CONDOMINIUM OFFERING PLAN

FOR

ONE 7TH

LOCATED AT
1 SEVENTH AVENUE SOUTH
NEW YORK, NEW YORK 10014

CONSISTING OF FOUR (4) RESIDENTIAL UNITS AND ONE (1) COMMERCIAL UNIT

OFFERING PRICE FOR ALL UNITS: $10,430,000

THE COMMERCIAL UNIT IS NOT BEING OFFERED FOR SALE AT THIS TIME

SPONSOR & SELLING AGENT:
Carmine Partners LLC
c/o Recap Partners Equities LLC
45 West 21st Street, Suite 501
New York, New York 10010

Date of Acceptance for Filing: 3/5/07.

The term of the offer is twelve (12) months, 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.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

PART I

SPECIAL RISKS iii
1. INTRODUCTION 1
2. DEFINITIONS 5
3. DESCRIPTION OF PROPERTY AND IMPROVEMENTS 11
4. LOCATION AND AREA INFORMATION 12
5. SCHEDULE A 14
6. PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION 18
7. BUDGET FOR INDIVIDUAL ENERGY COSTS 25
8. OPINION RE: COMPLIANCE WITH 339-i 26
9. COMMERCIAL UNIT 27
10. CHANGES IN PRICES AND UNITS 27
11. INTERIM LEASES 28
12. PROCEDURE TO PURCHASE 29
13. EFFECTIVE DATE OF PLAN 36
14. TERMS OF SALE 37
15. UNIT CLOSING COSTS AND ADJUSTMENTS 41
16. RIGHTS AND OBLIGATIONS OF SPONSOR 47
17. CONTROL BY THE SPONSOR 54
18. RIGHTS AND OBLIGATIONS OF UNIT OWNERS 56
19. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS AND SUMMARY OF BY-LAWS 64
20. REAL ESTATE TAXES 72

21. INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM 85

22. OPINION OF COUNSEL re: DEDUCTIBILITY OF TAXES 87

23. WORKING CAPITAL FUND 92

24. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS 92

25. IDENTITY OF PARTIES 95

26. REPORTS TO UNIT OWNERS 97

27. DOCUMENTS ON FILE 97

28. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION 97

29. GENERAL 98

PART II

A. PURCHASE AGREEMENT (RESIDENTIAL) A-1

B. POWER OF ATTORNEY B-1

C. FORM OF UNIT DEED C-1

D. DESCRIPTION OF PROPERTY AND SPECIFICATIONS D-1

E. DECLARATION OF CONDOMINIUM E-1

F. CONDOMINIUM BY-LAWS F-1

G. ESCROW AGREEMENT G-1

H. APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS H-1

I. CERTIFICATIONS

1. SPONSOR CERTIFICATION I-1
2. SPONSOR'S ARCHITECT I-3
3. SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET I-5
4. SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET FOR COMMERICAL UNIT OWNERS I-7

SPECIAL RISKS

1. **Time is of the Essence. 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.** For a more detailed summary, see Section 12, entitled "Procedure to Purchase". Purchasers should consult their own attorneys prior to executing a Purchase Agreement.

2. **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 the construction and renovation 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 the Sponsor".

3. **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 Working Capital Fund. If the Working Capital Fund is not sufficient to repay all adjustments, common charges to purchasers may be increased during the first year of Condominium operation. For more detailed information, see Section 23 of the Plan, entitled "Working Capital Fund".

4. **No Financing Contingency.** Although a Purchaser may obtain financing from a lending institution, the obligation to purchase pursuant to a Purchase Agreement is not contingent on obtaining financing. The Sponsor does not make any representation as to the availability or terms of mortgage financing. Prospective Purchasers are advised to carefully consider their financing arrangements prior to executing a Purchase Agreement.

For further details, see Section 12 of the Plan entitled "Procedure to Purchase" and the form of Purchase Agreement reproduced in Part II.

5. **Payments for Upgrades and Extras.** All funds received by Sponsor for upgrades or extras will initially be placed in the Special Account maintained by Sponsor's counsel. Such funds may be released from the Special 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 12 of the Plan, entitled "Procedure to Purchase".

6. **Minimum Sales Requirement.** The Plan may be declared effective only after Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least one (1) Unit, which represents fifteen percent (15%) of the Units offered under this Plan.

Even if the Plan is declared effective with the minimum number of executed Purchase Agreements, it is possible that the Sponsor may be able to convert the building with fewer than the minimum number, if the Purchasers counted toward 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 the Condominium 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 Condominium where the percentage of Units purchased is lower than a lender's particular sales minimum.

Even once the Declaration of Condominium is recorded, 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. See Section 12 of the Plan, entitled "Procedure to Purchase".

7. **Rights of Sponsor.** The Sponsor is not required to obtain the approval of the Board of Managers or meet requirements imposed upon other Unit Owners in order to exercise a number of rights described in the By-Laws. Included among these are the right to use a Unit as a model and display "For Sale", "For Rent", or "For Lease" signs, or similar signs, the right to transfer or lease a Unit without offering the Board of Managers the right of first refusal, the right to alter a Unit without obtaining the prior consent of the Board of Managers (but still in accordance with the other requirements of the Condominium By-laws) and 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. 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. See Section 19(J) of the Plan, entitled "Amendments to Condominium Declaration and By-Laws".

8. **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. 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. However, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. At this time, the project is being financed with the Sponsor's own funds. 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, entitled "Rights and Obligations of the Sponsor".

9. **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. 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. See Section 12 of the Plan, entitled "Procedure to Purchase".

10. **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, entitled "Working Capital Fund".

11. **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 Units in the Condominium 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 10 percent (10%) 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. See Section 16 of the Plan, entitled "Rights and Obligations of the Sponsor".

12. **Control by the Sponsor.** The Sponsor will designate the entire Board of Managers until at the next Annual Meeting after the earlier of (i) the transfer of title to seventy-five (75%) of the Residential Units in percentage of common interest, or (ii) two (2) years after the First Closing (the "Control Period"). Until the next annual meeting following the end of the Control Period, the Sponsor will have absolute voting control of the Board of Managers.

While the Sponsor owns an Unsold Unit, the Sponsor will have the right to, and intends to, vote the percentage of common interest allocated to its Unsold Residential Units for all seats on the Board, including unaffiliated members. In addition, so long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Residential Unit, the Sponsor or Sponsor-designee shall have the right to designate one (1) of the members of the Board of Managers. After the Control Period has expired, not more than one less than a majority of the members of the Condominium Board, including any member of the Board of Managers designated by the Commercial Unit Owner, will be affiliated with the Sponsor.

During the Control Period, the Sponsor will have control of maintenance, facilities and services to be provided to Unit Owners, as well as determining the Common Charges to be paid by Unit Owners. Furthermore, the Condominium is barred from taking certain actions without Sponsor's or Sponsor-designee's prior written consent. In particular, the Board of Managers may not: (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 5 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 designees; 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.

Notwithstanding the foregoing restrictions, the Sponsor shall not have the right to veto expenditures for the expenses detailed in Schedule B in the Plan, 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. See Section 17 of the Plan, entitled "Control by the Sponsor" for further details.

13. 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-resident owners (or members of their households unrelated to the Sponsor and its principal.) Owner-occupants and non-resident owners, 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-resident purchaser who has purchased for the purposes of an investment. See Section 19 of the Plan, entitled "Rights and Obligations of the Board of Managers/Summary of By-Laws".

14. Payment of Transfer Taxes by Purchasers. New York State and New York City transfer taxes relating to Units are 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 city transfer tax is 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 of the Plan, entitled "Unit Closing Costs and Adjustments" for further details.

15. Usable Square Footage Lower than Gross Area. The interior square footage 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. Square footage shown in the Declaration of

Condominium filed with the City Surveyor will be slightly lower based on differences in criteria for measurement of boundaries of Units for purposes of distinguishing Units from Common Elements in the Declaration. Usable floor space within interiors of Units can be up to 10% lower than gross square footage. See Exhibit D, entitled "Description of Property and Building Conditions", in Part II of the Plan.

16. **Real Estate Taxes and No Guarantee of 421-a Benefits.** The estimate of real estate tax obligations for each Unit is based, in part, on the Common Interest of the particular Unit. The City Assessor's office may adopt a different methodology. In addition, 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.

17. **Restrictions on the Use of the Commercial Unit.** The Commercial Unit may be used for any lawful commercial or professional purpose, subject to the restrictions set forth below and any other restrictions contained in the Declaration or By-Laws. Currently permitted uses in the district include residential, commercial, and community facilities such as ambulatory health-care facilities, non-commercial clubs, philanthropic institutions without sleeping accommodations, and libraries, provided that (1) such facilities may appropriately be located in residential areas to provide essential services to the residents; (2) can appropriately perform their services more effectively in a residential environment, and (3) do not create significant objectionable influences in residential areas. However, the Commercial Unit may not be used for (i) any obscene or pornographic use or any sort of commercial sex establishment or for any nude or semi-nude live performance, such as modeling, rap sessions, or a so-called rubber goods shop, or as a sex club, (ii) a dry cleaner with on-site cleaning, and (iii) any form of gambling establishment including but not limited to "Off-Track Betting (OTB)."

18. **Rights of the Commercial Unit Owner.** The Commercial Unit Owner is not required to obtain the approval of the Board of Managers or meet certain requirements imposed upon other Unit Owners in order to exercise a number of rights described in the By-Laws. Included among these are the right to transfer or lease the Commercial Unit without offering the Board of Managers the right of first refusal and the right to alter and subdivide the Commercial Unit without obtaining the prior consent of the Board of Managers, but only in accordance with the other terms of this Plan. In addition, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration of Condominium, or the Rules and Regulations of the Condominium modifying the permitted uses of the Commercial Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the Commercial Unit Owner, shall be effective in any way against the Commercial Unit Owner, without the written consent of that Owner. Notwithstanding the foregoing, the Commercial Unit may not be altered in a manner

which causes a material adverse impact upon the structure or utility systems of the Building.

19. **Management by an Affiliate of Sponsor.** At the First Unit Closing, the Board of Managers will enter into a management agreement with Recap Partners Equities LLC (an affiliate of Sponsor) to manage the Building. The management agreement may not be canceled for a period of two (2) years unless the managing agent defaults in the performance of its obligations under the agreement. See Section 24 for further details.

20. **Balconies and Terraces.** Certain Units have balconies and terraces. A balcony or a terrace may not be used for any type of occupancy, including but not limited to dining, sleeping, living room, recreation, office, etc. The use of a balcony or a terrace for occupancy may result in a violation against the Building from the New York City Department of Buildings or any other appropriate municipal agency. See Exhibit D, entitled "Description of Property and Building Conditions", in Part II of the Plan.

21. **Storage Spaces.** Certain Units have storage spaces. These storage spaces may not be used for Combustibles as defined in the Building Code. No storage of clothing, furniture, books, papers, or any other combustible will be allowed except as permitted by the Building Code. See Exhibit D, entitled "Description of Property and Building Conditions", in Part II of the Plan.

22. **Window Guards.** A Unit Owner must notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. Each Residential Unit Owner shall install at Residential Owner's expense, the required window guards in all windows of his Unit. The Unit Owner shall not remove the window guards until permitted by applicable law in any event and without the full knowledge of the Managing Agent. See Exhibit D, entitled "Description of Property and Building Conditions", in Part II of the Plan.

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.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

1. INTRODUCTION

The Sponsor, Carmine Partners 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 buildings to be located at 1 Seventh Avenue South, New York, New York, and to be known as "One 7th". 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 a total of four (4) residential units (collectively as "Residential Units" or individually as "Residential Unit") and one (1) commercial unit (the "Commercial Unit") in a six-story building. The Residential Units and the Commercial Unit will be referred to collectively in this Plan as the "Units." The Sponsor anticipates that the First Closing will occur on July 1, 2007. The Sponsor represents that as of the date of this Plan, all Units being offered are vacant, and no contracts or agreements have been entered into and no deposits or advances of funds have been accepted.

The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Units in the Condominium 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 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 more than 10 percent (10%) 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 the Purchaser, as a transferee successor Sponsor, shall be bound by the Sponsor's representations regarding its commitment to sell Units. See Section 16 of the Plan, entitled "Rights and Obligations of the Sponsor."

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 renovation 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 Sections 16 and 17 herein.

The Sponsor acquired the Property on July 6, 2005 without mortgage financing. On January 5, 2006, the Sponsor obtained a construction mortgage loan from Eastern Savings Bank. The construction of the Building is expected to be completed in June 2007.

The Sponsor has not retained a separate selling agent ("Selling Agent"), and will act as the Selling Agent.

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. The offering prices are conditioned upon the use of the standard finishes, fixtures and appliances as described in Exhibit D-1 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 and 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 Residential Unit ("Unit Owner") 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 lobby, the exterior walls and the roofs (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 exclusive use of the one Unit Owner, to the exclusion of all others, are referred to herein as a "Limited Common Element".

Units 2 and 3 each have an appurtenant balcony which is designated as a Limited Common Element. In addition, Unit PH has a wrap around terrace and a roof terrace which are designated as Limited Common Elements. Each unit also has a storage space in the cellar which is designated as a Limited Common Element. The Board of Managers may set reasonable rules and regulations which govern the use of the balconies, terraces, and storage spaces. See Exhibit D 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 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.

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 in this Plan as either the "Condominium Board" or the "Board of Managers") at the same price and 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 the Unit Owners". A Unit cannot be sold without a sale of the proportionate Unit Interest in the Common Elements. The Board of Managers does not have the right to approve or disapprove Purchasers or tenants, 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 owned by the Sponsor or the Commercial Unit Owner. See Article X of the By-Laws for further details.

A Residential Unit Owner may make non-structural alterations and decorate the interior of his Unit in any way he desires, subject to local codes and the Rules and Regulations of the Condominium, and 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 of the Condominium 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.

The Board of Managers of the Condominium shall be elected by the Unit Owners with the number of votes allocated to each Unit Owner determined by their percentage of Common Interest. 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 Regulations covering the Condominium. See Section 19, "Rights and Obligations of Board of Managers/Summary of By-Laws" for further details.

The Commercial Unit Owner will have different rights and obligations regarding the operation of its Unit. See Section 9 of the Plan, entitled "Commercial Unit" for details.

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 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 a substantial percentage of Unit Owners who are non-resident owners.

Reference to the masculine gender in this Plan shall be deemed to include all of the above.

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.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

2. DEFINITIONS

"Board of Managers": The governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their percentage of Common Interest.

"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 are comprised of General Common Elements, Residential Limited Common Elements, Restricted Residential Limited Common Elements and Commercial Limited Common Elements, which are defined as follows:

A. <u>General Common Elements</u>. Without intention to limit the generality of the foregoing in any respect, the General Common Elements include:

(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 basements and cellars which are not included within a particular Unit and used for the benefit of all Unit Owners; the entrances to and exits from the Building; mailrooms; and mailboxes. Notwithstanding the above, the foregoing excludes all windows and window frames of the Residential Units (which are considered Residential Limited Common Elements), and all doors, windows and window frames of the Commercial Unit (which are considered part the Commercial Unit);

(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, except that installations regarding such utilities and other services that have been or will be made by the Unit Owners or tenants of the Commercial Unit to exclusively benefit the Commercial Unit shall be Commercial Limited Common Elements, and any such installations exclusively serving Residential Units or the Residential Unit Owners shall be Residential Limited Common Elements;

(4) Water service pipes and sewer pipes;

(5) Any house tank providing water to all Units and the pipes used in connection therewith;

(6) To the extent the Building is served by steam heat or hot water, portions of any steam riser and connections originating in the boiler room, together with distribution piping;

(7) Ventilation supply system consisting of motors, duct work, fans and controls serving General Common Elements and steam and condensate return piping serving General Common Elements;

(8) 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 both the Commercial Unit and the Residential Units;

(9) Copings, flashings, leaders, gutters and parapets appurtenant to the roof of the Building; and

(10) All other facilities of the Building, including (but not limited to) vaults, shafts, pipes, wires, ducts, vents, cables, conduits, and lines which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of both the Commercial Unit and the Residential Units.

B. Residential Limited Common Elements. The Residential Limited Common Elements include the following:

(1) All stairs in the Building that (a) do not connect with the Commercial Unit or (b) are located above the first floor of the Building;

(2) The main entrance to the Building, the lobby, service corridor and service entrance, portions of the basement or cellar used solely for the benefit of the Residential Unit Owners, any vaults accessed only from portions of the cellar used solely for the benefit of the Residential Unit Owners, and other areas used in connection therewith. Any portion of the cellar expressly reserved for the benefit of a particular Residential Unit, without a reservation by the Board of Managers to terminate usage or

change the location of such reserved area, is a Restricted Residential Limited Common Element for that particular Unit;

(3) Compactor rooms, trash room, superintendent's room, telephone room, fire pump room, storage room, meter room and boiler room (if any);

(4) Passages and corridors above the first floor of the Building, including, any passages and corridors that do not serve or connect with any Commercial Unit;

(5) Trash chutes, room(s) and access doors, and any sanitizing units or compactor units serving the Residential Units, and all passageways and ducts, chutes, or other facilities used in connection therewith;

(6) Window glass and window frames located on the perimeter of (but not exclusively serving) a Residential Unit, and all other window frames and window glass in the Building. Window frames and window glass that are located within a Commercial Unit are part of a Commercial Unit, and the window glass and window frame serving a particular Residential Unit are Restricted Residential Limited Common Elements for that particular Unit as per subsection (C);

(7) Corridor supply risers and ducts, kitchen and toilet exhaust risers and ducts, kitchen and toilet water vents, gas risers, electric risers and shafts serving Residential Units;

(8) Gas piping serving Residential Limited Common Elements and Residential Units;

(9) All passages and corridors, mechanical and other rooms, areas and indoor and outdoor spaces located at the Property serving exclusively one or more Residential Units and which are not General Common Elements or Commercial Limited Common Elements or part of any Unit;

(10) All doors abutting on common areas other than entrance or exit doors to or from the Commercial Unit, including, but not limited to, doors opening from Residential Units to corridors, and the entrance and exit doors to and from the Building. Any door leading to or from the Building or a General Common Element to the Commercial Unit shall be deemed part of the Commercial Unit that it leads to or from. The front entrance doors to Residential Units shall be deemed Residential Limited Common Elements, but a Unit Owner will nevertheless 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.

(11) Residential passenger elevator, including its respective shafts, pits,

machine rooms, elevator room, and appurtenant facilities;

(12) Any portion of the cellar designated on the floor plans of the Condominium to be used for the residential occupants;

(13) All space devoted to the lodging or use of any person employed exclusively in connection with the operation of the Residential Units;

(14) All other facilities of the Property (including, but not limited to, shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Units; and

(15) All other Common Elements other than General Common Elements, Restricted Residential Limited Common Elements or Commercial Limited Common Elements.

C. Restricted Residential Limited Common Elements. Certain portions of the Residential Limited Common Elements are limited and further restricted in use to the owners of particular Residential Units to which the Residential Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Residential Limited Common Element to make repairs and replacements to such Restricted Residential Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations of the Condominium. The Restricted Residential Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Residential Unit and serving exclusively that Unit.

(2) Any portion of the balconies, wraparound terrace or roof terrace available for use by and serving exclusively one Residential Unit; and

(3) Any portion of the cellar expressly reserved for the service of a particular Residential Unit without a right by the Board of Managers to terminate such use or change the location of such area.

D. Commercial Limited Common Elements. The following Common Elements shall be Commercial Limited Common Elements allocated to the Commercial Unit having exclusive use thereof:

(1) Any dividing wall or walls which are created in the event that the Commercial Unit is subdivided or combined which is for the exclusive use of the Commercial Unit Owners whose Units are separated by such walls;

(2) All drains, vents, flues, or other mechanical equipment installed by the owner or tenant of a Commercial Unit solely for the use of that Commercial Unit;

(3) All other facilities of the Property (including but not limited to the courtyard and any shafts, pipes, wires, ducts, vents, cables, conduits and lines) which exclusively serve or benefit, or are necessary or convenient for the existence, maintenance, operation or safety of a Commercial Unit Owner.

"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 Act": Article 9-B of the New York Real Property Law.

"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 "One 7th".

"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.

"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 definition of "Common Elements" for details on the different types 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": Carmine Partners LLC, c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010.

"Sponsor": The promoter of the project and/or Offering Plan to convert a particular parcel of property to Condominium ownership. Carmine Partners 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, includes Residential Units and the Commercial Unit.

"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": Any Unit owned by the Sponsor or a designee, or affiliate of either, after the First Unit Closing.

3. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Property is located in the City of New York, County of New York and it shall consist of the land and building located at 1 Seventh Avenue South, New York, New York, at the corner of Carmine Street. The lot covers an area of approximately 1,610 square feet.

The Sponsor is currently constructing the building (the "Building") and anticipates completion of construction in June of 2007. For a detailed description of the construction, see the Description of Property and Building Condition in Part II of the Plan.

The heating for each Unit will be provided by modular gas boilers for perimeter heat, as well as HVAC units located in each Unit. The hot water is generated by the modular boilers via a heating coil which supplies the entire building. The cost of gas for heat, hot water and cooking for the Units is included in the Common Charges. See Schedules B and B-1.

Electricity will be supplied by Consolidated Edison of New York with separate meters for each Unit. See Schedule B-1 in the Plan for the estimated electric costs of individual Units.

Units 2 and 3 each have a balcony which is designated as a Limited Common Element. In addition, Unit PH has a wraparound terrace and a roof terrace which are designated as Limited Common Elements. Each Unit shall also have a storage space in the cellar which is designated as a Limited Common Element.

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 will be classified as a Class II-B.

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 Sections 16 of the Plan.

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

1. Location.

The Property is located in the Greenwich Village neighborhood of downtown Manhattan at the corner of Carmine Street and Seventh Avenue South. Carmine Street is one block north of Downing Street. The surrounding neighborhood includes residential, educational, commercial and retail establishments.

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

A. Transportation – The neighborhood is very well served by public transportation. The numbers 1, 2 and 3 subway lines are accessible at West Houston Street. The F and V lines are accessible at West 4th Street. The 20 and 21 bus lines are accessible at West Houston Street.

B. Educational Facilities – Public elementary and secondary schools are both located within walking distance of the Property: (i) PS3, the Melser Charette School, is located at 490 Hudson Street (grades Kindergarten through 5th); the student scores at PS3 are well above city-wide averages, with the school "stressing creativity, individuality, and social awareness", (ii) I.S. 896 Greenwich Village Middle School is located at the same address; (iii) the James Baldwin School is located at 351 West 18th Street. No representation is made that any Unit Owner's child will be able to attend any particular educational facility.

C. Religious Institutions – There are houses of worship of most major denominations in the vicinity of the Property.

D. Police, Fire, Water, Sanitation, Snow Removal and Road Maintenance – These services are provided by the City of New York and all charges (except water) are incorporated into City taxes. The Property is located within the 6th Police Precinct, located at 233 West 10th Street. The nearest Fire Department Station is Engine Company #24 (227 6th Avenue at West Houston Street).

E. Zoning – The Building is located in a C2-6 zone, which permits residential use and is the equivalent of an R7 zoning allowing for certain commercial uses such as retail and personal service establishments, and community facilities such as ambulatory health-care facilities, non-commercial clubs, philanthropic institutions without sleeping accommodations, and libraries, provided that (1) such facilities may appropriately be located in residential areas to provide essential services to the residents; (2) they can appropriately perform their services more effectively in a residential environment, and (3) do not create significant objectionable influences in residential areas. See page D-1 for further details on the zoning regulations which apply to the Building. The building has secured a series of variances from the Board of Standards and Appeals, which allow for the construction of a building with a 5.5FAR, full lot coverage, and a 5 foot setback for the 6th floor balcony.

F. Mailing Address and Postal Facilities – The mailing address for the Building will be: "1 Seventh Avenue South, New York, New York 10014." The post office servicing the Building is located at 201 Varick Street.

There is a Federal Express location at 130 Leroy Street. A U.P.S. facility is located at 7 East 8th Street.

G. Shopping and Banking Facilities – The following grocery stores are located in the vicinity of the Property: D'Agostino at 790 Greenwich Street, and the Gourmet Garage at Seventh Avenue and 10th Street; there are also several specialty gourmet food stores on Bleeker Street, including Zito's & Sons at No. 259 and Murray's Cheese Shop at No. 254.

The following retail stores are located in the West Village shopping area on Bleeker Street in the vicinity of the Property: Ralph Lauren, Marc Jacobs, and Arleen Bowman, along with many high end clothiers in the Meat Packing District.

Banking branches of Chase, CitiBank, and Washington Mutual are located in the vicinity of the Property.

H. Libraries-One New York Public Library branch is located in the neighborhood, called the Hudson Park Branch at 66 Leroy Street.

