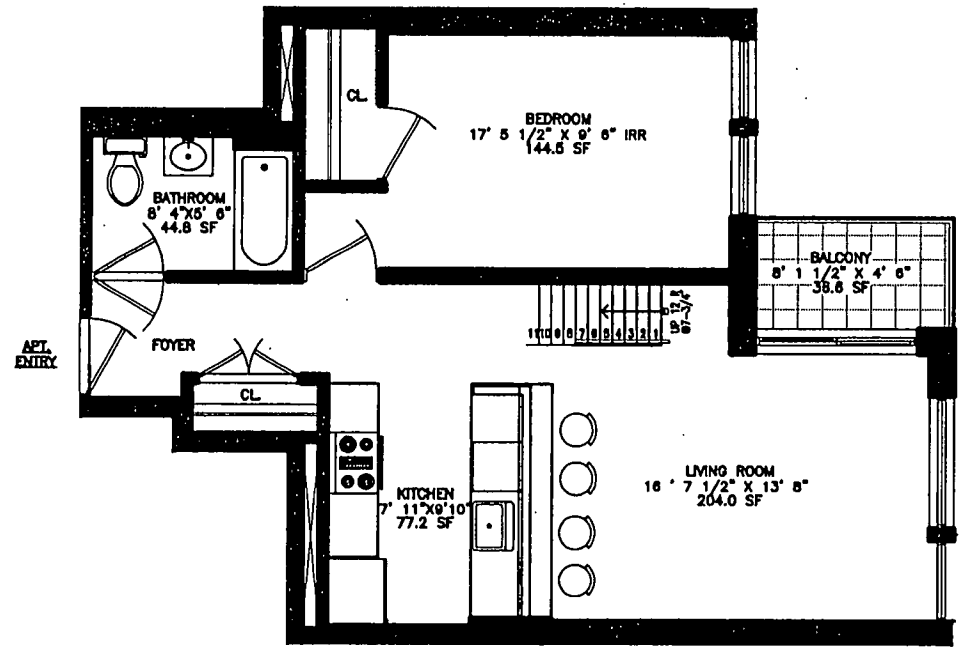
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PROPOSED BUILDING @
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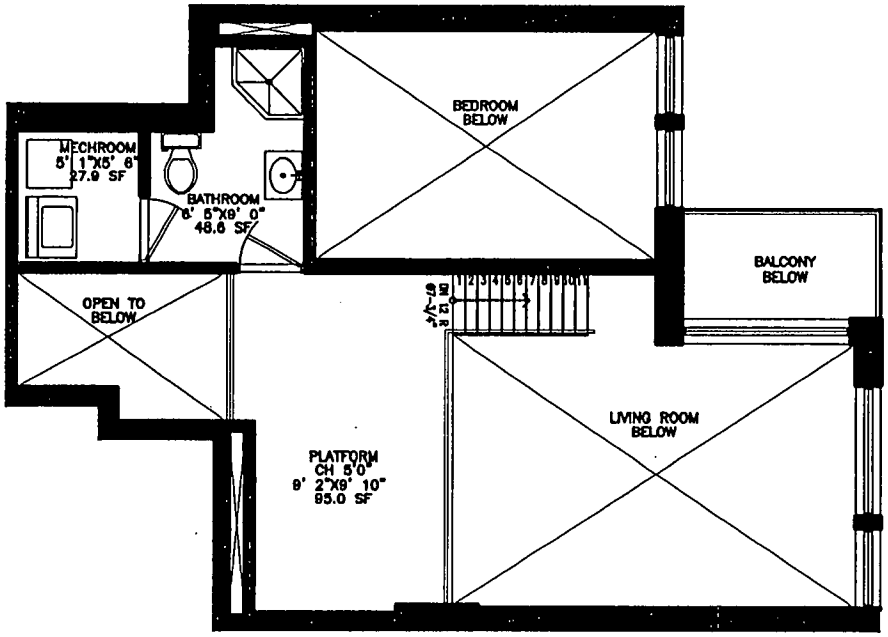
| job # | dwg # |
|---|---|
| 25215 | RE-3A |
| scale 1/8"=1'-0" | |

APT 3B
AREA: 917.2 SF

0 1 2 5 10FT

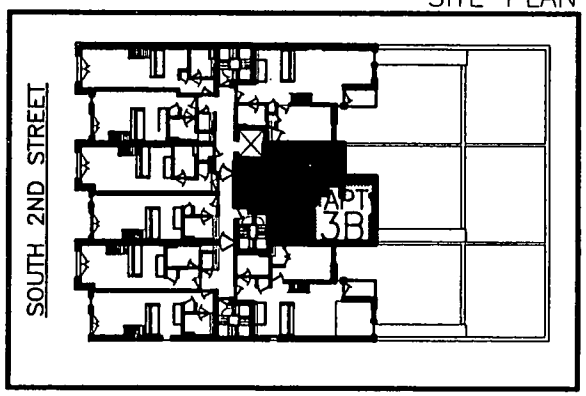



| APT 3B | 3RD FLOOR |
|---|---|
| GROSS AREA: | 682.2 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3B | 3RD MEZZ |
|---|---|
| GROSS AREA: | 235 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-66

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3B | 04/20/2006 |

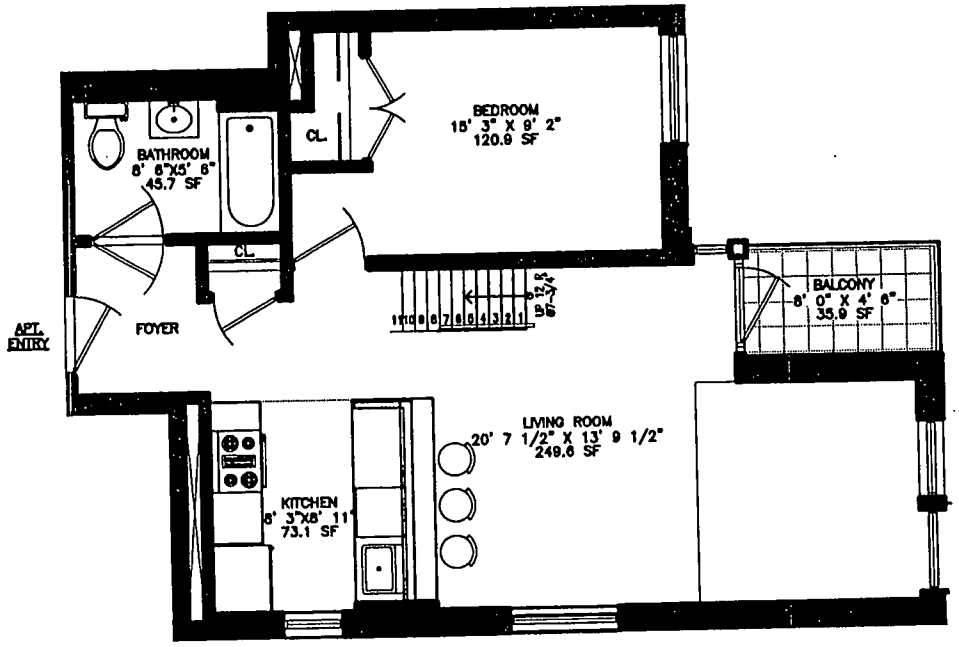
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project
PROPOSED BUILDING @
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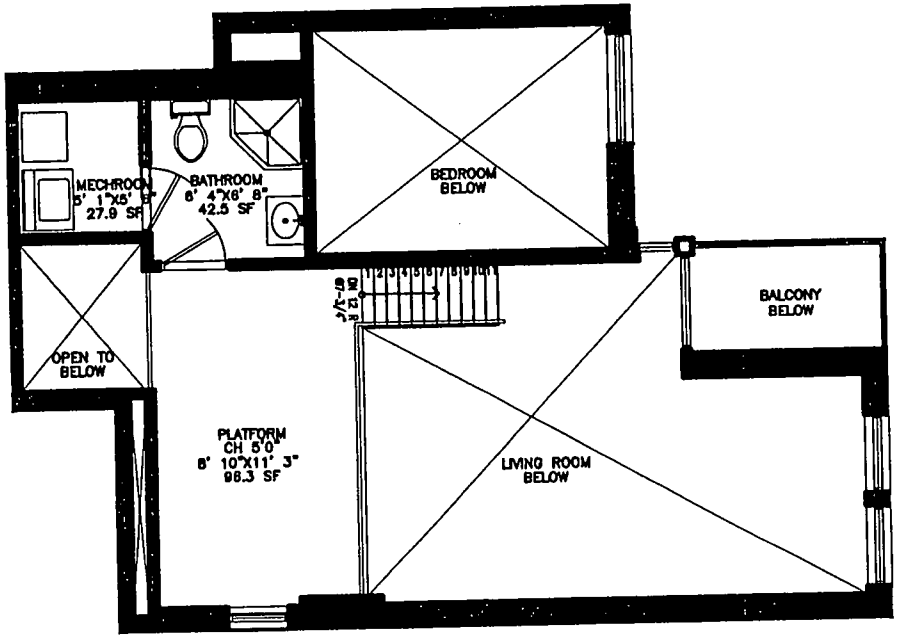
job # 25215
dwg # RE-3B
scale 1/8"=1'-0"

APT 3C
AREA: 915.1 SF

0 1 2 5 10FT

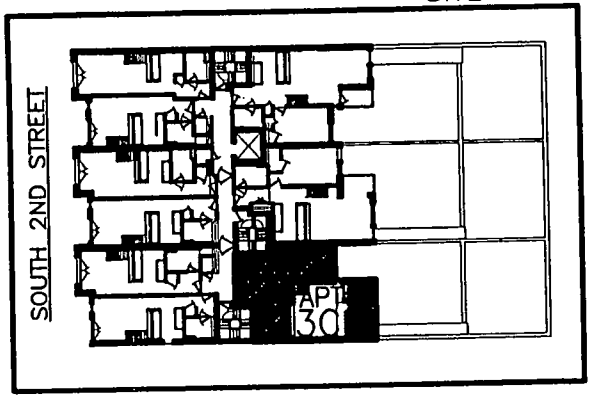



| APT 3C | 3RD FLOOR |
|---|---|
| GROSS AREA: | 690.4 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3C | 3RD MEZZ |
|---|---|
| GROSS AREA: | 224.7 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-67

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3C | 04/20/2006 |

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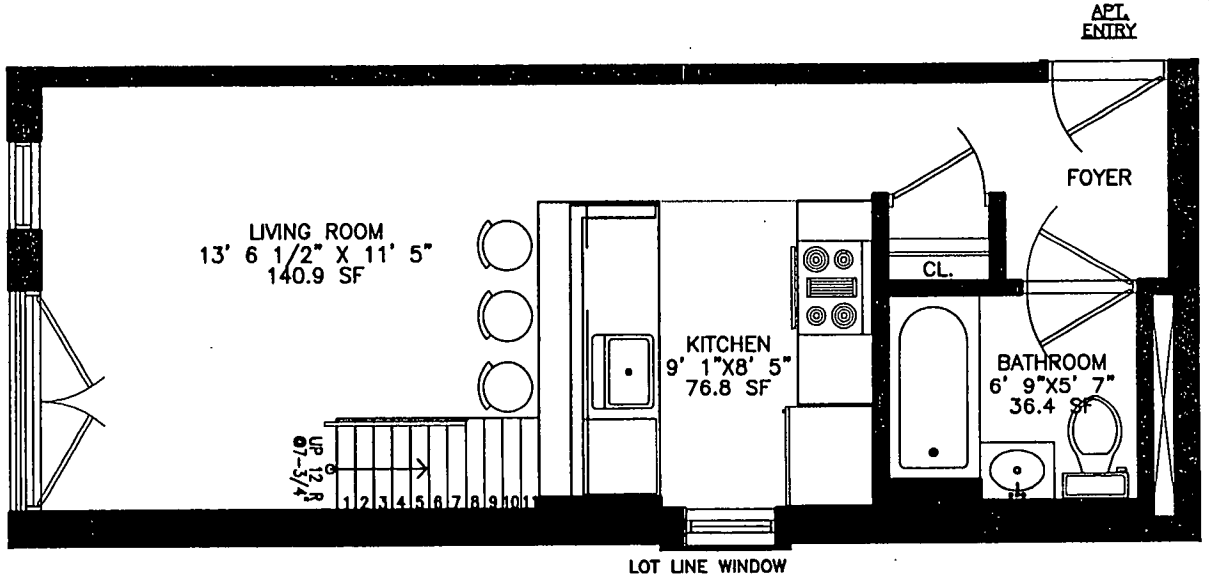
job # 25215
scale 1/8"=1'-0"
dwg # RF – 3C

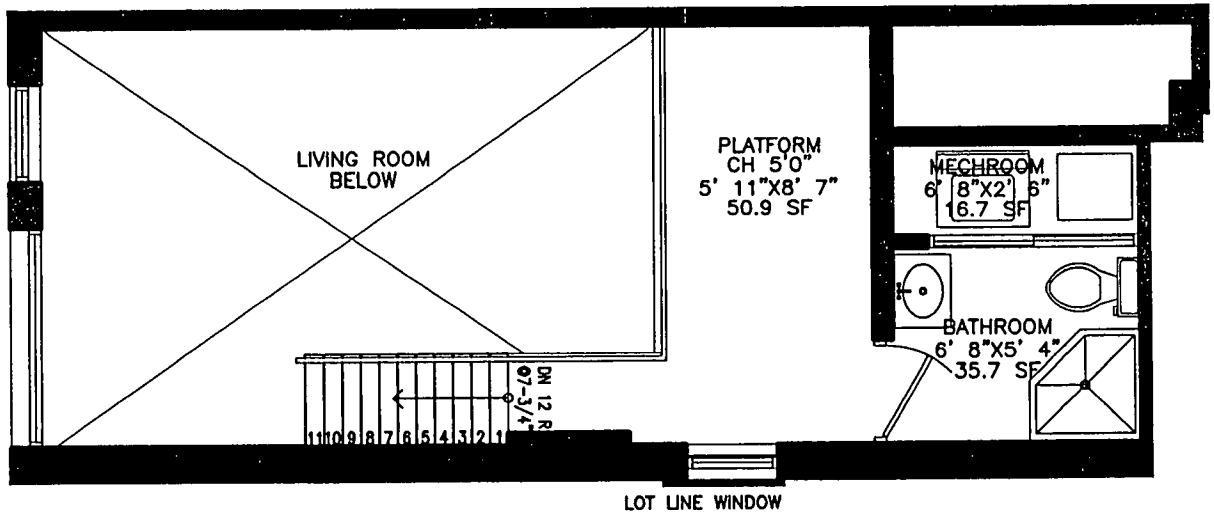
APT 3D
AREA: 560.7 SF

0 1 2 5 10FT

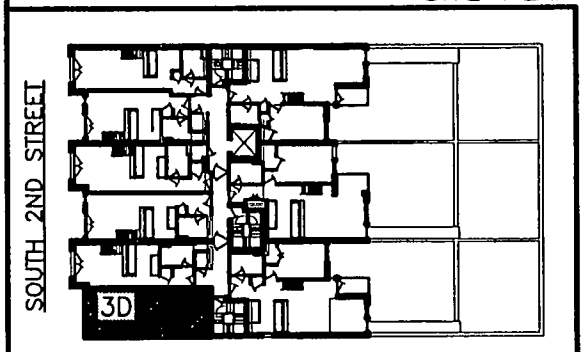
| APT 3D | 3RD FLOOR |
|---|---|
| GROSS AREA: | 404.8 SF |
| CIELING HEIGHT: | 14'-8" |

| APT 3D | 3RD MEZZ |
|---|---|
| GROSS AREA: | 155.9 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-68

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3D | 04/20/2006 |

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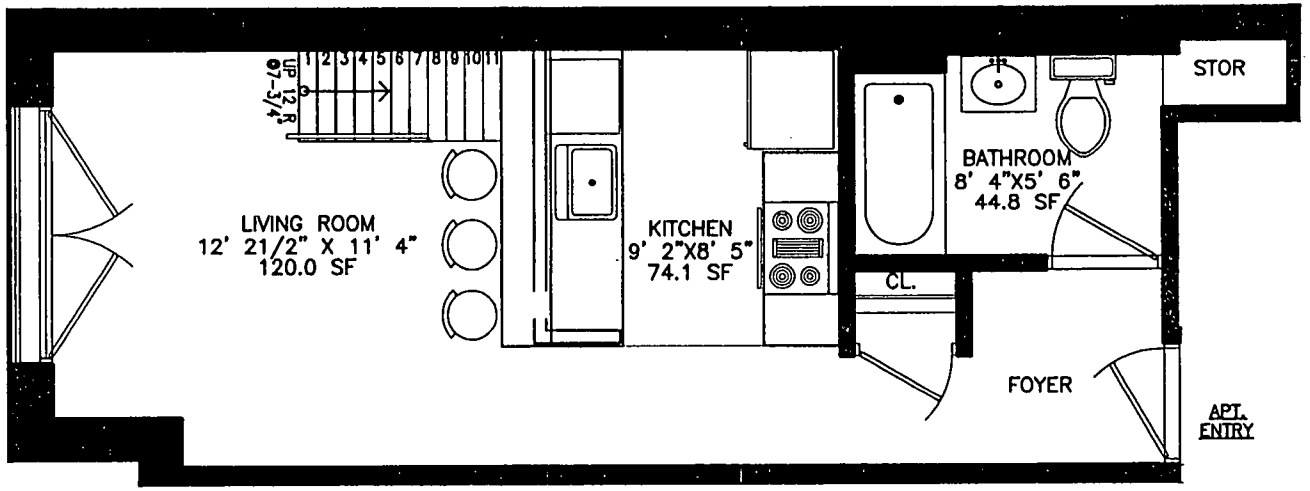
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|---|---|
| 25215 | RE-3D |

scale 3/16"=1'-0"

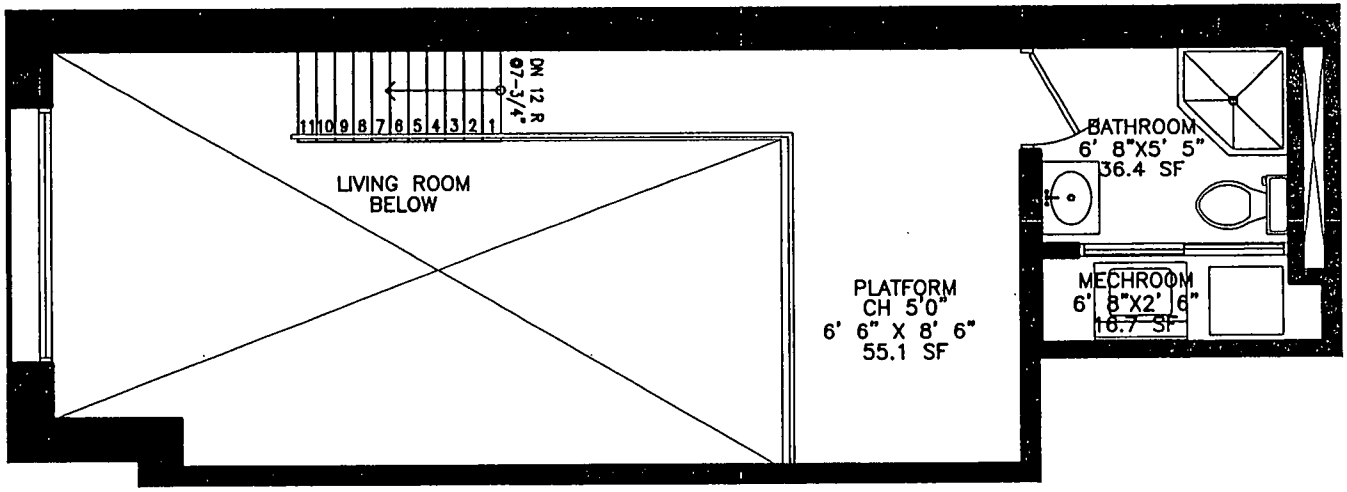
APT 3E
AREA: 552.6 SF

0 1 2 5 10FT

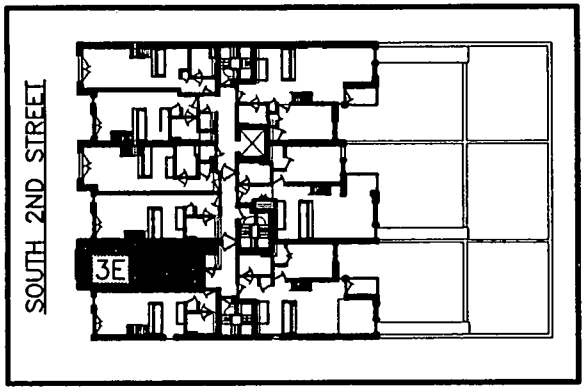
| APT 3E | 3RD FLOOR |
|---|---|
| GROSS AREA: | 398.7 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3E | 3RD MEZZ |
|---|---|
| GROSS AREA: | 153.9 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-69