I. Medical Facilities -The area is served by St. Vincent's Hospital, 170 West 12th Street New York, New York 10011.

J. Parks, Recreation and Cultural Facilities – There are several historic districts located within walking distance of the Property including the Greenwich Village, Soho and Tribeca historic districts. Each of these areas contains New York City historic landmarks.

There are several health clubs are located in close proximity to the Building. Crunch is located at 790 Greenwich Street, the Printing House Fitness and Squash Club at 421 Hudson Street, and the Equinox Fitness Club is located at 97 Greenwich Avenue.

The newly renovated IFC Center movie theater is located at 623 Sixth Avenue.

The newly created Hudson River Park is only 4 blocks away from the Property.

The following restaurants (along with many others) are located in the vicinity of the Property: Mass, En Brasserie, Perry Street, Wallse, The Spotted Pig, Employees Only and Gray Dog's Coffee on Carmine adjacent to the Property.

SCHEDULE A

17th

One Seventh Avenue South, New York, New York

Projected Financial Information for the First Year of Condominium Operation starting July 1, 2007

Unit	Number of Bedrooms/Baths/ Amenities	Approx. Gross Square Footage	Approx. Limited Common Element Square Footage	Purchase Price	Percentage Interest in Common Elements	Percentage of Residential Common Expenses	Projected Common Charges (monthly)	Projected Real Estate Taxes without 421 a (monthly)	Projected Real Estate Taxes without 421 a (yearly)	Projected Common Charges & Real Estate Taxes without 421-a (monthly)	Projected Common Charges & Real Estate Taxes without 421-a (yearly)	Projected Real Estate Taxes with 421-a (monthly)	Projected Real Estate Taxes with 421-a (yearly)	Projected Common Charges & Real Estate Taxes with 421-a (monthly)	Projected Common Charges & Real Estate Taxes with 421 a (yearly)
1	2/2/NA	1,371	32	$1,945,000.00	16.49%	19.43%	$1,277.68	$294.20	$3,530.40	$1,571.88	$18,862.56	$189.72	$2,276.64	$1,467.40	$17,608.80
2	2/2/Balcony	1,371	32	$1,995,000.00	16.49%	19.43%	$1,277.68	$294.20	$3,530.40	$1,571.88	$18,862.56	$189.72	$2,276.64	$1,467.40	$17,608.80
3	2/2/Balcony	1,371	32	$2,045,000.00	16.49%	19.43%	$1,277.68	$294.20	$3,530.40	$1,571.88	$18,862.56	$189.72	$2,276.64	$1,467.40	$17,608.80
PH	3/3.5/Duplex, Wrap Around Terrace & Roof Terrace	2,106	905	$4,445,000.00	35.39%	41.71%	$2,742.79	$631.56	$7,578.72	$3,374.35	$40,492.20	$407.26	$4,887.12	$3,150.05	$37,800.60
Comm.	Commercial Unit First Floor	1,112		n/a	15.14%	n/a	$438.00	$402.50	$4,830.00	$840.50	$10,086.00	$231.92	$2,783.04	$669.92	$8,039.04
	Cellar Storage	319													
Total		7,650	1,001	$10,430,000.00	100.00%	100.00%	$7,013.83	$1,916.66	$22,999.92	$8,930.49	$107,165.88	$1,208.34	$14,500.08	$8,222.17	$98,666.04

Each Residential Unit shall have a
Limited Common Element storage space in the cellar.

FOOTNOTES TO SCHEDULE A

1. (a) The number of rooms in each Unit is calculated in accordance with the "Recommended Method of Residential Room Count", effective January 1, 1964, from the Real Estate Board of New York.

(b) The interior square footage 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 are based on the foregoing criteria for measurement. Square footage shown in the Declaration filed with the City Surveyor will be slightly lower based on differences in criteria for measurement of boundaries of Units for purposes of distinguishing Units from Common Elements in the Declaration. Usable floor space can be up to 10% lower than gross square footage. 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. The square footage shown on Schedule A may significantly exceed the useable floor area of the Unit.

2. The prices for these Units may be changed from those set forth in this Offering Plan so that Purchasers may pay different prices for similar Units. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales price below the Offering Plan price without filing a prior amendment to the Plan as long as the reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Unit price. See Section 9 of the Plan, entitled "Changes in Prices and Units".

In addition to the payment of the balance of the sales price at the time of closing, the Purchaser will be responsible for the payment of various closing costs and adjustments. See Section 15 of the Plan, entitled "Unit Closing Costs and Adjustments", for a schedule of estimated closing expenses to be paid by a Purchaser.

3. Pursuant to Section 339-i (1) (iv) of the New York Real Property Law, the percentage of Common Interest of each Unit in the Common Elements is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The approximate interior square footage of the Units varies from 1,371 to 2,106 square feet, excluding any applicable Limited Common Elements.

4. The monthly Common Charges payable by each Unit Owner are based on their percentage of Common Interest in the **General Common Elements.** See Schedule B for additional details. Common Expenses have been estimated by the Sponsor for the first year of operation of the Condominium. The projected Common Charges do not cover certain costs such

as repairs, replacements or alterations to the interior of Units, electricity (which is separately metered for each Unit), air conditioning, cable television service, or fire and liability insurance for improvements and furnishings in the Units, which are the responsibility of the individual Unit Owners. The Sponsor is not offering mortgage financing in connection with this Plan. If the Purchase obtains mortgage financing, the Purchase will be responsible for debt service on the mortgage as an additional expense. See the footnotes to Schedule B and Schedule B-1 for a more detailed description of the expenses and services which Common Charges cover.

By notice to Purchasers, the Sponsor will have the right to pay all expenses of operation of the Property until the earlier of (a) thirty (30) days after notice to all Unit Owners; (b) one (1) year after the First Closing; or (c) transfer of title to Units, the percentage of Common Interest which, in the aggregate, equals at least 50 percent (50%). Thereafter, all Unit Owners will pay common charges for their Units, including the Sponsor with respect to any Unsold Units.

5. Certain Units have amenities that are appurtenant to the particular Unit, such as a balcony, terraces or storage spaces; these amenities are Limited Common Elements. For a description of the rights and obligations of Unit Owners with respect to the repair and alteration of the Limited Common Elements see Section 18 of the Plan, entitled "Rights and Obligations of the Unit Owners - Restrictions on Purchase, Use and Sale of Units."

6. (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 from the non-payment of taxes on other Units. Each Unit Owner's real estate taxes will be based on his or her percentage of Common Interest of the real estate taxes determined for the entire Property.

(b) As set forth in the opinion letter from the law firm of Tuchman, Katz, Korngold & Gelles, 6 East 45th Street, New York, New York 10017 (the "Korngold Opinion") the Property is expected to be assessed at "actual value" for the 2007/2008 tax year. The real estate tax estimates presume that the Sponsor will complete construction in June 2007 and that the First Year of Condominium Operation will commence on July 1, 2007.

Using the relative rental values of the Residential Units, the Korngold Opinion estimates that taxes for the Residential Units during the First Year of Condominium Operation will have an actual valuation of $158,000 for tax year 2007/2008 (July 1, 2007 through June 30, 2008) at a tax rate of $11.50 per $100 of assessed valuation. The resulting projected taxes for the period are $18,170. The Korngold Opinion projects that in the second year of Condominium operation (July 1, 2008 through and including June 30, 2009) the full post-construction tax for the residential portion of the Building calculated at a rate of $12.50 per $100 of assessed value will equal $93,750 without 421-a benefits. The Korngold Opinion anticipates that the Residential Units in the Building will be designated "Tax Class 2C", but because this is new construction, the usual five (5) year phase in period for increases in actual assessed value will not apply. Instead, increases in assessed valuation will be added in full to the next year's assessment. Therefore, the initial increase attributable to the construction of the Residential Units is not limited and the 2008/09 tax year (post-construction) assessed valuation will reflect the cost of construction.

It is anticipated that the Commercial Unit, which is classified as Tax Class 4, will be assessed separately from the Residential Units, which will be classified Tax Class 2C. It is estimated that the taxes for the Commercial Unit during the First Year of Condominium Operation will have an actual valuation of $42,000 for tax year 2007/2008 (July 1, 2007 through and including June 30, 2008) at a tax rate of $11.50 per $100 of assessed valuation. The resulting projected taxes for the period are $4,830. The Korngold Opinion estimates that for the first post-construction budget year or second year of Condominium operation (July 1, 2007 through and including June 30, 2008) taxes for the Commercial Unit will total $23,000 at a rate of $11.50 per $100 of assessed value in the absence of 421-a benefits.

The Sponsor shall to 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 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 ten (10) years as set forth below:

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

The Korngold Opinion further estimates that with the 421-a Benefits in effect, taxes affecting the Residential Units during the second year of Condominium operation will be substantially reduced. Assuming an assessed valuation of $750,000.00 with a tax rate of $12.50 per $100 of assessed valuation, only $101,886.00 of the assessed value would be subject to tax. The resulting projected taxes of the Residential Units for the period are $12,736.00. There is no guarantee that 421-a Benefits will be granted.

7. The total estimated monthly carrying charges are the sum of the estimated monthly Common Charges and the estimated monthly real estate taxes. If a Purchaser obtains financing, the Purchaser's debt service will be an additional expense.

8. At the time of the First Closing of title to each Unit with a Purchaser, the Sponsor will collect the equivalent of four (4) months' Common Charges as a one-time contribution to the Working Capital Fund of the Condominium. These funds will be used to provide working capital for the Condominium and to reimburse the Sponsor for closing adjustments (such as prepaid insurance premiums) that may favor the Sponsor.

6. PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

SCHEDULE B
ONE 7TH
1 Seventh Avenue South, New York, New York
July 1, 2007 through June 30, 2008 (Note 1)

ESTIMATED INCOME	**CONDOMINIUM BUDGET**
Residential Common Charges	$78,910
Commercial Common Charges	$5,256
Total Income	$84,166

ESTIMATED EXPENSES	**Residential Expenses**	**Commercial Expenses**	**TOTAL**
Payroll and Related Expenses (2)	$10,929	$0	$10,929
Gas for Common Area Heating, Cooking & Hot Water (3)	11,278	0	11,278
Electricity (4)	15,468	0	15,468
Water Charges & Sewer Rent (5)	2,426	0	2,426
Repairs & Maintenance (6)	5,000	0	5,000
Service Contracts (7)	10,500	0	10,500
Insurance (8)	11,885	2,680	14,565
Management Fee (9)	4,896	1,104	6,000
Legal & Accounting Fees (10)	3,264	736	4,000
Contingencies (11)	1,632	368	2,000
Miscellaneous (12)	1,632	368	2,000
TOTAL	**78,910**	**5,256**	**84,166**

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. Amounts are projected on the assumption that the First Year of Condominium Operation will be the year from July 1, 2007 to June 30, 2008. The actual First Year of Condominium Operation may begin earlier or later than that year. The Sponsor expects the First Closing of a unit to occur on or about July 1, 2007. 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, the Sponsor will amend the Plan to include a revised budget with current projections. In the event the amended budget exceeds the projected budget by 25% or more, the Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within not less than fifteen (15) 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. If the date of the First Closing is delayed by twelve (12) months or more, from the projected closing date, the Sponsor will offer all Purchasers the right to rescind their Purchase Agreements by giving the Sponsor fifteen (15) days notice after July 1, 2008.

The following amounts represent the total Common Charges to be levied against and collected from the Units in the Condominium during the projected First Year of Condominium Operation. The Common Charges will be utilized by the Board of Managers to pay the operational expenses of the Condominium. Unless otherwise noted, all the Common Expenses have been allocated between the Units (both Residential and Commercial) on the basis of percentage of General Common Interest.

No warranty is made with respect to the amount of any budget item. The projected budget has been reviewed by the Sponsor's budget expert, Milagros Martinez, President of Total Realty Associates, Inc., 733 Yonkers Avenue, Yonkers, New York 10704.

2. **Payroll and Related Expense: $10,929**

The Condominium will employ one part-time, non-resident, non-union, superintendent to work approximately twelve (12) hours per week at an hourly rate of $15. 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)	$ 749
Federal State and Unemployment Insurance (.8% of 9,360)	$ 75
State Unemployment Insurance (.4% of 9,360)	$ 37
Workers' Compensation (projected at 6.5% of total wages)	$ 608
Disability Insurance (projected at $100 x 1 employee)	$ 100
Total Taxes & Benefits	$1,569

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.

Since the Commercial Unit will not utilize any of the superintendent's services, the entire payroll and related expenses are allocated to the Residential Units.

3. **Gas for Common Area Heating, Cooking and Hot Water: $11,278**

The cost of common area gas heat, cooking and hot water for the Units is included in the Common Charges. This estimate is based on (i) a rate of $1.40 per Therm of gas, which reflects the current rate, including sales tax, plus a projected 10% increase and (ii) a total Building consumption of 8,055 Therms for common area heat and cooking. The budget for gas is based on the estimate and projections of consumption as described in the letter dated April 11, 2006 from Marino Gerazounis & Jaffe Associates, 116 West 32nd Street, New York, New York 10001.

It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the First Year of Condominium Operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise.

Since the Commercial Unit will be separately metered for gas consumption and will not utilize any of the common area heating or cooking, the entire gas expense is allocated to the Residential Units.

4. **Electricity: $15,468**

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

The estimate is based on the projections of consumption for all Common Elements, as described in the letter dated April 11, 2006 from Marino Gerazounis & Jaffe Associates, 116 West 32nd Street, New York, New York 10001. 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 $15,468 is based on a consumption of 77,340 kilowatt hours of electricity at a rate of $0.20 per hour, which reflects the current rate, including sales tax, plus a projected ten percent (10%) increase.

It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the First Year of Condominium Operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise.

Since the Commercial Unit will not benefit from the electricity used for the Residential hallways, the residential elevator, and water pump usage, the Residential Units will pay 100% of the electricity expense.

5. **Water and Sewer Charges: $2,426**

The budgeted water charge is based on a projected consumption of 1,460,000 gallons of water per year or 195,187 cubic feet. The current water rate plus a projected 10% increase is $1.815 per hundred (100) cubic feet. The exact usage cannot be determined until the Building is operative with ten (10) Residential Units.

The budgeted sewer charge is based on a projected consumption of 195,187 cubic feet. The current sewer rate plus a projected 10% increase is $2.882 per hundred (100) cubic feet. The exact usage cannot be determined until the building is operative with ten (10) Residential Units and one Commercial Unit.

The estimate for water charges and sewer rent is based on the projections of consumption for all Units and Common Elements as described in the letter dated April 11, 2006 from Marino Gerazounis & Jaffe Associates, 116 West 32nd Street, New York, New York 10001.

Water meters will be installed to measure actual water usage for billing purposes. It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the First Year of Condominium Operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise.

The Commercial Unit will be separately sub-metered for water and sewer consumption. As a result, this budget item is allocated entirely to the Residential Units.

6. **Repairs and Maintenance: $5,000**

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements, including periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish compactor bags, etc. used in connection with the operation of the Common Elements.

No amounts have been budgeted for repairs to the roof, the heating, ventilating and air-conditioning system or the Building exterior, and a relatively small amount has been estimated for other repairs, because the Building is new construction.

It is believed that the budgeted amount should be sufficient to cover any reasonable repairs and maintenance during the First Year of Condominium Operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise.

Since the Commercial Unit will be responsible for its own repairs and maintenance, the Residential Units will pay 100% of this expense.

7. **Service Contracts: $10,500**

The Sponsor anticipates entering into maintenance service contracts during the First Year of Condominium Operation. Extermination services will be approximately $1,200 per year. The Sponsor shall enter into an elevator maintenance contract at an estimated cost of approximately $8,400 per year and a boiler maintenance contract of $900 per year. Since the Commercial Unit

does not have access to the elevator and is responsible for its own service contracts, this budget item is allocated entirely to the Residential Units.

8. **Insurance: $14,565**

The insurance premiums are based on a letter dated August 25, 2006 from Walsh Insurance Group setting forth the following coverage:

PROPERTY: All Risk, Agreed Amount, Replacement Cost, $1,000 Deductible (with an "A+" Rated Insurance Company)

Building Value	$4,500,000
Boiler & Machinery	(included)
Comprehensive General Liability	$1,000,000 per occurrence/ $2,000,000 aggregate
DIRECTORS' & OFFICERS' LIABILITY	
Directors & Officers Liability	$1,000,000
Umbrella Excess Liability	$1,000,000
Total Premium:	$14,565

In the opinion of Grace Brightman of Walsh Insurance Group, the foregoing coverage is sufficient to replace the Building (exclusive of footings and foundations) in the event of a total loss during the First Year of Condominium Operation.

This quotation is a projection of rates for the First Year of Condominium Operation. However, because conditions in the insurance marketplace are volatile, it is not possible to predict exactly what the premiums will be for the First Year of Condominium Operation. Purchasers should be aware of the possibility of rate increases.

Sponsor will procure on behalf of the Board, on or before the date of the First Closing, the fire, casualty, and general liability insurance required to be carried by the Condominium. The insurance carried by the Sponsor prior to the date of the First Closing meets the requirements of the Sponsor's mortgage lender.

The insurance budget provides that the Condominium will have public liability insurance at closing. The 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 for the Condominium 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.

The insurance expense has been allocated on the basis of the Common Interest of the Commercial Unit and the Residential Units. As a result, 18.4% of this expense shall be paid by the Commercial Unit Owner and 81.6% shall be paid by the Residential Unit Owners.

9. **Management Fee: $6,000**

Based on the management agreement to be entered into with Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York on or before the First Closing, the Managing Agent will receive an annual fee of $6,000 payable monthly in equal installments, for the two (2) year contract. Reference should be made to the Management Agreement for further discussion of its terms

The responsibilities of the Managing Agent include, but are not limited to: billing and collecting Common Charges and assessments from Unit Owners; causing the Common Elements, to be maintained, repaired and altered in the manner deemed advisable by the Board of Managers; contracting for necessary services for the Common Elements (such as utilities and exterminating); purchasing all supplies necessary to properly maintain and operate the Common Elements; checking all bills received in connection with the operation of the Common Elements and causing all such bills and other expenses to be paid; supervising, hiring and discharging employees of the Condominium; rendering monthly statements of receipts and disbursements to the Board of Managers; maintaining payroll records; maintaining and operating bank accounts of the Condominium; attending to complaints of Unit Owners, tenants and subtenants, supervising the moving in and out of Unit Owners and tenants; and making all arrangements necessary for the holding of the meetings of the Unit Owners and the Board of Managers of the Condominium. See Section 24 of the Plan, entitled "Management Agreement and Other Contractual Obligations" for additional responsibilities of the Managing Agent.

The management fee expense has been allocated on the basis of the Common Interest of the Commercial Unit and the Residential Unit. As a result, 18.4% of this expense shall be paid by the Commercial Unit Owner and 81.6% shall be paid by the Residential Unit Owners.

10. **Legal and Audit Fees: $4,000**

Based upon the estimate of Alan J. Goldberger, CPA, with an address at 462 Seventh Avenue, 12th Floor, New York, New York 10018, $3,000 has been budgeted for fees to be incurred in connection with the preparation of the 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 financial statements will be certified by the accountants for the Condominium every year, for as long as the Sponsor is in control of the Board of Managers. The balance of the budgeted amount ($1,000) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

The Residential Units will pay 81.6% of this expense and the Commercial Unit will pay 18.4%.

11. **Reserve for Contingencies: $2,000**

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 Residential Units will pay 81.6% of this expense and the Commercial Unit will pay 18.4%.

12. **Miscellaneous: $2,000**

This estimate is included to provide for the estimated cost of miscellaneous administrative and other costs, including, but not limited to, telephone charges, inspection fees, license fees, permits, stationery, postage, printing and pager.

The estimated budget does not include an estimate for income taxes payable by the Condominium. Less than eighty-five percent (85%) of the total square footage of all Units of the Condominium will be used by individuals for residential purposes. Accordingly, the Condominium may not elect to be treated as a homeowner's association under Section 528 of the Internal Revenue Code. (See the Sections of the Plan entitled, "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Opinion of Counsel" (Sections 21 and 22 of the Plan, respectively, for further details.)

In the opinion of Milagros Martinez, the projected income for the Condominium is adequate to meet the estimated expenses for the First Year of Condominium Operation, assuming that such first year is the fiscal year commencing July 1, 2007. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges or Common Expenses for the first or 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.

Since the miscellaneous expenses benefit the residential and commercial portions of the Building, the Residential Units will pay 81.4% of this expense and the Commercial Unit will pay 18.4%.

Special Note regarding Closing Adjustments: 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 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 $10,000. For more detailed information, see Sections 15 and 16(B) of the Plan.

7. BUDGET FOR INDIVIDUAL ENERGY COSTS
SCHEDULE B-1

By letter dated April 11, 2006 Marino Gerazounis & Jaffe Associates, 116 West 32nd Street, New York, New York 10001, provided the following estimate of annual electric costs for lighting, and operating typical electrical appliances, including clothes dryers and air conditioning, in each Unit.

Estimated Electric Charges Metered to Residential Unit Owners:

Class of Unit	Estimated Sq. Ft. (Excluding Terrace)	Est. Annual KWH Used	Est. Annual Electric Cost for Air Conditioning (Note 1)
Unit 1, 2 & 3	1371	14,650	$2,930
Unit PH	2106	21,289	$4,258

Note 1. The electric estimate is based on a cost of $0.20 per kwh.

The projected rates are not guaranteed and it must be expected that these rates will increase with the passage of time and may be affected by many factors which are beyond the control of 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 occupants and weather conditions.

Note regarding 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 of electricity will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Board or Unit Owners, the rates of the utility company (which fluctuate periodically), and the possibility of changes in the methods of calculating charges by the utility company.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

TOTAL REALTY ASSOCIATES

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

September 27, 2006

Carmine Partners LLC
c/o Recap Partners Equities LLC
45 West 21st Street, Suite 501
New York, New York 10010

Re: 1 Seventh Avenue South
New York, 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 Managing Agent and 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
27th day of September, 2006

Notary Public

ANTHONY T. SIMARI
Notary Public, State of New York
No. 02SI6002629
Qualified in New York County
Commission Expires April 16, ~~2008~~ 2010

9. COMMERCIAL UNIT

The ground floor and cellar of the Building will have a Commercial Unit. The rights and obligations of the Commercial Unit, as set forth in further detail in the Declaration, By-Laws and Regulations, are as follows:

A. **Restrictions on the Use of the Commercial Unit.** The Commercial Unit may be used for any lawful commercial or professional purpose, subject to the restrictions set forth below and any other restrictions contained in the Declaration or By-Laws. The Commercial Unit may not be used for (i) any obscene or pornographic use or any sort of commercial sex establishment or for any nude or semi-nude live performance, such as modeling, rap sessions, or a so-called rubber goods shop or as a sex club, (ii) a dry cleaner with on-site cleaning, (iii) any form of gambling establishment, including, but not limited to, "Off-Track Betting (OTB)," (iv) a billiard parlor or pool hall, (v) an amusement arcade or center having income from coin-operated games or other electronic devices; (vi) massage parlor; or (vii) suntan parlor.

B. **Rights of the Commercial Unit Owner.** The Commercial Unit Owner is not required to obtain the approval of the Board of Managers or meet certain requirements imposed upon other Unit Owners in order to exercise a number of rights described in the By-Laws. Included among these are the right to transfer or lease the Commercial Unit without offering the Board of Managers the right of first refusal and the right to alter and subdivide the Commercial Unit without obtaining the prior consent of the Board of Managers, but only in accordance with the other terms of this Plan. In addition, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration, or the Regulations of the Condominium modifying the permitted uses of the Commercial Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the Commercial Unit Owner, shall be effective in any way against the Commercial Unit Owner, without the written consent of that Owner. Notwithstanding the foregoing, the Commercial Unit may not be altered in a manner which causes a material adverse impact upon the structure or utility systems of the Building.

C. **Common Charges Payable by the Commercial Unit.** The contribution of the Commercial Unit Owner to common expenses will be based on the percentage of Common Interest of the Commercial Unit Owner in the common charges of the Condominium. In the opinion of Milagros Martinez, President of Total Realty Associates, Inc. with respect to the adequacy of the commercial budget, the Common Charges payable by the Commercial Unit Owner are sufficient to cover the expenses fairly attributable to such Unit.

10. 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 affecting one or more lines of Units or Unit models 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 other Purchasers under this Plan for similar Units. However, no change will affect the percentage of Common Interest allocated to a Unit as to which the amount of the offering price was changed unless the consent of the affected Unit Owner is obtained.

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 change in the size, amount or quality of Common Elements will only be made with the consent of all Purchasers and/or Unit Owners directly affected.

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, 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.