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3E | 04/20/2006 |

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PROPOSED BUILDING @
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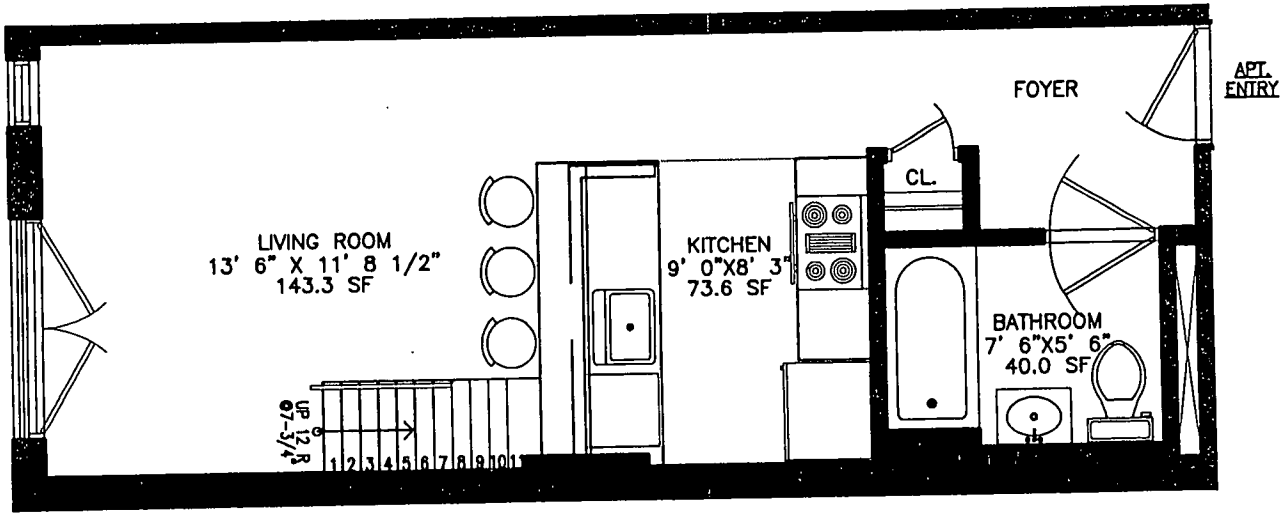
| job # | dwg # |
|---|---|
| 25215 | RE-3E |

scale 3/16"=1'-0"

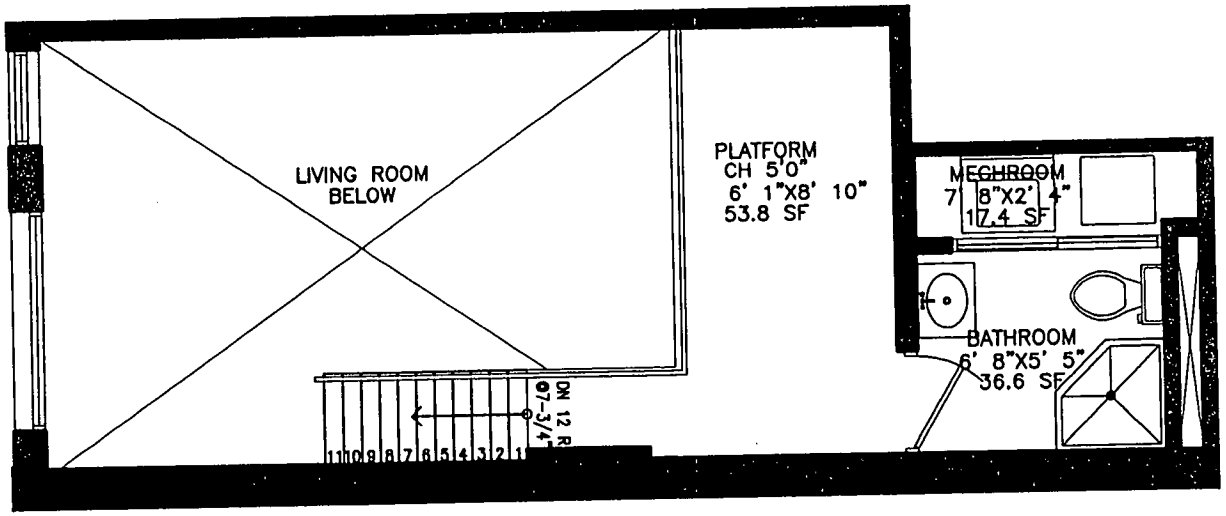
APT 3F
AREA: 557 SF

0 1 2 5 10FT

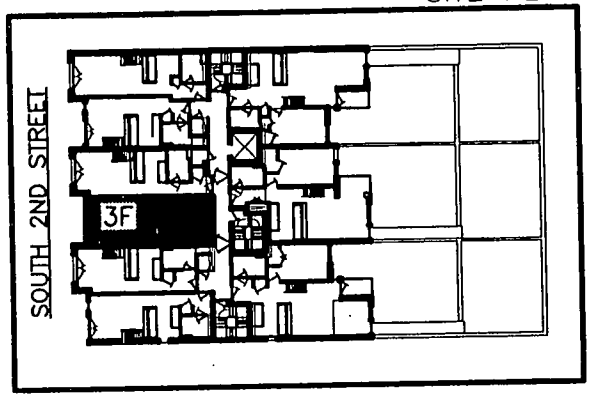
| APT 3F | 3RD FLOOR |
|---|---|
| GROSS AREA: | 405.9 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3F | 3RD MEZZ |
|---|---|
| GROSS AREA: | 151.1 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-70

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|---|---|---|---|
| SY/AO | RMS | APT 3F | 04/20/2006 |

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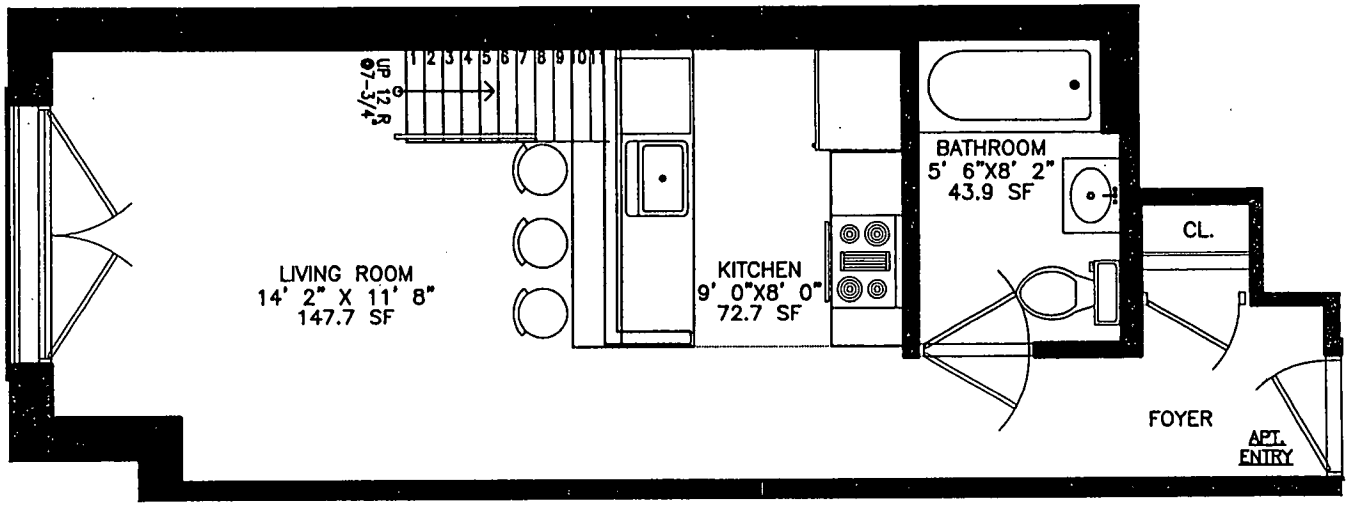
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215 | dwg # RE-3F | scale 3/16"=1'-0"

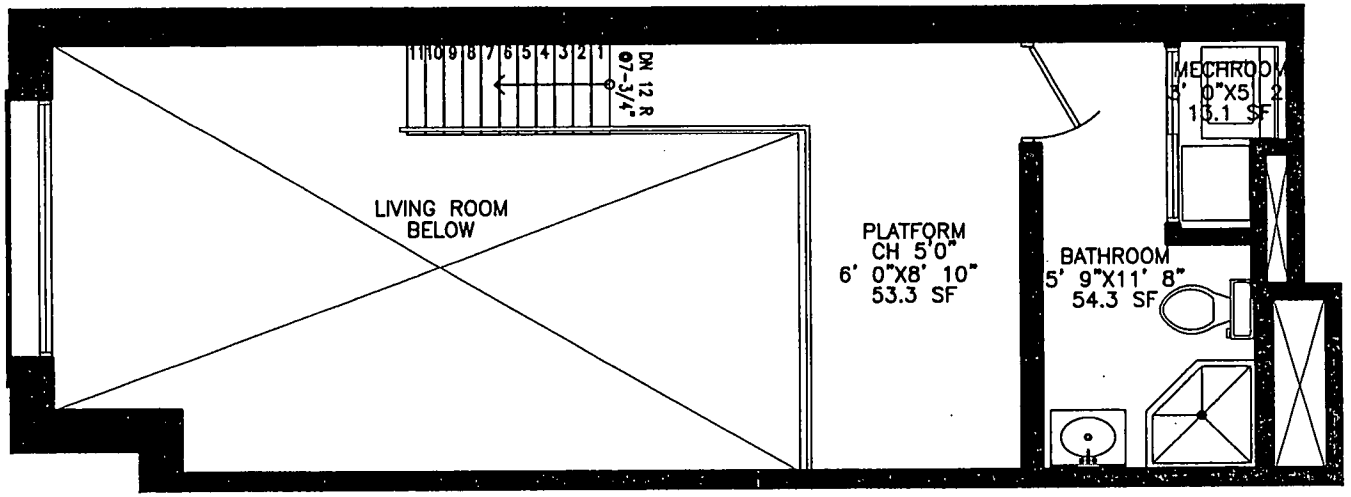
APT 3G
AREA: 603.4 SF

0 1 2 5 10FT

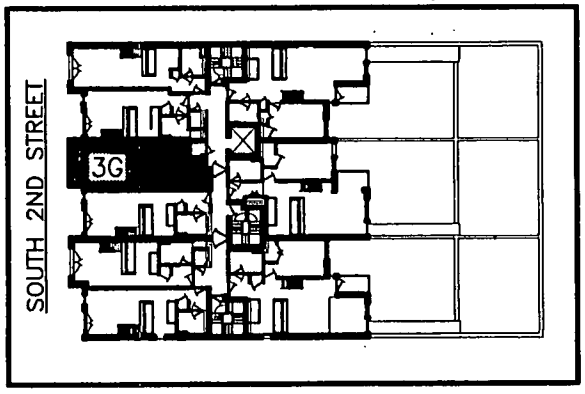
| APT 3G | 3RD FLOOR |
|---|---|
| GROSS AREA: | 440 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3G | 3RD MEZZ |
|---|---|
| GROSS AREA: | 163.4 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-71

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| SY/AO | RMS | APT 3G | 04/20/2006 |

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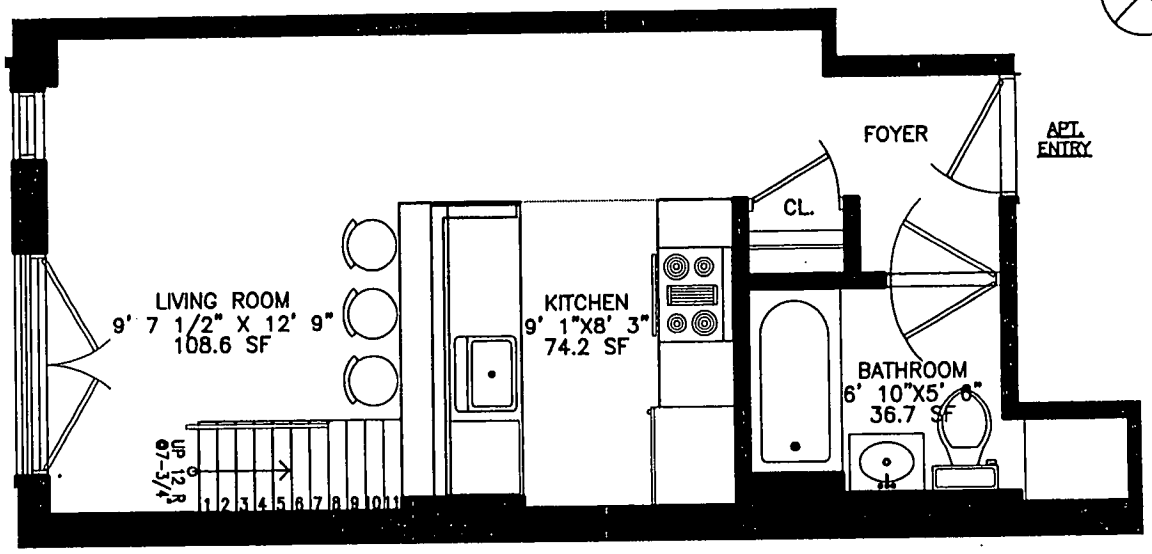
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-3G |
| scale | |
| 3/16"=1'-0" | |

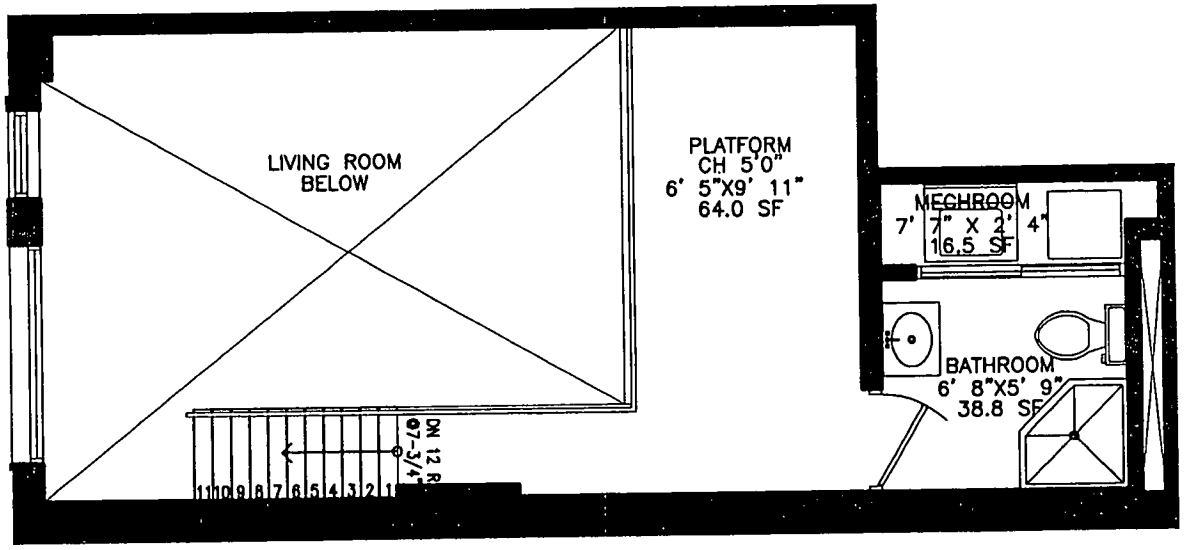
APT 3H
AREA: 535.7 SF

0 1 2 5 10FT

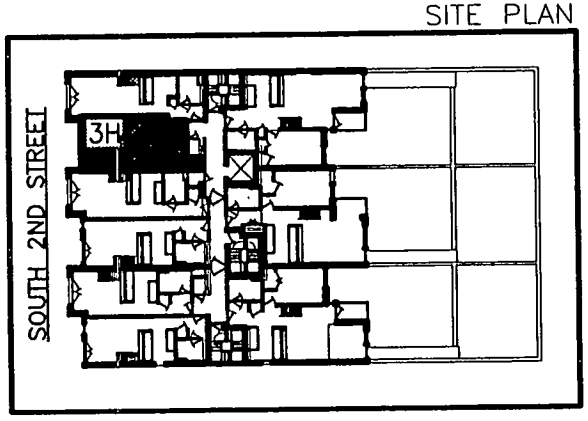
| APT 3H | 3RD FLOOR |
|---|---|
| GROSS AREA: | 370.7 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3H | 3RD MEZZ |
|---|---|
| GROSS AREA: | 165 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-72

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|---|---|---|---|
| SY/AO | RMS | APT 3H | 04/20/2006 |

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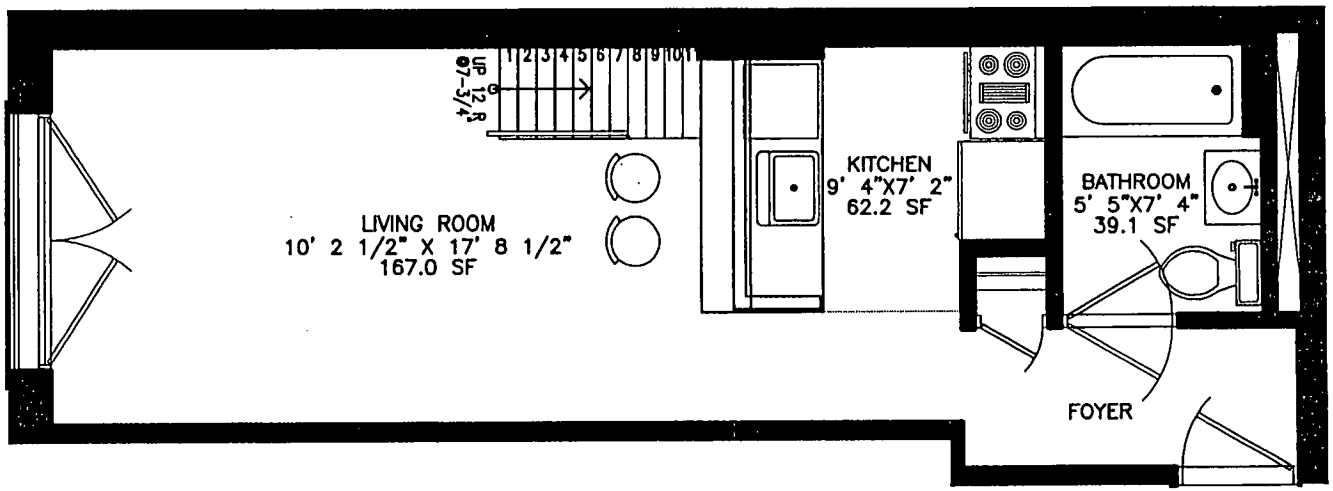
project
PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
dwg # RF-3H
scale 3/16"=1'-0"

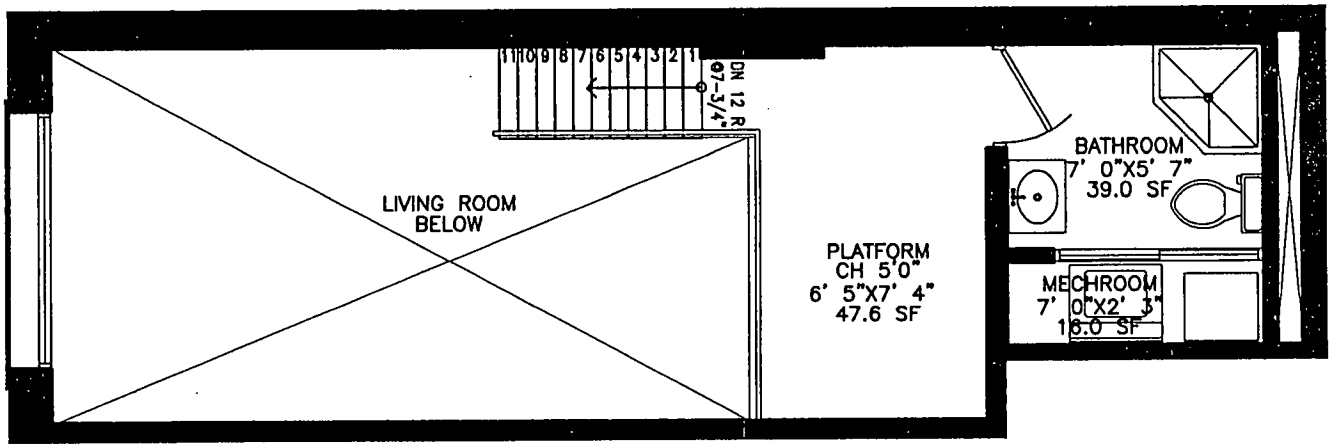
APT 3I
AREA: 579.9 SF

0 1 2 5 10FT

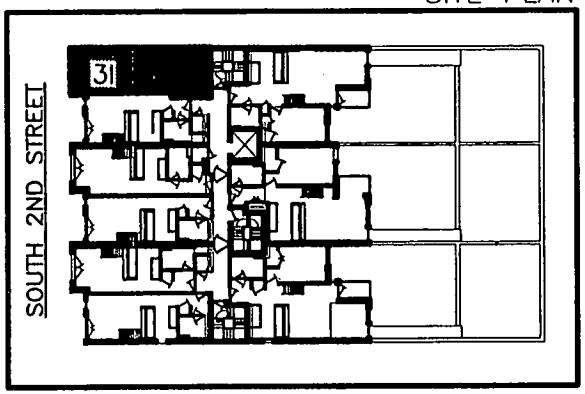
| APT 3I | 3RD FLOOR |
|---|---|
| GROSS AREA: | 422 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 3I | 3RD MEZZ |
|---|---|
| GROSS AREA: | 157.9 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-73