The Sponsor shall not change the size, layout, location, other improvements, or Common Elements appurtenant to the Units if such changes affect the percentage of Common Interest of a Unit or adversely affect the value of any Unit to which title has closed, or for which a Purchase Agreement has been executed by Purchaser and Sponsor, unless all affected Unit Owners and contract vendee Purchasers provide written consent to such change. If Purchaser is in default then Purchaser's consent shall not be required. Notwithstanding the foregoing, the Sponsor reserves the right to make changes affecting contract vendee Purchasers (not in default) without consent, as long as the Purchaser is 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. If a contract vendee Purchaser is in default then his consent shall not be required.

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.

11. 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 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.

12. PROCEDURE TO PURCHASE

1. **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 and return the executed agreements to the Sponsor's counsel, Smith, Buss & Jacobs, LLP, 733 Yonkers Avenue, Yonkers, New York 10704, together with a check in an amount equal to 10 percent (10%) of the total purchase price for the Unit, drawn to the order of "**SBJ – One 7th Special 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.

2. **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.

3. **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 – One 7th Special Account** or similar name (the "**Escrow Account**") at Hudson Valley Bank, 865 McLean Avenue, Yonkers, New York 10704 within five (5) business days after execution and delivery of a Purchase Agreement to all parties. 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 0.67% per annum. 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. The signature of a member of Escrow Agent shall be required to withdraw any of such funds.

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 years after release of the funds.

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 the 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 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 contract. 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.

If insufficient funds are raised through the offering or otherwise to effectuate the contemplated transaction, or if Sponsor is unable for any reason to perform in accordance with the terms of the Purchase Agreement, and if the Purchase Agreement has been subsequently terminated as set forth above, such monies will be fully returned to him with interest, if any.

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 (11) and (12) 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.

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

(a) Failure to pay the balance of the total cash payment 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 Agreement had never been made (and without accounting to Purchaser for the proceeds of such sale), and Purchaser, and Sponsor shall be relieved of all further liability and obligations thereunder and under the Plan.

5. **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.

6. **Fees.** Counsel for the Sponsor will charge $1,750, payable by the 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, if a Purchaser adjourns the initial closing date set by the Sponsor, an adjournment fee of $250 will be charged.

The Sponsor has already cleared title through Royal Abstract of New York LLC. If a Purchaser elects to obtain title insurance through a company other than Royal Abstract of New York LLC, counsel for Sponsor will be required to spend significant additional time to clear title with Purchaser's title company due to such company's unfamiliarity with the Property. Purchasers will be responsible for the additional legal fees incurred by Sponsor's counsel for clearing title on Purchaser's behalf at such counsel's customary hourly rates, but not less than $500.

For further information regarding closing fees and adjustments, see Section 15 below.

7. **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 for 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.

As stated above, 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.

8. **No Financing Contingency.** Although a Purchaser may obtain financing from a lending institution, the obligation to purchase pursuant to a Purchase Agreement is not contingent on obtaining financing. The Sponsor does not make any representation as to the availability or terms of mortgage financing. Prospective Purchasers are advised to carefully consider their financing arrangements prior to executing a Purchase Agreement.

9. **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.

10. **Minimum Sales Requirement.** The Plan may be declared effective only after Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least one (1) Residential Unit, which represents twenty-five percent (25%) of the Units offered under this Plan. Even if the Plan is declared effective with the minimum number of executed Purchase Agreements, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number, if the Purchasers counted toward effectiveness do not ultimately purchase a Unit. The Plan must be declared effective when Purchase Agreements have been both executed and accepted by Sponsor for the sale of all four Units, representing a minimum of at least eighty percent (80%) of the Units offered under the Plan.

Even after a building is constructed and the Declaration is recorded, 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.

11. **Procedures for Release of Funds under Escrow Agreement between Sponsor and Special Closing Counsel**. In addition to the provisions in the subsection (3) above, the release of escrow funds shall be governed by the following:

(a) 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.

(b) The escrow agent shall hold the funds in escrow until otherwise directed in (i) a writing signed by both the Sponsor and Purchaser or (ii) a determination of the Attorney General, or (iii) a judgment or order of a court competent jurisdiction, or until released pursuant to subsection (d) below.

(c) The Sponsor shall not object to the release of the escrowed funds to (i) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan or (ii) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

(d) If there is no written agreement between the parties to release the escrowed funds, the Escrow Agent shall not pay the funds to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer 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 (12) below.

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

(a) In the event of a dispute, the Sponsor shall apply and the Purchaser or the Escrow Agent holding the down payments in escrow may apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereon. Forms for this purpose will be available from the Department of Law. The party applying shall contemporaneously send to all other parties a copy of such application.

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

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

(d) The Attorney General shall act upon the application within 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.

(e) If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until (i) 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 (ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent or (iii) the Escrow Agent deposits the disputed amount into court.

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

The form of a request to the Attorney General's office for resolution of disputes relating to the disposition of the down payment is included as Exhibit H.

13. **Effect of Delays in Closing Date**. The Sponsor anticipates the First Closing will occur on or before July 1, 2007. If the date of the First Closing is delayed beyond July 1, 2008, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements by notice given to the Sponsor by July 15, 2008.

14. **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. See Section 19(K) of the Plan for further information.

15. **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.

16. **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.

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 after the Plan has been declared effective and an amendment has been filed with the Department of Law substantiating same, and the 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. Within three (3) business days after such notice is given, an amendment to the Plan will be submitted to the Department of Law by the Sponsor stating that the Plan has been declared effective.

The Plan may be declared effective when Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least one (1) Residential Unit, which represents a minimum of at least twenty five percent (25%) of the Units offered under this Plan. The Plan must be declared effective when Purchase Agreements have been both executed and accepted by Sponsor for the sale of all four (4) Units, representing a minimum of at least 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, or is a principal of any of the foregoing, or related to any of the foregoing by blood, marriage or adoption or as 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 and before 80% of the Units have been purchased. 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 one-half 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 one-half 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. The foregoing stated dollar

amounts relied upon as a basis for abandonment after effectiveness exclude any attorneys' fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and are either known to the Sponsor or are a matter of public record.

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 and containing the provisions set forth in Subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than:

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, New York 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 renovation 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;

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 35 of the General City Law;

17. Any state of facts an accurate survey would show.

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 the 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 the 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, 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;

(a) Common Charges for the period from the First Closing to the end of the month in which same occurs;

(b) Wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building, if any;

(c) Fees for assignable permits and licenses, if any;

(d) Charges for electricity for the Common Elements, for which the Sponsor shall obtain a reading;

(e) Charges under service and maintenance contracts and concession agreements, if any;

(f) Metered water and sewer charges;

(g) Supplies on hand at Sponsor's cost (plus sales tax);

(h) Premiums for transferable insurance policies, provided that the amount and the

extent of coverage conforms to the disclosures in this Plan in Schedule B;

(i) Survival of tax certiorari rights and obligations; and

(j) 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 to a Purchaser, the Sponsor will collect the equivalent of four (4) months' Common Charges for the Working Capital Fund of the Condominium. Within ninety (90) days after First Closing, the Sponsor shall pay into the Working Capital Fund the equivalent of four (4) months' Common Charges for any remaining Unsold Unit. 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 Working Capital Fund. The Sponsor estimates that net adjustments will not exceed $10,000 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. 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 closes title to a Unit based on a Temporary Certificate of Occupancy, the Sponsor shall retain in escrow from the closing an amount, certified by an engineer or architect designated by the Sponsor, sufficient to perform any work required within the Unit to obtain a Permanent Certificate of Occupancy for the Unit. If the Sponsor has not obtained a Permanent Certificate of Occupancy for the entire project prior to 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. The amount retained in escrow may be disbursed only to pay for work or services in connection with completing the renovation and obtaining a Permanent Certificate of Occupancy. Any balance in the account after obtaining a Permanent Certificate of Occupancy will be disbursed to Sponsor.

(2) The recording 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. Such filings will be certified by the Tax Assessor of the County of New York 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 floor 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;

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 to the Unit, 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; and

5. Acceptance by the Department of Law of an amendment substantiating that the Plan has been declared effective.

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

1. GENERAL

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

A. Costs and Expenses

1. Fee title insurance. 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. For a Unit costing $1,950,000.00, the cost of fee title insurance would be approximately $7,985.00.

The Sponsor has already cleared fee title with Royal Abstract of New York LLC

("Royal"), 500 Fifth Avenue, Suite 1540, New York, New York 10110, agent for Commonwealth Land Title Insurance Company. Notwithstanding the foregoing, a Purchaser may obtain title insurance from a company other than Royal. However, in that event, the Purchaser will be liable for the additional fees of counsel for the Sponsor for clearing title with Purchaser's company at their usual hourly rates, but no less than $500. See subsection (d) below.

2. Title search charges and recording fees for recording the deed and Unit Owner's Power of Attorney.

3. 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 $1,560,000 mortgage simultaneously obtaining fee title insurance, the cost would be about $1,642.00.

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 in excess of $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 $1,560,000, the cost to a Purchaser would be approximately $30,005.00. Please note also the discussion of Mortgage Tax Credit in Section 16(1)(E) below;

(iv) Recording fee for recording of the mortgage, approximately $350.00.

(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.

4. Fees and expenses of Sponsor's counsel for closing of title ($2,500.00,

plus $250.00 if the closing takes place anywhere except in counsel's offices, a $250 adjournment fee for each adjournment of the closing date requested by Purchaser. The attorney's fees do not include the cost of clearing title for Purchaser's title company. If Purchaser uses a company other than Royal, Sponsor's counsel will charge for the time expended in clearing title at its usually hourly rates, but no less than $500. The additional fee for use of a different title company results from the substantial additional work required to clear title with a company unfamiliar with the Property, based on the complexity of the original purchase of the Property and subsequent reconfiguration of the base tax lot on which the Unit is located.

5. 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 $5,110.72 to $10,971.16, depending on the Unit.

6. New York State and New York City transfer taxes for Residential Units: For the purchase of a single Residential 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 $1,950,000:

(1) $1,950,000 x 1.425% = $27,787.50
(2) $1,950,000 x .4% = $7,800.00
(3) $1,950,000 + $27,787.50 = 7,800.00 = $1,985,587.50 [taxable consideration]
(4) $1,985,587.50 x 1.425% = $28,294.62 [RPT Tax]
(5) $1,986,000* x .4% = $7,944.00 [NYS Tax]

*rounded up by law

The NY 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%. The NY City Department of Finance currently does not aggregate the purchase price of two or more Units in calculating the tax rate; however, the purchase of two or more units is considered a commercial purchase. There is no guarantee that the City may not take a different position with respect to the purchase of two or more Units by the same Purchaser.

7. If the purchase price of the Residential 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.

B. 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:

1. 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.

2. 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.

3. Interest on the purchase price at twelve percent (12%) per annum due to any adjournment in closing of title at 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.

C. Escrows with and Payments to Condominium at Closing.

1. 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(1)(B) 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 on or before May 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.

2. 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.

D. Summary: Typical Closing Costs, Adjustments, Escrows. A Purchaser of a Residential Unit costing $1,950,000 will pay the following typical estimated costs:

Fee Title Insurance ($7,985)
Title search ($600)
Recording charges ($400) (for deed and Power of Attorney)
Sponsor's Legal Fees ($1,750)
NYC Real Property Transfer Tax ($28,294.62)
NYS Transfer Tax ($7,944)
Additional Tax ($19,500)

In addition, a Purchaser will make a mandatory contribution to the Working Capital Fund of approximately $5,110.72 to $10,971.16 depending on the Unit.

If the Purchaser is obtaining mortgage financing in the amount of $1,560,000, the Purchaser can anticipate the following expenses of financing: mortgage title insurance, simultaneous rate ($1,642); NYS and NYC mortgage tax ($30,005 for a residential mortgage at current mortgage tax rate of 2.175%); and recording charges ($400.00).

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, but 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.

E. 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, 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."

Prior to the closing date, the Sponsor will have paid a mortgage recording tax for a construction loan mortgage on the Property. Pursuant to the above Section of the New York Real Property Law, it is specifically understood that such credit shall inure to the benefit of the Sponsor. 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 is allowed.

2. 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. The Sponsor used mortgage financing on the Property for construction. The Sponsor shall obtain partial releases of mortgage or mortgage satisfactions for the First Closing, and as required thereafter. 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. The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Units in the Condominium 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 significant decline in market values of at least ten percent (10%) 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.

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-resident owners may disagree as to expenditures for items such as lobby and hallway decorations and capital improvements, to exercise the Condominium Board's right of first refusal to purchase or lease a Unit, or to borrow money to alter or improve the Building.

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.

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 materialmen and all others involved in the renovation of the Units and Common Elements for the authorized and proper work performed and fixtures, material and equipment supplied or installed in connection with said renovation.

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 (or its counsel) shall be entitled to certain reimbursements for real estate taxes, Common Charges, adjournment fees, 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 or her 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). See Section 11, entitled "Procedure to Purchase" for further details.

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 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.

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 after the transfer of one (1) or more Units or 20 percent (20%) of the total number of Units in the Condominium, whichever is less, the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the Sponsor for those Units under the offering Plan, applicable law or regulations.

9. The Sponsor has financing Eastern Savings Bank, FAB Executive Plaza,11350 McCormick Road, Suite 200 Hunt Valley, MD 21037. The loan contains special terms relating to minimum release prices. The lender does not (i) require any minimum number or percentage of Units which must be under contract before the Plan can be declared effective, or (ii) impose any limits or requirements on the Sponsor's right to rent, rather than sell Units.

10. The Sponsor will diligently, expeditiously and at Sponsor's own cost, complete the construction of the Units and Common Elements substantially in accordance with all applicable building codes, approved building plans and the specifications described in the Plan. If any work still remains to be done to complete such work, then provided such work will not

prevent the issuance of a 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 materials 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 the architect's plans, the Description of Property and Building Condition in Exhibit D 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 Agreement and receive from Sponsor a return of any deposit or down payment within fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor.

11. 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 closes title to a Unit based on a Temporary Certificate of Occupancy, the Sponsor shall retain in escrow from the closing an amount, certified by an engineer or architect designated by the Sponsor, sufficient to perform any work required (i) within the Unit to obtain a Permanent Certificate of Occupancy for the Unit and (ii) to complete the public portions and common areas. If the Sponsor has not obtained a Permanent Certificate of Occupancy for the entire project prior to 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 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.

12. 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.

13. In accordance with Section 339-p of the Real Property Law, 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 building plans as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings.

14. During the time the principals of the Sponsor control the Board of Managers, it is within their sole power to enforce the obligations of the Sponsor pursuant to the Plan and pertaining 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.

15. The Sponsor will assign to Unit Owners 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.

16. 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 of the Sponsor's expenses associated with transfer of Units , 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.

17. 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.

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

19. 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.

20. 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.

21. 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, materialmen, 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 the terraces or balcony doors if the Purchaser has not installed storm doors, or floor discoloring and stretching.

22. Sales of Units are subject to a limited warranty. The material terms of the limited warranty are summarized in Section (C) below. The full text of the limited warranty is set forth as Exhibit A to the Purchase Agreement in Part II of the Plan.

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 Paragraph "1" above, such rights reserved to Sponsor and its designees 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, General Common Elements, Limited Common Element 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. Warranties. Sales of Units are subject to a limited warranty ("**Warranty**") given by the Sponsor. The material terms of the Warranty are as follows:

1. For one 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 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 in Part II of the Plan.

2. 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.

3. (i) A Purchaser cannot make a claim for incidental, consequential, special or indirect damages; (ii) a Purchaser's recovery for property damage under the Warranty 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.

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. THE 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.)

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.

Except as expressly provided in this Plan, the Sponsor will not be obligated to correct, repair or replace any defects relating to renovation of the Units or the General or Limited Common Elements, or the installation or operation of any appliances, fixtures, or equipment therein. The Sponsor will not warrant the materials or workmanship of any Unit or any of the Common Elements.

D. Sponsor's Right of Access, Alterations and 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 Paragraph "1" 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 to access in and to Units, Common Elements, Residential Limited Common Elements, Commercial Limited Common Elements, Restricted Residential Limited Common Elements, Restricted Commercial Limited Common Elements (if any) 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.

E. Power of Attorney. 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 Power of Attorney, Exhibit B, and the Declaration, Exhibit E, in Part II of the Plan.

17. CONTROL BY THE 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 ("First Anniversary"), the Board of Managers shall consist of two (2) persons designated by Sponsor. Accordingly, until such First Anniversary, 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 seventy-five percent (75%) or (ii) two (2) years after the First Unit 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.

During the Control Period, the Board of Managers shall consist of three (3) persons who are designated by the Sponsor. Within thirty (30) days of the expiration of the Control Period, the Sponsor shall hold a meeting of Unit Owners in order to elect new Board members. A majority

of the Board of Managers elected after the expiration of the Control Period shall be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals.

Until such time as the Unsold Units constitute less than seventy-five percent (75%) of the Common Interest, or two (2) 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 contracts 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 designees; 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. Right of First Refusal for Sale or Lease. Subject to the qualifications described below, each Unit Owner may freely sell or lease his Unit provided he first gives the Condominium Board, on behalf of all Unit Owners, an opportunity to purchase or lease such Unit at the same price and on the same terms offered in good faith by a prospective Purchaser as more specifically provided for in the By-Laws in Part II of the Plan. The Unit Owner will indicate whether or not a 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. If the Condominium Board fails to notify the Unit Owner of its election to purchase the Unit within forty-five (45) days after receipt of the Unit Owner's notice (or, if additional information is requested after reviewing the submissions of the Unit Owner, within thirty (30) days after receipt of all additional information reasonably required by the Board of Managers), the Unit Owner will have sixty (60) days to accept the outside offer of the prospective Purchaser or lessee, failing which the Unit Owner will be required to again first offer same to the Condominium Board. For additional details on the Right of First Refusal, see Section 19(H) of the Plan.

2. Restrictions Contained in Leases. Leases of Units shall be consistent with the By-laws and shall be subject to additional restrictions including, but not limited to provisions 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 Condominium 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 30 days prior written notice upon foreclosure of the lien granted by Section 339-z of the New York State Real Property Law; and a minimum term length of at least six (6) months. See Article X of the By-Laws for further details. The Board of Managers may impose other reasonable regulations governing the leasing of Units, so long as such regulations do not materially interfere with the ability of the Unit Owner to lease the Unit. Except as described above, 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 Regulations of the Condominium.

3. Title to a Unit may not be conveyed nor may a Unit be leased unless all unpaid Common Charges and liens against such Unit (other than a permissible mortgage) are paid and satisfied at or prior to closing.

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 Condominium 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. Notwithstanding the foregoing restrictions, a Unit Owner may lease, sell or convey the Unit to a spouse, adult child, parents, parents-in-law or adult sibling, or may convey his Unit by gift, may devise his Unit by will, or have it pass by intestacy, without first offering the Unit to the Condominium; however, each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the preceding restrictions.

The restrictions upon the sale and lease of Units set forth in this Section 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 foreclosure; they shall be free to sell or lease without first offering to sell or lease to the Condominium Board, and without any form of consent.

B. 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 any arrearage for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefor. The By-Laws provides 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 other Units and serving his Unit. 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. 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 of Units; Restrictions on Use and Occupancy. 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. Such 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 further provided that the prior written consent of the Board of Managers 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, 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. Additionally, as previously set forth, 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 "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size.

No exterior of a Unit, the windows or doors thereof, or any other portions of the Common Elements shall be painted or decorated by any Owner in any manner without prior written consent of the Board of Managers.

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.

No Unit shall harbor more than two (2) pets, without the written consent of the Board of Managers.

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.

Under the Condominium Regulations, 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.

The Board of Managers may establish additional restrictions on short-term occupancy of Units, whether or not consideration is being paid by the occupant to a Unit Owner.

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.

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 on 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 of the Condominium. 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 on 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 New York 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 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 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 Condominium 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 shall also be entitled to collect all rental payments due from a tenant to a non-occupying Unit Owner if the non-occupying Unit Owner 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 (except painting the exterior side of a Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units 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) 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 the Board of Managers at the expense of the

Condominium, 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); by the Unit Owner having direct and exclusive access to a Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs; and with respect to the Limited Common Elements appurtenant to a Commercial Unit, by the owner of the Commercial Unit who has use of or derives benefit from the particular Limited Common Element.

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) at the discretion of the Condominium Board, or to charge the Unit Owner for the cost of any Repair, if the Condominium determines that the Repair is required due to the negligence of the Unit Owner.

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 Residential Unit without the consent of the Board of Managers as described below. No Residential 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 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 ("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 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.

Notwithstanding the foregoing, the consent of the Board of Managers is not required in order for the Sponsor or the Commercial Unit Owner to make alterations or additions to Unsold Units or the Commercial Unit, 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.

H. Use of Limited Common Elements. Certain Units have access to a balcony or terraces which are reserved for the exclusive use of the Unit Owner. Each Unit shall have a storage space in the cellar. The balconies, terraces and storage spaces are deemed Limited Common Elements. 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 (i.e., enclosing a roof area) 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 (i) by the Board of Managers at the expense of the Condominium, 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) (ii) by the Unit Owner having direct and exclusive access to a Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs; and (iii) with respect to the Limited Common Elements appurtenant to the Commercial Unit, by the owner of the Commercial Unit who has use of or derives benefit from the particular Limited Common Element. 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 Condominium Board, or to charge the Unit Owner for the cost of any Repair, if the Condominium determines that the Repair is required due to the negligence of the Unit Owner.

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 9 of Schedule B.

The 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 other Unit Owners in order to exercise a number of rights described in the By-Law, 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 transfer or lease a Unit without offering the Board of Managers the right of first refusal; (iii) 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 (iv) 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. 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 not less than two (2) and not more than five (5). The Unit Owners shall hold annual meetings and at each such meeting they shall elect members of the Board of Managers. Each Unit Owner, including the Sponsor or its designee, shall be entitled to cast one vote for each 0.01% 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 except that when voting for the election of members of the Condominium Board, each Unit Owner: (i) shall be entitled to one (1) vote for each 0.01% of Common Interest attributable to his Unit per member to be elected, and (ii) shall not have the right to cumulate his votes in favor of any one or more members to be elected. 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 Condominium 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 (1/3) 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 two (2) members. The Sponsor contemplates that the first two Board members will be Jesse L. Keyes (a principal of the Sponsor) and Widjaja Hatta (a principal of the Sponsor.) Accordingly, until such First Anniversary, 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. Thereafter, the Sponsor shall relinquish voting control of the Board of Managers at the first 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 seventy-five percent (75%), or (ii) two (2) 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 Condominium Board members unaffiliated with the Sponsor.

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 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 of Managers 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 17of the Plan).

After the Control Period expires, the number of Managers may be changed by a vote of the Unit Owners at their annual meetings prior to the election of the next Board of Managers. The Managers shall be elected at each annual meeting of the members for a term of one (1) year. To the extent that the Sponsor is entitled to designate members of the Board of Managers, such designation shall reduce the number of Managers elected by the Unit Owners during that year.

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 initial Sponsor Control Period expires, a majority of the Board of Managers may be comprised of both owner-occupants and non-resident owners (or members of their households unrelated to the Sponsor and its principal.) Owner-occupants and non-resident owners, 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-resident owner who has purchased for the purposes of an investment.

Except for a member of the Board of Managers designated by Sponsor, 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. Any member may be removed from the Board of Managers for cause, including members designated by the Sponsor, by the affirmative vote of a majority of disinterested members of the Board.

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 Condominium 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 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 to exercise certain rights on behalf of the Condominium, such as exercising or waiving a right of first refusal to purchase or lease a Unit (and taking such steps as may be needed to implement such action), borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, protesting the Condominium's real estate tax valuations with the City of New York, or amending the Declaration and By-Laws of the Condominium. The form of Power of Attorney appears as Exhibit B in Part II of the Plan.

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 either 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 exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units 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 Condominium, 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), (b) by the Unit Owner having direct and exclusive access to a Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs; and (c) with respect to the Limited Common Elements appurtenant to the Commercial Unit, by the owner of the Commercial Unit who has use of or derives benefit from the particular Limited Common Element.

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, or to charge the Unit Owner for the cost of any Repair, if the Condominium determines that the Repair is required due to the negligence of the Unit Owner.

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 Condominium 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 three (3) years from the First Closing, 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) of the Plan.

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.

Within sixty (60) days after the First Closing, the Board of Managers shall have the right to select an Insurance Trustee as such term is defined in Article VII of the By-Laws of the Condominium.

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 cost of all such insurance and the fees and expenses of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a Common Expense.

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 in 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 in 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 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 proportionate 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 all 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 of Managers and the financial records of the Condominium. The Board of Managers 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 from Unit Owners electing to sell or lease such Unit or 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 for Unit Sales and Leases.

1. Any exercise by the Board of Managers of the Condominium's right of first refusal with respect to Unit sales and Unit leases must be approved by a majority of Unit Owners present at a meeting duly called with a quorum present.

2. In administering the right of first refusal with respect to any sale or lease of a Unit the Condominium Board shall be required to exercise such rights, if at all, within forty-five (45)

days of its receipt of the later of (a) 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 or (b) all other information reasonably required by the Board of Managers. See Sections 18 and 19 of the Plan for a detailed description of the rights and obligations of the Board and Unit Owners in this regard.

3. The Board of Managers will not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status, or other grounds prohibited by law in exercising the right of first refusal and resale of such Units.

4. In the event the Board of Managers does exercise the right of first refusal, 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 of Managers on behalf of all Unit Owners in proportion to their percentage of Common Interest. 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. While owned by the Board of Managers, such Unit may be used for any purpose that it could be used for by an individual Unit Owner. However, in no event may the Board of Managers at any meeting of Unit Owners vote the votes appurtenant to that Unit.

5. All leases must be for a minimum period of six 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). All leases shall be consistent with the By-Laws and shall contain such reasonable conditions as the Board of Managers may impose in order to protect the physical and financial security and continuity of the Condominium, including (but not limited to) provisions that a lease 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 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 New York State Real Property Law; and that the Board of Managers may establish other reasonable regulations governing leases of units from time to time, so long as such regulations do not materially interfere with the ability of a Unit Owner to lease his or her Unit. 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.

The foregoing restrictions on 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 a deed in lieu of foreclosure.

6. Each Unit Owner, at the closing of title to his Unit, shall be required to execute a

Power of Attorney in the form contained in 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 a right of first refusal to purchase a Unit and the right to consent to all leases (and taking such steps as may be needed to implement such action), selling, conveying, mortgaging, leasing, subleasing (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or their designee, on behalf of all Unit Owners, 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 the Unit Owners, provided however, that:

1. 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.

2. 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 attorney 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 the Board of Managers to exercise certain rights on behalf of the Condominium, such as exercising or waiving a right of first refusal to lease a Unit (and taking such steps as may be needed to implement such action),

borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, protesting the Condominium's real estate tax valuation with the City of New York, or amending the Declaration or By-Laws. The form of Power of Attorney appears as Exhibit B in Part II of the Plan. The Power of Attorney will reflect the rights of the applicable parties to amend the Declaration to implement these changes.

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 Interests, 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

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 subject to, any lien arising from the non-payment of taxes on other Units.

Under Section 339-y of the New York State Real Property Law, 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 New York State 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. However, subject to the foregoing limitations, the tax assessment for each Unit may be allocated on a basis that differs from the allocation of Common Interests.

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 from the non-payment of taxes on other Units. Each Unit Owner's real estate taxes will be based on his or her percentage of Common Interest of the real estate taxes determined for the entire Property.

As set forth in the opinion letter from the law firm of Tuchman, Katz, Korngold & Gelles, 6 East 45th Street, New York, New York 10017 (the "Korngold Opinion") the Property is expected to be assessed at "actual value" for the 2007/2008 tax year. The real estate tax estimates

presume that the Sponsor will complete construction in June 2007 and that the First Year of Condominium Operation will commence on July 1, 2007.

Using the relative rental values of the Residential Units, the Korngold Opinion estimates that taxes for the Residential Units during the First Year of Condominium Operation will have an actual valuation of $158,000 for tax year 2007/2008 (July 1, 2007 through June 30, 2008) at a tax rate of $11.50 per $100 of assessed valuation. The resulting projected taxes for the period are $18,170. The Korngold Opinion projects that in the second year of Condominium operation (July 1, 2008 through and including June 30, 2009) the full post-construction tax for the residential portion of the Building calculated with a rate of $12.50 per $100 of assessed value will equal $93,750 without 421-a benefits. The Korngold Opinion anticipates that the Residential Units in the Building will be designated "Tax Class 2C", but because this is new construction, the usual five (5) year phase in period for increases in actual assessed value will not apply. Instead, increases in assessed valuation will be added in full to the next year's assessment. Therefore, the initial increase attributable to the construction of the Residential Units is not limited and the 2008/09 tax year (post-construction) assessed valuation will reflect the cost of construction.

It is anticipated that the Commercial Unit (Tax Class 4) will be assessed separately from the Residential Units (Tax Class 2C). It is estimated that the taxes for the Commercial Unit during the First Year of Condominium Operation will have an actual valuation of $42,000 for tax year 2007/2008 (July 1, 2007 through and including June 30, 2008) with a tax rate of $11.50 per $100 of assessed valuation. The resulting projected taxes for the period are $4,830. The Korngold Opinion estimates that for the first post-construction budget year or second year of Condominium operation (July 1, 2007 through and including June 30, 2008) taxes for the Commercial Unit will total $23,000 at a rate of $11.50 per $100 of assessed value in the absence 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 ten (10) years as set forth below.

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

The Korngold Opinion estimates that with 421-a Benefits in effect, taxes affecting the Residential Units during the second year of condominium operation will be substantially reduced. Assuming an assessed valuation of $750,000 with a tax rate of $12.50 per $100, only

$101,886 of the assessed value would be subject to tax. The resulting projected taxes for the period are $12,736.

The Sponsor shall use its best efforts to complete the necessary applications for 421-a Benefits and shall comply with all requirements that stem from such applications. If 421-a Benefits are granted, and the Sponsor is still in control of the Board, then the Sponsor shall cooperate with the taxing authority in order to maintain such benefits. Notwithstanding the foregoing, there is no guarantee that 421-a Benefits will be granted.

The By-Laws of the Condominium provide 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.

Annexed hereto is the Korngold Opinion.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

TUCHMAN, KATZ, SCHWARTZ, GELLES, KORNGOLD & WEISS, LLP
COUNSELORS AT LAW
6 EAST 45TH STREET, NEW YORK, N. Y. 10017
(212) 687-3747
FAX: (212) 599-4459

BERT TUCHMAN
PAUL J. KORNGOLD
ERIC S. WEISS
JENNIFER POLOVETSKY

WALTER R. GELLES
HOWARD L. SCHWARTZ
COUNSEL

May 6, 2006

Carmine Partners LLC
45 West 21st Street
Suite 501
New York, New York 10010

RE: 1 Seventh Avenue South
a/k/a 67-69 Carmine Street
Block 582, Lot 43
Borough of Manhattan
City of New York

Dear Sir or Madam:

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

You have requested our opinion concerning the real property assessment and taxes to be levied upon the captioned premises for the first year of condominium operation which you have advised us will be the period July 1, 2007 through June 30, 2008. You have advised us that the project will consist of the demolition of the existing nonresidential building and the construction of a six story (including penthouse) condominium with four residential units and one nonresidential commercial retail unit.

In order to prepare this letter and the opinion set forth herein, you have supplied us with certain information upon which we have relied. This information consists of the fact that you purchased the premises in July of 2005 as well as the anticipated renovation costs. You have advised us that construction will commence in the early Spring of 2006 and construction will be completed by the Summer of 2007. You have also supplied us with square footage information, plans and a Description of Property and Specifications prepared by Jonathan Marvel, AIA.

We have also considered the recent tax assessment history of the property, the cost of the new project, the potential income for the converted structure (if operated as a rental), comparable

properties in the Borough of Manhattan which have been newly constructed or undergone renovation as well as market conditions in the general area.

Tax assessments in New York City are made on a fiscal year basis running from July 1 of any one year to the next succeeding June 30. The status of the building on January 5 of any one year is the basis of the assessment for the fiscal year beginning that July 1. The tentative assessment roll containing the tentative 2006/2007 tax assessments was published on January 15, 2006. The total actual assessed value for the tax year 2006/2007 is in the amount of $187,650 and the transition assessed value is in the amount of $161,730.

We have given consideration to the following factors:

1. The current claimed standard of assessment used by the Real Property Division of the New York City Department of Finance is to assess at 45% of value.

2. The estimated cost of the construction.

3. The potential capitalized net income of the property.

4. Tax Assessments of comparable properties.

Real Property Tax Law Section 581 provides that cooperative and condominium apartments shall be assessed for tax purposes as if the building was a comparable rental property. Thus, the Department of Finance is prohibited from utilizing the sales prices of the individual condominium units in determining the assessed valuation. Therefore the prices that you set in your offering plan and any subsequent sales or resales are not relevant in determining the assessed value of the property or of the individual condominium units. Upon conversion to a condominium and after an application is submitted by you, the New York City Department of Finance shall assign individual tax lot numbers to each of the condominium units. The residential units will be designated as a tax class 2C property and will pay taxes based on the tax class 2 tax rate. The commercial unit will be designated as a tax class 4 property and will pay taxes based on the tax class 4 rate. The current 2005/06 class 2 tax rate has been set at $12.396 for each $100 of assessed valuation and the tax class 4 rate for 2005/2006 was set at $11.306 for each $100 of assessed valuation. The 2006/2007 tax rate will not be set until later this year.

Real Property Tax Law Section 1805 provides for the creation of a transition assessment system within the City of New York. The transition assessment applies to tax class 2, 3 and 4 properties and thus it will affect the nonresidential unit. Under the transition assessment system, the usual increase in the actual assessed value of a property between one year and the next is phased in over a five year period in equal installments. The five year phase in does not apply to new construction or other increases due to physical improvements to the property. Increases due

to such physical improvements or new construction are added in full to the next year's assessment. Pursuant to Real Property Tax Law Section 1805, the taxable assessment is determined to be the lesser of the actual assessed valuation or the transition assessed valuation. There will be a substantial increase in value for 2008/2009 as a result of the new construction which will be placed on the assessment roll immediately and not subject to the five year phase in. Due to the fact that most of the increase in assessed valuation is due to the new construction, we are not projecting a transition assessed value, although in future years after construction has been completed, increases in assessed value will likely result in the taxable assessment being based on a phased-in transition assessed value.

Tax Class 2C is a protected residential tax class which limits the increases in assessed value that may be imposed on the residential condominium units. Pursuant to Real Property Tax Law Section 1805, the assessor shall not increase the assessment of any parcel in this tax class in any one year, as measured from the actual assessment on the previous year's assessment roll, by more than eight percent and shall not increase such assessment by more than thirty percent in any five-year period. Increases due to physical improvements or new construction are added in full to the next year's assessment and are not subject to the 8% and 30% limitations. Therefore, the increase in the assessed value which we forecast below for the 2006/2007 tax year due to the new construction will not be subject to the 8% and 30% limitations. Tax Class 2C does not have a transition assessment.

On June 1, 2004, Governor Pataki signed legislation extending the existing property tax abatement law for New York City cooperative and condominium owners through June 30, 2008 at the rate of 25% for buildings with average assessments of $15,000 or less per unit, and 17.5% where assessments are higher. As set forth later in this letter, this property is expected to receive a 421-a tax exemption and therefore in predicting the taxes on this building we have not given any consideration to this possible tax benefit.

We believe that the building portion of the tax assessment will not appear on the 2007/2008 final assessment roll in that it will be removed pursuant to New York City Administrative Code section 11-209 which provides for the removal of building assessments for new buildings in the course of construction which are not ready for occupancy by the following April 15th. Since the construction will have commenced after January 5, 2006 and prior to January 5, 2007 and the building will not be completed until the Summer of 2007, New York City Administrative Code section 11-209 will mandate that there be no building assessment. Accordingly, we believe that the 2007/2008 final assessment roll will only reflect a land assessment when it is published on May 25, 2007 and we have computed real estate taxes due for the first year of condominium operation on that basis.

Predicated upon the foregoing, it is our opinion that the actual assessed valuation for tax year 2007/2008 will be in the amount of $200,000 and the post construction assessed value for

2008/2009 will total $950,000. We caution you that in the event you complete your construction earlier than anticipated, then it is possible that the partially constructed building will have an assessed valuation. We have allocated the total assessed values as follows:

	2007/2008
Commercial	$42,000
Residential	$158,000

	2008/2009
Commercial	$200,000
Residential	$750,000

In the past we have been advised that in determining the assessed values for the individual residential units, the Department of Finance may possibly use (1) the residential common interest percentages or (2) utilize the ratio of the Schedule A sales prices of any individual unit to the total sales prices of all residential units to determine the percentage of the total assessed value to be attributed to each residential unit or (3) utilizes the ratio of square footage contained in each unit to the total square footage. We have now been advised in determining the assessed values for the individual residential units, the Department of Finance, commencing with the 2006/2007 assessment roll will follow the residential common interest percentages set forth in the condominium declaration if such percentages are rationally and fairly determined. We offer no opinion as to which is the correct methodology to make this allocation.

We caution you that it is likely that there will not be an official apportionment of the tax assessment for the 2007/2008 tax year and you should include in your offering plan a provision to unofficially apportion the tax liability among the units consistent with the way common charges are apportioned until such time as an official apportionment of the assessed value is made and becomes effective.

Therefore assuming the class 2 tax rate increases to $12.50 for each $100 of assessed valuation and the class 4 tax rate increases to $11.50 for each $100 of assessed valuation, we make the following projections of the real estate taxes prior to any tax exemptions or abatements for the budget year January 1, 2007 through December 31, 2007 and the first post construction budget year:

July 1, 2007 through June 30, 2008 [1]

Unit	Apportioned Assessed Value	Tax Rate	Tax
Residential	$158,000	.115	$18,170
Commercial	$42,000	.115	$4,830

July 1, 2008 through June 30, 2009

Unit	Apportioned Assessed Value	Tax Rate	Tax
Residential	$750,000	.125	$93,750
Commercial	$200,00	.115	$23,000

You have also requested our opinion as to the eligibility of the above referenced property to receive a 421-a real estate tax exemption. The 421-a Tax Exemption program was enacted pursuant to Section 421-a of the Real Property Tax Law of the State of New York, Section 11-245 of the Administrative Code of The City of New York and has been implemented through regulations promulgated by the New York City Department of Housing Preservation and Development. The law is designed to encourage construction of new multiple dwellings by offering an exemption from real estate taxes for a period of years. The exemption covers the increase in assessed valuation resulting from construction of a new building over the prior assessed valuation on the property and eliminates for a period of years any taxation on that increase in assessed valuation. The exemption does not eliminate all real estate taxes.

You have advised us that (1) prior to the commencement of construction and on a date three years prior to commencement, the property met the underutilization requirements of the regulations, (2) all work will be performed in accordance with law and that all required filings have or will be will be made with the Department of Buildings and all agencies having the appropriate jurisdiction, (3) construction will commence in the Spring of 2006 but no later than

---

[1]Since there will probably be no apportionment for 2007/2008, the allocation of value was determined by using the approximate projected post construction relationship. The entire property will thus probably be taxed at the commercial tax rate for 2007/2008.

June 30, 2006 and you expect construction to be completed in the summer of 2007. You have further advised us as to the square footage breakdown between the units and it is clear that the commercial space shall occupy more than 12% of the aggregate floor area. The 421-a law requires a reduction in benefits in the event that more than 12% of the project is deemed to be non-residential footage. Under the current law, buildings which are owned in condominium form will get a reduction in 421-a benefits which shall first be applied to the nonresidential units. As a part of the 421-a application, you will be required to submit a certification from your architect detailing the location of the aggregate floor area of all units. Based upon the information provided to us, we estimate that approximately 19% of the building shall be deemed nonresidential and thus 7% of the otherwise exempt total shall be subtracted from any exemption otherwise given to the nonresidential unit. We caution you that the estimate we make are based upon preliminary numbers and upon examination of your architect's certification. HPD may determine the amount of the exemption reduction to be calculated in a different amount. We do not believe that any difference in the final numbers will affect the residential units.

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

Commencement of construction. "Commencement of construction"' shall mean the date upon which excavation and the construction of initial footings and foundations commences in good faith. An architect or professional engineer licensed in the State of New York shall certify that such construction commenced on such date and that such construction was thereafter completed without undue delay.

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

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

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

Although we have been advised by you that work is expected to be completed in the Summer of 2007, as long as work is completed within 3 years of commencement, there will be no reduction in 421-a tax exemption benefits.

In order to be eligible for 421-a tax exemption benefits, there are certain preconditions which must be met. A major precondition is the site eligibility test. In order to be eligible for

421-a tax exemption benefits, the land on which the project is located must have been "vacant, predominantly vacant, under-utilized or improved with a non-conforming use on the operative date." "Operative date" is defined in the regulations to be the date 36 months prior to commencement of the project. Since the project will be commenced in the Spring of 2006 (which is during the 2005/2006 tax year) with the installation of new foundation and footings, but no later than June 30, 2006, the operative date would be the Spring of 2003, which corresponds to the 2002/2003 tax year.

The 421-a regulations include in their definition of "underutilized" that if on the Operative Date, it was improved with a nonresidential building or buildings each of which had an Actual Assessed Valuation equal to or less than fifty percent (50%) of the Actual Assessed Valuation of the land on which the buildings or buildings were situated. Tax lot 43 was designated for the 2002/2003 tax year as tax class 4 non residential property and further meet the site requirements as follows:

Land AV	Bldg AV	Total AV	Bldg to Land Ratio
$117,000	$18,000	$135,000	15.4%

Therefore this project will meet the site eligibility test.

Geographic Exclusion Area Limitation. Projects in the Geographical Exclusion Area in parts of Manhattan are not eligible for 421-a tax exemption benefits unless certain additional requirements are met. This project is located in the Geographical Exclusion Area, and thus is subject to these limitations. The law, however, allows you to obtain eligibility for 421-a tax benefits even if you are in the Geographic Exclusion Area if you obtain negotiable certificates. You have advised us that you will purchase whatever number of negotiable certificates are necessary to meet the eligibility requirements. Assuming such purchase is completed prior to the date you obtain your certificate of occupancy, you will not be subject to the Geographic Exclusion Area Limitation.

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

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

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

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

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

In addition, multiple dwellings which satisfy all of the requirements of the law and receive a Preliminary Certificate of Eligibility shall be exempt from real property taxes, other than assessments for local improvements, upon any increase in assessed valuation over the prior assessed valuation during the statutorily defined period of construction, or for a period of three years, whichever is less, provided that taxes shall be paid in each year for the remaining tax that shall be due.

Real Estate taxes shall be based initially on the assessed value on the property for the year prior to commencement of construction multiplied by the current tax rate. This tax is sometimes known as the mini-tax. Since work will commence during the 2005/2006 tax year, the mini-tax will be determined by multiplying the 2004/2005 assessed value by the current tax rate. For 2004/2005, according to the Department of Finance AVHS printout, the taxable transition assessed value was $128,970. We have allocated this taxable transition assessed value to put $101,886 on the residential assessed value and $27,084 on the commercial assessed value. Therefore, assuming the tax rate is $12.50 per one hundred dollars of assessed valuation, the total mini-tax for the residential units shall be $12,736.

Based upon the information you have given to us and assuming the application is submitted shortly after you have commenced construction, we expect that the 421-a tax exemption benefits to be in effect before the tax bills are issued for the 2008/2009 tax year. Any 421-a benefit for 2007/2008 shall be given retroactively.

421-a tax benefits are not automatic. An application must be made to the Department of Housing Preservation and Development. This application must contain supporting documentation such as copies of all city permits and approvals, and an accountant's certification. All information contained in a 421-a application must be true and complete. The application is subject to an audit after the certificate of eligibility has been issued. These benefits may be revoked if an application contains false information. In addition, an application must be submitted to HPD prior to the issuance of a permanent certificate of occupancy. Our office has been retained to submit this application and provided you furnish all required documentation to us, the application will be submitted in a timely manner and processed in accordance with law.

We had previously set forth above our estimate of the taxes for the initial budget year July 1, 2007 to June 30, 2008 and the first post construction tax year. However utilizing the assumptions and estimates contained above, we estimate the taxes on this property after 421-a tax exemption will be determined as follows for the corresponding years.

July 1, 2007 through June 30, 2008

Unit	Assessed Value	Exempt Value	Taxable Value	Tax Rate	Tax[2]
Residential	$158,000	$56,114	$101,886	.115	$11,717
Commercial	$42,000	$17,797	$24,203	.115	$2,783

July 1, 2008 through June 30, 2008

Unit	Assessed Value	Exempt Value	Taxable Value	Tax Rate	Tax
Residential	$750,000	$648,114	$101,886	.125	$12,736
Commercial	$200,000	$117,535	$82,465	.115	$9,483

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

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

---

[2]The 421-a exemption for 2007/2008 will be applied retroactively and will result in a slight refund.

3,000 buildings in the City of New York, and file applications for correction of the tax assessments and tax exemptions/tax abatements on these properties. This firm and its predecessors have been engaged in such practice for a period of approximately 50 years. Additionally, the writer is the chairman of the Law Committee of the Associated Builders and Owners of Greater New York, a director of both the New York State Builders Association and the Associated Builders and Owners of Greater New York, a past member of the Tax Certiorari and Condemnation Committee of the Bar Association of the City of New York, and is a director and former President of the Real Estate Tax Review Bar Association, a specialized Bar dealing with real estate tax assessment matters.

WE MAKE NO REPRESENTATIONS OR GUARANTIES THAT THE ASSESSED VALUE WILL BE FIXED AT ANY AMOUNT. THIS LETTER IS BEING SENT TO YOU WITH THE EXPRESS UNDERSTANDING THAT OUR FIRM ASSUMES NO LIABILITY TO YOU OR TO ANY PURCHASER OF THE CONDOMINIUM UNITS OR TO ANY LENDER FOR OUR OPINIONS PRESENTED HEREIN. NEITHER WE NOR ANY PERSON CAN GUARANTEE WHAT THE REAL ESTATE TAXES WILL BE AT ANY FUTURE DATE. CHANGES IN LAW OR POLICIES OF GOVERNMENT AGENCIES MAY RADICALLY CHANGE THE OPINIONS EXPRESSED HEREIN AND INTERESTED PARTIES SHOULD BE AWARE THAT THE ESTIMATE OF THE 2007/2008 AND 2008/2009 TAX ASSESSMENTS COVER A PERIOD INTO THE FUTURE. WE ASSUME NO RESPONSIBILITY OR LIABILITY FOR ANY VARIATIONS IN THE TAXES OR ASSESSED VALUES FROM THE PROJECTIONS MADE HEREIN.

The opinion expressed herein is that of the undersigned, and does not purport to express the opinion of the New York City Department of Housing Preservation and Development, New York City Department of Finance or any city or government agency. The Department's opinion may result in substantially different total taxes for both budget years as well as for tax years 2007/2008 and 2008/2009 than set forth herein. We consent to the inclusion of this letter in the offering plan.

Very truly yours,

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

By: Paul J. Korngold

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, 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, including, but not limited to, income, if any, from the sale or leasing of Units owned by the Board of Managers or its designee on behalf of all Unit Owners (or from similar sources), will either be included 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 does not meet this criterion and therefore, the Condominium may not elect to be taxed as a homeowners association under Section 528. However, with proper structuring of income and expenses, the tax liability to the Condominium should be nominal.

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, the Selling Agent, Managing Agent 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.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

22. OPINION OF COUNSEL re: DEDUCTIBILITY OF TAXES

SMITH, BUSS & JACOBS, LLP
Attorneys at Law
733 YONKERS AVENUE
YONKERS, NEW YORK 10704
(914) 476-0600
(212) 688-2444
TELEFAX (914) 476-0614
www.sbjlaw.com

JEFFREY D. BUSS
KENNETH R. JACOBS
THOMAS W. SMITH
DOMENICK J. TAMMARO

VOULA T. KATSORIS
EMANUELA LUPU
PETER A. NENADICH, JR.
ANTHONY T. SIMARI
MATTHEW J. SMITH
MARYAM C. TOOSIE

OF COUNSEL:
JAMES R. ANDERSON
GERALD KAHN
EDGAR C. GENTRY, JR.

500 FIFTH AVENUE SUITE 1540
NEW YORK, NEW YORK 10110
(212) 688-2400
TELEFAX (212) 688-3058

September 27, 2006

Carmine Partners LLC
c/o Recap Partners Equities LLC
45 West 21st Street, Suite 501
New York, New York 10010

Re: **One 7th**
1 Seventh Avenue South
New York, New York

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 construction of a six-story building which will include four (4) residential units and one commercial unit.

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 One 7th, 1 Seventh Avenue South, New York, New York (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 New York 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.

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

3. At least 90 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 not qualify to be taxed as a homeowners association under Sec. 528, and accordingly, its membership income will 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, income from concessions or rentals, if any, and possibly income from the sale of Units acquired by the Board of Managers pursuant to its right of first refusal, 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 of 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 Jonathan Marvel, RA, 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 NYS Real Property Law, 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, Partner

23. WORKING CAPITAL FUND

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

In the event that the closing adjustments with the Condominium Board as set forth in the section of the Plan titled "Closing Adjustments With the Condominium Board" 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 prior to the First Closing the Board of Managers shall enter into a management agreement with Recap Partners Equities LLC, 45 East 21st Street, Suite 501, New York, NY on terms which are no more expensive or restrictive to the Board of Managers than those set forth below.