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 3I | 04/20/2006 |

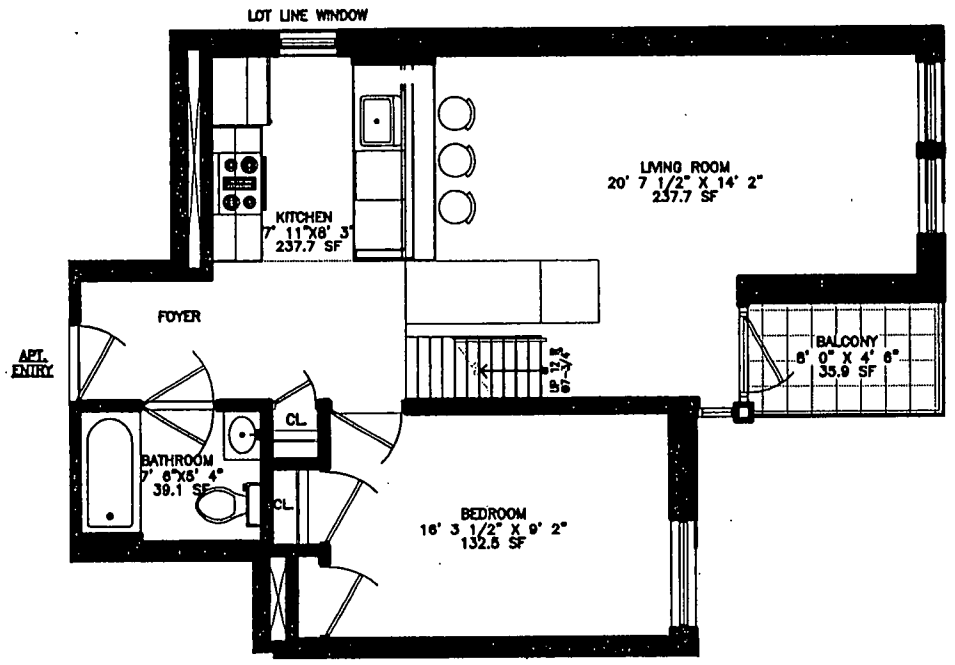
SCARANO & ASSOCIATES
ARCHITECTS
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Phone (718) 222-0322 Fax (718) 222-4488

project
PROPOSED BUILDING @
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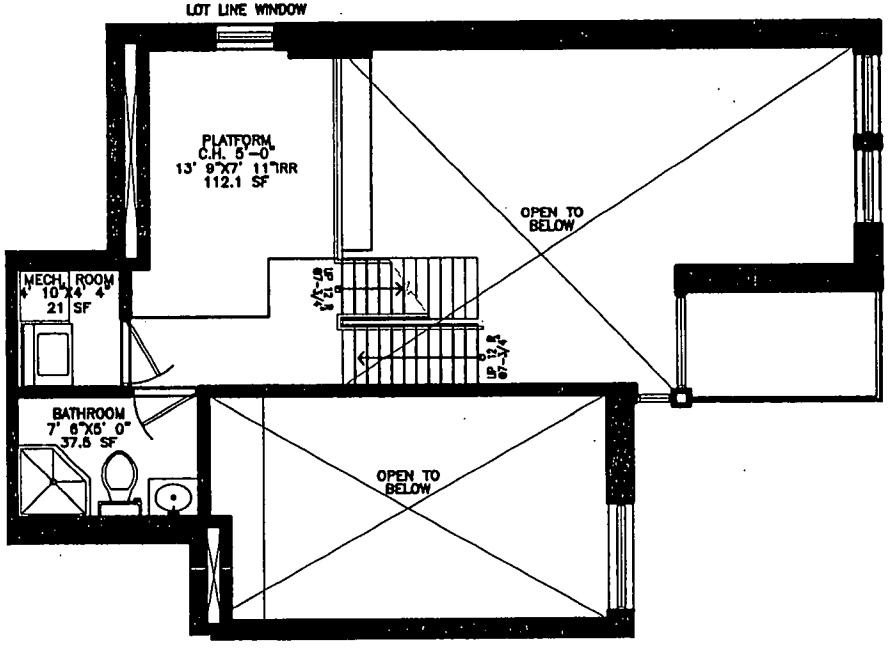
| job # | dwg # |
|---|---|
| 25215 | RE-3I |
| scale | |
| 3/16"=1'-0" | |

APT 4A
AREA: 926.4 SF

0 1 2 5 10FT

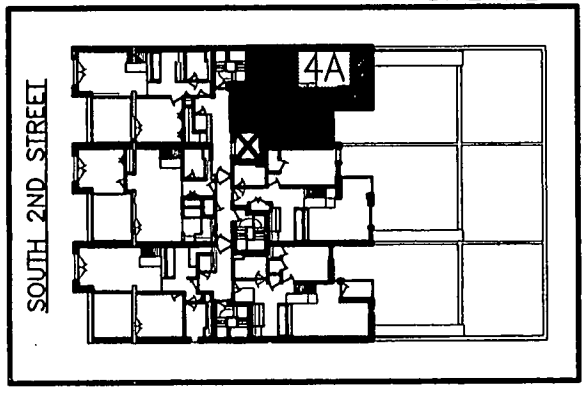



| APT 4A | 4TH FLOOR |
|---|---|
| GROSS AREA: | 682.8 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 4A | 4TH MEZZ |
|---|---|
| GROSS AREA: | 208.5 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-74

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4A | 04/20/2006 |

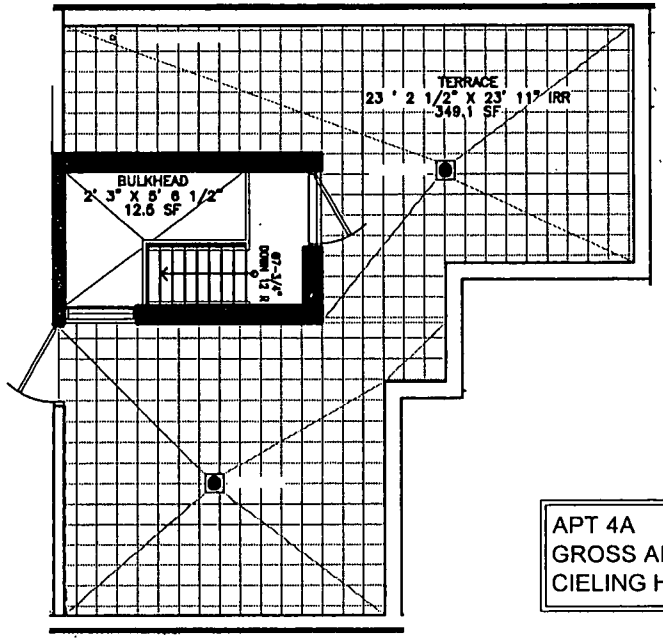
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PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215 | dwg # RE-4A | scale 1/8"=1'-0"

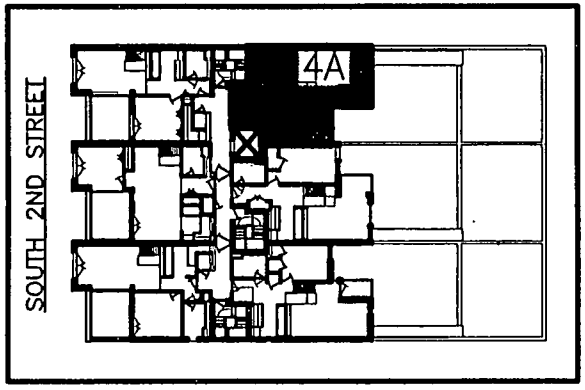
APT 4A
AREA: 926.4 SF

0 1 2 5 10FT




| APT 4A | ROOF |
|---|---|
| GROSS AREA: | 35.1 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-75

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| SY/AO | RMS | APT 4A ROOF | 04/20/2006 |

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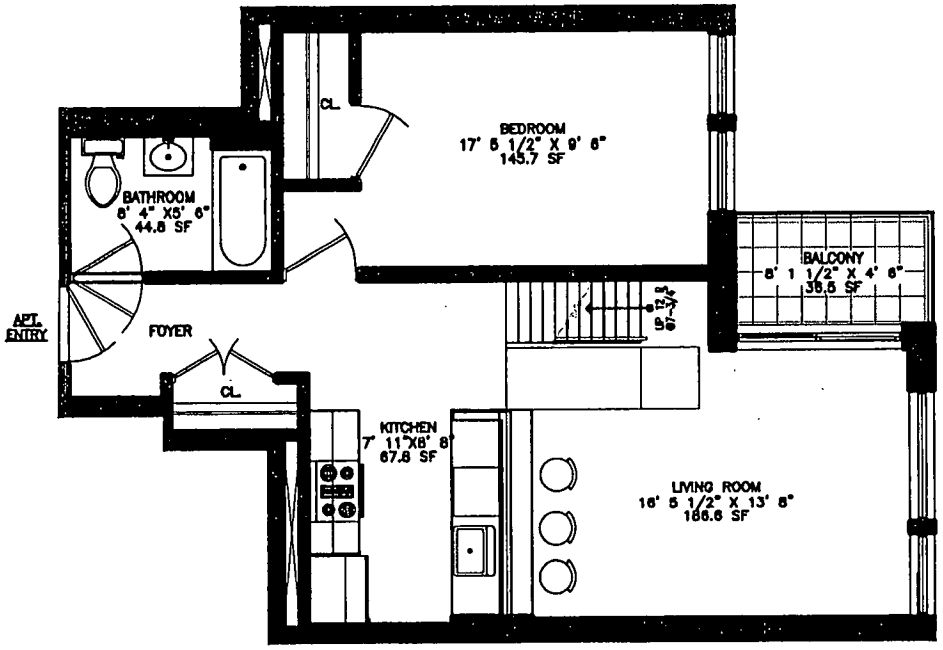
project
PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215 | dwg # RF – 4A

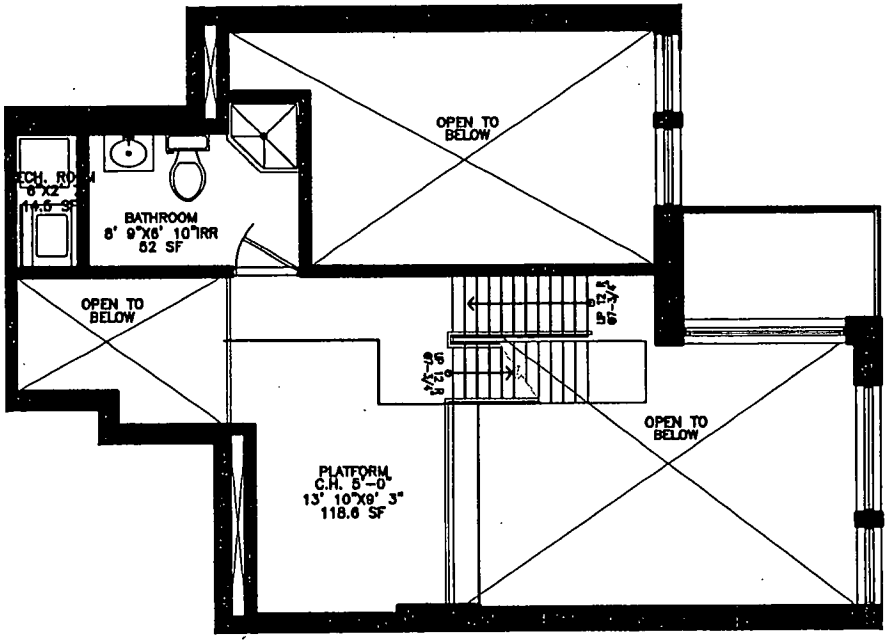
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APT 4B
AREA: 929.5 SF

0 1 2 5 10FT

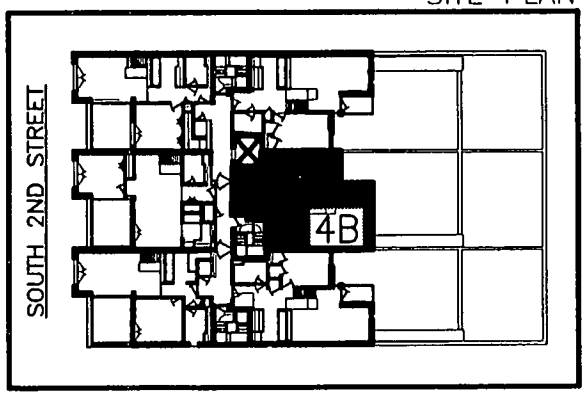



| APT 4B | 4TH FLOOR |
|---|---|
| GROSS AREA: | 682.3 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 4B | 4TH MEZZ |
|---|---|
| GROSS AREA: | 218.5 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

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|---|---|---|---|
| SY/AO | RMS | APT 4B | 04/20/2006 |

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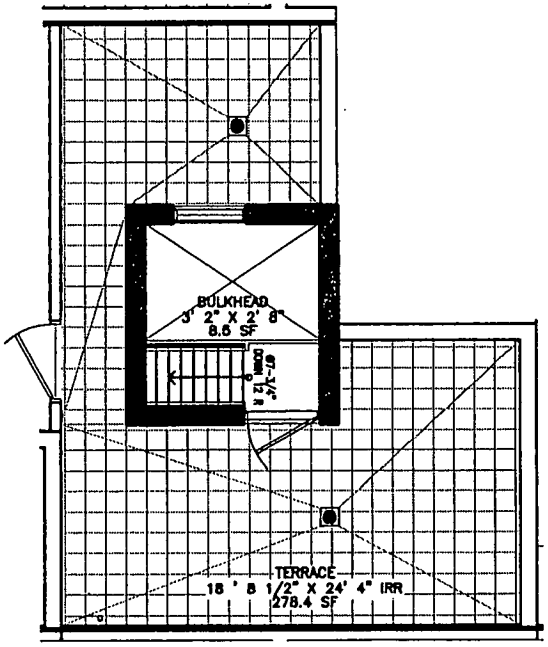
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215 | dwg # RF-4B | scale 1/8"=1'-0"

D-76

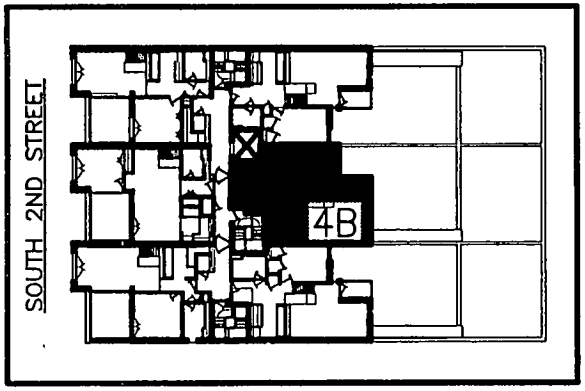
APT 4B
AREA: 929.5 SF

0 1 2 5 10FT




| APT 4B | ROOF |
|---|---|
| GROSS AREA: | 28.7 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-77

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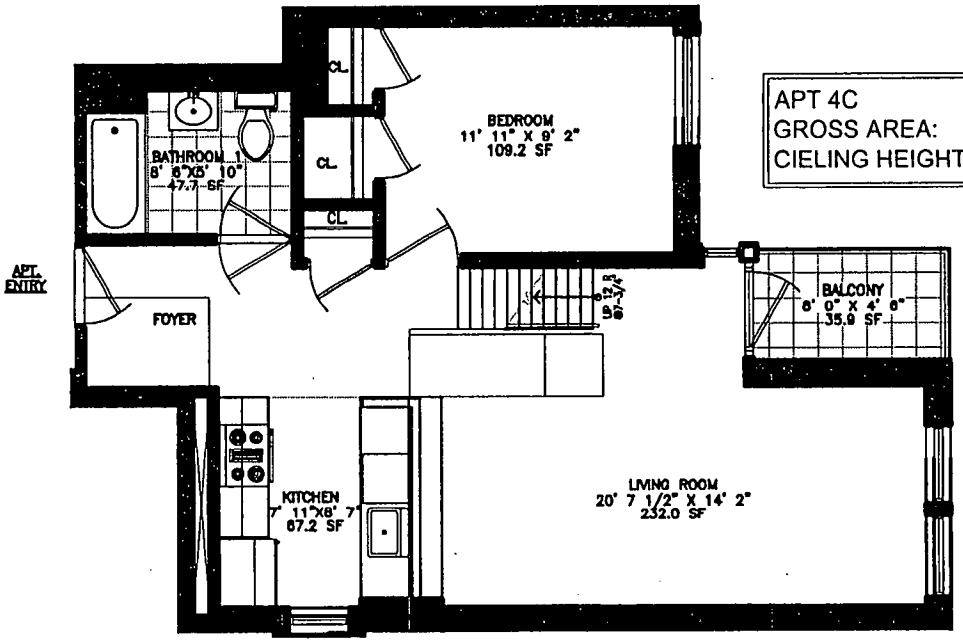
project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RE-4B |

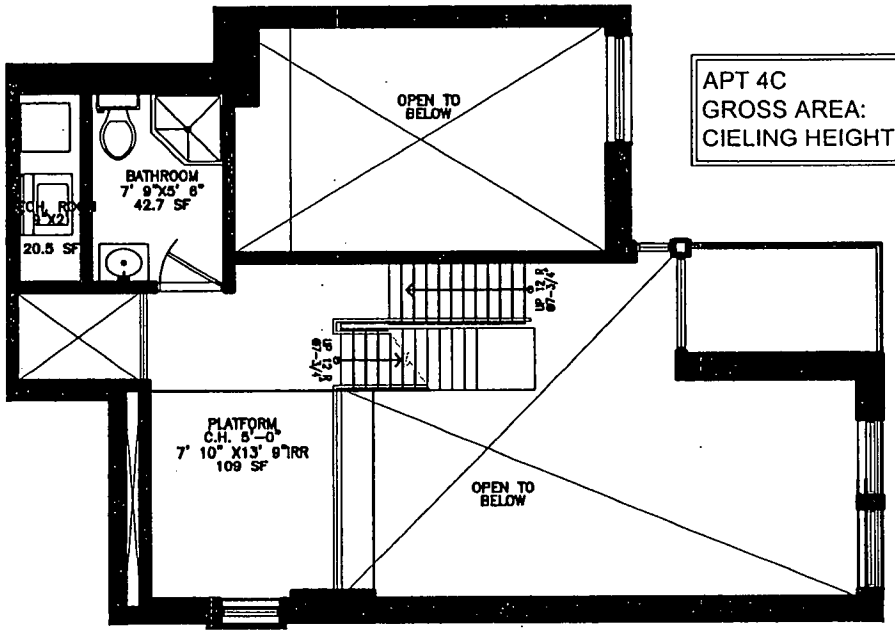
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APT 4C
AREA: 944.5 SF

0 1 2 5 10FT

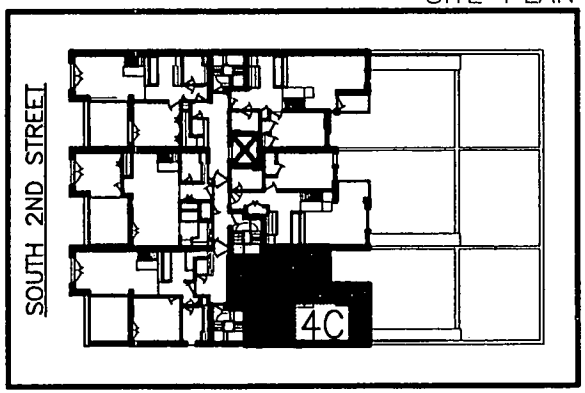



| APT 4C | 4TH FLOOR |
|---|---|
| GROSS AREA: | 690.5 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 4C | 4TH MEZZ |
|---|---|
| GROSS AREA: | 206.6 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-78

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4C | 04/20/2006 |

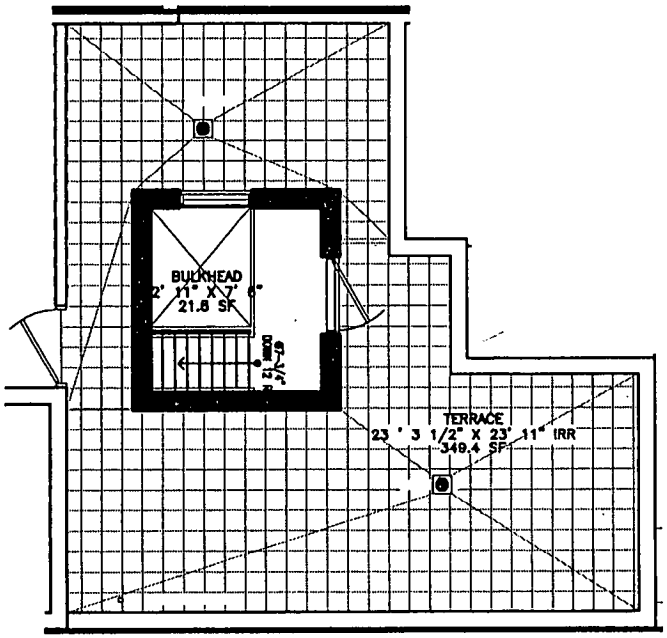
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project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
dwg #
scale 1/8"=1'-0"
RF-4C