The proposed agreement will be for a term of two (2) years, commencing on the date of the First Closing. The fee for the first year of operation shall be $6,000, which shall be paid in equal monthly installments. After the second year, the management agreement may be canceled by either party at any time on sixty (60) days notice. The Managing Agent may not assign the

agreement to another entity without the consent of the Board of Managers, not unreasonably withheld or delayed.

The duties and services to be rendered by the Managing Agent and pursuant to the proposed agreement include, among others:

(a) Billing and collecting Common Charges and assessments from Unit Owners;

(b) Causing the Common Elements, to be maintained, repaired and altered in the manner deemed advisable by the Board of Managers, except that the prior written approval of one of the designated officers of the Board of Managers is necessary for an expenditure of over $5,000 for any one item of ordinary repairs or alterations (other than emergency repairs);

(c) Contracting for necessary services for the Common Elements (such as utilities and exterminating);

(d) Purchasing all supplies necessary to properly maintain and operate the Common Elements;

(e) Checking all bills received in connection with the operation of the Common Elements and causing all such bills and other expenses to be paid;

(f) Supervising, hiring and discharging employees of the Condominium, including the resident superintendent, if any, subject to union contracts, if any;

(g) Rendering monthly statements of receipts and disbursements to the Board of Managers;

(h) Maintaining payroll records and causing to be prepared and filed all necessary forms for unemployment insurance, social security taxes and withholding taxes and all other forms required by any federal, state or municipal authority;

(i) Maintaining and operating bank accounts of the Condominium;

(j) Considering and, when reasonable, attending to complaints of Unit Owners, tenants and subtenants, provided that if it shall deem any complaint unreasonable it shall so advise the Board of Managers and give reasons for its opinion;

(k) Cooperating with the accountants and auditors engaged by the Board of Managers in connection with the preparation of all tax returns and annual statements;

(l) Supervising the moving in and out of Unit Owners and tenants;

(m) Sending to each Unit Owner each year a statement, furnished by the accountants of the Condominium, showing tax data relevant to the Unit Owners;

(n) Making all arrangements necessary for the holding of the meetings of the Unit Owners and the Board of Managers of the Condominium;

(o) At the direction of the Board of Managers, carrying out required procedures and giving required notifications as set forth in the Declaration and By-Laws, in connection with the exercise of the right of first refusal on a proposed sale or lease of Units;

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

(q) Sending notices, preparing agendas, and attending the annual meeting of Unit Owners.

The annual financial statement with respect to the Condominium will not be prepared by the Managing Agent. Such statement will be prepared by an independent certified public accountant engaged by the Board of Managers, whose fees are to be paid by the Board of Managers and charged to the Unit Owners as a Common Expense. 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 of Managers.

All expenses incurred by the Managing Agent in performance of its duties will be reimbursed by the Board of Managers and charged to the Unit Owners as a Common Expense. In addition, the Board of Managers will indemnify the Managing Agent against any claims or liabilities in connection with acts properly performed by it pursuant to the instructions of the Board of Managers or for personal injury or property damage not resulting from the Managing Agent's negligence or willful misconduct.

The Board of Managers may elect to obtain a bond 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 Managing Agent. The cost of the bond is included in the Common Charge estimate for insurance.

The Managing Agent will receive a reasonable fee from the Unit Owner for services rendered in connection with processing each application for the sale of a Unit by a Unit Owner (other than the Sponsor), including obtaining a waiver of the right of first refusal, and other agreements necessary to properly effectuate the transfer of an interest in the Unit. The Managing Agent shall receive a reasonable fee for assisting the Board of Managers with the preparation of an annual budget and for processing each application for the lease of a Unit by a Unit Owner other than the Sponsor. Additionally, with the exception of Units owned by Sponsor, the Managing Agent shall receive a reasonable fee to process each application to renew the lease of a Unit to the same lessee.

Sponsor represents that at the time of the First Closing there shall be no service contracts which will be binding upon the Condominium other than as set forth above.

25. IDENTITY OF PARTIES

Sponsor: The Sponsor of the Offering Plan is Carmine Partners LLC, a New York limited liability company. The Sponsor has a business address at c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010. The Managing Members of the Sponsor are Jesse Keyes and Widjaja Hatta. Mr. Keyes has prior experience as an associate for the Boston Consulting Group before forming Recap Partners Equities LLC with Mr. Hatta. Mr. Hatta was an associate for American Express Corporate Services and was an associate with JP Morgan Chase & Co. The Managing Members have over seven (7) years experience in owning and developing mixed-use rental properties, including 949 Columbus Avenue, and in renovating and selling condominium units, including 255 West 85th Street, Unit PH1, 366 West 11th Street, Unit 10C, 101 West 67th Street (Millennium Towers), Units PH 2A, PH2B, PH 2G, PH2H and 53A. The Managing Members are also the Managers of Recap Partners Equities LLC, the Managing Agent for the Condominium. Neither the Sponsor nor any principals of the Sponsor have converted any prior properties to cooperative or condominium ownership.

Selling Agent: Sponsor shall act as Selling Agent.

Managing Agent: The Managing Agent is Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, NY, an affiliate of the Sponsor. The Managing Agent has over seven (7) years experience in managing rental properties.

Architects and Engineer: The architect who compiled the floor plans and the Description of Property and Building Condition is Rogers Marvel Architects, PLLC (the "Architect"). The Architect offers master planning, site plan development and redesign, construction supervision, and due diligence reports. The Architect does not have any financial interest in the Property or the Sponsor, except that the Architect will be paid a fee for services.

The consulting mechanical engineer is Marino Gerazounis & Jaffe Associates (the "Engineer"). The Engineer is licensed in the State of New York. The engineer has relevant experience in forecasting utility costs for both commercial and residential properties. The engineer has experience preparing these schedules in the past.

Neither the Architect nor the Engineer have any financial interest in the Property or the Sponsor, except that they will be paid a fee for services.

Counsel to Sponsor for Offering: The Sponsor has retained the law firm of Smith, Buss & Jacobs LLP, 733 Yonkers Avenue, Yonkers, New York 10704, to represent it in the preparation of the Offering Plan. Anthony T. Simari, 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. In addition, Smith, Buss & Jacobs, LLP shall act as the escrow agent, as noted in Exhibit G.

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 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 Sponsor for a period of six (6) years from the date of the First Closing. 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 "Report').

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 Report for more information regarding the nature of the renovation 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) on 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 race, religion, color or place of national origin in the sale, transfer or lease of Units described in this Plan.

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

J. Since the Building is still under construction, all of the Units are currently vacant and shall remain vacant until the Plan is accepted for filing.

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

Dated: January 25, 2007
New York, New York

Carmine Partners LLC
Sponsor

THIS PAGE INTENTIONALLY LEFT BLANK

PART II

THIS PAGE INTENTIONALLY LEFT BLANK

PURCHASE AGREEMENT
ONE 7TH
1 SEVENTH AVENUE SOUTH, NEW YORK, NEW YORK

Unit No.: ____		**Percentage of Common Interest: ____**
Purchaser(s):		**Tel. No.**
Address		**Fax No.**
		SSN:
Purchaser(s):		**Tel. No.**
Address		**Fax No.**
		SSN:
Purchaser's Attorney:		**Tel. No.**
Address		**Fax No.**
		Email:
Purchase Price	**$**	
Down Payment	**$**	**(Payable to "SBJ – One 7th Special Account")**
Balance Due at Closing	**$**	

Statement of Seller:

CARMINE PARTNERS LLC, with an address c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010, a New York limited liability company ("**Seller**"), has promulgated a Plan of Condominium Ownership ("**Plan**") for One 7th ("**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) BUSINESS 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 Total 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 3, 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 to such later date as the parties may agree upon in writing, or otherwise as set forth in the following paragraph, and the adjourned date shall then be deemed the Closing Date hereunder. Purchaser shall be entitled to one reasonable adjournment of up to thirty (30) days, on five (5) days written notice by Purchaser to Seller, subject to the provisions of Paragraph 7. However, Purchaser may not seek an adjournment of any kind based upon any provision set forth in Paragraph 18 herein. **TIME WILL BE OF THE ESSENCE AS TO THE ADJOURNED 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. **No Financing Contingency:** Although Purchaser may obtain financing from a lending institution, the obligation to purchase pursuant to this Purchase Agreement is not contingent on obtaining such financing. The Sponsor makes no representations as to the availability or terms of mortgage financing. Purchaser is advised to carefully consider his or her financing arrangements prior to executing this Agreement.

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 titled "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) Four 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 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

Purchaser should refer to Section 14 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.

(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 ($200.00) Dollars 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 New York Real Property Law, 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 10 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 Westchester. 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 10 percent (10%) of the purchase price for the Unit as set forth in the Plan, as amended. Smith, Buss & Jacobs, LLP 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 with Hudson Valley Bank, 865 McLean Avenue, Yonkers, New York 10704, in an account or accounts entitled **"SBJ – One 7th Special 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 (11) and (12) (entitled "Procedure to Purchase") 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) (i) The risk of loss from fire or other casualty, or condemnation, 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, not to exceed twelve (12) months, 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) and the Board of Managers elects not to restore the common elements of the Condominium or if the period of repair will exceed twelve (12) months, 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 10 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 or condemnation awards allocable to the Unit. In that case, at closing the Seller shall assign to the Purchaser all insurance proceeds or condemnation awards 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 and the inspection statement shall constitute its acceptance of the Unit and the Building in the condition in which it shall be at the time of Closing, subject 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. 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 is purchasing, 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 supercedes 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 the Sponsor ("Selling Agent"). 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**: Whenever, under the provisions of this Agreement, notice is required to be given by or to any party such notice shall be sufficient if in writing sent by mail or overnight carrier to the address 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: CARMINE PARTNERS LLC, c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010, and will be deemed received within 3 days of depositing same with such the post office or 2 days of depositing same with an overnight carrier.

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. **Separability of Provisions:** Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

34. **Bona Fide Purchaser:** Purchaser represents that:

(a) He or she is an individual over eighteen years old;

(b) He or she is a bona fide purchaser of the unit for occupancy or investment;

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

In witness whereof, each party has signed this Agreement.

Dated: _____

_____
Purchaser

_____
Purchaser

Accepted: CARMINE PARTNERS LLC

By: _____

Dated: _____

EXHIBIT A
WARRANTY

SPONSOR:	Carmine Partners LLC c/o Recap Partners Equities LLC 45 West 21st Street, Suite 501 New York, New York 10010
NAME OF PURCHASER(S):	_____ _____
ADDRESS OF PURCHASER(S):	_____ _____
ADDRESS OF UNIT WARRANTED:	Unit No. _____ One 7th 1 Seventh Avenue South New York, New York 10014
COMMENCEMENT DATE:	The date that Purchaser takes title to the Unit or the date that any person begins residential occupancy of 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.

NOTHWITHSTANDING ANYTHING CONTAINED IN THIS WARRANTY TO THE CONTRARY, 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 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, damage or injury 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 Statement (see Exhibit B attached hereto), 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 Statement, 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 six months, 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.

(3) "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.

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

(5) "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. What Is Excluded From Warranty Coverage. 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;

(l) 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; and

(z) Any claim not filed in a manner set forth below in paragraph 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 Unit 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 which are caused by 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 (i) the repair of damage to the load-bearing portions of the Unit themselves which is necessary to restore their load-bearing function; and (ii) the repair of those items of the Unit damaged by the 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: **Carmine Partners LLC, c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010**. 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) If the Sponsor conveys the Unit 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 Warranty.

EXHIBIT B
FINAL INSPECTION STATEMENT

Date: _____

CARMINE PARTNERS LLC
c/o Recap Partners Equities LLC
45 West 21st Street, Suite 501
New York, New York 10010

Re: Unit ___ at
One 7th
1 Seventh Avenue South
New York, New York

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)		
12. Vanity(ies)		

	Exceptions (if any)	Purchaser's Initials
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:
CARMINE PARTNERS LLC

By: _____
Authorized Representative

THIS PAGE INTENTIONALLY LEFT BLANK

POWER OF ATTORNEY

I (we) _____,
residing at _____ the owner(s) of Condominium Unit No. _____ in the Condominium known as One 7th ("**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 1 7th ("**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 or lease a Unit available to the Condominium under the By-laws of the Condominium; or (b) acquire, in their own name or in the name of their designee or assignee 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 with such Condominium Unit so acquired on 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 Bylaws 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) vote to supplement or amend any provision of the Declaration and By-laws of the Condominium on my (our) behalf, as the 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 (5) act as my agent and attorney-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 agreement 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 Carmine Partners LLC, its members, successors and assigns, severally (**"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 attorney- in fact for the undersigned 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 paragraph shall remain in full force and effect until such time as Sponsor shall cease to own any Unit in One 7th .

The undersigned (does) (do) hereby irrevocably nominate, constitute and appoint the owner of the Commercial Unit, its members, successors and assigns, severally (**"Commercial Unit Owner"**) as attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to (a) amend from time to time Declaration, By-Laws and the Rules and Regulations of said Condominium, or any of said documents, when such amendment shall be required to reflect any changes in the Commercial Units or the reapportionment of the Common Interests of the affected Commercial Units resulting therefrom made by the Commercial Unit Owner in accordance with the Declaration; or (b) to execute any documents that may be required to be filed with the City of New York in order to make an alteration to the Commercial Units permitted under the Declaration and By-laws of the Condominium.

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___.

_____

_____

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

THIS PAGE INTENTIONALLY LEFT BLANK

UNIT DEED

THIS INDENTURE made the _____ day of _____ between Carmine Partners LLC ("**Grantor**") a limited liability company existing under the laws of the State of New York having a place of business c/o Recap Partners Equities LLC, 45 West 21st Street, Suite 501, New York, New York 10010 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 One 7th 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 Control Number _____, and also designated as Tax Lot in Block of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the floor plans of said building certified by _____ R.A., Architect, 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: Carmine Partners LLC

By: _____
Name:
Title:

Grantee:

_____

_____

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

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]

1 SEVENTH AVENUE SOUTH

Description of Property and Specifications
January 17, 2007

A. Location and use of property

1.	Address:	1 Seventh Avenue South
2.	Block and Lot number:	Block 582. Lot 43.
3.	Zoning:	R-7/C2-6
4.	Permissible uses:	Residential, Commercial, and Community Facility. The property and proposed use will comply with all zoning and use requirements.

B. Status of Construction:

1.	Type of construction:	New Construction
2.	Year built:	Construction anticipated to begin in Spring 2006
3.	Class of construction:	Non-Combustible construction under the NYC Building Code. Construction Class 1-C, Occupancy Group J-2. The project will comply with Local Law 58.
4.	Certificate of occupancy:	The sponsor will obtain a Temporary Certificate of Occupancy at construction completion and prior to the closing of each Unit.
5.	Alteration permit numbers and description of work done	Construction permits will be secured after plans are approved by the NYC Department of Buildings.

C. Site:

1.	Size:	The site is a triangle shape, measuring 79'-7 ½" along Seventh Avenue South and 58'-7" along Carmine Street. It measures 55'-2 ¾" along the face of the neighboring building (65 Carmine Street). The area is approximately 1,610 square feet.
2.	Number of buildings and use:	There is to be a six story residential building built upon this site with a portion of the first floor and cellar for commercial use.
3.	Streets owned or maintained by the project:	There are no streets owned or maintained by the project.
4.	Drive, sidewalks and ramps:	The site does not contain any drives. The existing concrete sidewalk will be replaced with a new concrete sidewalk to meet all NYC Department of Transportation requirements. Curbs, catch basins, drainage, and street lighting are all existing on City owned property and will not be impacted by the project.

D. Utilities:

1.	Electricity:	Consolidated Edison, a public utility, will provide electricity. Each Unit's usage will be metered individually, and the usage costs borne by each respective Unit. Common area usage will be metered separately, with the cost of this meter apportioned on a pro rata basis based on a Unit Owner's share of the common interest. The Commercial Unit will be metered separately from the residential Units and the cost will be borne by the Commercial Unit Owner.
2.	Gas:	Consolidated Edison, a public utility, will provide gas. Gas will serve the modular boiler providing perimeter heating, domestic hot water,

and cooking gas. The boiler will also provide perimeter heat although heater Units will not be provided by the Owner. Supplemental heat will be provided by the different HVAC Units located in each Unit. All gas for the residential Units will be master metered and the cost will be apportioned on a pro rata basis. The Commercial Unit will be metered separately from the residential Units and the cost will be borne by the Commercial Unit Owner.

3. Water and sewer: The City of New York will provide water and sewer service. The water will be collectively metered. The cost will be shared by the commercial and residential Units on a pro rata basis.

4. Telephone: Telephone service will be provided by Verizon and/or another service provider. Every Unit Owner will be required to pay the service provider their associated telephone charges and initial charges for activating individual outlets in the Unit. Similarly, the charges with respect to the telephones in the commercial Unit will be paid for separately by the commercial Unit Owner. The telephone charges with the respect of the public areas of the building will be paid a common charge apportioned on a Unit Owner's share of the common interest.

5. Cable TV: The local cable television provider will provide cable TV service to the building. Each Unit Owner will make separate applications for service and will be separately billed for the cost of cable TV service.

6. Internet: Every Residential Unit will be equipped with a Wireless Router, which will allow Unit Owner to wirelessly connect to Unit Owner's internet service provider, as well as, an option to obtain telephone service from Vonage (telephone provider).

E. Sub-soil Conditions:

All subsoil conditions have been verified for the required load bearing capacity by the structural engineer, based on the boring reports prepared by the soils engineer. There is no evidence of moisture, seepage, or ground water infiltration.

The site is located off a relatively flat, paved city street. There is no potential for mudslides or erosion.

F. Landscaping:

There are no landscaping such as grass, planters, trees, retaining walls, fountains, and/or pools in the project.

G. Building Size:

1. Total height: The building height is approximately 85'-1" to the top of the elevator bulkhead, and 68'-3" to the highest roof accessible to the owners of the penthouse Unit.

2. Crawl spaces: None

3. Number of cellars: The building will have one cellar and no sub-cellars.

4. Number of floors: The building will have six floors including the residential penthouse.

5. Equipment rooms:

Equipment rooms will be located in the cellar and mechanical bulkhead. The equipment rooms in the cellar are approximately 385 square feet, and their use will be gas, electrical, IT and sprinkler. The one located in the mechanical bulkhead is 255 square feet.

6. Parapet:

Parapet coping and/or railings on roofs and terraces will be a minimum height of 3'-6" above the finished roof.

H. Structural System:

The structural system will be load bearing cast-in-place reinforced concrete superstructure. The foundation system will be cast-in-place reinforced concrete walls and columns bearing on reinforced drilled piers directly to bedrock.

1. Building exterior: Walls

Most of the street façades will be a cavity wall system comprised of brick masonry, air space, 2" thick rigid insulation, 5/8" exterior grade sheathing, and metal stud framing with two layers of 5/8" gypsum wall board on the inside.

Portions of the street face will be comprised of a window wall system and formed metal panels. The panels will be backed with 2" thick rigid insulation, exterior grade sheathing, and metal stud framing with two layers of gypsum wall board on the inside.

The balance of the street façades and the one facing the neighboring building will be an "Exterior Insulating and Finishing System" comprised of an EIFS finish coat, a reinforcing mesh, base coat, 2" thick rigid insulation, exterior grade sheathing, metal stud framing with two layers of gypsum wall board on the inside.

Local Law 10/11 inspections are required on a five year cycle beginning in 2008. In 2008 the report will state that the building is newly constructed. The next Local Law 10/11 inspection and report will be required in 2013.

2. Windows

All windows will be non-lot line and manufactured by Kawneer or equal. The windows will be aluminum extrusions, thermally broke, fixed, casing, and awning type. Each window will have weather stripping and double-pane glass with low "e" coatings as manufactured by PPG or equal. Tempered or laminated glass will be provided where required by NYC Building Code. Window will comply with light and air requirements of the code as well. Continuous sealant with backer rod between windows and masonry will be provided. A gypsum board head and jamb returns will be provided in the interior.

Window guards will not be provided by the sponsor.

Since the building is new construction it will not have landmark status.

3. Chimneys and caps:

There are two 4" boiler flues that will extend a minimum 36" above the parapet wall and are located approximately six feet back from the building face.

The chimney/stack shall be a UL listed double walled insulated metal stack with a minimum 1 inch air space between walls and shall be appropriate for use with building heating equipment. The inner chimney jacket shall be constructed of 20 gauge ASTM A167

Type 304 stainless steel. Outer jacket shall be constructed of aluminum coated steel Type 304 stainless steel. The chimney stack shall be provided with UL labeled ventilated roof thimble, exit cone and stack cap. The ventilation roof thimble shall consist of a roof penetration, vent flashing with spacers and storm collar. The exit cone shall consist of an inner cone and outer jacket to increase stack exit velocity 1.5 times. The chimney/stack caps shall consist of a conical rainshield with inverted cone for partial rain protection with low flow resistance.

There are no fireplaces, incinerators, and/or compactors

4. Parapets and copings:

3'-6" high parapet walls and/or guard rails will be provided as required. Parapets will be capped with a pre cast concrete coping.

5. Balconies and terraces:

Balconies will be provided for floors two, three, and four. The balconies will project 22" past the building lot line as provided in the NYC Building Code.

Materials are as follows:
Deck: Ipe wood on sleepers over concrete slab
Balustrade/Railing: Painted steel
Ceiling/Soffit: Underside of concrete slab of balcony above
Door: Aluminum and insulated glass to match all windows

Unit 4 will have two exterior terraces, one located on the sixth floor and the other on the roof. The owner of Unit 4 cannot increase the unit's square footage by enclosing any portion of the terraces. Access to the top terrace is via common elevator.

6. Exterior entrances:

Ground floor exterior doors and frames will be composed of extruded aluminum stiles and frames and single-pane tempered glass. They will be equipped with a key lock at the Commercial entries and both key lock and electric strike at the residential entry. The electric strike can be released from each individual residential Unit to allow visitors into the building.

Patio doors at Unit 4 shall be aluminum frame, hinged doors and single pane glass with tempered glass with a key lock.

Four mailboxes are anodized aluminum and comply with current USPS standards. They are located in the residential lobby.

There will be an LED light fixture by the entry door and the lobby will have recessed overhead lighting at the ceiling.

There will be no exterior stairs.

7. Service entrances:

There will be no service entrances.

8. Roof and roof structures:

The roofing system at the building's highest roof will be ballast over 4" thick rigid insulation, protection board and a water proofing membrane directly on the concrete slab. For areas open to recreational use, the roofing system will the same, but with wood planking as overburden. Flashing and counter flashing are stainless steel.

The roofing system has a 20 year watertight warranty provided by the contractor.

Drains will internally drained to the building's storm drainage system.

Drain quantities and locations are as follows:
Building roof: 3 roof style drains distributed for proper drainage
Unit 4 roof: 1 area style drain in the center of terrace
Unit 4 terrace: 4 parapet style drains evenly distributed
Unit 3 balcony roof: 1 area style drain in the center of balcony
Unit 3 balcony: 1 area style drain in the center of balcony
Unit 2 balcony: 1 area style drain in the center of balcony
Unit 1 balcony: 1 parapet style drain in the center of balcony

An operable roof vent will be provided at the top of the egress stairs in compliance with the NYC Building Code. A 48"x60" skylight is also located at the egress stair. It will be constructed out of aluminum extrusions and insulated glass with a wire screen over and under the glass in compliance with the NYC Building Code.

There will be an elevator bulkhead constructed of poured in place concrete finished with an "Exterior Insulating and Finishing System".

Parapet railings will be provided where required to maintain height above roof of 42".

All emergency egress will be through rated internal egress paths. There are not fire escapes on the building exterior.

The exterior finish of the elevator bulkhead will be EIFS. Access to bulkead will be via a fixed ladder complying with NYC Dept. of Buildings requirements.

9. Fire escapes:

None

10. Yards and courts:

None

11. Interior stairs:

One stair, separately enclosed with a 2-hour fire-rated enclosure, serving the residential Units will be provided; the stair will be constructed of reinforced concrete. The enclosure will be painted gypsum drywall with a two-hour fire resistance rating and reinforced concrete wall. Painted steel handrails will be provided.

Unit 4 will have a separate stair to connect its two levels on the 5th and 6th floors, in addition to the egress stair. The stair will have wood treads and steel structure. Steel handrails will be provided.

12. Interior doors:

All interior doors at each residential Unit will be painted flush panel solid core wood doors and frames. The doors will be 1-3/4" thick. Doors and frames leading into the egress stair will have a 1-1/2" hour fire resistance.

Cellar doors will be painted hollow metal doors and frames with a 1-1/2" hour fire resistance where required.

13. Elevators:

There will be one traction gearless passenger elevator manufactured by Otis with a selective collective operation and Elevonic Control System. This elevator will have a 2,500lb capacity (16 passengers) and 250 fpm speed. The elevator will have 7 stops, one at each floor from 1st through the 7th floor. All doors will

be single acting sliding doors. The alarm system is also manufactured by Otis.

The motor is an AC gearless machine, with a synchronous permanent-magnet motor, dual solenoid service and emergency disk brakes. The motor will be located at the top of the elevator hoistway and the elevator control room will be located at the cellar level.

14. Elevator cabs: The elevator cab, also manufactured by Otis, will have flat stainless steel wall panels with a brushed finish. The ceiling will have low voltage lighting and will also be brushed stainless steel. A handrail will be provided in stainless steel. The cab doors will also be brushed stainless steel. The cab floor will be 12"x12" steel studded rubber tiles.

I. Auxiliary Facilities:

1. Laundry rooms: None will be provided. One washer and one dryer will be provided at each Unit. See the unit information section for more details.

2. Refuse disposal: Trash and recycling receptacles will be available in the cellar. Pick-up schedule will be determined by the NYC Department of Sanitation.

3. Resident storage: An assigned lockable resident storage area will be located in the cellar.

4. Recreation space: None.

J. Plumbing and drainage:

1. Water supply: Each Unit will be supplied water by the City of New York via common water system. All water supply pipes within the building shall be copper type L with soldered joints.

2. Fire protection system: A sprinkler system shall be provided per applicable code requirements. All pipes shall be black steel standard schedule 40. Sprinkler heads shall be pendant or sidewall type as deemed appropriate. Sprinkler heads shall be provided in bedrooms, living rooms, kitchens, washing machine closets, apartment communicating spaces and corridors.

3. Water storage tanks: None

4. Water pressure and how maintained: Water pressure will be as provided by the City of New York and supplemented by a water booster pump.

5. Sanitary sewage system: All sanitary sewage will outlet through a building plumbed system approved by the NYC Department of Environmental Protection and the NYC Department of Buildings. All sanitary pipes shall be cast iron with mechanical and/or no-hub joints, and connect to the NYC combined sewerage system.

6. Permits required: Approval will be obtained from NYC-DEP for storm and sanitary sewer, and domestic water service.

7. Storm drainage: All storm drainage will outlet into a building plumbed system

approved by the NYC-DEP and NYC-DOB. The storm water collected via roofs, terraces, and balconies will be routed to a central system via a plumbed building piping system, and connect to the NYC sewerage system. All sanitary pipes shall be cast iron with mechanical and/or no-hub joints.

8. Gas piping:

Gas piping material shall be black steel schedule 40, Malleable iron fittings.

K. Heating:

Residential cooling and heating will be provided by packaged air conditioning units manufactured by Mitsubishi. Radiant fin tube heating will be provided as supplemental heat at the perimeter of the building.

Commercial cooling and heating will be provided using the same method as the residential, but the final connections, as well as the air conditioning unit will be the responsibility of the commercial unit owner.

The lobby will be provided with both heating and cooling.

Each unit will have individual thermostatic controls which will allow for manual or automatic control of heating and cooling.

Hot water service for the residential units will be from storage tanks located in the 7th floor mechanical floor. Water is heated by the modular boiler via a heating coil. The water will be collectively metered. The cost will be shared by the units on a pro rata basis.

The capacity of the residential water heater storage tanks shall be in accordance with city requirements. Each of the storage tanks are manufactured by PVI, model number 500P225A-TP, with a 225 gallon capacity.

The boiler plant shall consist of two (2) Well-McLain Ultra 230 boilers, expansion tank, air separator and an Armstrong 4382 Dual Pump for hot water circulation.

The boiler plant shall consist of (2), two gas fired hot water boilers with a capacity of 230 MBH input each. The boiler room shall house the hot water pumps, one operating, one standby.

The system will maintain Winter indoor conditions of 68F +/- 2deg F dry-bulb when the outdoor temperature is 11F dry-bulb.

L. Gas supply;

Natural gas will be supplied by Con Edison as described above.

M. Air conditioning:

Residential cooling will be provided by split air cooled air conditioning units and a packaged rooftop air cooled air conditioning unit. Each unit will have individual thermostatic controls which will allow for manual or automatic control of heating and cooling. The common areas will be cooled by dedicated air conditioning units.

Spaces can be maintained at 78°F when the outside temperature is 89°F db/73°F wb.

No air conditioning units will be provided for the commercial unit. The refrigerant piping for the commercial unit will be provided. The

infrastructure for both cooling and heating will be provided by the building. The owner will furnish the units and fin tube radiation heating as required by the board of managers of the building.

N. Ventilation:

All kitchens and bathrooms will be ventilated via dedicated sheet metal risers with roof-mounted fans at the top. Vertical risers will be provided to exhaust Unit laundry equipment.

Ventilation will be provided to common areas for lobby and corridors separately.

The proper operation of the various exhaust systems is dependent upon the availability of make-up air introduced from the outdoors through an open window in the residential condominium unit.

O. Electrical system:

The electrical service shall be provided by the Con Edison Co. via transformer vault located in the street. The incoming service shall be at 208/120 volt, 3 phase, 4 wire and shall have capacity of approximately 1,200 amperes. The service shall enter the building underground from Carmine Street and terminate in a service end box. The electrical switchgear room is located in the cellar.

The service end box then feeds (4) four service disconnect switches as follows:

1. 400 ampere disconnect switch for the residential units.
2. 200 ampere disconnect switch for the sprinkler booster pump.
3. 400 ampere disconnect switch for common building equipment.
4. 200 ampere disconnect switch for the retail spaces.

Each of the (3) three individual residential units have an electrical capacity rated at 208/120 volt, 3 phase, 4 wire and 100 amps and the penthouse unit is rated at 125 amps.

Each apartment shall be separately metered via a Con Edison meter and pay actual usage charges directly to Con Edison. The meters for the apartments shall be located in the electric service room in the cellar.

The building services, elevators, mechanical systems and sprinkler booster pump shall be metered by (1) one Con Edison meter. The retail space will have its own Con Edison meter located in the electric service room.

P. Intercommunication system:

Every residential Unit will be equipped with a Unitone Video Intercom, which functions 24 hours a day. The Unit will provide occupants with audio and video communication with the residential entry on the ground floor on a 5" screen.

Q. Public area lighting:

Lighting circuits shall be provided and separately metered for lighting exterior and interior common areas. The cost of electricity and maintenance of the system shall be a common cost allocated to each Unit Owner based on their share of the common interest.

Lobby lighting: "Refer to Exterior Entrances"
Egress Stair: Compact fluorescent light fixtures with battery packs.
Cellar: All cellar lighting will be overhead fluorescent lighting controlled individually at each room.

R. Garages and Parking areas — None provided.

S. Swimming pools: — None provided.

T. Tennis courts: — None provided.

U. Permits and certificates: — The Sponsor is responsible for plan approval only. Contractors to apply for and obtain required work permits prior to starting work. All street improvements and obstruction) paving, curbs and sidewalks) must be approved by the NYC-DOT.

V. Violations: — None

W. Unit information: — Residential Units: 4
Commercial Unit: 1

Residential Unit:

Room	Floors	Walls	Ceilings	Doors	Miscellaneous
Living/ Dining Rooms	Solid Walnut strip flooring with one coat of sealer and one coat wax finish.	Gypsum board w/ latex paint, glass curtain wall	Gypsum board w/ latex paint (see bellow for coats), painted underside of concrete slab.	Interior: painted, pre-hung, solid core, wood paint grade in painted wood frames, sizes vary	Entrance doors: painted welded steel frames w/ 3'-0" x 8'-6" painted hollow metal doors
Kitchens	Walnut strip flooring with stain or sealer and polyurethane finish	Gypsum board w/ latex paint, which includes 3 coats of primer, 3 coats of first coat, and 3 coasts of second coat.	Gypsum board w/ latex paint, which includes 3 coats of primer, 3 coats of first coat, and 3 coasts of second coat.		Stainless steel counter tops and glass tile backsplash
Bathrooms	Stone tile	Water resistant gypsum board w/ latex paint (see above for coats) or ceramic tile or glass tile	Water resistant gypsum board w/ latex paint (see above for coats)	Painted, pre-hung, solid core, wood paint grade in painted wood frames, sizes vary	Marble slab counter tops in master bathrooms
Bedrooms	Walnut strip flooring with stain or sealer and polyurethane finish	Gypsum board w/ latex paint, glass curtain wall	Gypsum board w/ latex paint, painted underside of concrete slab	Painted, pre-hung, solid core, wood paint grade in painted wood frames, sizes vary	

Subject to Sponsor's right to make substitutions of equal or better quality as set forth in the Offerings Plan, The Residential Units will be equipped with the following appliances and fixtures:

Description of Property and Specifications
January 17, 2007

Item	Make/Model	Description	Finish
Refrigerator	Sub-Zero 27" / 700TCILH	Bottom freezer w/ ice maker	Custom panel
Refrigerator (Unit 4 only)	Subzero 36" / 736TCILH	Bottom freezer w/ ice maker	Custom panel
Refrigerator (Unit 4 only)	Sub-Zero / 249RLH	24" Under-counter	Custom panel
Cook-top	Miele / KM360G	24" gas range	Stainless steel
Cook-top (Unit 4 only)	Miele / K342G	36" gas range	Stainless steel
Oven	Miele / H4780BP-SS	27" self clean	Stainless Steel
Oven (Unit 4 only)	Wolf / S036U-S	36"	Stainless steel
Hood	Miele / DA326	24" built-in	
Hood (Unit 4 only)	Miele / DA329	36" built-in	
Dishwasher	Miele / G858SCVI		Custom panel
Microwave	Sharp / R426HS		Stainless steel
Washer	Bosch / WFL2060UC	24" front load	White
Dryer	Bosch / WTA 4400US	Stacking	White

Plumbing fixtures & fittings:

Master Bathroom:

Item	Make/Model	Description	Finish
Lavatory	Kohler / K-2297-0	Under-mount	White
Lavatory faucet	Axor Hansgrohe / 39133001	w/ cross handle	Polished chrome
Toilet	TOTO / MS864114	One piece	Cotton (white)
Shower faucet	Axor Hansgrohe / 39620001		Polished chrome
Shower enclosure	Kohler / K-702012-L-SH		Polished chrome and clear glass
Toilet paper holder	Kohler / K-14459		Polished chrome
Medicine cabinet	Custom	Semi-recessed	
Towel bars	Kohler / K-14451	24"	Polished chrome
Tub	Kohler / K-855-0	5'-6" Under-mount	White
Tub faucet	Axor Hansgrohe / 39453001	w/ hand shower	Polished chrome

Bathroom:

Item	Make/Model	Description	Finish
Lavatory	Kohler / K-2314-1-0	Above-counter	White
Lavatory (Unit 4 only)	Duravit / 0764650000	Wall mount	White
Lavatory (Unit 4 only)	Kohler / K-2297-0	Under-mount	White
Lavatory faucet	Axor Hansgrohe / 39010001		Polished chrome
Lavatory faucet (Unit 4 only)	Axor Hansgrohe / 39133001	w/ cross handle	Polished chrome
Toilet	TOTO / CST414M	One piece	Cotton (white)
Shower faucet	Axor Hansgrohe / 39620001		Polished chrome
Shower enclosure	Custom		Clear glass

Toilet paper holder	Kohler / K-14459		Polished chrome
Medicine cabinet	Custom	Semi-recessed	
Towel bars	Kohler / K-14451	24"	Polished chrome

Kitchen:

Item	Make/Model	Description	Finish
Sink	Custom	Integrated w/ counter top	Stainless steel
Sink faucet	Dornbracht / 338 26 888	Mixer w/ rinsing spray	Chrome

Lounge (Unit 4 only):

Item	Make/Model	Description	Finish
Sink	Custom	Integrated w/ counter top	Stainless steel
Sink faucet	Dornbracht / 175 12 880	Single-lever mixer	Chrome

Cellar:

Item	Make/Model	Description	Finish
Mop basin	Mustee / 63M Durastone		White

Commercial Unit:

Room	Floors	Walls	Ceilings	Doors
Ground Floor Space	Unfinished concrete slab	Gypsum board w/ primer and aluminum and glass storefront	Painted underside of concrete slab	Aluminum and glass entrance doors integral with storefront
Cellar Space	Painted concrete slab on grade	Painted concrete foundation walls and painted masonry walls	Painted underside of concrete slab	Painted welded steel frames w/ 3'-0" x 6'-8" painted hollow metal doors

X. **Finish Schedule of spades other than Units;**

Room	Floors	Walls	Ceilings	Doors
Lobby	Stone tile and metal entrance grate	Gypsum board or MDF panels w/ latex paint, stainless steel panels, glass tile, brick	Gypsum board w/ latex paint	Aluminum & glass entrance door, solid core wood paint grade in painted wood frames
Trash Room	Painted	Gypsum board w/	Painted	Painted steel frames w/ 3'-

	concrete slab on grade	latex paint, painted concrete foundation walls	underside of concrete slab	0" x 6'-2" painted hollow metal door
Support	Painted concrete slab on grade	Gypsum board w/ latex paint, metal mesh	Painted underside of concrete slab	Metal mesh in metal frame
Sprinkler Room	Painted concrete slab on grade	Gypsum board w/ latex paint, painted concrete foundation walls	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 6'-2" painted hollow metal doors
Gas Room	Painted concrete slab on grade	Gypsum board w/ latex paint, painted concrete foundation walls	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 6'-2" painted hollow metal doors
Electrical Room	Painted concrete slab on grade	Gypsum board w/ latex paint, painted concrete foundation walls	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 6'-2" painted hollow metal doors
Ejector Room	Painted concrete slab on grade	Gypsum board w/ latex paint, painted concrete foundation walls	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 6'-2" painted hollow metal doors
Corridor	Painted concrete slab on grade	Gypsum board w/ latex paint	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 6'-8" painted hollow metal doors
Stair	Painted Concrete	Gypsum board or concrete block w/ latex paint	Painted underside of concrete stair	Painted steel frames w/ 3'-0" x 8'-0" painted hollow metal doors
Boiler Room	Painted concrete slab on grade	Gypsum board or concrete block w/ latex paint	Painted underside of concrete slab	Painted steel frames w/ 3'-0" x 7'-0" painted hollow metal doors

Y. Safety and warning devices:

1. Residential Unit smoke detection system — Each apartment will contain a combination carbon monoxide/smoke detector located in the vicinity of the bedrooms. The detector is wired to a 120-volt local power supply and is self-contained with its own sounding device.

2. Common area fire and smoke detection system: — A smoke detection and sprinkler alarm system (life safety system) shall be installed complete with water flow and tamper switches and central station reporting. Single station self-contained combination carbon monoxide/smoke detectors are to be installed outside the bedrooms in all units, as required by code. Smoke detectors are to be installed in all mechanical rooms (electrical, gas meter room, telephone room, compactor room, elevator machine room, and chiller/pump room) and in all elevator shafts connected to the building smoke detection and sprinkler alarm system.

3. Closed circuit security TV — The building will be equipped with CCTV system, which will include several camera locations and card access points to enter the main building entrance and elevator.

Z. Additional information required:

1.	Site plan	Not required. The building covers the entire lot.
2.	Area map	Not required. The building is located in a highly dense urban area.
3.	Floor plan for each type of Unit.	See attached.
4.	Floor to ceiling heights of Units	Approximately 9'-11" clear, maximum. 8'-6" minimum, subject to reasonable construction variances.
5.	Approximate total area of Units	See attached plans. The approximate gross square footages shown on Schedule A of the Plan 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 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.
6.	Master plan showing Unit boundaries:	Plan of Units indicate boundaries and appropriate Unit designations.

AA. Visual examination of certain conditions in the building

N/A. All new construction.

Local Law 10/11 inspections are required on a five year cycle beginning in 2008. In 2008 the report will state that the building is newly constructed. The next Local Law 10.11 inspection and report will be required in 2013.

BB. Further development

N/A.

CC. Asbestos

N/A. All new construction. Asbestos material will not be used.

DD. Lead-based paint

N/A. All new construction. Lead-based will not be used.

Dated January 17, 2007

Jonathan Marvel, AIA

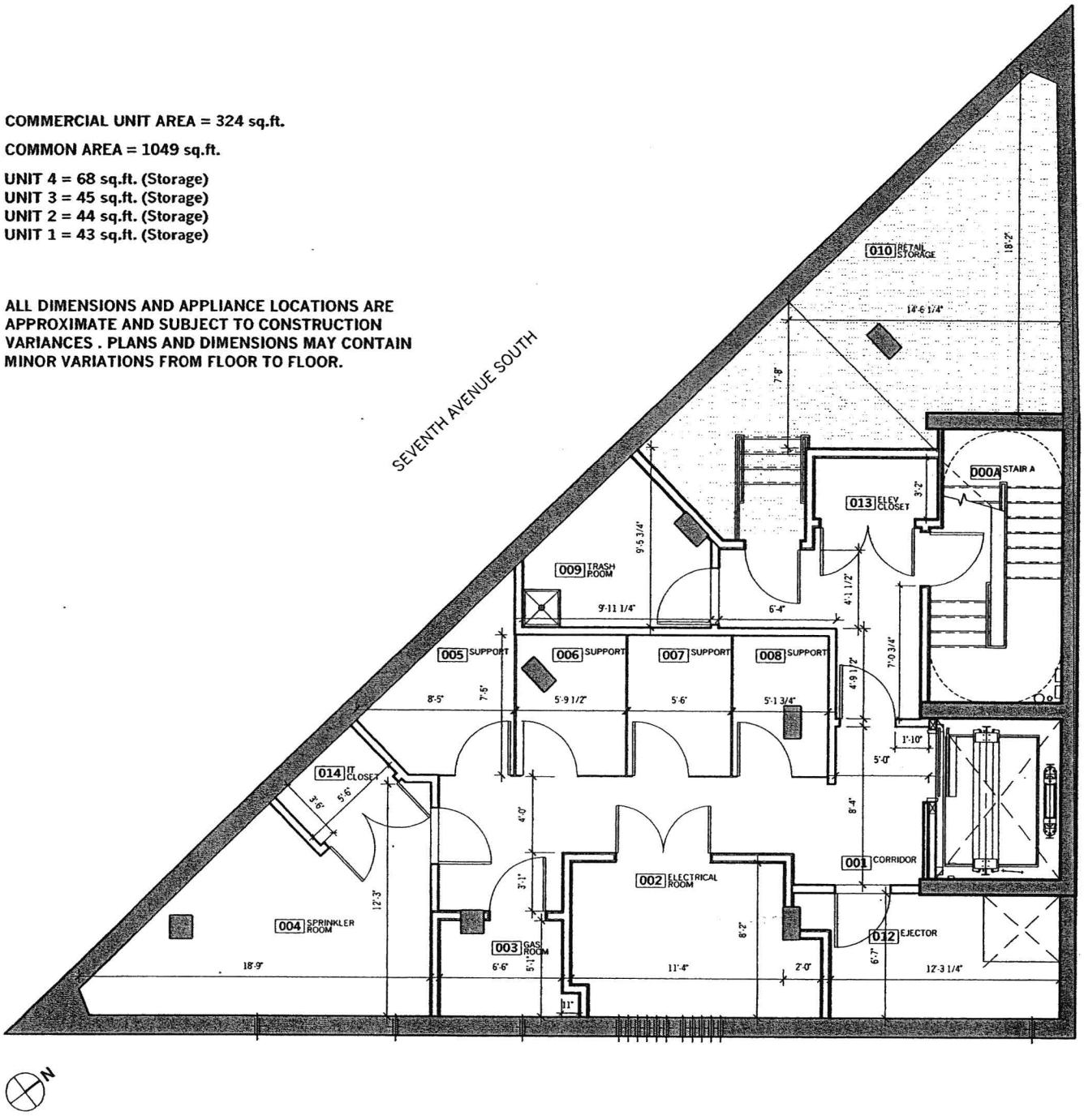
REGISTERED ARCHITECT
JONATHAN JOVA MARVEL
No. 021553
STATE OF NEW YORK

COMMERCIAL UNIT AREA = 324 sq.ft.

COMMON AREA = 1049 sq.ft.

UNIT 4 = 68 sq.ft. (Storage)
UNIT 3 = 45 sq.ft. (Storage)
UNIT 2 = 44 sq.ft. (Storage)
UNIT 1 = 43 sq.ft. (Storage)

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL COMMON AREAS AND COMMERCIAL UNIT SPACE

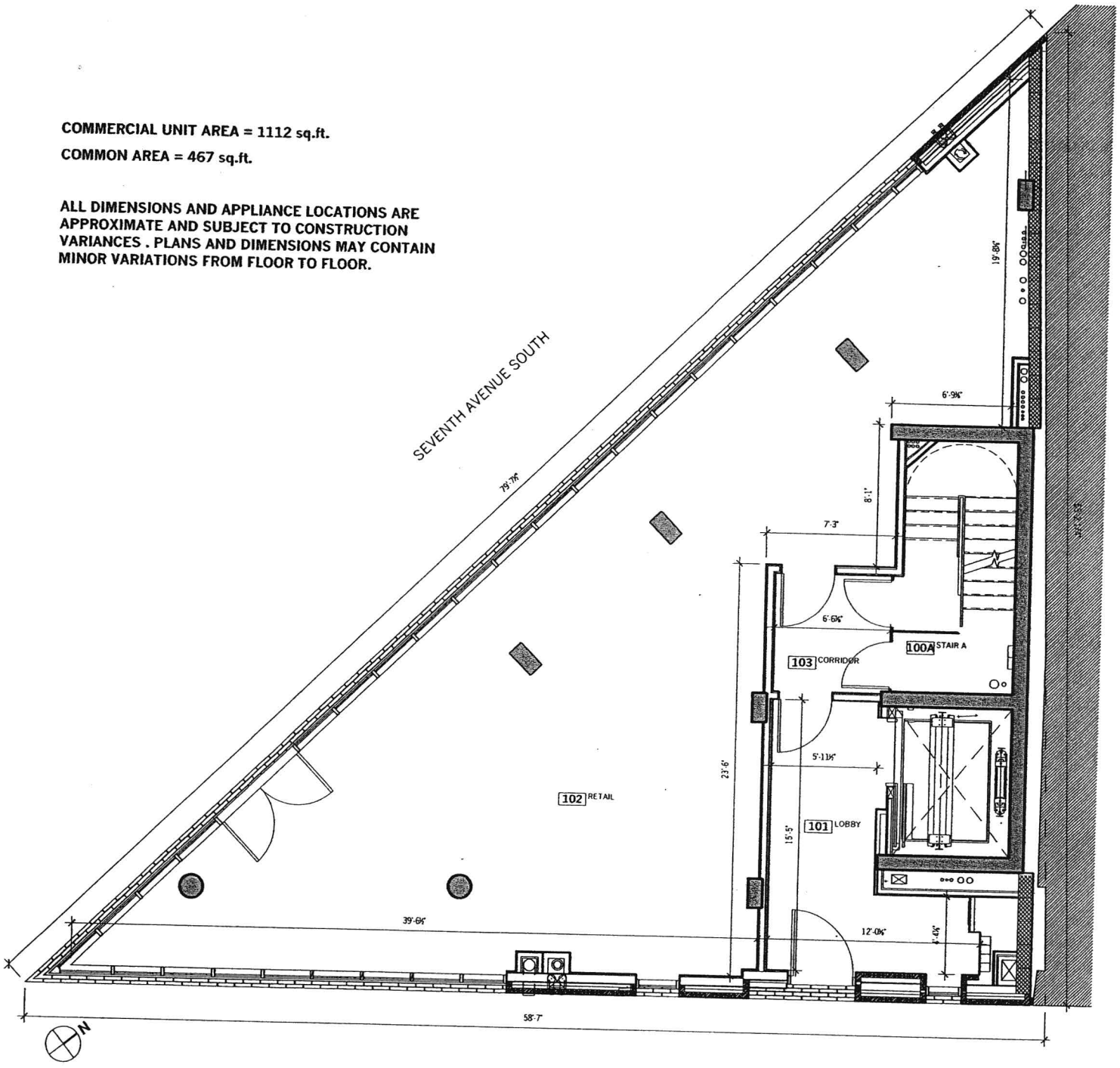
FLOOR GROSS AREA = 1565 sq.ft.

CELLAR FLOOR PLAN

COMMERCIAL UNIT AREA = 1112 sq.ft.