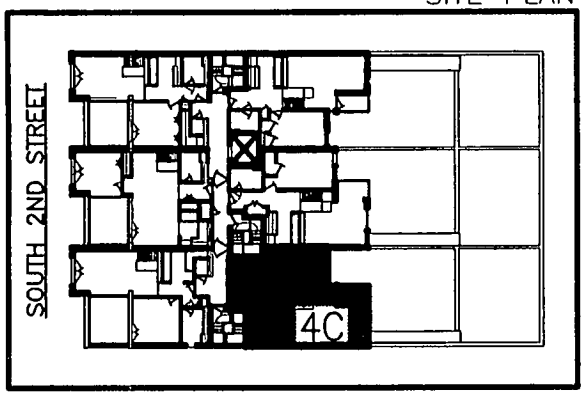
APT 4C
AREA: 944.5 SF

0 1 2 5 10FT




| APT 4C | ROOF |
|---|---|
| GROSS AREA: | 47.4 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4C ROOF | 04/20/2006 |

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project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

| job # | dwg # |
|---|---|
| 25215 | RF – 4C |

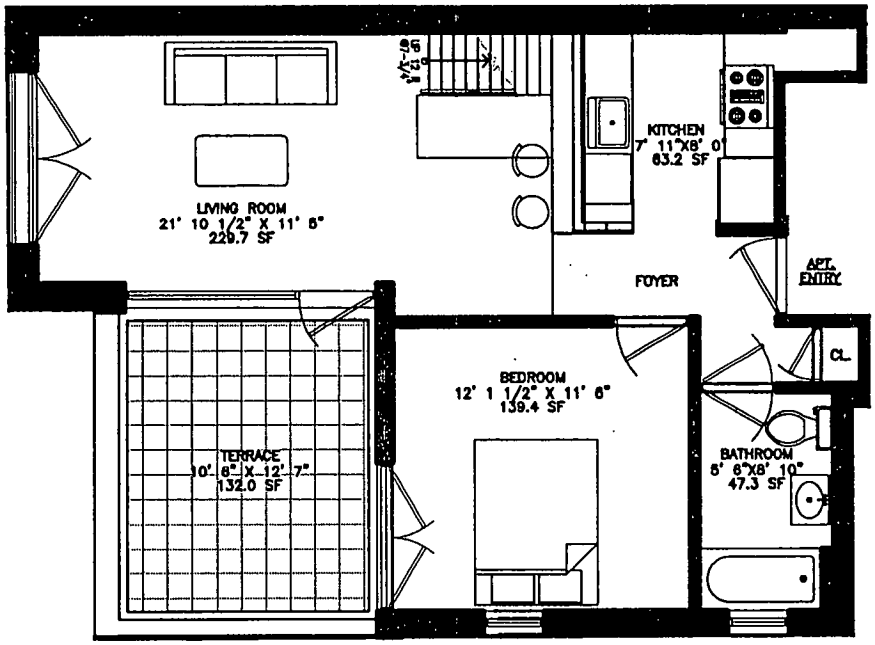
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D-79

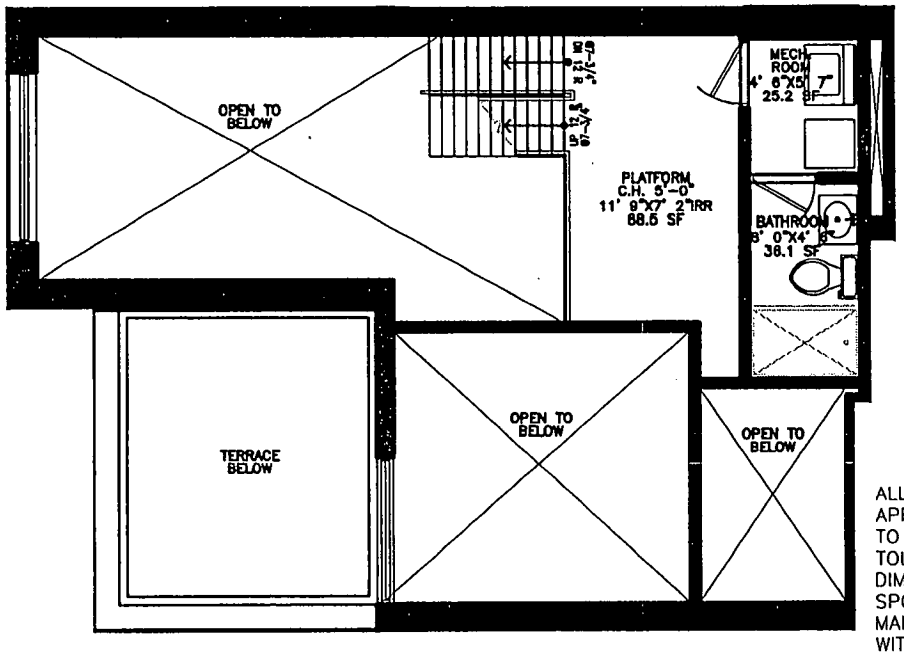
APT 4D
AREA: 1036 SF

0 1 2 5 10FT

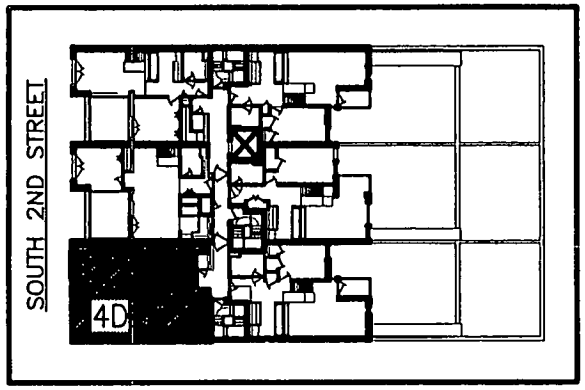
| | |
|---|---|
| APT 4D | 4TH FLOOR |
| GROSS AREA: | 671.4 SF |
| CIELING HEIGHT: | 14'-8" |




| | |
|---|---|
| APT 4D | 4TH MEZZ |
| GROSS AREA: | 180.1 SF |
| CIELING HEIGHT: | 14'-8" |




SITE PLAN



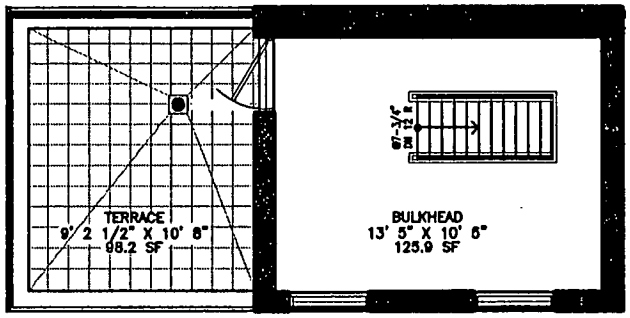

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D-80

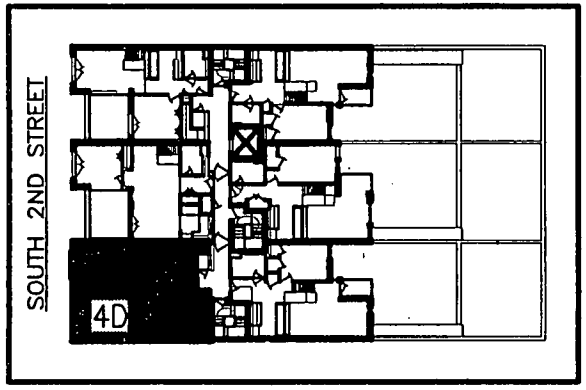
| | | | |
|---|---|---|---|
| drawn by: SY/AO | checked by: RMS | title: APT 4D | date: 04/20/2006 |
| SCARANO & ASSOCIATES ARCHITECTS 110 York Street, Brooklyn, NY 11201 Phone (718) 222-0322 Fax (718) 222-4486 | | project: PROPOSED BUILDING @ 196 SOUTH SECOND STREET BROOKLYN NY 11211 | job #: 25215 dwg #: RE-4D scale: 1/8"=1'-0" |

APT 4D
AREA: 1036 SF

0 1 2 5 10FT




SITE PLAN




| APT 4D | ROOF |
|---|---|
| GROSS AREA: | 184.5 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-81

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4D ROOF | 04/20/2006 |

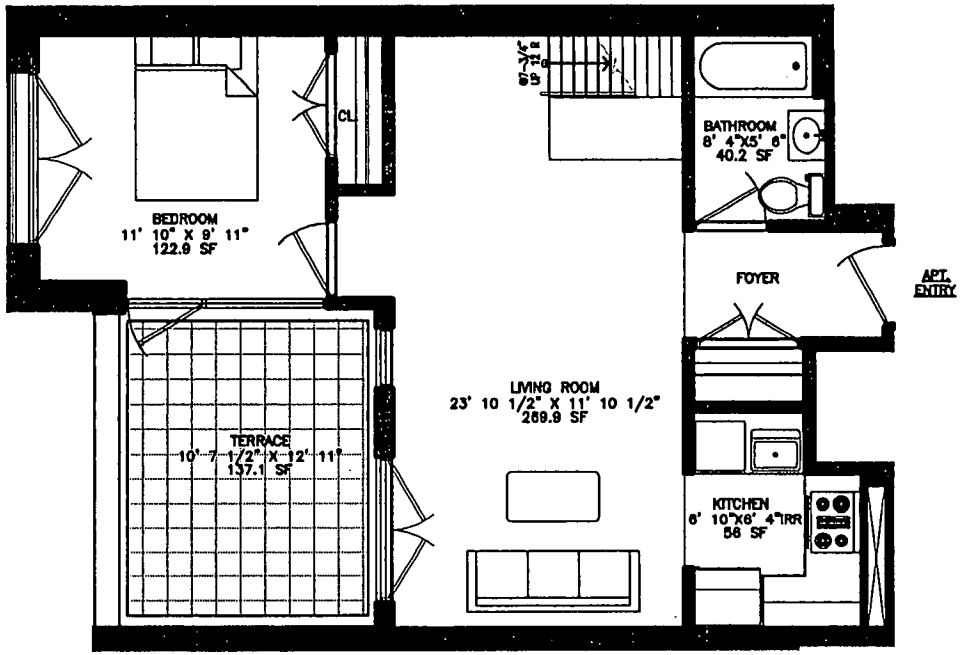
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201
Phone (718) 222-0322 Fax (718) 222-4486

project
PROPOSED BUILDING @
196 SOUTH SECOND STREET BROOKLYN NY 11211

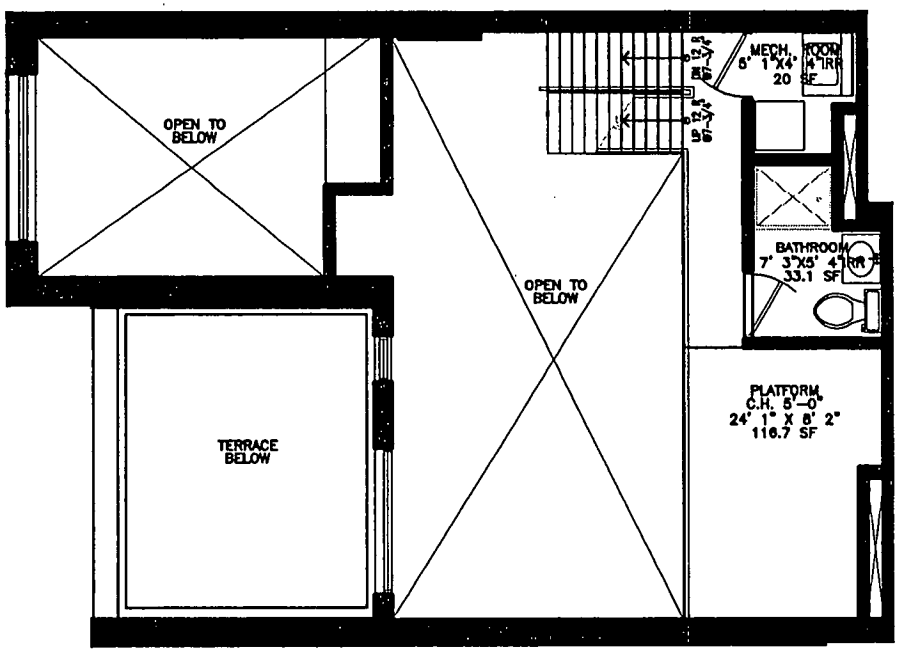
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APT 4E
AREA: 1127.5 SF

0 1 2 5 10FT

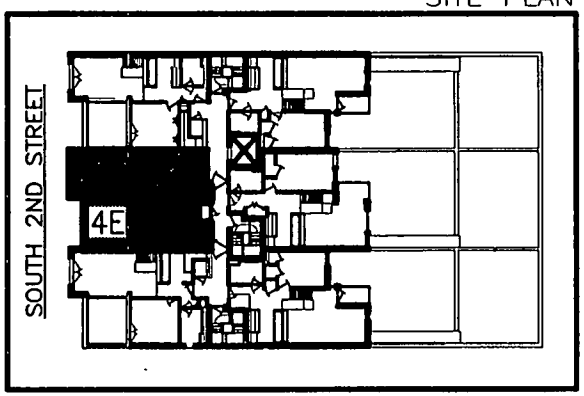



| APT 4E | 4TH FLOOR |
|---|---|
| GROSS AREA: | 700.75 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 4E | 4TH MEZZ |
|---|---|
| GROSS AREA: | 202.9 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-82

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4E | 04/20/2006 |

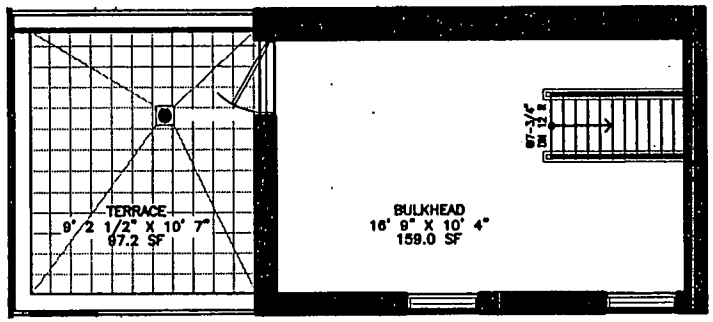
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201
Phone (718) 222-0322 Fax (718) 222-4486

project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
dwg # RE-4E
scale 1/8"=1'-0"

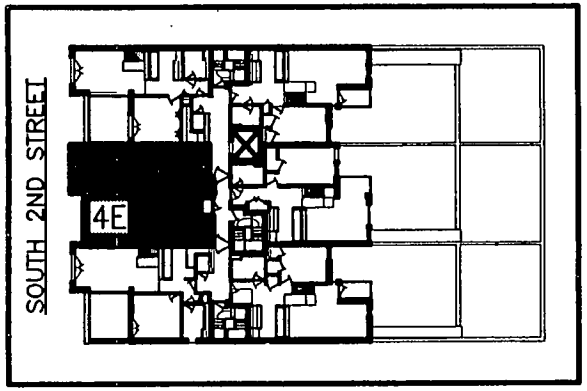
APT 4E
AREA: 1127.5 SF

0 1 2 5 10FT




| APT 4E | ROOF |
|---|---|
| GROSS AREA: | 223.9 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-83

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4E ROOF | 04/20/2006 |

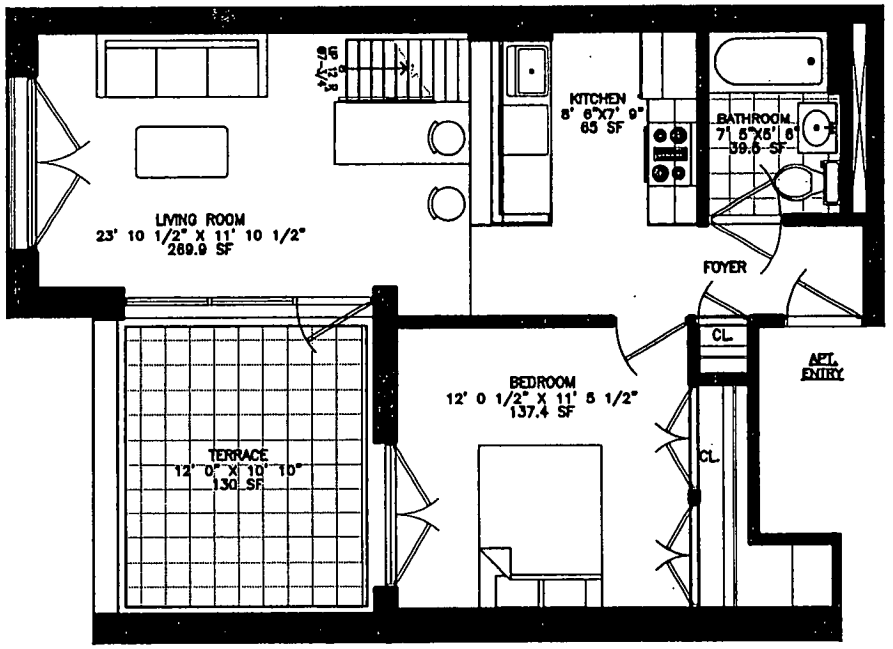
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201

project
PROPOSED BUILDING @
198 SOUTH SECOND STREET BROOKLYN NY 11211

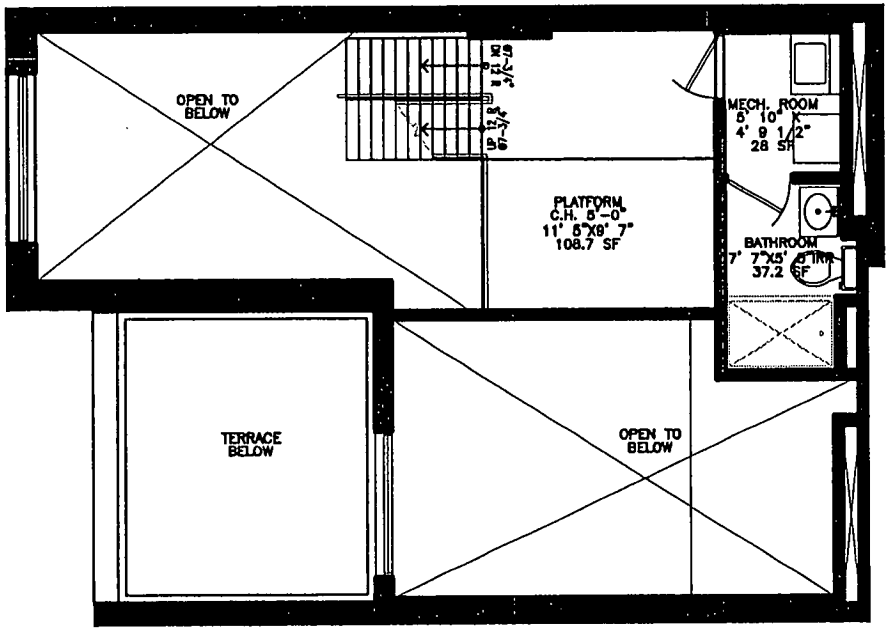
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APT 4F
AREA: 1074.6 SF

0 1 2 5 10FT

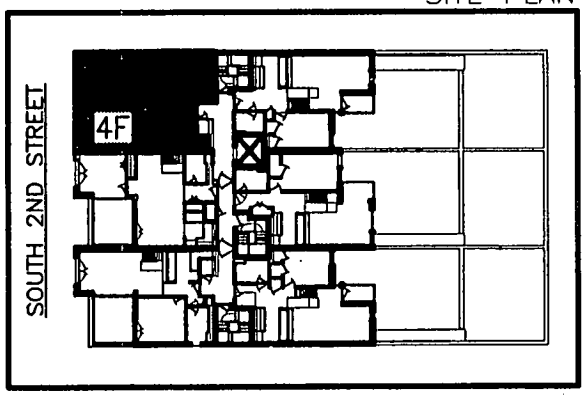



| APT 4F | 4TH FLOOR |
|---|---|
| GROSS AREA: | 669.5 SF |
| CIELING HEIGHT: | 14'-8" |




| APT 4F | 4TH MEZZ |
|---|---|
| GROSS AREA: | 219.4 SF |
| CIELING HEIGHT: | 14'-8" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-84