COMMON AREA = 467 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL LOBBY AND COMMERCIAL UNIT SPACE

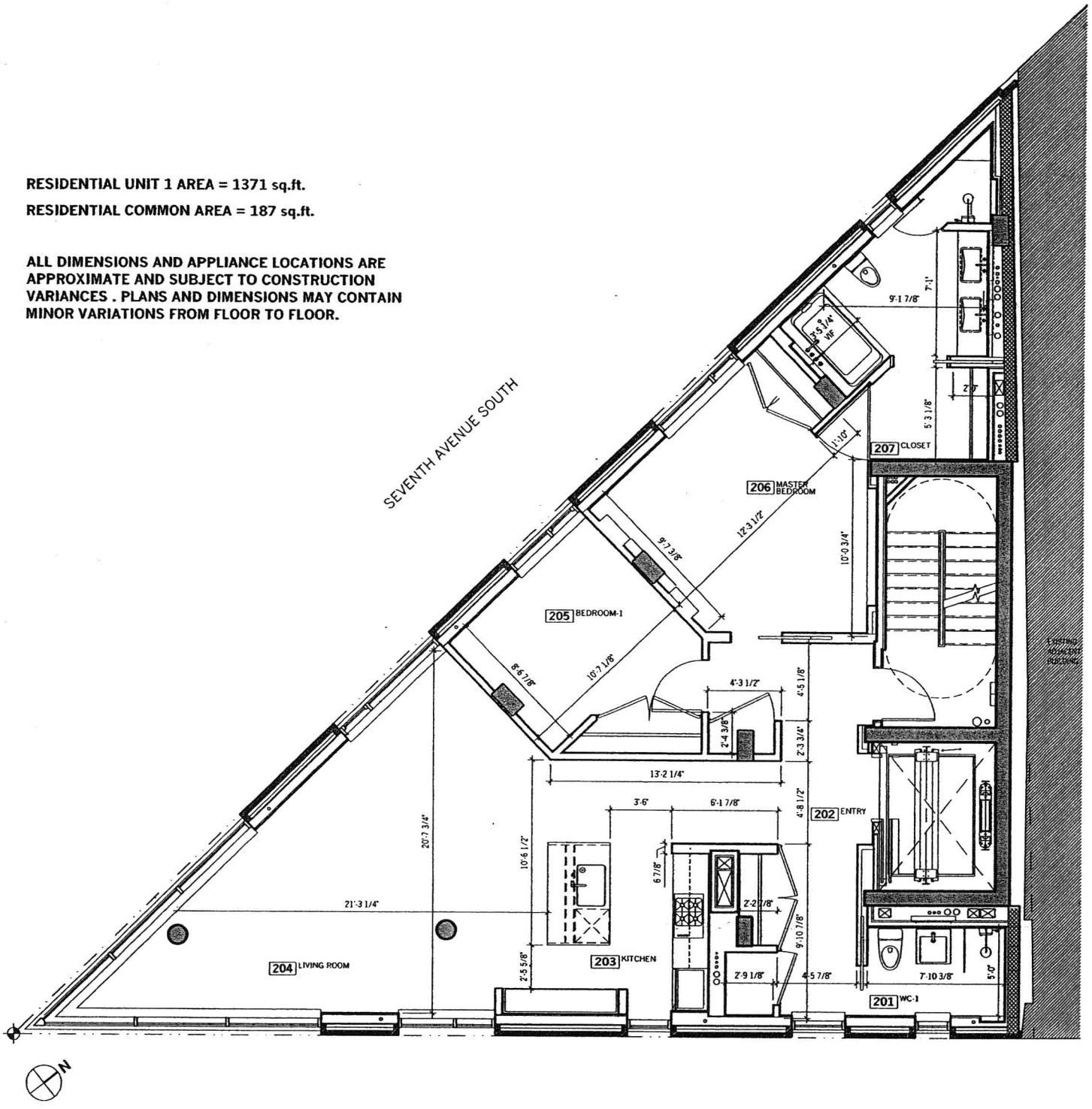
FLOOR GROSS AREA = 1579 sq.ft.

GROUND FLOOR PLAN

RESIDENTIAL UNIT 1 AREA = 1371 sq.ft.

RESIDENTIAL COMMON AREA = 187 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL UNIT 1

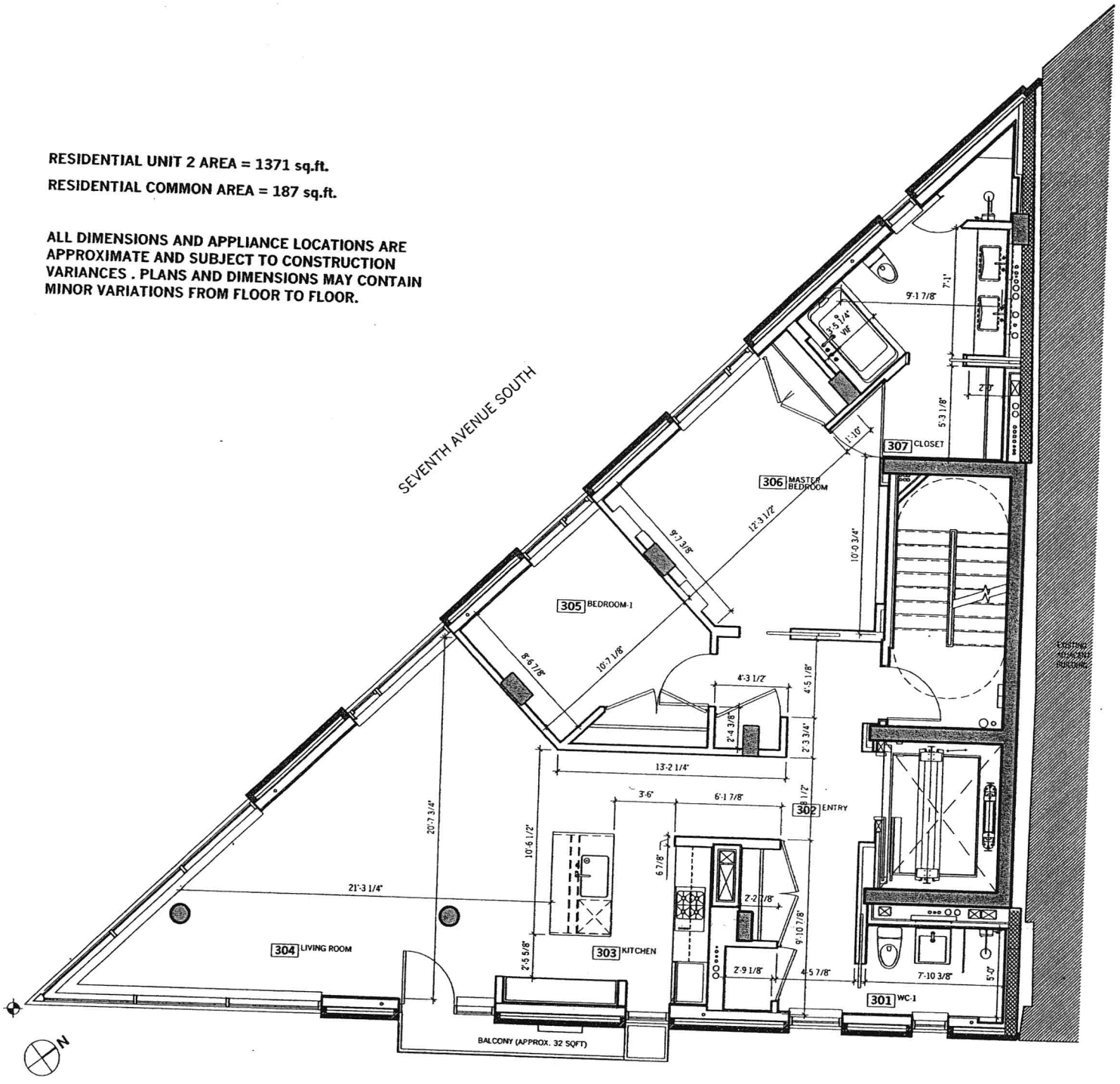
FLOOR GROSS AREA = 1558 sq.ft.

SECOND FLOOR PLAN

RESIDENTIAL UNIT 2 AREA = 1371 sq.ft.

RESIDENTIAL COMMON AREA = 187 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL UNIT 2

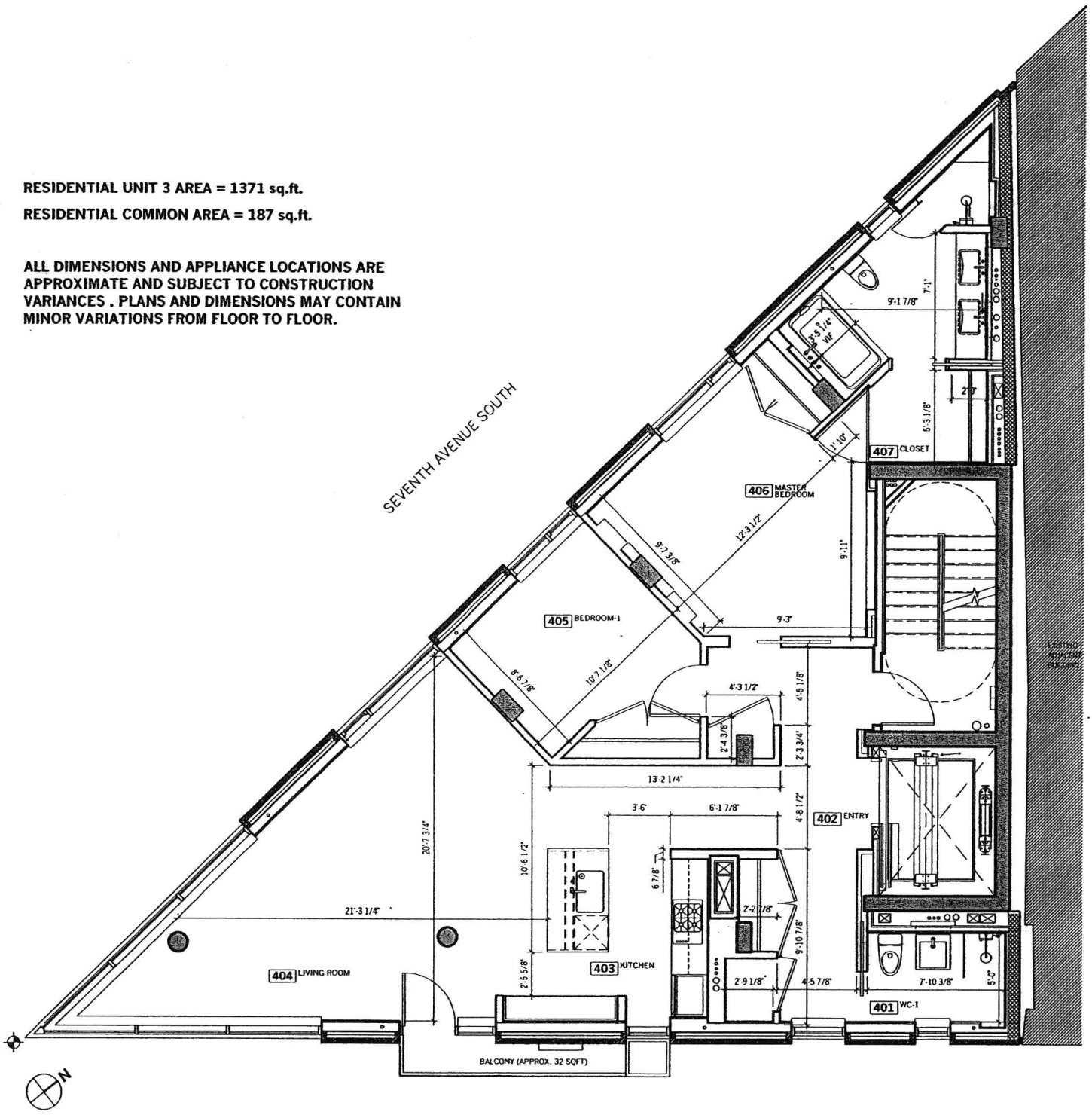
FLOOR GROSS AREA = 1558 sq.ft.
(EXCLUDES OUTDOOR SPACE)

THIRD FLOOR PLAN

RESIDENTIAL UNIT 3 AREA = 1371 sq.ft.

RESIDENTIAL COMMON AREA = 187 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL UNIT 3

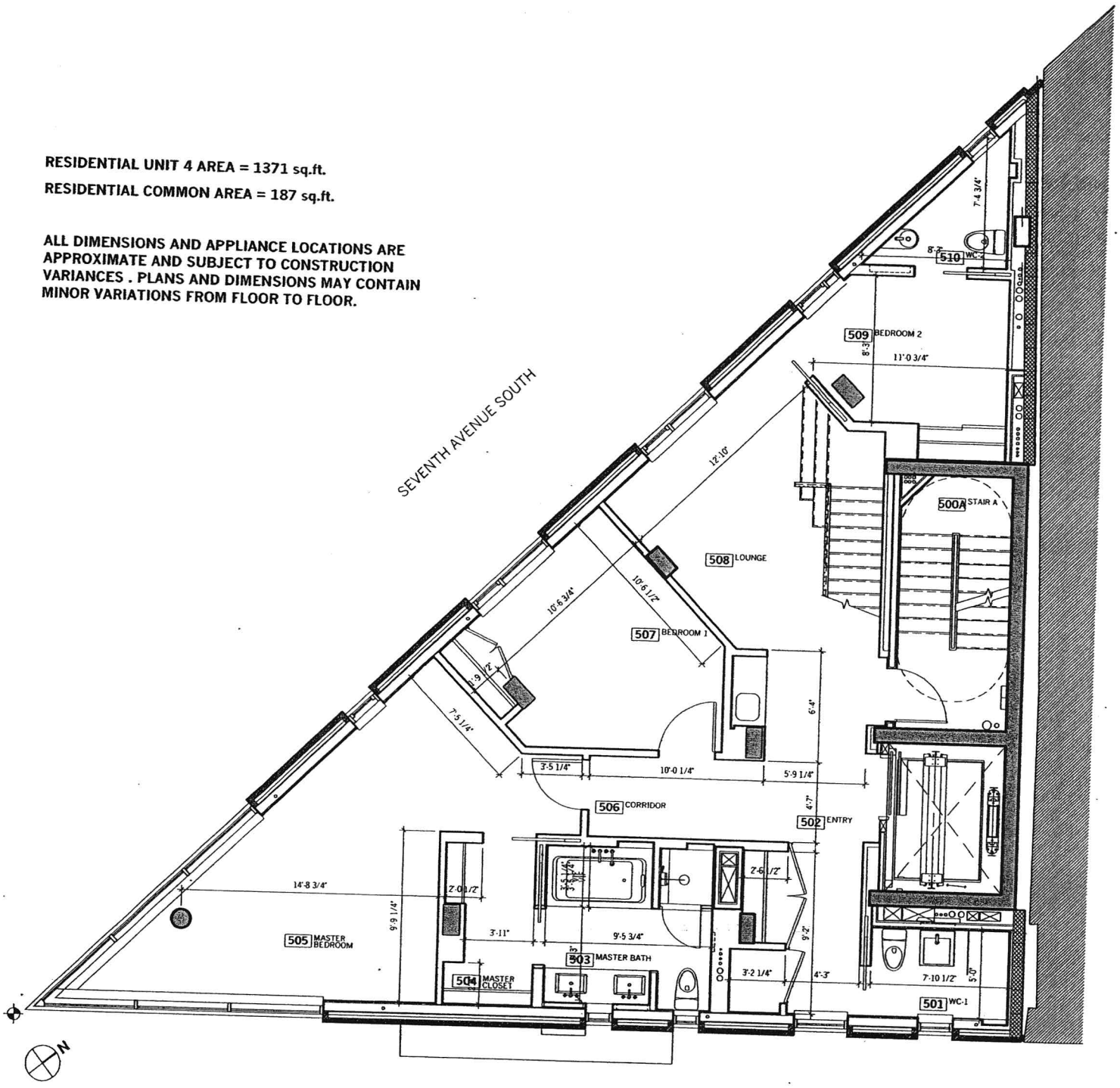
FLOOR GROSS AREA = 1558 sq.ft.
(EXCLUDES OUTDOOR SPACE)

FOURTH FLOOR PLAN

RESIDENTIAL UNIT 4 AREA = 1371 sq.ft.

RESIDENTIAL COMMON AREA = 187 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL UNIT 4

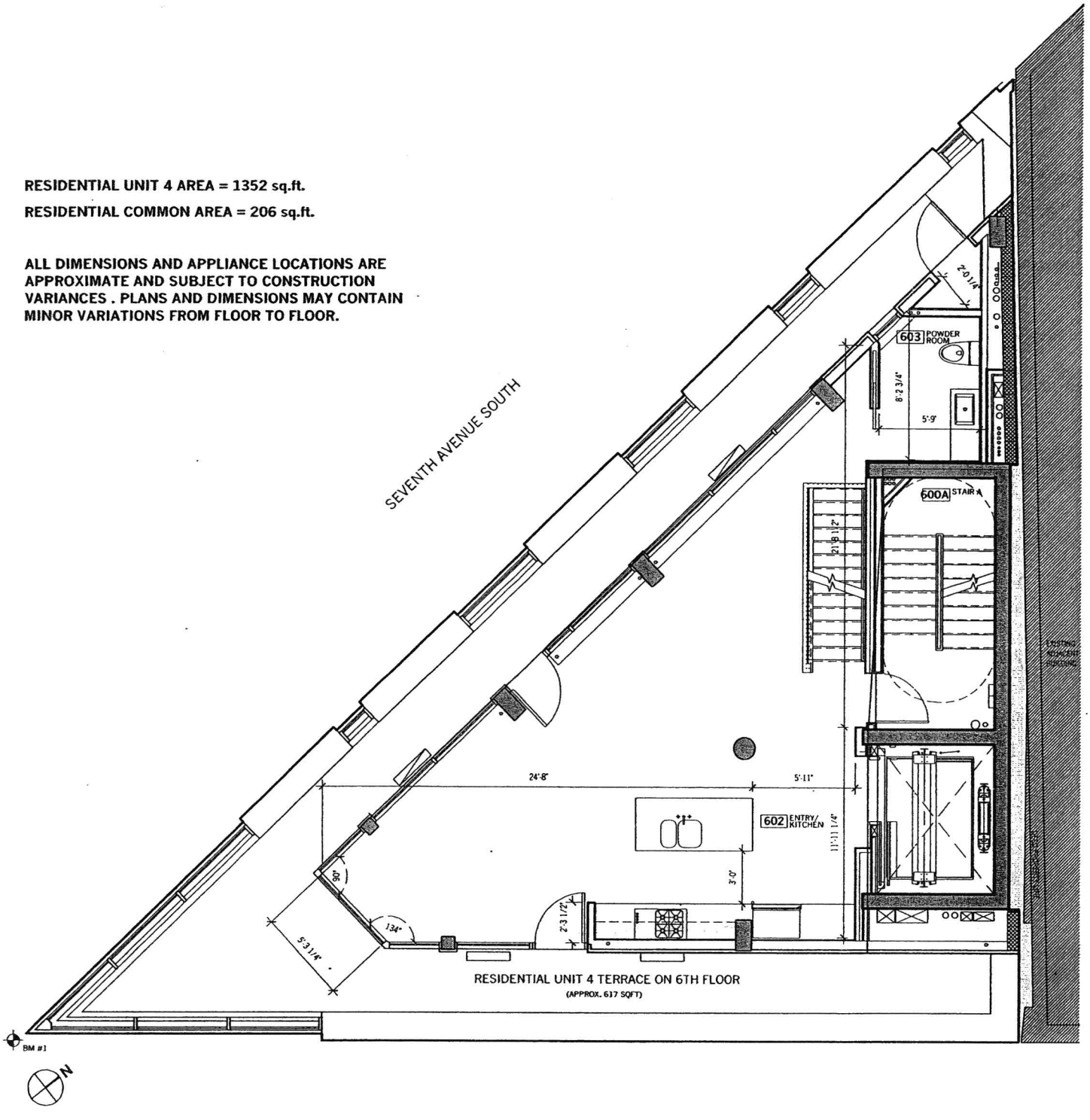
FLOOR GROSS AREA = 1558 sq.ft.

FIFTH FLOOR PLAN

RESIDENTIAL UNIT 4 AREA = 1352 sq.ft.

RESIDENTIAL COMMON AREA = 206 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



CARMINE STREET

ONE SEVENTH AVENUE SOUTH

RESIDENTIAL UNIT 4

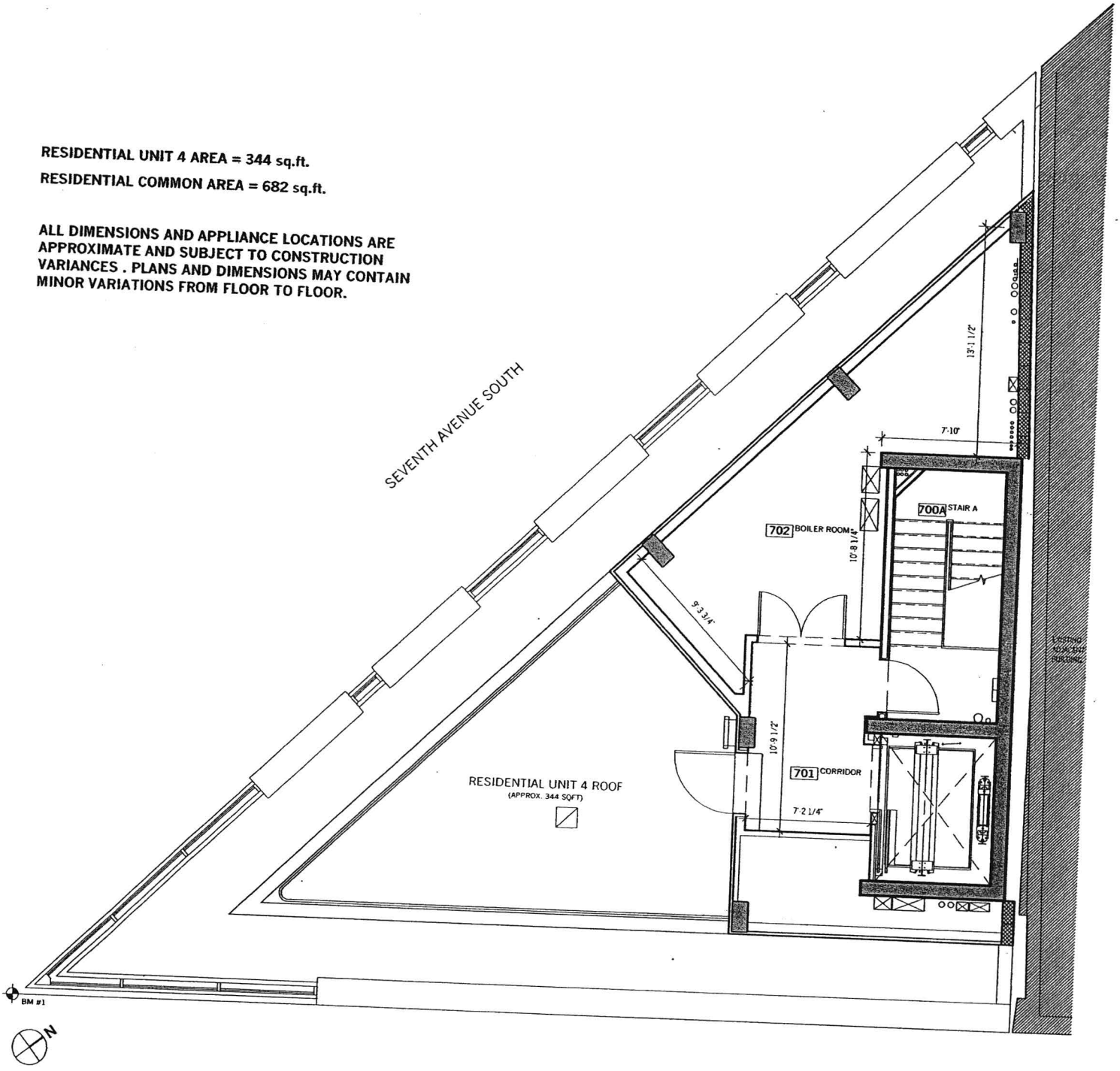
FLOOR GROSS AREA = 1558 sq.ft.

SIXTH FLOOR PLAN

RESIDENTIAL UNIT 4 AREA = 344 sq.ft.

RESIDENTIAL COMMON AREA = 682 sq.ft.

ALL DIMENSIONS AND APPLIANCE LOCATIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES . PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.



ONE SEVENTH AVENUE SOUTH

RESIDENTIAL COMMON AREA AND UNIT 4

FLOOR GROSS AREA = 970 sq.ft.