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4F | 04/20/2006 |

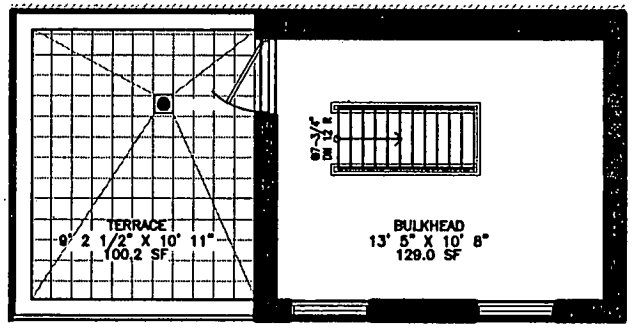
SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201

project
PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
scale 1/8"=1'-0"
dwg # RF-4F

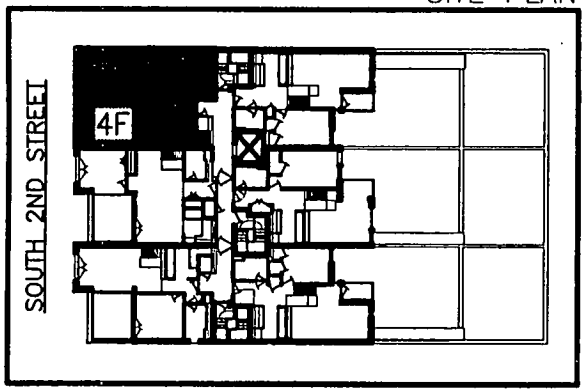
APT 4F
AREA: 1074.6 SF

0 1 2 5 10FT




| APT 4F | ROOF |
|---|---|
| GROSS AREA: | 185.7 SF |
| CIELING HEIGHT: | 8'-2 3/4" |

SITE PLAN




ALL AREAS AND DIMENSIONS ARE APPROXIMATE AND ARE SUBJECT TO NORMAL CONSTRUCTION TOLERANCES AND VARIANCES DIMENSIONS ARE MAXIMUM OVERALL: SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH OFFERING PLAN

D-85

| drawn by | checked by | title | date |
|---|---|---|---|
| SY/AO | RMS | APT 4F ROOF | 04/20/2006 |

SCARANO & ASSOCIATES
ARCHITECTS
110 York Street, Brooklyn, NY 11201

project
PROPOSED BUILDING @
200 SOUTH SECOND STREET BROOKLYN NY 11211

job # 25215
scale 1/8"=1'-0"
dwg # RF-4F

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# DECLARATION OF CONDOMINIUM

## ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED AT 196-200 SOUTH 2ND STREET, BROOKLYN, NEW YORK PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

NAME: 196-200 SOUTH 2ND STREET CONDOMINIUM

SPONSOR:
NORTH TOWER, LLC
134 BROADWAY
BROOKLYN, NEW YORK 11211

DATE OF DECLARATION:

_____, 2006

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## PLAN OF CONDOMINIUM OWNERSHIP

## DECLARATION OF 196-200 SOUTH 2ND STREET CONDOMINIUM PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

In the City of New York, County of Kings and State of New York as of this 1st day of _____, 200___, North Tower, LLC whose principal office is situated at 134 Broadway City of New York, County of Kings, State of New York, hereinafter referred to as the "Sponsor", does hereby state:

**FIRST:** Submission of Property. By this Declaration the Sponsor 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, 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 Sponsor owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situated, lying and being in the City of New York, County of Kings, and State of New York, and more particularly described on Schedule B annexed hereto (the "**Property**").

**THIRD**: Certain Definitions.

(a) A "**Building**" as hereinafter referred to shall be defined as a number of Units, all of which are constructed under a continuous roof. The Units are contained in three four-story buildings together with a cellar.

(b) "**Condominium**" as hereinafter referred to shall mean **196-200 SOUTH 2ND STREET CONDOMINIUM** which is composed of the Unit Owners.

(c) "**Repair**" or "**Repairs**" means "repair, maintain or replace."

(d) "**Sponsor**" as used herein refers to (i) North Tower, LLC, the Sponsor of an offering plan (the "**Plan**") for the conversion of the Property to condominium ownership; (ii) any person deemed a Sponsor under the applicable definition under 13 NYCRR Part 20; or (iii) any person or entity designated by Sponsor to acquire title to a unit and which is specifically designated by Sponsor at the time of acquisition of such a unit to succeed to the rights and obligations of Sponsor in place of the former Sponsor under this Declaration with regard to any such unit, and any successor in interest to such a Sponsor-designee who is specifically designated by the then current Sponsor to succeed to the rights and obligations of Sponsor under this Declaration with respect to a unit. With regard to a unit owned by it, a Sponsor-designee shall have all rights and obligations as are set forth in this Declaration and the Plan for Sponsor.

(e) 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 by the entirety. Where such ownership is joint, in common or by the entirety, the majority vote of such owners shall be necessary to cast the Unit Owner's vote referred to in ARTICLE TENTH of this Declaration. The term "Unit" and "Unit Owner" as used herein shall also 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.

(f) (i) A "**Unit**", as hereinafter referred to, is defined as follows: with respect to Residential Units, the area consisting of the area measured (1) horizontally as follows: from the unexposed inside surface of the exterior walls, the Unit side of any window glass, and the unfinished inside surface of any exterior wall door or window frame, to the centerlines of any partition demising one Unit from another Unit, corridors, stairs, elevators and other mechanical equipment, or other common elements, or the unfinished inside surface of any opposite exterior wall; and (2) vertically by the underside of the Unit's finished flooring or the lower surface of the concrete slab forming the floor or basement of the Unit, where applicable, and the exposed painted face of a concrete ceiling or the unexposed side of the Units drywall or plaster ceiling. Certain doors, windows, and interior walls are part of the Unit, as specified more particularly in the definition of the common elements set forth herein. The description of the Units set forth herein pertains to the location of the walls, floors and roof and boundaries of the Units as they are finally set forth in the floor plans to be filed simultaneously with the recording of this Declaration.

(ii) Each Residential Unit includes, and each Unit Owner shall be responsible for any doors to or within such Unit (other than the front entrance door), smoke detectors, carbon monoxide detectors, for cleaning purposes, the exterior glass surfaces of all windows, all plumbing, gas and heating fixtures and equipment, such as, refrigerators, dishwashers, heating, ventilating and air conditioning units (if any), heating equipment, ranges and other appliances, as may be affixed, attached or appurtenant to such Unit and serving such Unit exclusively. Plumbing, gas and heating fixtures and equipment as used in the preceding sentence shall include exposed gas and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which a Unit Owner may install within a wall or ceiling, or under the floor, but (subject to the following sentence) shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceilings or floors. Each Unit shall also include (i) all lighting and electrical fixtures and appliances within the Unit, (ii) any special equipment or fixtures affixed, attached or appurtenant to the Unit, and (iii) any wiring for such appliances or fixtures to the extent that such wiring runs from a panel or junction box serving or benefiting only that Unit. The front entrance doors to Units shall be deemed Limited Common Elements (as described further in this Declaration), nevertheless Unit Owners shall be responsible for repairing and maintaining the interior surface of the front entrance door to the Unit, and any locks, bells or peepholes within the front entrance door. Notwithstanding anything contained in this Article to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, wallpaper, carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such

Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity, and mechanical and electrical systems of such Unit of the Building.

**FOURTH**: Community. The Sponsor is constructing the Building on the parcel of land described above and establishing a Condominium community known as **196-200 SOUTH 2ND STREET CONDOMINIUM** (the "**Community**")according to the plans filed simultaneously with the recording of this Declaration in the office of the Register of the County of Kings, which plans set forth a description of the Building stating the number of stories and the number of Units.

The Community will consist of four (4) Residential Units located in a three-story Building and the common elements appurtenant thereto, as set forth on the Plot Plan filed simultaneously herewith. Under the provisions of the New York State Building and Fire Prevention Code, the Building shall be classified a Class 3 non-fireproof structure. A more detailed description of the Building is annexed hereto and made part hereof as Schedule B. For the purposes of describing the location, approximate area, type and number of rooms of each Unit, and the common elements to which each Unit has immediate access, each Unit is numerically designated as set forth on Schedule A annexed hereto. Each Unit will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Unit, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration and referred to as the "**Common Elements**", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions, and kitchen and bathroom facilities may be changed by mutual consent of the Sponsor and the Unit Owner at the time of construction or renovation of the Unit.

**FIFTH**: Common Elements.

(a) The Common Elements of the Condominium consist of the entire Property, including the land and all parts of the Building and improvements thereon, other than the Units. The Common Elements include, but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building and all facilities therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The limited Common Elements of the Condominium (the "**Limited Common Elements**") consist of those Common Elements which serve or benefit exclusively one or more Units or Unit Owners, but fewer than all Units or Unit Owners. A Common Element which is not a Limited Common Element is a "**General Common Element**".

(b) (i) The General Common Elements include the following:

(1) The land on which the Building stands and all other land within the boundaries of the Property, together with all easements, rights and privileges appurtenant thereto (except as otherwise expressly provided in the Declaration);

(2) All foundations, columns, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the unexposed face of the dry wall at the exterior face of the Building or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the unexposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing a Unit; storage and utility areas located beyond the unexposed face of the dry walls enclosing a Unit; all cellar areas which are not included within a particular Unit and are used for the benefit of all Unit Owners; the entrances to and exits from the Building; and mail rooms or mailboxes. Notwithstanding the above, the foregoing excludes all windows and window frames of the Units (which are considered Limited Common Elements);

(3) All central and appurtenant installations for services such as power, light, air conditioning (if any), intercom, telephone, television, gas, hot and cold water, heat (including all pipes, ducts, wires, shoots, cables and conduits used in connection therewith) and all other mechanical equipment spaces;

(4) Water service pipes and sewer pipes;

(5) To the extent the Building is served by centrally supplied heat or hot water, portions of any steam riser, connections originating in the boiler room together with distribution piping;

(6) All passages and corridors, mechanical and other rooms, tank room, meter room, areas and indoor or outdoor spaces located at the Property serving or benefiting one or more of the Units and which are not part of a Unit;

(7) Copings, flashings, leaders, gutters and parapets appurtenant to the roof of the Building;

(8) All stairs in the Building which are not part of a Unit;

(9) The portion of the Building's roof and all bulkheads that are reserved for common use;

(10) The main entrance to the Building, the lobby, service corridor (if any) and service entrance (if any), and the cellar;

(11) Compactor room, elevator room and boiler room (if any);

(12) All fire escapes and landings in the Building (except as set forth elsewhere herein);

(13) Trash chutes, storage room(s), access doors, sanitizing units (if any) serving the Units, and all passageways and ducts, chutes, or other facilities used in connection therewith;

(14) Window glass and window frames located on the perimeter of (but not exclusively serving) a Unit, and all other window frames and window glass located in the common areas of the Building. Notwithstanding the foregoing, window glass and window frames exclusively serving a particular Unit are Limited Common Elements for that particular Unit;

(15) All other Common Elements other than Limited Common Elements.

(ii) The expense for the Repair of General Common Elements shall be referred to as "**Common Expenses**", and shall be apportioned among Unit Owners as provided by this Declaration.

(c) (i) Certain portions of the Common Elements are limited and further restricted in use to the owners of Units to which the Common Elements are appurtenant and are referred to as "Limited Common Elements". The Limited Common Elements remain subject to the right of the Board of Managers to enter upon any such Limited Common Element to make repairs and replacements to such Limited Common Element, subject to the By-Laws and Rules and Regulations of the Condominium.

(ii)The Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Unit and serving that Unit exclusively;

(2) Any portion of the roof available for use by and serving exclusively one (1) Unit;

(3) Any balcony, terrace, garden or recreation room to which a Unit has exclusive access, without a right of the Board of Managers to terminate such use or change the location of such area;

(4) Any portion of the cellar designated on the floor plans of Condominium to service residential occupants;

(5) Boilers, burners, piping and accessory equipment located outside of the boundaries of a Unit but serving exclusively one Unit; and

(6) Pipes and distribution system for heating individual Units located outside of the boundaries of a Unit but serving exclusively one Unit.

(iii) The Board of Managers may establish rules and regulations governing the use of

Limited Common Elements.

(d) The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law.

(e) 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.

(f) 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**: Special Rights of Sponsor.

(a) The Sponsor, its successors, assigns and purchasers, reserve 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 a Unit and facilities in the Condominium, and towards this end, reserve 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. For further easements in favor of the Condominium and Unit Owners, see ARTICLE FIFTEENTH.

(b) The Sponsor, its successors, assigns and purchasers, also reserves 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.

(c) The Sponsor, its successors, assigns and purchasers, reserve the right to continue to use the Common Elements and any facilities, sales offices, model Units, and signs located on the Common Elements, in its efforts to market Units in the Condominium.

(d) The Sponsor shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or holders of Unit mortgages, to (i) make alterations, additions or improvements, structural and nonstructural, ordinary and extraordinary, interior and exterior, in, to and upon any Unit owned by it (provided that no such change may be made to the exterior of the Building, except in accordance with the laws governing changing the facades of landmark buildings, to the extent such laws actually apply to the Building); (ii) change the layout or number of rooms in the Unit; (iii) change the size or number of such Units by subdividing a Unit, combining separate Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between Units, or otherwise; and (iv) reapportion among the Units affected by such change, their appurtenant interests in the Common Elements, provided that in each instance, Sponsor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction,

and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. The Board of Managers shall sign any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such structural change made by Sponsor to any Unit, provided that neither the Board of Managers nor the Unit Owners shall be subjected to any expense or liability by virtue of the signing of the application or such other document. With respect to any such change, Sponsor shall have the right to require the Board of Managers to execute and record any appropriate amendment to this Declaration, and Sponsor shall also have the right to execute and record such amendment upon its own execution of such amendment. A copy of any such application or other documents required by Sponsor will be furnished to the Board of Managers.

(e) The provisions of subsections (a) through (d) may not be added to, amended or deleted without the consent of Sponsor. For further easements in favor of the Sponsor, see ARTICLE FIFTEENTH.

**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 Secretary of State of the State of New York as the agent for the Board of Managers of the Condominium. The Board of Managers shall file with the Secretary of State the name and post office address of the Condominium for purposes of receiving copies of any process served against the Board of Managers. Copies shall also be mailed attn: the President of the Board of Managers of 196-200 SOUTH 2ND STREET CONDOMINIUM at 196-200 South 2nd Street, Brooklyn, New York 11211. The Condominium's address for service of process may be changed by recording a Notice of Change of Address for service of process.

**EIGHTH**: Common Interest; Payment of Common Expenses. Each Unit Owner shall have such percentage interest in the Common Elements as is set forth on Schedule A attached hereto ("Common Interest") and shall bear such percentage of the Common Expenses of the Condominium. Each Unit Owner shall have one vote for each tenth (0.1) percentage of that Unit Owner's Common Interest for all voting purposes at any meeting of the Unit Owners. The percentage of Common Interest of each Unit in the Common Elements is based on floor space, location and uniqueness as of the date of recording this Declaration.

**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.

**TENTH**: Amendment and Withdrawal.

(a) The dedication of the Property to Condominium ownership herein shall not be revoked or the Property withdrawn from Condominium ownership, unless eighty percent (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 Condominium Plan by duly recorded instruments.

(b) Subject to the rights of the Sponsor, as set forth in this Declaration, the provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of sixty-seven percent (67%) of the Unit Owners in number and Common Interest, 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 Expenses, nor the voting rights appurtenant to any Unit, unless all Unit Owner(s) affected in number and Common Interest thereof and the first mortgagees, if any, of each of those same Units, agree(s) to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees, or the rights and privileges granted or reserved to the Sponsor hereunder.

(c) There shall be a presumption for a period of sixty (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.

(d) No amendment to this Declaration shall take effect until it is recorded in the Office of the City Register of the County of Kings, New York.

(e) 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 be terminated where such partition, division or termination will result in a violation of the then existing local zoning, and building laws and codes.

(f) The Sponsor shall have the right, without the vote or consent of other Unit Owners, the Board of Managers or holders of Unit mortgages, to execute or (on Sponsor's request) to require the Board of Managers to execute and record in the Office of the Register of the City of New York, County of Kings, and elsewhere if required by law, an amendment or amendments to this Declaration (together with such other documents, plans and maps as may be required to effectuate the same) to reflect any changes in Units and the reapportionment of the Common Interest resulting therefrom, made by Sponsor in accordance with this Declaration. All expenses in connection with the preparation, recording and filing of any such amendment shall be paid by Sponsor.

(g) Pursuant to Section 339-i(2) of the Real Property Law of the State of New York, where an owner of a Unit subdivides his Unit (provided that in no event such division results in a greater percentage of Common Interest for the total of the new Units than existed for the original Unit before division), an appropriate amendment to the Declaration may be filed by a new Unit Owner under the same file number and under the procedure set forth in Section 339-p of the Real Property Law of the State of New York, and the local tax authorities shall provide and certify upon the proposed amendment, a conforming tax lot number upon the completion of new Units. Nothing in this subsection shall give any Unit Owner the right to subdivide his Unit without the consent of the Board of Managers in accordance with the By-Laws of the Condominium.

(h) Without the prior written consent of the Sponsor, no amendment, modification, addition or deletion of or to the By-Laws, this Declaration or the Rules and Regulations of the Condominium modifying the rights of the Sponsor or affecting the rights, privileges, easements, licenses or exemptions granted to the Sponsor, shall be effective in any way against the Sponsor. The Board of Managers will not adopt any rules or regulations or amend the Declaration or By-Laws in a manner which would adversely affect the sales, marketing or operations of the Sponsor.

**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 the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

**TWELFTH**: Common Charges. All sums assessed as common charges by the Board of Managers, 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 subdivision of any governmental authority, including, but not limited to, State, County and City taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Unit in excess of six (6) months of unpaid common charges and attorneys fees incurred by the Condominium in collecting such charges. 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 first mortgage obtains title to the Unit as a result of foreclosure, or the institutional mortgage holder purchasing for its own account obtains title by conveyance in lieu of foreclosure, such acquirer of title, its 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 mortgagee. In such event, the unpaid balance of common charges shall 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 Sponsor to a purchaser of a Unit or in which the Sponsor 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. In addition, every non-occupant Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property

Law of the State of New York. 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 of the State of New York or in accordance with the provisions of this Declaration and the By-Laws. The By-Laws of the Condominium contain additional provisions regarding the right of the Board of Managers to collect common charges owed by a Unit Owner, which shall be deemed incorporated into this Declaration.

**THIRTEENTH**: Units Acquired by the Board. If any Unit Owner shall surrender, convey or lease his Unit to the Board of Managers or their designee in accordance with Section 339-x of the Real Property Law of the State of New York, or if the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article X of the By-Laws, title to such Unit or the rights to the lease of such Unit, together with the Unit Owner's percentage of Common Interest, shall be held by the Board of Managers or their designee on behalf of all of the other Unit Owners in proportion to their Common Interest.

**FOURTEENTH**: Power of Attorney. Upon the transfer of title to any Unit, each Unit Owner shall, upon becoming such, be required to execute a Power of Attorney in favor of the following: (a) the Board of Managers to exercise certain rights on behalf of the Condominium, including (i) voting on, exercising or waiving any right of first refusal to purchase a Unit available to the Condominium under the By-Laws of the Condominium; or (ii) acquiring, in their own name or in the name of their designee or assignee by deed on behalf of all owners of Units in said Property, any Unit whose owner desires to abandon the same or whose owner desires to sell 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 said attorneys-in-fact shall, in their sole discretion, deem proper; and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal with such Unit so acquired on such terms as such attorneys-in-fact may in their sole discretion determine, and granting to said attorneys-in-fact the power to do all things in the said premises which the Unit Owner could do if he were personally present; (iii) execute, acknowledge and deliver (y) any declaration or other instrument affecting the Condominium that the Board of Managers deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution, or requirement of the Department of Buildings, the City Planning Commission, the Zoning Board and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium, or (z) any consent, covenant, restriction, easement, or declaration, or any amendment to the Declaration or By-Laws affecting the Condominium or the Common Elements that the Board of Managers deems necessary or appropriate; (iv) file applications and protests (or employ persons to do same) in the Unit Owners' names and stead with respect to the assessed valuation of the Units and to execute all documents and pay all costs in connection therewith; (v) vote to supplement or amend any provision of the Declaration or By-Laws of the Condominium on behalf of the Unit Owners, as the Board of Managers may deem necessary or appropriate (except that nothing herein shall restrict the Unit Owners from amending the Declaration or By-Laws pursuant to a vote of Unit Owners in accordance with the provisions of such documents), so long as, no such amendment increases a Unit Owner's direct financial obligation to the Condominium if fewer than all other Unit Owners are similarly affected, or changes the percentage of Common Interest; and (vi) act as the agent and attorneys-in-fact behalf of the Unit Owner, at the owner's expense, to take such

action against any tenant or occupant of such owner's Unit, including (but not limited to) maintaining summary proceedings for eviction or engaging in other litigation, as the Board of Managers may deem necessary in order to protect the interests of the Condominium if (y) such tenant or occupant remains in possession of the Unit after any lease or occupancy agreement for the Unit has been terminated or expires; or (z) such tenant or occupant violates the terms of the Condominium Documents or any lease or occupancy agreement between the Unit Owner and such tenant or occupant and (b) in favor of the Sponsor to (i) amend from time to time the Declaration, By-Laws and the Rules and Regulations of the Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in unsold Units or the reapportionment of the Common Interests of the affected unsold Units resulting therefrom made by the Sponsor in accordance with the Declaration; or (2) shall be required by (x) an institutional lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by Sponsor to insure title to any Unit; however, any amendment made pursuant to the terms of subdivision (1) or (2) of this subsection (b) shall not (i) change the Common Interest of another Unit Owner's Unit, (ii) require a material, physical modification to another Unit Owner's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage held by an institutional lender covering another Unit Owner's Unit, unless such Unit Owner (in the event described in subdivision (iii) immediately above) shall consent thereto by joining in the execution of such amendment. In addition, the Sponsor is designated as the attorney-in-fact for all Unit Owners and the Board of Managers to execute any documents that may be required to be filed with the City of New York in order to complete construction of the Common Elements of the Condominium or to make an alteration to an unsold Unit permitted under the Declaration and By-Laws of the Condominium. The terms, covenants and conditions contained in, and the powers granted pursuant to, this Article shall remain in full force and effect until such time as Sponsor shall cease to own any Unit in 196-200 SOUTH 2ND STREET CONDOMINIUM

**FIFTEENTH**: Easement for Pipes, Ducts, Cable, Wires, Conduits, Public Utility Lines and Other Common Elements Located Inside of Units; Special Rights of Sponsor.

(a) Each Unit Owner shall have an easement in common with the Owners of all other Units to use, in accordance with present use and present available facilities, all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use, in accordance with present use and present available facilities, the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building.

(b) In addition to the above, an easement in favor of the Board of Managers, their agents, contractors and employees shall exist providing for a right of access to the Units and to the Common Elements to inspect, maintain or Repair or make Repairs to the Units, to prevent damage to the Common Elements or to any other Units, to make Repairs to the Common Elements, any wires,

pipes, conduits or cable television systems servicing any of the Units, or to make Repairs to any other Units, or to perform such inspection, maintenance or repair work as would be necessary for the purpose of removing violations or curing defaults by Unit Owners, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one (1) day's notice, except that notice will not be necessary in the case of an emergency condition that requires Repair or replacement immediately necessary for the preservation or safety of the Building, or for the safety of the occupants of the Building or other persons, or as required to avoid the suspension of any necessary service in the Building. The right of access to the Board of Managers will be subject to other provisions of the By-Laws.

(c) The Sponsor, its designees, and their invitees, licensees, contractors and employees shall have an easement to erect, maintain, Repair and replace, from time to time, one or more signs in or on the Property for the purposes of advertising the sale of the Units and the leasing of space in any Unit, as well as, an easement in and access to Units and Common Elements consistent with the purposes of the Plan, as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, Repair, refurbish, offer, sell and lease Units.

(d) Sponsor and its agents shall have an easement to maintain general and sales and leasing offices and personnel on the premises of the Property, to erect, Repair, maintain, replace and post signs on the Property and to conduct other activities connected with promotion, sales or leasing, such as allowing inspections by invitees of Sponsor and the display of vacant Units or leased Units owned by Sponsor, as well as, Common Elements.

(e) Sponsor shall have the right to renovate and/or decorate and perform any construction work within or to any Unit owned by it or in connection with the subdivision or combination of any Units owned by Sponsor. In accordance with this right, Sponsor shall have a right of access and all necessary easements to perform any such work, including, but not limited to, access to the Building, corridors, hallways, elevators and all other Common Elements. Sponsor and its designee shall also have the right to store construction and renovation materials in any Unit owned by it. Sponsor's rights in accordance with the foregoing paragraph are subject to the obligation of Sponsor to comply with all appropriate laws and regulations of governmental agencies and the obligation not to prevent or unreasonably interfere with the use of the Units for their permitted purposes.

(f) Sponsor shall have for itself, its invitees, contractors, agents, employees and tenants, any and all easements and rights of access, in and to Units and the Common Elements as are consistent with the purposes of the Plan and Sponsor's rights and obligations thereunder.

(g) Sponsor and the Board of Managers shall have the right to grant such additional electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of the Property as Sponsor or its designee, or the Board of Managers, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion

thereof, or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that such additional utilities or the relocation of existing utilities does not prevent or unreasonably interfere with the use of the Units for their permitted purposes. Any utility company and its employees and agents shall have the right of access to any Units or the Common Elements in furtherance of any such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of the Units for their permitted purposes.

(h) A utility company and its employees and agents shall have the right of access to any Units or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of the Units for their permitted purposes.

(i) Notwithstanding any other provisions of this Declaration, each Unit Owner shall have in common with all other Unit Owners, an easement for ingress and egress through any Unit or the Common Elements to the extent necessitated by an emergency.

(j) Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

(k) The beneficiary or user of any easement granted pursuant to this Article of the Declaration shall have the obligation of repairing any damage resulting from the use of such easement.

**SIXTEENTH**: Encroachments. The Unit Owners agree that if any portion of a Unit encroaches upon another Unit or the Common Elements, or if any portion of the Common Elements (whether restricted in use to an individual Unit Owner or not) shall hereinafter encroach upon a Unit as a result of original construction or settling of the Building, or by reason of the Repair, alteration or restoration by the Board of Managers of the Building, any Unit or the Common Elements, 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 aforedescribed, 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 Buildings shall stand.

**SEVENTEENTH**: 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.

**EIGHTEENTH**: Restrictions on 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 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.

**NINETEENTH**: Covenants and Restrictions and Statement of Permitted Uses. 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 Condominium, 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 good overall appearance.

(b) No alterations to the exterior of the Unit or any part of the Common Elements may be made without the written consent of the Board of Managers. No alterations to the inside of a Unit which would affect the structure or affect the utility systems of the Building may be made without the written consent of the Board of Managers. No appliances may be installed (other than electrical appliances) without the 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 (60) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. The provisions of this paragraph shall not apply to the Sponsor, provided that any such alterations do not materially adversely affect the structure or utility systems of the Building.

(c) Any Unit Owner who mortgages his Unit shall notify the Board of Managers prior to the date of the mortgage providing the name and address of his mortgagee. No mortgage will be permitted unless all common charges have been paid up to the date of the mortgage.

(d) At the request of the mortgagee of the Unit, the Board of Managers shall report any unpaid common charges due from the Unit Owner of such Unit, at a charge to the Unit Owner of Fifty Dollars ($50.00) for each such request.

(e) No nuisance 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 Owner 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 Residential Units shall be restricted to residential occupancy, home occupation and professional use in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

**TWENTIETH**: Warranty. The Sponsor has provided to the Condominium a limited Common Element warranty ("**Common Element Warranty**") which is attached hereto as Schedule C. The Common Element Warranty is given in lieu of and replaces all other warranties on the construction and/or renovation of the Property's General Common Elements, both express and implied (including any warranties of merchantability or fitness for a particular purpose, and the Housing Merchant Implied Warranty). There are no warranties with respect to the Common Elements which extend beyond the face of the Common Element Warranty contained herein. The purpose of the Common Element Warranty is to identify the Sponsor's responsibilities to the Condominium Association for construction defects. Notwithstanding anything contained in the Common Element Warranty to the contrary, though, the Sponsor will remain liable, subject to and in accordance with applicable law for General Common Element defects due to Sponsor's failure to construct the General Common Elements substantially in accordance with applicable building codes and filed building plans and specifications.

**TWENTY-FIRST**: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no way affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

Declarants: North Tower, LLC

By: _____
Name:
Title:

STATE OF NEW YORK )
)SS.:
COUNTY OF _____ )

On the ____ day of _____ in the year _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, and personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they

executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____

NOTARY PUBLIC

**SCHEDULE A**
**TO THE DECLARATION OF**
**196-200 SOUTH 2ND STREET CONDOMINIUM**

| Unit | Tax Lot | Percentage of Common Interest | Approx. Rear Yard Area in Square Feet | Approx. Unit Area in Square Feet | Number of Rooms | Common Elements to Which Unit Has Access |
|---|---|---|---|---|---|---|
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| | | | | | | Hallway |
| Totals | | 100.00% | | | | |

**SCHEDULE B**
**TO THE DECLARATION OF**
**196-200 SOUTH 2ND STREET CONDOMINIUM**
**LEGAL DESCRIPTION**

## SCHEDULE C

## TO DECLARATION OF CONDOMINIUM OF 196-200 SOUTH 2ND STREET CONDOMINIUM

## COMMON ELEMENT WARRANTY

| | |
|---|---|
| SPONSOR: | North Tower, LLC<br>134 Broadway<br>Brooklyn, New York 11211 |
| ADDRESS OF WARRANTED PROPERTY: | 196-200 SOUTH 2ND STREET CONDOMINIUM<br>196 South 2nd Street<br>Brooklyn, New York 11238 |
| COMMENCEMENT DATE: | The later of (i) three (3) months from the first unit closing or (ii) receipt by the Condominium of written notice from the Sponsor that the General Common Elements are substantially complete, as certified by the Sponsor's architect or engineer. ("Common Element Warranty Date"). |

This Common Element Warranty excludes all consequential, incidental, special and indirect damages.

THIS COMMON ELEMENT WARRANTY IS GIVEN IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND/OR RENOVATION OF THE PROPERTY'S GENERAL COMMON ELEMENTS BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE AND THE HOUSING MERCHANT IMPLIED WARRANTY).

THERE ARE NO WARRANTIES WITH RESPECT TO THE COMMON ELEMENTS WHICH EXTEND BEYOND THE FACE OF THE COMMON ELEMENT WARRANTY CONTAINED HEREIN. THE PURPOSE OF THIS COMMON ELEMENT WARRANTY IS TO IDENTIFY THE SPONSOR'S RESPONSIBILITIES TO THE CONDOMINIUM ASSOCIATION FOR CONSTRUCTION DEFECTS.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS WARRANTY TO THE CONTRARY, THIS WARRANTY SHALL NOT RELIEVE THE SPONSOR OF LIABILITY, SUBJECT TO AND IN ACCORDANCE WITH APPLICABLE LAW, FOR DEFECTS DUE TO SPONSOR'S FAILURE TO CONSTRUCT THE UNIT SUBSTANTIALLY IN ACCORDANCE WITH APPLICABLE BUILDING CODES AND FILED BUILDING PLANS ANDSPECIFICATIONS.

1. This Is a limited Common Element Warranty. This is a limited Common Element Warranty which excludes any other promises or guarantees that Sponsor could make (also known as "express warranties" or "implied warranties") regarding the renovation and/or construction of the Property's General Common Elements, including any warranties of merchantability or fitness for a particular purpose, or the Housing Merchant Implied Warranty. There are no General Common Element warranties which extend beyond the face of this document.

2. Limit On Sponsor Liability. As noted on page 1 of this Common Element Warranty, Sponsor is not obligated to pay for any defect, damage or injury not caused directly as a result of a defect covered by this Common Element Warranty. In other words, this Common Element Warranty excludes "consequential", "incidental", "special" and "indirect" damages, except as required by state law.

3. Common Element Warranty Made Exclusively By The Sponsor. This Common Element Warranty is made exclusively by the Sponsor whose name appears on page 1.

4. Common Element Warranty Coverages And Periods. The Common Element Warranty begins on the Common Element Warranty Date described on the first page of this Common Element Warranty and ends one (1) year thereafter (the "Common Element Warranty Period"). **TIME IS OF THE ESSENCE WITH RESPECT TO THE COMMON ELEMENT WARRANTY PERIOD. THE COMMON ELEMENT WARRANTY PERIOD WILL NOT BE EXTENDED.**

5. To Whom The Common Element Warranty Is Given; What Is Included In The Common Element Warranty.

(a) Sponsor makes the following warranties to the Condominium solely with respect to the newly constructed portions of the General Common Elements. During the one-year Common Element Warranty Period which follows the substantial completion of the General Common Elements as certified by Sponsor's engineer or architect, the Sponsor will be responsible for correcting Material Defects in the General Common Elements which are caused solely by: (i) defective workmanship by Sponsor or any agent or subcontractor of or persons working for Sponsor; (ii) defective materials supplied by Sponsor or any agent or subcontractor of or persons working for Sponsor; and (iii) defective design provided by the architect, subcontractor, engineer or other design professional engaged solely by Sponsor.

(b) As used in this Section 5, "Material Defect" means actual physical damage to the following load-bearing parts of the General Common Elements which affects their load-bearing functions to the extent that the Building becomes unsafe, unsanitary or unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

(c) Sponsor's Common Element Warranty does not extend to any defects other than those described in subsection (a) of this Section 5.

6. What Is Excluded From Common Element Warranty Coverage.

(a) The following items are excluded from Sponsor's Common Element Warranty:

(i) Any defects in appliances, fixtures or equipment located on the General Common Elements, unless the defect was caused by Sponsor's failure to install the appliances, fixtures or equipment in a skillful manner. The Sponsor will transfer any manufacturer's warranties which it receives to the Condominium;

(ii) Any normal wear and tear or deterioration to the General Common Elements;

(iii) Any normal settling or shifting of the General Common Elements, including, without limitation, expansion or contraction of the walls or floor, concrete cracks which do not impair the structural soundness of the General Common Elements, or separation between baseboards and the floor;

(iv) Minor General Common Element defects, such as, nails popping; lumber shrinkage;,door sticking due to weather; door warping, cracking, discoloration or separation of caulking or grouting; normal plumbing or heating noises; floor discoloration; or leaks;

(v) Damage to personal property;

(vi) Any damage, including, but not limited to, damage to the General Common Elements that it is caused or made worse by:

(1) negligence, improper maintenance, or improper operation of the Building or Property by anyone other than Sponsor, its employees, agents or subcontractors;

(2) failure by the Condominium to comply with the Common Element Warranty requirements of manufacturers or suppliers of appliances, fixtures or equipment;

(3) failure by the Condominium to give notice to Sponsor of any defects or damage within a reasonable time;

(4) changes in the grading of the ground by anyone other than Sponsor, its employees, agents or subcontractors;

(5) changes, alterations or additions made to the Building or Property by anyone (other than the Sponsor); or

(6) failure by the Condominium to maintain adequate ventilation in any portion of the Building;

(vii) Any condition which does not result in actual physical damage to the General Common Elements;

(viii) 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;

(ix) Loss or damage caused by seepage of water, unless such loss or damage is the direct result of a Material Defect;

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

(xi) Any damage which the Condominium has not taken timely action to minimize;

(xii) Insect damage;

(xiii) Bodily injury or damage to personal property;

(xiv) Sponsor's failure to complete construction of the General Common Elements;

(xv) Loss or damage which arises while the General Common Elements are being used in contravention of zoning laws or regulations;

(xvi) Loss or damage due to abnormal loading on floors which exceeds design loads as mandated by the building code or building standards;

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

(xviii) Consequential damages (except where required by state law);

(xix) With respect to a claim for a Material Defect, damage to non-load bearing portions of the General Common Elements, including (but not limited to) the following: 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 (if any) and basements; electrical, plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; and insulation;

(x) Loss or damage caused by defective workmanship performed by any person other than the Sponsor or an agent or subcontractor of the Sponsor not working under the direction and supervision of the Sponsor;

(xxi) Loss or damage caused by defective materials supplied by any person other than the Sponsor;

(xxii) Loss or damage caused by defective design provided by any person other than a design professional retained exclusively by the Sponsor;

(xxiii) Defects in outbuildings, including, but not limited to, detached garages and detached carports (if any); site recreational facilities; driveways; walkways; patios; boundary walls; retaining walls (if any); bulkheads; fences; landscaping (if any); off-site improvements or any other improvements not a part of the General Common Elements;

(xxiv) Any defects, whether material or otherwise, which arise from those portions of the General Common Elements which are not newly constructed by the Sponsor;

(xxv) Any claim not filed in a manner set forth below in Section 8.

(b) Notwithstanding anything contained in this Common Element Warranty to the contrary, the Sponsor will remain liable in accordance with applicable law for General Common Element defects due to Sponsor's failure to construct the Condominium substantially in accordance with applicable building codes and filed building plans and specifications.

7. Common Element Warranty.

If a defect occurs in an item covered by this Common Element Warranty, Sponsor will repair or replace the defective item within a reasonable period of time after Sponsor's inspection or testing discloses the problem. The choice between repair or replacement is solely that of Sponsor.

8. Procedure For Making A Common Element Warranty Claim.

(a) If the Board of Managers of the Condominium believes there is a General Common Element defect which is covered by this Common Element Warranty, then the Board of Managers must, within thirty (30) days after the last day of the Common Element Warranty Period, notify the Sponsor of its claim in a writing, sent by certified mail, return receipt requested, to: North Tower, LLC, 134 Broadway, New York, New York 11211

(b) Upon completion of inspection, the Sponsor will determine whether to accept or reject the claim. If the Sponsor rejects the claim, the Sponsor will give written notice of that decision to the Board. If the Sponsor accepts the claim, the Sponsor will take corrective action within a reasonable period of time.

(c) If the Condominium disagrees with the Sponsor about whether Sponsor is liable for certain defects, the claim may be arbitrated pursuant to the rules of the American Arbitration Association. If the Condominium sues the Sponsor, then the Condominium may no longer demand that its claim be arbitrated unless Sponsor consents.

9. General Provisions.

(a) This Common Element Warranty is governed by the laws of New York State.

(b) If any part of this Common Element Warranty is deemed unenforceable by a court, the remainder will remain enforceable.

(c)This Common Element Warranty may not be changed in any way without the written consent of the Sponsor.

(d) As used in this Common Element Warranty, "including" means "including, but not limited to"; "or" means "and/or"; use of one gender includes the other gender; and the singular includes the plural and vice versa.

(e) The Common Element Warranty shall not limit the Sponsor's obligation to construct the General Common Elements substantially in accordance with all applicable building codes and filed building plans and specifications as set forth in the Plan.

(f) No claim under this Common Element Warranty may be commenced or asserted in any suit, action, or other legal proceeding against Sponsor in any court or forum, unless notice of the claim has been received by Sponsor in a timely manner as provided herein.

(g) If the Sponsor makes a bulk conveyance of all of its unsold Units to a person qualifying as a successor Sponsor, then the selling Sponsor may assign some or all of its obligations hereunder to such successor Sponsor, and upon such assignment, the Sponsor shall be relieved of further liability under this Common Element Warranty.

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# BY-LAWS

# OF
# 196-200 SOUTH 2ND STREET CONDOMINIUM

## ARTICLE I. PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The property located at 196-200 South 2nd Street, Brooklyn, New York, County of Kings, specifically set forth in the Declaration and more commonly known has "**196-200 South 2nd Street 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**" or "**Property**" as used herein shall include the land and all buildings and improvements thereon, including the Condominium Units (as defined below) 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. Units are "**Residential Units**" as described in the Declaration. The Residential Units are sometimes hereinafter collectively referred to as "**Units**". The "**Sponsor**" or "**Sponsors**" means North Tower, LLC and any successor Sponsor.

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 Condominium in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers (the "**Board of Managers**" or the "**Board**"). 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. The owners of each Unit shall be referred to herein as either "Unit Owner" or "Owner".

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 tenth percent (0.1%) of common interest in the common elements appurtenant to his or her Unit. The total number of votes available shall be 1,000. For voting purposes, Units held jointly shall be deemed to be owned by a single Unit Owner. The

number of votes available to each Unit Owner pursuant to the above formula shall be referred to in these By-Laws as the Unit Owner's "voting interest".

Section 3. Quorum. Provided a majority in voting interest of all Unit Owners is present in person or represented by written proxy at the meeting, so many Unit Owners as shall represent at least 50.01% of the total voting interest of all Unit Owners shall constitute a quorum at all meetings of the Unit Owners for the transaction of business, except as otherwise provided by Statute, or by the Declaration or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Unit Owners, the Unit Owners entitled to vote thereat, 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. At such adjourned meeting at which 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 in voting interest 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 any vote of Unit Owners at a meeting is required or permitted by any provisions of the Declaration, Statute 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. Within one (1) year after the recording of the Declaration, 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 resign. Thereafter, annual meetings shall be held on or about 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.

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 ten (10), but not more than fifty (50) days, prior to such meeting. The mailing of a notice in the manner provided in the By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings 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 Board of Managers
(f) Report of committees
(g) Election of inspectors of election (in the event there is an election)
(h) Election of Managers (in the event there is an election)
(i) Unfinished business
(j) New business

## ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term.

(a) There shall be four (4) members of the Board of Managers. Residential Unit Owners shall be entitled to appoint member(s) to the Board of Managers in accordance with their percentage of common interest. All Managers, other than representatives of the Sponsor, shall be Unit Owners, the principal or officer of a Unit Owner, or the spouse, son or daughter of a Unit Owner. If Units are owned by more than one person or entity as joint tenants, tenants by the entirety or as tenants in common, the persons or entities owning that Unit shall agree among themselves and cast the votes for their Unit.

(b) The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor will have the right to designate a majority of the Board of Managers until the earlier of (y) the sale of ninety (90%) of all Units in percentage of common interest have been sold, or (z) five (5) years from the first Unit closing, whichever comes first ("triggering event"). The Sponsor will relinquish control at a Unit Owners meeting to occur within thirty (30) days after the triggering event.

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, the Unit Owner who is entitled to appoint the Manager shall have the right to choose a successor or successors.

Section 3. Removal.

Except for a member of the Board of Managers designated by Sponsor, a member of the Board of Managers may be removed from office for cause by the affirmative vote of Unit Owners owning in the aggregate a percentage of common interest in excess of fifty percent (50%) of the common interest of the Condominium. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting at which his proposed removal is to be acted upon. If a member of the Board of Managers ceases to be a Unit Owner or mortgagee (or a partner, officer, director, stockholder or employee of a partnership or corporate owner or mortgagee or fiduciary owner or mortgagee), unless such member is a designee of the Sponsor, he shall be deemed to have resigned effective as of the date such ownership or mortgage interest ceased.

Section 4. First Board of Managers. The first Board of Managers shall consist of Chayem Meisels, Aron Deutsch and Esther Deutsch, who shall have the right to hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners. 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.

(a) 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 required to be exercised or done by the Unit Owner 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, Building 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 within the limitations of these By-Laws;

4. To enter into and upon the Units when necessary and at as little inconvenience to the Unit Owner as reasonably 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 Units in accordance with Article VII of these By-Laws, and settle claims;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Unit Owner of the Property for violations of the house rules or rules and regulations herein referred to, and to levy such fines and late charges upon Unit Owners who fail to pay such rent or assessments in a timely manner or to comply with such rules and regulations in order to ensure compliance, in the reasonable judgment of the Board, and to assess individual Unit Owners for the legal or administrative costs of enforcing such rules and collecting such assessments;

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 of Managers 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 independent 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 exercise or waive a right of first refusal to purchase or lease Units, to acquire Units in foreclosure or as a result of abandonment, by exercise of a right of first refusal on behalf of all Unit Owners, and to take any and all steps necessary to repair or renovate any Unit so acquired and to vote as Unit Owner, to 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 hire a management agent to perform the duties of the Board of Managers, provided that if such a contract is entered into with the Sponsor, the contract may not be for a period in excess of three (3) years and must contain a provision for termination by either party upon sixty (60) days written notice after the second year;

13. To make additions, alterations, or improvements to the common elements of the Condominium, and to present to the Unit Owners the assignment of Common Charges or the

placement of a lien on the common elements when such presentation is required by law;

14. To borrow money on behalf of the Condominium when required in order to purchase a Unit in foreclosure, pursuant to the exercise of a right of first refusal, for Common Charges, and in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that if required by law, the consent of at least 50.01 % in percentage of common interest 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 (except sums required to comply with applicable law or a work order of an insurance carrier) which is to be secured by an assignment of income under Section 339-jj of the Real Property Law of the State of New York. Except as required by law, the consent of the Unit Owners shall not be required to borrow unsecured funds to be used for the benefit of the Condominium, or to borrow funds by placing a lien on the Common Charge payments of the Unit Owners.

15. To request a reduction in the taxable assessed valuation of the Condominium on behalf of all Unit Owners;

(b) 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 one (1) Manager (but the committee may also have non-Manager Unit Owners on it) which, to the extent provided in said resolution or resolutions, shall advise the Board of Managers in the management of the Condominium. The manager who is a member of any such committee, acting on behalf of the Board of Managers, or (to the extent permitted by law) any other available member, shall also have and may exercise the powers of the Board of Managers in the management of the business and 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 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.

(c) Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or its designee shall continue to own ten percent (10%) of the Units, but in no event later than five (5) years from the closing of title to the first Unit, the Board of Managers may not, without the Sponsor's prior written consent: (i) make any addition, alteration or improvements to the common elements or to any Unit, at the expense of the Condominium, 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, except to the extent that the aggregate amount of such fund does not exceed five percent (5%) of the budgeted expenses of the Condominium, or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium Ownership (the "**Plan**"), 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 (except where necessary to perform work required by law to the extent that existing reserves are insufficient). The provisions of this paragraph may not be

amended without the written consent of Sponsor.

(d) Notwithstanding subsection (c) above, the Sponsor or Sponsor-designee shall not withhold its consent to the making of capital repairs to the common elements or assessment of any Common Charge for expenses required to comply with applicable law, or a work order of an insurance carrier.

Section 6. Management Agent. The Board of Managers may employ a management agent for the Condominium 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 duties of the Board listed in this Article which may be delegated under law.

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 be set.

(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, telegram, facsimile or e-mail. 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 two (2) 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 meeting of Managers, the Managers present thereat may adjourn the meeting from time to time, without notice other than an 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 writin, 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 (if required) of the State of New York, and shall present annually (at the annual meeting, but in no event later than four (4) months after 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 verified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owners and a notice of the holding of the annual Unit Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Condominium who handle or are responsible for Condominium funds. The premiums on such bonds shall be a common expense.

Section 11. Liability of the Board of Managers 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, nor individual Unit Owner shall be personally liable for such contract, agreement or commitment, except as set forth herein. 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 shall have no liability to the Unit Owners in the management of the Condominium except for gross negligence, willful misconduct or bad faith, and 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 as such member, except for acts of gross negligence, willful misconduct or acts made in bad faith. However, such several liability of the Unit Owners shall be limited as to each Unit Owner's 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 there shall be a President, a Vice President, a Secretary and a Treasurer. The President must be a member of the Board of Managers and either a Unit Owner, the principal or officer of a Unit Owner, or the spouse of a Unit Owner. Other officers are not so restricted. 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. The President and Treasurer may not be 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, other than a member designated by the Sponsor, who may be removed only for cause. If the office of any officer becomes vacant for any reason, the vacancy shall be filed 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; 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 of Managers are carried into effect, and shall have such other powers and duties as are usually vested in the office of the President of a stock corporation organized under the Business Corporation Law 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 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 meetings 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.

The foregoing shall not bar the Board of Managers from employing personnel to perform the administrative duties consistent with the execution of their responsibilities set forth above.

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, to 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. OPERATION OF THE PROPERTY

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Tresurer, 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 Unit according to the respective common interest appurtenant to such Unit. This proration of assessments shall remain constant regardless of the percentage of the Building's square footage included in each Unit or the common elements restricted for the use of the Unit Owner of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Unit. The Board of Managers may impose administrative fees, late charges, and interest on unpaid Common Charges, as described in Article VIII. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove

provided for regular assessments. The Board may take action to collect any Common Charges due from any Unit Owner which remains unpaid thirty (30) days from its due date by way of foreclosure of the lien on such Unit in accordance with Section 339-aa of the Real Property Law of the State of New York or otherwise. In addition, every non-occupant Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property Law of the State of New York.

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 first mortgagee purchasing for its own account pursuant to a foreclosure sale, which bid has not been assigned, and subject to Article Twelfth of the Declaration) shall be liable for the payment of all Common Charges assessed against the Unit and unpaid at the time of the purchase.

All license fees collected by the Board from Unit Owners in connection with the use of Yard Improvements, General Improvements and Roof Improvements shall be deemed additional Common Charges hereunder. See Article Twenty-First of the Declaration for further details.

Section 3. 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 4. Liability for Electricity. All electricity consumed in the Units shall be the expense of the individual Unit Owner.

Section 5. 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 needs 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 6. Other Accounts. The Board shall maintain any other accounts as it shall deem necessary to carry out its purposes.

Section 7. Repairs and Maintenance of Common Elements.

(a) All maintenance of and repairs to any Residential Unit, ordinary or extraordinary, and to the doors (except painting the exterior side of a Residential Unit entrance door), windows (except painting the exterior side of windows), electrical (except common elements), plumbing (except common elements) and heating fixtures and air conditioning units within the Residential Unit or belonging to the Residential Unit Owner shall be made at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws.

(b) All maintenance, repairs and replacements (individually and collectively, "**Repairs**") to

the General Common Elements (as defined in the Declaration) and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and charged to all the Unit Owners as a common expense, except if the Repairs are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case, the expense shall be charged to such Unit Owner. Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers at the expense of the Unit Owner having direct and exclusive access, if the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the Repair of leaks) or (b) the Unit Owner having direct and exclusive access to the Limited Common Element, at his sole cost and expense, if involving nonstructural or ordinary Repairs. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

(c) Until all Units have been sold by the Sponsor, all Repairs, painting or maintenance, whether made by the Unit Owner or by the Board of Managers to the doors, windows, or the exterior area of the Building, including roofs and/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.

(d) The Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board. If 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 unpaid amount will bear interest at the maximum legal rate, and the Board of Managers shall be entitled to bring suit thereon as additional Common Charges 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.

(e) The Board of Managers and their 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. These purposes include (but are not limited to) making inspections, correcting any condition originating in his or her Unit and threatening another Unit or a common element, performing installations, alterations or Repairs to the mechanical or electrical services or other common elements in his or her Unit or elsewhere in the Building, and correcting any condition which violates the provisions of any mortgage covering another Unit. Requests for entry shall be made in advance at a time reasonably convenient to the Unit Owner. Such right shall be exercised in such a manner as will not unreasonably interfere with

the use of the Residential Units for residential purposes. Notwithstanding the above, no prior notice shall be required if the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Building, or for the safety of the residents of the Condominium or other persons, or as required to avoid the suspension of any necessary service to the Condominium.

(f) Notwithstanding the other provisions of this Section 7, if any painting, decorating, maintenance, repairs or replacements to the Property or any part hereof is necessitated by the negligence, misuse or neglect of any Unit Owner, the entire cost thereof shall be borne by such Unit Owner. Each Unit Owner shall be responsible for all damage to any and all other Units or to the common elements by reason of his negligence, misuse or neglect.

Section 8. General Restrictions on Use and Occupancy of Units.

(a) Residential Units. Each of the Residential Units in the Building shall be used as a residence only, except (i) a Residential Unit maybe used for any home occupation or professional use as permitted under local zoning laws, (ii) a Residential Unit may be used for any permitted home occupation or professional use under applicable law, and (iii) that Sponsor, regardless of the number of Units unsold, shall have the right to use any Unit owned by it for general and sales office purposes, as models and for other promotional purposes in connection with the sale or lease of Units, and to erect and maintain signs at or on the Building, and to use Units and the common elements in any other manner permitted to Sponsor pursuant to the provisions of the Declaration or these By-Laws.

(b) The use of any Unit must conform to the terms and conditions of the then existing certificate of occupancy for such Unit and any and all applicable governmental and municipal regulations, including any applicable zoning variance.

(c) The foregoing provisions in subsections (a) and (b) of this Section 8 may not be amended, modified or deleted, except by an affirmative vote of one hundred percent (100%) in number and common interest of the Unit Owners and the Condominium Board.

(d) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) Rules and regulations concerning the use of the Units and the common elements may be promulgated and amended from time to time by the Board of Managers, provided that copies are furnished to each Unit Owner not less than five (5) days prior to the time that they become effective. Any rule or regulation may be rescinded by vote of sixty-seven percent (67%) of the Unit Owners at

a meeting duly called for that purpose. The initial rules and regulations (the "**Rules and Regulations**") are attached hereto as Exhibit A for the purpose of distribution, but not for recording as part of the Declaration and By-Laws.

Section 9. Additions, Alterations or Improvements by Board of Managers. Whenever in the judgment of the Board of Managers the common elements shall require additions, alterations or improvements, and the Board determines to require the placement of a lien on the common elements or an assignment of Common Charges payable by the Unit Owners, and (if required by law) the making of such additions, alterations or improvements shall have been approved by fifty percent (50%) in number and in common interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with these By-Laws (and by the holders of Unit mortgages, if such approval is required), the Board of Managers shall have the right to proceed with such additions, alterations or improvements and to assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements which do not require a lien to be placed on the common elements or an assignment of the Common Charges payable by the Unit Owners may be made by the Board of Managers, without approval of the Unit Owners or the holders of Unit mortgages, and the cost thereof (unless paid from the Working Capital Fund in accordance with the Plan) shall constitute part of the common expenses. So long as Sponsor or its designee shall own ten percent (10%) of the Units in aggregate common interest, or for a period of five (5) years from the first closing of title to a Unit, whichever occurs sooner, the Board of Managers may not make any addition, alteration, or improvement to the common elements without Sponsor's prior written consent, unless required by law.

Section 10. Additions, Alterations or Improvements by Unit Owners.

(a) A Unit Owner may make a non-structural alteration to a Unit that does not affect the exterior of the Building, the utility systems of the Condominium, or the value of other Units without the consent of the Board of Managers. However, the Board of Managers may establish regulations governing access, insurance and other matters relating to the performance of any work within a Unit. No other installations or alterations may be made to a Unit without the consent of the Board of Managers as described below. No Unit Owner, other than the Sponsor, may make a structural alteration in a Unit, install any fixtures or appliances (other than electrical appliances), or make any alteration affecting the utility systems of the Building without the prior written approval of the Board of Managers, not to be unreasonably withheld. Any approval, if granted, shall provide that such alteration shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurances, (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), and that any additions shall be maintained in their entirety by said Unit Owner (who shall also be responsible for any Repairs, including structural Repairs, to such addition under all circumstances, and to the Unit and any common elements where such Repairs become necessary due to additional stresses caused by the structural alteration, or due to improper

design or construction of the structural alteration). Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided due to such alteration. The Unit Owner shall sign an Alteration Agreement to the effect of the foregoing and incorporating such other terms as the Condominium may require.

(b) Any application to any department of the City of New York or to any other governmental authority for a permit to make an installation, addition, alteration or improvement in or to any Residential Unit may be executed only by the Board of Managers without, however, incurring any liability on the part of the Board of Managers or any member thereof to any contractor, subcontractor, materialman, architect or engineer on account of such installation, addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

(c) The Sponsor shall have the right, without the consent of the Board of Managers, other Unit Owners or holders of Unit mortgages, to make alterations or additions to unsold Units, whether or not such alterations are structural or nonstructural, ordinary or extraordinary, so long as, they do not materially adversely affect the structure or utility systems of the Building. The Condominium hereby appoints the Sponsor as its attorney in fact, coupled with an interest, to execute such documents on behalf of the Condominium as may be required in order to obtain any necessary licenses or permits to make or complete an alteration, and grants to the Sponsor an easement of access, ingress and egress to make any such alterations.

(d) With regard to any work that may result in the subdivision or combination of Units, the Sponsor shall have the right, pursuant to Section 339-i (2) of the Real Property Law of the State of New York, to make and file an appropriate amendment to the Declaration under the same file number and procedure set forth in Section 339-p of the Real Property Law of the State of New York, and the local tax authority shall provide and certify upon the proposed amendment a conforming tax lot number upon completion of the Unit. In no event shall the subdivision of a Unit and its common interest appurtenant thereto result in a greater percentage of common interest for the total to the new Unit than existed for the original Unit.

(e) The Board of Managers shall execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such installation or structural addition, alteration or improvement made by Sponsor to any Residential Unit, provided, however, that neither the Board of Managers nor the Unit Owners shall be subjected to any expense or liability by virtue of the execution of the application or such other document.

(f) No Residential Unit Owner may alter, improve or enclose any portion of the common elements (including the Limited Common Elements), without the consent of the Board of Managers.

Section 11. Contributions of Unit Owners to Common Expenses.

Each Unit Owner shall pay its share of common expenses based on their percentage of common interest as set forth in the Declaration of Condominium.

## ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the Building (but not including furniture, furnishings or other personal property supplied or installed by the Unit Owner), together with all of the Building's heating, air conditioning and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees As their interest may appear, in an amount equal to the full replacement value of the Building. 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, except that adjustments in excess of $250,000 will require the approval of the Insurance Trustee and that the net proceeds thereof, if $250,000 or less, shall be payable to the Board of Managers, and if more than $250,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first 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.

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 insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least fifteen (15) days prior written notice to all of the insureds, 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 fifteen (15) 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 Building, 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 have a minimum 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. Insurance Trustee. The Insurance Trustee shall be a Bank, savings and loan association, insurance company or trust company located in the State of New York designated by the Board of Managers. All fees and disbursements for the Insurance Trustee shall be paid by the Board of Managers 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 Building as a result of fire or other casualty (unless seventy-five percent (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 Building (including 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 progressive 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 Unit Owners for such deficit as part of the Common Charges.

If seventy-five percent (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 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 proceeds 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 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. DEFAULTS

Section 1. Collection of Assessments. The Board of Managers shall take prompt action to collect any Common Charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. Upon the failure of a Unit Owner to pay any element of Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against the Unit Owner's Unit for the unpaid Common Charges as set forth above, and impose late fees and administrative fees of up to $100 as additional Common Charges with respect to each new violation to cover the additional costs of administration. Failure by the Board of Managers to place such a lien or impose such charges shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time. Common Charges which remain unpaid for more than thirty (30) days shall bear interest at the maximum rate permitted by law.

Section 2. Default in Payment of Common Charges and Assessments. If any Unit Owner defaults in paying to the Board of Managers the Common Charges or any other amounts determined by the Board of Managers to be due, including (but not limited to) Common Charges, late payment charges, fees and expenses of collection or enforcement of the Condominium Documents (including attorneys fees), interest or fines (individually and collectively, "**Charges**"), such Unit Owner shall be obligated to pay interest at the maximum legal rate on such Charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Charges (which shall also be deemed Charges). Except as otherwise expressly set forth in these By-Laws, all Charges shall be payable within five (5) days after demand. The Board of Managers shall have the right and duty to attempt to recover such Charges, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against the Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York and Article Twelfth Declaration of Condominium, in the manner provided in Section 339-aa thereof. For purposes of this Section, all Charges shall be deemed Common Charges under Section 339-z.

Section 3. Foreclosure of Liens for Unpaid Common Charges. All Charges assessed against a Unit Owner shall be a lien against a Unit upon the expiration of any grace period provided herein. In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit from and after the date of commencement of the foreclosure action, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. A suit to recover a money judgment for unpaid Charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 4. Assignment of Rents. The Condominium shall have the remedies set forth in this

Section 4 in addition to any other remedies available to it.

(a) For purposes of this Section 4, the term "non-occupant Unit Owner" shall mean any owner of a Unit who does not occupy or utilize such Unit.

(b) If a non-occupant Unit Owner rents its Unit(s) to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for such Unit(s) within sixty (60) days of the expiration of any grace period after they are due, then upon notice in accordance with subdivision (c) below, all rental payments from the tenant shall be directly payable to the Condominium c/o the Board of Managers.

(c) If the Common Charges, assessments or late fees due for any Unit have not been paid in full within sixty (60) days after the expiration of any grace period after the earliest due date, the Board of Managers shall provide written notice to the tenant and the non-occupant Unit Owner providing that, commencing immediately and until such time as all payments for Common Charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the Condominium c/o the Board of Managers at its address listed on the notice. Where a majority of the Board of Managers has been elected by and from among the Unit Owners who are in occupancy, the Board of Managers may elect not to require that rental payments be made payable to the Condominium c/o the Board of Managers. At such time as payments for Common Charges, assessments and late fees from the non-occupant Unit Owner are once again current, notice of such fact shall be given within three (3) business days to the rental tenant and the non-occupant Unit Owner. Thereafter, all rental payments shall be made payable to the non-occupant Unit Owner or a designated agent. A non-occupant Unit Owner who disputes the Condominium's claim to rental payments pursuant to this Section 4 shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the Board of Managers, which must be held within thirty (30) days of the date that the Board of Managers receives notice that such owner seeks to dispute such claim.

(d) Nothing in this Section 4 shall limit any rights of Unit Owners or of the Board of Managers existing under any other law or agreement.

(e) Payment by a rental tenant to the Condominium c/o the Board of Managers made in accordance with this Section 4 shall relieve that rental tenant from the obligation to pay such rent to the non-occupant Unit Owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupant Unit Owner against such tenant for such rent.

Section 5. Abatement and Enjoinment of Violations by Unit Owners; Imposition of Fines. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the

expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Managers shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach. All costs of enforcement shall be deemed Common Charges. In addition, the Board of Managers may impose fines on Unit Owners violating the Declaration, By-Laws, or Rules and Regulations in its reasonable discretion.

## ARTICLE IX. AMENDMENTS

(a) Except as set forth below, these By-Laws may be altered, amended or added to at any duly called Unit Owners meeting provided: (1) that the notice of meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-seven percent (67%) 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 a Unit Owner's interest and the interests of holders of a mortgage encumbering a Unit or Units.

(b) Sponsor shall have the right, without the vote or consent of other Unit Owners, the Board of Managers or holders of Unit mortgages, to execute or (on its request) to require the Board of Managers to execute and record in the Office of the Register of the City of New York, County of Kings and elsewhere, if required by law, all amendments to these By-Laws (together with such other documents as may be required to effectuate the same) to reflect any changes in unsold Units and the reapportionment of the common interest resulting therefrom, made by Sponsor in accordance with Article VI, Section 10 and the Declaration. All expenses in connection with the preparation, recordation and filing of any such amendment shall be paid by Sponsor or its designee.

(c) So long as the Sponsor continues to own a Unit, the provisions of these By-Laws may not be amended to adversely affect the rights of the Sponsor, without the consent of the Sponsor.

(d) The following provisions of these By-Laws may not be amended without the consent in writing of Sponsor, so long as Sponsor or its designee shall be the owner of one (1) or more Residential Units.

(i) Section 1 (b) of Article III with respect to the rights of the Sponsor to designate a certain number of the members of the Board of Managers;

(ii) Section 5(c) of Article III insofar as it provides that, so long as, Sponsor shall continue to own ten percent of the Residential Units, but in no event later than five (5) from the closing of title to the first Unit, the Board of Managers may not exercise certain powers without Sponsor's prior written consent.

(iii) Sections (2) and (3) of Article III with respect to the rights of the Sponsor with respect to removal of its designated member of the Board of Managers and its designation of a new member upon such removal or in the case of a vacancy;

(iv) Section 8(d) of Article VI;

(v) Section 11 of Article VI; and

(vi) Section 8 of Article X insofar as it provides that the provisions of Section 1 of Article X shall not apply with respect to a sale or lease of any Residential Unit owned by Sponsor; and

(vii) This Article IX

## ARTICLE X. SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales and Leases. Except as set forth in Section 8, no Unit Owner may sell his Unit or any interest therein except by complying with the following provisions:

(a) Any Unit Owner who receives a bona fide offer which he intends to accept (hereinafter called an "**Outside Offer**") for the sale of his Unit together with: (i) the undivided interest in the common elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units previously acquired by the Board of Managers, or their designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Unit Owner in any other assets of the Condominium (the interests in subsections (i), (ii) and (iii) are hereinafter collectively called the "**Appurtenant Interests**"), shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, to the Board of Managers or their designee, on behalf of the owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer to the Board of Managers, on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. The Board of Managers may request reasonable additional information relating to the Outside Offer at any time after reviewing the initial notice and any additional information previously supplied by the Unit Owner, and may schedule a personal interview to obtain additional information regarding a prospective purchaser. Within thirty (30) days after receipt of such notice and all additional information that had been reasonably requested by the Board, the Board of Managers may elect by notice to such Unit Owner, either (a) to purchase such Unit, together with the Appurtenant Interests (or to cause the same to be purchased by its assignee or designee, corporate or otherwise), on behalf of all other Unit Owners on

the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner or (b) to produce a purchaser who will purchase such Unit, together with the Appurtenant Interests, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner. The Board of Managers may assign their right to purchase the Unit, on behalf of all Unit Owners at any time without liability, to the offering Unit Owner. If the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to cause the Unit to be purchased by its designee, title shall close at the office of the attorneys for the Condominium in accordance with the terms of the offer, but not less than forty-five (45) days after the giving of notice by the Board of Managers of their election to accept such offer. At the closing, the Unit Owner shall convey the Unit (and Appurtenant Interests) to the Board of Managers or to their designee on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. Real estate taxes, mortgage interest and Common Charges and expenses shall be apportioned between the Unit Owner and the Board of Managers or their designee as of the closing date. If the Board of Managers or their designee shall fail to accept such offer or to produce a purchaser within thirty (30) days as aforesaid or fails to act within the thirty (30) day period, the offering Unit Owner shall be free to contract to sell the Unit to the Outside Offeror, together with the Appurtenant Interests, within sixty (60) days after the expiration of the period in which the Board of Managers or their designee might have accepted such offer, on the terms and conditions set forth in the notice of such Outside Offer from the offering Unit Owner to the Board of Managers. Any such deed to an Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. If the offering Unit Owner shall not convey such Unit within such 60-day period to the Outside Offeror, on the terms and conditions contained in the Outside Offer, then should the offering Unit Owner thereafter elect to sell the Unit, together with the Appurtenant Interests, to the same or to another Outside Offeror, on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of this Article X.

Any purported sale of a Unit in violation of this Section shall be voidable at the election of the Board of Managers by notice given to the person claiming to be the Unit Owner and the Board's right of first refusal shall be deemed reinstated.

(b) Except as set forth in Section 8, no Unit Owner may lease his Unit except by complying with the following provisions:

(i) Any Unit Owner who receives a bona fide offer for a lease of his Unit which he intends to accept ("**Lease Offer**") shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed lessee, the terms of the proposed lease, references and such other information as the Board of Managers may reasonably require, and shall offer to lease such Unit to the Board of Managers or their designee on the same terms. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such

offer to the Board of Managers, on behalf of the other Unit Owners, that such Unit Owner believes the Lease Offer to be bona fide in all respects. The Board of Managers may request reasonable additional information relating to the Lease Offer at any time after reviewing the initial notice and any additional information previously supplied by the Unit Owner, and may schedule a personal interview to obtain additional information regarding a prospective tenant. Within thirty (30) days after receipt of such notice and all additional information that had been reasonably requested by the Board, the Board of Managers may elect by notice to such Unit Owner, either (a) to lease such Unit on behalf of all other Unit Owners (or to cause the same to be leased by its assignee or designee, corporate or otherwise), on the same terms and conditions as contained in the Lease Offer and as stated in the notice from the offering Unit Owner or (b) to produce a tenant who will lease such Unit, on the same terms and conditions as contained in the Lease Offer and as stated in the notice from the offering Unit Owner. If the Board does not elect to exercise the above rights within the thirty (30) day period, the Unit Owner may enter into the lease, but if the proposed tenant fails to take occupancy within sixty (60) days after the Board has waived the right of first refusal, the Lease Offer shall be deemed void and the Unit Owner will be required to repeat the above proceedings with respect to approval of the proposed lease. The waiver of the Board of Managers of their right to lease the Unit shall not in any way be construed to relieve the Unit Owner from offering the lease to the Board of Managers and a Unit Owner who subsequently desires to lease such Unit shall be required again to comply with all the terms and provisions of this subsection (b).

(ii) Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers; that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers; that the Board of Managers shall have power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease: that in case of default by the Unit Owner, the Board of Managers shall have the right to require the tenant to pay its rent to and attorn to the Board on demand; that the Unit Owner or tenant will maintain liability insurance naming the Condominium as an additional insured party, if available, and that the Board of Managers shall have the right to terminate the lease on not less than thirty (30) days prior written notice upon foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York. Except as set forth above, the form of any such lease shall be substantially the then current form of apartment lease recommended by The Real Estate Board of New York, Inc. with such modifications as may be approved in writing by the Board of Managers.

(iii) Any purported lease of a Unit in violation of this Section shall be voidable at the election of the Board of Managers, and if the Board shall so elect, the Unit Owner shall be deemed to have authorized and empowered the Board of Managers to institute legal proceedings to evict the purported tenant in the name of the said Unit Owner as the purported landlord at the expense of the Unit Owner.

(iv) Except for a Unit owned by Sponsor, or a Unit owned by a mortgagee who took

title in foreclosure or by deed in lieu of foreclosure, any lease for a Unit must be for a minimum period of six (6) months (with each such lease being to a specific named tenant and with no right to substitute any other tenant during the term of the lease).

Section 2. Consent of Unit Owners to Purchase or Lease of Units by Board of Managers. The Board of Managers may elect to exercise its right of first refusal, but shall not actually conclude the purchase or lease of any Unit without the approval of a majority in voting interest of the Unit Owners, except to the extent the right to conclude such sale or lease has been delegated to the Board pursuant to a Power of Attorney executed by a Unit Owner.

Section 3. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 4. Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section 1 of this Article X may be released or waived by the Board of Managers, in which event, the Unit, together with the Appurtenant Interests, may be leased, sold or conveyed, free and clear of the provisions of such Section.

Section 5. Certificate of Termination of Rights of First Refusal. A certificate, executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article X have been met by a Unit Owner, or have been duly waived by the Board of Managers, and that the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers and the Unit Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Unit Owner who has in fact complied with the provisions of Section 1 of this Article X or with respect to whom the provisions of such Section have been waived, upon request.

Section 6. Financing of Purchase of Units by Board of Managers. Acquisition of Units by the Board of Managers or their designee, on behalf of all Unit Owners, may be made from working capital and Common Charges in the hands of the Board of Managers, or if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner in proportion to his ownership in the common elements as a Common Charge, which assessment shall be enforceable in the same manner as provided in Article VI, or the Board of Managers, in their sole discretion, may borrow money to finance the acquisition of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property, other than the Unit,

together with the Appurtenant Interests, to be acquired by the Board of Managers.

Section 7. Payment of Common Charges and Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit, unless and until, he shall have paid in full to the Board of Managers all unpaid Common Charges and assessments and expenses theretofore assessed by the Board of Managers against his Unit, and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

Section 8. Exceptions to Restrictions on Sales and Leases. The provisions of Section 1 of this Article X shall not apply with respect to (a) any sale, conveyance or lease by a Unit Owner of his Unit and Appurtenant Interests to his spouse or to any of his children over the age of 18 years, or to his parent or parents or to his brothers or sisters, or to any one or more of them, or to a trust established for the benefit of any of them; or (b) a sale or lease of a Unit and Appurtenant Interests owned by the Sponsor or any principal thereof (as defined in the Plan); or (c) the acquisition, sale or lease of a Unit, together with the Appurtenant Interests, by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure; or (d) a conveyance or transfer by gift during a Unit Owner's lifetime; or (e) the devise of a Unit by will or intestacy. However, the Board of Managers must be given written notice of every sale or lease of a Unit.

Section 9. 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 10. Consent to Jurisdiction and Venue in Lease. By virtue of executing a lease, all Unit Owners, tenants and occupants irrevocably submit to personal jurisdiction in the State of New York and venue in Kings County in any action commenced by the Board of Managers.

Section 11. Mortgages of Units. Each Unit Owner is free to mortgage his Unit. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy all arrearage for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefor. The Board of Managers may request of a Unit mortgagee that it be notified by a Unit mortgagee of any default under a mortgage on a Unit.

## ARTICLE XI. CONDEMNATION

If 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 $250,000 and to the Board of Managers if the award is $250,000 or less, to be distributed in accordance with Section 1 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 interests 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 arbitration in accordance with the Arbitration Statutes of the State of New York.

## ARTICLE XII. 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 for his Unit or any other Unit or 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 or 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 if 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 "Mortgages 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 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.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in the 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 Law of the State of New York. In case any of these

By-Laws conflict with the provisions of said Statue or of the Declaration, the provisions of the Statute or the Declaration, whichever the case may be, shall control.

## SCHEDULE A

## RULES AND REGULATIONS

## 196-200 SOUTH 2ND STREET CONDOMINIUM

1. Except as permitted under the By-Laws, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units or common elements, nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining common elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right is reserved by the Sponsor, its designee and the Board of Managers, or their agent, to place "For Sale", "For Rent", or "For Lease" or similar signs on any unsold or unoccupied Units, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee. Additionally, the right is reserved by Sponsor and its designee to maintain and staff one or more vacant and unsold Units in the Building as a sales office and/or model Unit. Sponsor and its designee shall have the right to place "For Sale", "For Rent", or "," signs or similar signs on or in the vicinity of the Building without regard to size.

2. No exterior of any Residential Unit, or the windows or doors thereof, or any other portions of the common elements shall be painted or decorated by any Unit Owner or in any manner without the prior written consent of the Board of Managers.

3. No furniture, equipment, or other personal articles shall be placed in entrances, hallways, stairways, or in other common elements.

4. No Unit Owner shall make or permit any noise or objectionable odor that will disturb or annoy the occupants of any of the Units in the Building, or do or permit anything to be done therein which will interfere with the rights, comfort, or convenience of other Unit Owners.

5. Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness and shall not sweep, or throw or permit to be swept or thrown therefrom, or from the doors or windows of a Unit, any dirt or other substances.

6. No exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used on or about the Building, Units or common elements, except such as shall have been approved by the Board of Managers.

7. No sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of the Building, except such as shall have been approved in writing by the Board

of Managers, nor shall anything project out of any window of the Building without the approval of the Board of Managers.

8. All garbage and refuse from the Building shall be deposited with care into plastic bags or into other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers may direct.

9. Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed; nor shall any sweepings, rubbish, rags, papers, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

10. No Unit Owner shall engage any employee of the Condominium to perform tasks outside their stated job description for any private business of the Unit Owner without the prior written consent of the Board of Managers,

11. Not more than two (2) animals may reside in any one Residential Unit and the Board of Managers may establish reasonable Rules and Regulations regarding the type, size and weight of animals. In no event shall animals be permitted in any of the public portions of the Building, unless carried or on a leash. The individual Unit Owners who keep an animal in the Building shall each indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of the Unit Owner having any animal in the Building.

12. No radio or television serial antenna shall be attached to or hung from the exterior of the Building without the written approval of the Board of Managers. The Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television and internet service to the Units.

13. The agents of the Board of Managers, and any contractor or workman authorized by them, may enter any Unit at reasonable hours, on reasonable notice, for any purpose permitted under the terms of the Declaration, By-Laws, or Rules and Regulations of the Condominium.

14. No Unit Owner shall alter any lock on any door leading into his Residential Unit, unless the Unit Owner shall also provide the Board of Managers with a key for its use.

15. No Unit Owner or any contractor, visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express permission of the Board of Managers.

16. All damage to the Building or common elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

17. No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus which are part of the common elements and not part of the Unit Owner's Unit.

18. No Unit Owner shall use or permit to be brought into the Building any flammable oils or fluids such as gasoline, kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb or property without in each case obtaining the written consent of the Board of Managers.

19. The Unit Owner shall not be allowed to put his name on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes.

20. Any damage to the Building or equipment caused by Unit Owners, their guests, visitors, clients, patients or employees shall be repaired at the expense of said Unit Owner.

21. Complaints regarding the management of the Building and grounds or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.

22. No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners of adjoining Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the common elements.

23. Certain parts of the common elements are intended for the purpose of affording pedestrian movement within the Condominium and providing access to the Units. No part of the common elements shall be obstructed so as to interfere with its use for the purposes hereinabove recited; nor shall any part of the common elements be used for general storage purposes, except maintenance storage; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

24. No immoral, improper, offensive, or unlawful use shall be made of the Property or of any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

25. In addition to any other remedies available to the Condominium, the Board of Managers may impose fines on Unit Owners who violate these Rules and Regulations. The amount and administration of such fines shall be established in the Board's reasonable discretion. Such fines shall be deemed additional Common Charges.

26. Guests of Unit Owners may occupy Units for up to thirty (30) days at a time, without a Unit Owner being required to comply with the right of first refusal and minimum term requirements

described in Article X of the By-laws, provided that the Unit Owner advises the Managing Agent of the identity of the guest and the length of the stay. However, the Board of Managers may establish additional restrictions on short-term occupancy of Units, whether or not consideration is being paid by the guest to a Unit Owner.

27. Subject to the provisions of the By-Laws, these Rules and Regulations may be added to or repealed at any time by the Board of Managers.

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# ESCROW AGREEMENT

AGREEMENT made this ___ day of _____, 2006, between North Tower LLC ("Sponsor") as sponsor of the offering plan and Smith, Buss & Jacobs, LLP ("Escrow Agent") as escrow agent.

WHEREAS, North Tower LLC is the Sponsor of an offering plan to convert to condominium ownership the premises located at 196-200 South 2nd Street, New York, which premises are known as _____; and

WHEREAS, Smith, Buss & Jacobs, LLP is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e (2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers 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 account number is _____.

1.2 The name of the account is SBJ-The _____ Condominium Special Escrow Account.

1.3 ESCROW AGENT is the sole signatory on the account.

1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.

1.5 The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payer, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by, the purchaser or subscriber to the order of Smith, Buss & Jacobs, LLP as escrow agent for The _____ Condominium offering plan. 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 Within ten (10) business days after tender of the deposit submitted with the

subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.3 SPONSOR shall not object 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 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 All funds received by Sponsor for upgrades or extras will initially be placed in the Escrow Account. However such funds may be released from the Escrow Account by the ESCROW AGENT upon request as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras.

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 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 acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agent, including any selling agent, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled, 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.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph

7.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that ESCROW AGENT'S compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstances.

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstances is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e (2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT: Smith, Buss & Jacobs, LLP

By: _____
Thomas W. Smith, Esq.

SPONSOR: North Tower LLC

By: _____
Chayem Meisels, Member

By: _____
Aron Deutsch, Member

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ETF-1

# APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

_____

4. This is an application for
   - [ ] return of downpayment.
   - [ ] forfeiture of downpayment.
   - [ ] other: _____

5. The project is
   - [ ] a conversion of occupied premises.
   - [ ] newly constructed or rehabilitated.
   - [ ] vacant (as is).

6. The project is structured as
   - [ ] a cooperative.
   - [ ] a condominium.
   - [ ] a homeowners association.
   - [ ] a timeshare.
   - [ ] other: _____

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7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a) Name and address of bond issuer or surety: _____

_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND). If not included, explain:

_____

_____

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____

_____

(b) Date of expiration of the letter of credit, if known:

_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____

_____

_____

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: Date:

Name (Printed):

Telephone: (Home) (Business)

Mailing Address:

2/6/92

# SPONSOR'S CERTIFICATION

New York State Department of Law
120 Broadway
New York, New York 10271

Attention: Real Estate Financing Bureau

Re: 196-200 South 2nd Street
Brooklyn, New York

Ladies and Gentlemen:

We are the principals of the Sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

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

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

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

(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c)

made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

This certification is made under the penalty of perjury for the benefit of all persons to whom this offer is made. We understand the violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Sponsor: NORTH TOWER LLC

By: _____
Chayem Meisels, Member

By: _____
Aron Deutsch, Member

_____
Chayem Meisels, Individually

_____
Aron Deutsch, Individually

Collectively sworn to before me
this 11th day of DECEMBER, 2006

_____
Notary Public

JACOB FRIEDMAN
NOTARY PUBLIC, State of New York
No. 01FR6107907
Qualified in Kings County
Commission Expires April 12, 2008

# ARCHITECT'S CERTIFICATION

STATE OF NEW YORK )
) ss:
COUNTY OF NEW YORK )

RE: [Condo Name]
196-200 SOUTH 2nd STREET
BROOKLYN, NEW YORK

The Sponsor of the offering plan to convert the captioned property to condominium ownership and retained our firm to prepare a report describing the construction of the property (the "Report"). Our firm visually inspected existing vacant lot and site preparation work, on 9/23/06 I reviewed the building plans and specifications and reviewed the Report which was prepared by Robert M. Scanadi dated 10/1/06, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I am a registered architect in the State 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:

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

(i) 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 (the aspects of the property discussed in the addendum) as it will exist upon completion of construction, provided that renovation and/or construction is in accordance with the plans and specifications that I examined;

(iii) does not omit any material fact;

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

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

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

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

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

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

[Architect's Firm]

By: _____

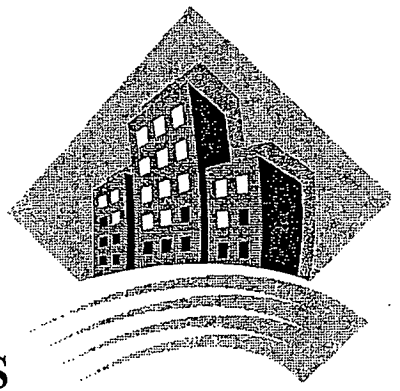
Name: Robert M. Sammond Jr.

Title: Principal

Sworn to before me this
13th day of October, 2006

Barbara Lewocha
Notary Public

BARBARA LEWOCHA
NOTARY PUBLIC, STATE OF NEW YORK
No. 01LE6127336
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES MAY 23, 2009




# TOTAL REALTY ASSOCIATES

**733 YONKERS AVE, SUITE 103**
**YONKERS, NEW YORK 10704 914-964-0554 PHONE 914-964-1804 FAX**


CERTIFICATION OF EXPERT
ADEQUACY OF BUDGET

Re: 196-200 South 2nd Street Condominium
196-200 South 2nd Street
Brooklyn, New York

The sponsor of the condominium offering plan for the captioned property retained my firm to review or prepare Schedule(s) B and B-1 containing projections of income and expenses for the first year of condominium operation. My experience in this field includes:

I am a licensed real estate broker in the State of New York. I have been involved in the ownership, management and sale of multi-family residential buildings, condominiums and cooperatives in the New York Metropolitan area for more than twenty years. I have been retained as a consultant in connection with this Plan.

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 Schedule(s) B and B-1.

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

I certify that the projections in Schedule(s) 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

I certify that the Schedule(s):

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon

which to found their judgment concerning the first year of condominium operation;

(iii) does not omit any material fact;

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

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

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

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

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

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

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Milagros Martinez

Sworn to before me
this 12th day of October, 2006

Notary Public

ANTHONY T. SIMARI
Notary Public, State of New York
No. 02SI6002629
Qualified in New York County
Commission Expires April 16, ~~2006~~ 2010