MECHANICAL FLOOR PLAN

THIS PAGE INTENTIONALLY LEFT BLANK

DECLARATION OF CONDOMINIUM

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED AT 1 SEVENTH AVENUE SOUTH, NEW YORK, NEW YORK 10014 PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

NAME: ONE 7TH

SPONSOR:
Carmine Partners LLC
c/o Recap Partners Equities LLC
45 West 21st Street
New York, New York 10010

DATE OF DECLARATION: _____

The land affected by the within instrument lies in Block 582, Lot 43, to be known as Lots _____ on the tax map of the Borough of Manhattan, County, City and State of New York.

Record and Return to:
Anthony T. Simari, Esq.
Smith, Buss & Jacobs, LLP
733 Yonkers Ave.
Yonkers, NY 10704

TABLE OF CONTENTS

		Page
ARTICLE FIRST:	Submission of Property	1
ARTICLE SECOND:	Description of Property	1
ARTICLE THIRD:	Definitions	1
ARTICLE FOURTH:	Community	3
ARTICLE FIFTH:	Common Elements	4
ARTICLE SIXTH:	Special Rights of Sponsor and Commercial Unit Owners	10
ARTICLE SEVENTH:	Service of Process	11
ARTICLE EIGHTH:	Common Interest	12
ARTICLE NINTH:	Administration	13
ARTICLE TENTH:	Amendment and Withdrawal	14
ARTICLE ELEVENTH:	Subject to Declaration, By-Laws, Etc.	15
ARTICLE TWELFTH:	Common Charges	16
ARTICLE THIRTEENTH:	Units Acquired by the Board	16
ARTICLE FOURTEENTH:	Power of Attorney	16
ARTICLE FIFTEENTH:	Easements	17
ARTICLE SIXTEENTH:	Encroachments	20
ARTICLE SEVENTEENTH:	Unit Ownership	21
ARTICLE EIGHTEENTH:	Conveyance of a Unit	21

ARTICLE NINETEENTH: Covenants and Restrictions and Statement of Permitted Uses 21

ARTICLE TWENTIETH: Allocation of Tax Benefits..... 22

ARTICLE TWENTY-FIRST: Invalidity..... 22

SCHEDULES: 22

EXHIBITS: .....

PLOT PLAN: Filed Simultaneously Herewith.....

PLAN OF CONDOMINIUM OWNERSHIP

DECLARATION OF ONE 7TH
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF
THE STATE OF NEW YORK

In the City of New York, County of New York and State of New York as of this _____ day of _____, Carmine Partners LLC, a limited liability company organized and existing under the laws of the State of New York, whose principal office is situated c/o Recap Partners Equities LLC, 45 West 21st Suite 501, Street, New York, New York 10010, City of New York, County of New York, 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, situate, lying and being in the City of New York, County of New York, and State of New York, and more particularly described on Schedule B annexed hereto.

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 a twelve-story building together with a cellar and commercial space.

(b) "**Common Expenses**" are the costs of operation of the Condominium. The Common Expenses are allocated between "Residential Common Expenses" and "Commercial Common Expenses", as determined in accordance with Article EIGHTH.

(c) **"Condominium"** as hereinafter referred to shall mean **One 7th** which is composed of the Unit Owners.

(d) **"Fixture"** means an Installation which has been affixed to the common elements of the Building or to a Unit with the consent of the Board of Managers (if required under the Condominium Documents) in such a manner that it cannot be removed without material damage to the common elements or such Unit, as applicable.

(e) "**Installations**" means equipment, antennas, pipes, wires, conduits, ducts, vents, systems, service and utility lines, life safety systems and electrical power feeds, sprinklers,

smoke exhaust ducts, and other equipment and facilities installed on or constructed within or upon or located within the Building for the benefit of a particular Commercial Unit Owner and which, as of the date of recording of this Declaration, are not identified on the Floor Plans as common elements.

(f) "**Repair**" or "**Repairs**" means "repair, maintain or replace."

(g) **"Sponsor"** as used herein refers to (i) Carmine Partners 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.

(h) 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 whether such ownership is joint, in common, or tenancy in the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owner's vote referred to in paragraph **TENTH** of this Declaration.

(i) (i) A **"Unit"**, as hereinafter referred to, shall include, individually and collectively, the Residential Units and Commercial Units. Any Commercial Unit resulting from the subdivision or combination of one or more Commercial Units shall also be a Commercial Unit. Each Unit is defined as consisting of the area measured horizontally 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. Each Unit is defined vertically from 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 Unit's 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 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, 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 equipment (including the fans inside the units), heating equipment, ranges, clothes washers and dryers, 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 Residential Limited Common Elements (as described further in this Declaration), but a Unit Owner will nevertheless 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.

(iii) Installations which serve exclusively one Commercial Unit, whether or not located within the boundaries of a particular Unit, shall be deemed personal property of the Commercial Unit Owner who owns such Unit unless such Installation is a Fixture. In that case, the Installation shall be deemed part of the Unit if it is located within the boundaries of the Unit, and a Limited Common Element appurtenant to such Unit if located outside such boundaries.

(j) The term "**Unit**" and "**Unit Owner**" as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Sponsor is constructing or renovating the Building on the parcel of land described in Exhibit B and establishing a Condominium community known as One 7th according to the plans filed simultaneously with the recording of this Declaration in the office of the Register of the County of New York, 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 and one (1) Commercial Unit located in a twelve-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 as Type 1-C, 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 9B 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 Owner and the Unit Owner at the time of construction 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 (a) more than one Residential Unit or Residential Unit Owner (in which event they are called **"Residential Limited Common Elements"**) or (b) a Commercial Unit or Commercial Unit Owner (in which event they are called **"Commercial Limited Common Elements"**). Within the category of Residential Limited Common Elements is the subcategory of **"Restricted Residential Limited Common Elements"**, which are Residential Limited Common Elements appurtenant to a particular Residential Unit, the use of which is restricted to the owner of such Residential Unit. In addition, if a Commercial Unit is subdivided into two or more Commercial Units, the Commercial Unit Owner will have the right to convert any Commercial Limited Common Element into a "**Restricted Commercial Limited Common Element**', which is a Commercial Limited Common Element appurtenant to a particular Commercial Unit, the use of which is restricted to the owner of such Commercial Unit. 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 this Article);

(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 basement or cellar areas which are not included within a particular Unit and are used for the benefit of all Unit Owners;

any laundry facilities not located within a Unit and 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 Residential Units (which are considered Residential Limited Common Elements), and all doors, windows and window frames of Commercial Units (which are considered part of each Commercial Unit).

(3) All central and appurtenant Installations for services such as power, light, intercom, telephone, television, gas, oil, hot and cold water, heat (including all pipes, ducts, wires, shoots, cables and conduits used in connection therewith) and all other mechanical equipment spaces, except that installations regarding such utilities and other services that have been or will be made by the owners or tenants of Commercial Units to exclusively benefit one or more Commercial Units shall be Commercial Limited Common Elements, and any such installations exclusively serving the Residential Units or the Residential Unit Owners shall be Residential Limited Common Elements;

(4) Water service pipes and sewer pipes;

(5) Any house tank providing water to all Units and the pipes used in connection therewith;

(6) To the extent the Building is served by steam heat or hot water, the boiler room and portions of any steam riser and connections originating in the boiler room and distribution piping at below grade level and through the first floor;

(7) Ventilation supply system consisting of motors, duct work, fans and controls serving General Common Elements and steam and condensate return piping serving General Common Elements;

(8) 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 both the Commercial and Residential Units;

(9) Copings, flashings, leaders, gutters and parapets appurtenant to the main roof of the Building;

(10) All other facilities of the Building, including (but not limited to) vaults, shafts, pipes, wires, ducts, vents, cables, conduits, lines, and roof over public stairways, which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of both the Commercial Units and the Residential Units, but excluding Fixtures and Installations.

(ii) The expense for the repair and maintenance of General Common Elements shall be part of the common expenses, and shall be apportioned among Unit Owners as provided by this Declaration as part of Common Expenses.

(c) (i) The Residential Limited Common Elements include the following:

(1) All stairs in the Building that (a) do not connect with the Commercial Units or (b) are located above the first floor of the Building;

(2) The main entrance to the Building, the lobby, service corridor and service entrance, portions of the basement or cellar used solely for the benefit of the Residential Unit Owners, any vaults accessed only from portions of the basement or cellar used solely for the benefit of the Residential Unit Owners, and other areas used in connection therewith. Any portion of the basement and cellar expressly reserved for the benefit of a particular Residential Unit, without a reservation by the Board of Managers to terminate usage or change the location of such reserved area, is a Restricted Residential Limited Common Element for that particular Unit;

(3) Compactor rooms, laundry room, superintendent's room and workshop (if any);

(4) Passages and corridors above the first floor of the Building, including, any passages and corridors that do not serve or connect with any Commercial Unit;

(5) Trash chutes, room(s) and access doors, and any sanitizing units or compactor units serving the Residential Units, and all passageways and ducts, chutes, or other facilities used in connection therewith;

(6) Window glass and window frames located on the perimeter of (but not exclusively serving) a Residential Unit, and all other window frames and window glass in the Building. Window frames and window glass that are located within a Commercial Unit are part of the Commercial Unit, and the window glass and window frame serving a particular Residential Unit are Restricted Residential Limited Common Elements for that particular Unit as per subsection (d);

(7) Corridor supply risers and ducts, kitchen and toilet exhaust risers and ducts, kitchen and toilet water vents, gas risers, electric risers and shafts serving Residential Units;

(8) Gas piping serving Residential Limited Common Elements and Residential Units;

(9) All passages and corridors, mechanical and other rooms, areas and indoor and outdoor spaces located at the Property serving exclusively one or more Residential Units and which are not General Common Elements or Commercial Limited Common Elements or part of any Unit;

(10) All doors abutting on common areas other than entrance or exit doors to or from Commercial Units, including, but not limited to, doors opening from Residential Units to corridors, and the entrance and exit doors to and from the Building. Any door leading to or from the Building or a General Common Element to a Commercial Unit shall be deemed part of

the Commercial Unit that it leads to or from. The front entrance doors to Residential Units shall be deemed Residential Limited Common Elements, but a Unit Owner will nevertheless 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.

(11) Residential passenger elevators, including their respective shafts, pits, machine rooms, elevator room (if any) and appurtenant facilities;

(12) Any portion of the basement or cellar designated on the floor plans of the Condominium to be used for the residential occupants;

(13) All space devoted to the lodging or use of any person employed exclusively in connection with the operation of the Residential Units;

(14) All other facilities of the Property (including, but not limited to, shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Units, but excluding Fixtures and Installations; and

(15) All other common elements other than General Common Elements, Restricted Residential Limited Common Elements, or Commercial Limited Common Elements.

(ii) The expense for the repair and maintenance of the Residential Limited Common Elements shall be part of the Residential Common Expenses, which are to be apportioned among Residential Unit Owners as provided by this Declaration.

(d) Restricted Residential Limited Common Elements.

(i) Certain portions of the Residential Limited Common Elements are limited and further restricted in use to the owners of particular Residential Units to which the Residential Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Residential Limited Common Element to make repairs and replacements to such Restricted Residential Limited Element or any common element contained therein, and subject to the By-laws and Rules and Regulations of the Condominium.

(ii) The Restricted Residential Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Residential Unit and serving exclusively that Unit.

(2) Any portion of the balconies, wraparound terrace or roof terrace available for use by and serving exclusively one Residential Unit: and

(3) Any portion of the cellar expressly reserved for the service of a particular Residential Unit without a right by the Board of Managers to terminate such use or

change the location of such area.

(iii) The Restricted Residential Limited Common Elements (as defined in the Declaration) shall be maintained, repaired and replaced by, and at the expense of, the following persons under the following circumstances: (i) the Board of Managers at the expense of the Unit Owner, if it is a Restricted Residential Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks); or (ii) by the Unit Owner having direct and exclusive access to a Restricted Residential Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs (as defined in Article THIRD.)

(e) Commercial Limited Common Elements.

(i) In addition to other references in this Declaration, the following shall be common elements which shall be Commercial Limited Common Elements which shall be allocated to the specific Commercial Unit having exclusive use thereof;

(1) Any dividing wall or walls which are created in the event that any Commercial Unit is subdivided or combined which is for the exclusive use of the Commercial Unit Owners whose Units are separated by such walls;

(2) All drains, vents, flues, or other mechanical equipment installed by the owner or tenant of a Commercial Unit solely for the use of one or more Commercial Units; and

(3) All other facilities of the Property (including, but not limited to, the courtyard and any shafts, pipes, wires, ducts, vents, cables, conduits and lines) which exclusively serve or benefit, or are necessary or convenient for the existence, maintenance, operation or safety exclusively of a Commercial Unit Owner.

(ii) All doors and all windows and window frames located on the boundary of a Commercial Unit, all doors leading from a Commercial Unit to other portions of the Building, and all street level doors and entrances to and exits from a Commercial Unit, shall be part of that Commercial Unit.

(iii) Commercial Limited Common Elements shall be maintained, repaired and replaced by the owner or owners of the Commercial Unit who has (have) use of or benefit(s) by the particular Commercial Limited Common Element.

(f) Restricted Commercial Limited Common Elements.

(i) Certain portions of the Commercial Limited Common Elements are limited and further restricted in use to the owners of particular Commercial Units to which the Commercial Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Commercial Limited Common Element to make repairs and replacements to such Restricted Commercial Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations of the

Condominium.

(ii) The Restricted Commercial Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Commercial Unit and serving exclusively that Unit;

(2) The portion of any Common Elements underlying any Fixtures installed by a Commercial Unit Owner and not located within the boundaries of the Commercial Unit; and

(3) Any portion of the roof or cellar expressly reserved for the service of a particular Commercial Unit as to which the Board of Managers does not have the right to terminate such use or change the location of such area.

(iii) The holders of a majority in interest of the percentage of common interest allocated to the Commercial Units shall have the right to designate any Commercial Limited Common Element as a Restricted Commercial Limited Common Element, and to allocate the responsibility for the Repair of any such Restricted Commercial Limited Common Element to one or more Commercial Units who utilize such common element, upon written notice to the Board of Managers. The Commercial Unit Owner shall amend the floor plans of the Condominium to reflect such change.

(g) The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law. Notwithstanding the foregoing, the Board of Managers of the Condominium shall have the right to convey, lease and mortgage any Unit owned by the Condominium (including one used for the lodging of the superintendent) on behalf of all of the Unit Owners. If such Unit is conveyed by the Board of Managers, it shall no longer be deemed a common element of the Condominium and the floor plans appurtenant to the Declaration shall be amended accordingly.

(h) 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 of this Declaration.

(i) 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 and Commercial Unit Owners.

(a) The Sponsor, its successors, assigns and purchasers, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of a Unit and facilities in the Condominium and towards this end, reserves the right to grant and reserve easements and

rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities and for any other materials or services necessary for the completion of the work. For further easements in favor of the Condominium and Unit Owners, see Article FIFTEENTH.

(b) The Sponsor, its successors, assigns, and purchasers, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements.

(c) The Sponsor, its successors, assigns and purchasers , reserves 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 (e) may not be added to, amended or deleted without the consent of Sponsor. For further easements in favor of the Sponsor, see Article FIFTEENTH.

(f) The owner of a Commercial Unit shall have the right, without the consent of the Board of Managers or other Unit Owners or holders of Unit mortgages to (i) make alterations, additions or improvements, structural and non-structural, interior and exterior, ordinary and extraordinary in to and upon his Commercial Unit (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) subdivide the Commercial Unit into separate Units and combine Units resulting from any subdivision of one or more Commercial Units into single Units; (iii) change the layout of his Unit and any boundary walls between one or more of the subdivided or combined Commercial Units; (iv) alter or improve any Commercial Limited Common Elements; and (v) apportion among the subdivided or combined Commercial Units their appurtenant interests in the common elements, provided that in each instance the Commercial Unit Owner 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 a Commercial Unit Owner, provided, however, that neither the Board of Managers or 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, the owner of the appropriate Commercial Unit shall have the right to require the Board of Managers to execute and record any appropriate amendment to this Declaration, or such Commercial Unit Owner shall also have the right to execute and record such amendment upon his own execution of such amendment. A copy of any such applications or other documents required by a Commercial Unit Owner will be furnished to the Board of Managers. The provisions of this subsection (f) may not be amended, added to or deleted without the consent of all of the owners of the Commercial Units. For further easements in favor of the Commercial Unit Owner, 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 Condominium Board 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 Condominium Board. Copies shall also be mailed attn: the President of the Board of Managers of One 7th at 1 Seventh Avenue South, New York, New York 10014. 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.

(a) Each Unit Owner shall have such percentage interest in the common elements as is set forth on Schedule A attached hereto and shall bear such percentage of the Common Expenses of the Condominium, subject to subsections (b) and (c) below. Each Unit Owner shall have one vote for each hundredth (.01) 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 Residential Unit and each Commercial Unit in the common elements is based on floor space, location and uniqueness as of the date of recording this Declaration.

(b) (i) The contribution of the Commercial Unit Owners to Common Expenses (the "**Commercial Common Expenses**") will be based on (1) a fair allocation of the following expenses of the Condominium based on anticipated actual usage of the Commercial Unit Owners from year to year: payroll related expenses; common area electricity; water and sewer, but only

to the extent that such usage is not separately metered or submetered; repairs and maintenance to the General Common Elements (only); elevator service contracts; management; plus (2) the percentage of common interest of the Commercial Unit Owners in the following expenses of the Condominium: oil heat and hot water; insurance; accounting; contingency reserve; and capital Repairs to the General Common Elements.

(ii) Notwithstanding part (i) the Commercial Unit Owners will be obligated to pay their fair share of the operating expenses incurred by the Condominium in furnishing the services set forth above, as well as operating, maintaining and repairing the General Common Elements that are utilized by the Commercial Unit Owners. No more frequently than once per year, the Board of Managers may seek to adjust the allocation of Common Expenses to reflect the proportions fairly attributable to the Residential and Commercial Units to the cost of usage fairly anticipated by such Unit Owners of the services and common elements in question during the following year based on historical usage or reasonably anticipated ongoing costs. However, without the consent of the Commercial Unit Owners, the Condominium Board may not (1) modify its method of allocations and assessments, or increase the number of Building employees servicing the Commercial Units or the categories of services, utilities or supplies provided to the Commercial Units, in such a manner as would increase the Common Charges otherwise payable by the Commercial Unit Owners or (2) increase the Common Charges payable by the Commercial Unit Owners beyond their percentage of common interest in any particular category of Common Charges. Any allocation shall conform to Section 339-m of the Real Property Law. If any category of Unit Owner contends that any method of allocation determined by the Board is inequitable, the Board or the Commercial Unit Owner may submit the dispute to arbitration in accordance with the By-laws. The foregoing reallocation provision does not apply to capital Repair projects not otherwise reflected in the annual operating expense budget, which will be based on the percentage of common interest of the Units.

(iii) In the event that the use of a Commercial Unit is changed from its then existing use, the Board of Managers may allocate expenses or specific expense items and apportion Common Charges allocated to the Commercial Unit resulting solely from such changes in use. If a Commercial Unit Owner objects to any such allocation by the Board of Managers, the dispute shall be submitted to the American Arbitration Association for arbitration and the determination made in such arbitration shall be binding and conclusive on the parties. The cost of such arbitration shall be borne equally by the parties. Any allocation shall conform to Section 339-m of the Real Property Law.

(iv) Either the Board of Managers or Commercial Unit Owners shall have the right to require that any utility used in common by the Residential and Commercial Units be separately metered or (if separate metering is not economically feasible) submetered. In such case, the cost of such utility will be payable based on actual usage rather than percentage of common interest. The ongoing cost of reading or Repairing any submeter will be split equally between the Residential Units and the Commercial Unit whose consumption is being measured. The initial cost of installing any meter or submeter will be split equally between the Residential and Commercial Units. The ongoing cost of any separate meter (as opposed to submeter) shall be paid for by the Unit whose consumption is being measured.

(v) If the Condominium contains a vault, the Board of Managers shall allocate any fees charged by the City of New York in connection with the use of the vault between the Residential and Commercial Unit Owners on the basis of the square footage of the vault actually used by each Unit Owner. If any portion of the vault is used in common by the Residential Unit Owners, the allocable portion of such fees shall be borne by the Residential Unit Owners as a common expense.

(vi)The provisions of this subsection (b) may not be amended without the consent of the affected Unit Owner.

(c) The Residential Unit Owners shall be responsible for all Common Expenses payable by the Condominium other than the Commercial Common Expenses (the "**Residential Common Expenses**). The percentage share of the Residential Common Expenses payable by each Residential Unit Owner and the percentage share of Commercial Common Expenses payable by each Commercial Unit Owner are set forth on Schedule C. Such percentage share may be reallocated among individual Residential and Commercial Units if such Units are subdivided or combined.

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 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 or Commercial Unit Owners 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 67% of the Unit Owners in number and common interest held at a duly called meeting of the Unit Owner, provided however, that:

(i) No amendment shall change the boundaries of any Condominium parcel, or a Unit Owner's proportionate share of the common charges, or 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 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 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 New York, 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 of Condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

(f) The Sponsor and any Commercial Unit Owner shall have the right, without vote or consent of other Unit Owners, the Board of Managers or the 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 New York, 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 or a Commercial Unit Owner in accordance with this Declaration. All expenses in connection with the preparation, recording and filing of any such amendment shall be paid by Sponsor or the Commercial Unit Owner making such filing, as the case may be.

(g) Pursuant to Section 339-i(2) of the Real Property Law of the State of New York, where an Owner of a Unit changes the number of rooms (provided that in no case 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 completion of new Units. Nothing in this subsection shall give any Residential Unit Owner the right to change the number of rooms without the consent of the Board of Managers in accordance with the By-laws of the Condominium.

(h) Except as provided in this Article with regard to the right of Sponsor or its designee(s) to amend this Declaration, the following shall apply:

(i) Without the prior written consent of the affected Commercial Unit Owner(s), no amendment, modification, addition or deletion of or to the By-laws, the Declaration or the Rules and Regulations modifying the permitted uses of any Commercial Unit or affecting the rights, privileges, easements, licenses or exemptions granted to any Commercial Unit Owner, shall be effective in any way against that Unit Owner. The Board will not adopt any rules or regulations or amend the Declaration or By-laws in a manner which would adversely affect the operation of the Commercial Units.

(ii) Without the prior written consent of the Sponsor, no amendment, modification, addition or deletion of or to these By-laws, the Declaration or the Rules and

Regulations 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 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.

(i) Notwithstanding the balance of this Article, the Board of Managers shall have the right to lease, license or incorporate into a particular Unit (on request) any portion of the common elements exclusively used by such Unit Owner, without such incorporation changing the percentage of common interest allocable to such Unit Owner. Such incorporation shall be on such terms as the Board of Managers may deem reasonable.

ELEVENTH: Subject to Declaration, By-Laws, Etc. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Community in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Community or the mere act of occupancy of any of said Units shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except: (a) tax or assessment liens on the Unit by the taxing 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 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, his successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of common charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such 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-occupying Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property Law. However, no Unit Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Unit made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws. The By-laws of the Condominium contain additional provisions regarding the right of the Board of Managers of the Condominium 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 its designee in accordance with Section 339-x of the Real Property Law, 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 its designee on behalf of all of the other Unit Owners in proportion to their percentage of common interest.

FOURTEENTH: Power of Attorney. In order to carry out the provisions of Article 13 and to facilitate the proper operation of the Condominium, each Unit Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest, to the Board of Managers and their successors to exercise or waive the right of first refusal under the Condominium By-laws, acquire title or lease any such Unit under whatever terms the Board may in its sole discretion deem proper, to finance such acquisition, and to sell, lease, sublease, mortgage, vote, execute documents with respect to, or otherwise deal with such Unit under such terms as the Board in its sole discretion shall deem proper; to protest the Condominium's real estate tax valuations with the City of New York, and amend the Declaration and By-Laws of the Condominium; to borrow money for the repair of the General Common Elements; and to amend the Declaration and By-laws of the Condominium, provided that any such action is consistent with applicable law. Notwithstanding the above, the Board of Managers may not exercise any such power granted to it under the power of attorney so as to (i) adversely affect any rights or privileges of the Sponsor or Commercial Unit Owners, or (ii) increase the financial obligations of fewer than all Unit Owners (or, if the change affects only the Residential Units, fewer than all Residential Unit Owners) or change the percentage of common interest allocated to any Unit.

FIFTEENTH: Easement for Pipes, Ducts, Cable, Wires, Conduits, Public Utility Lines and Other Common Elements Located Inside of Units; Special Rights of Sponsor and Commercial Unit Owner.

(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, the Board of Managers, its agents, contractors and employees shall have an easement 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, to 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 normal conduct of business of the owner, tenant or other occupant of a Commercial Unit or with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than one 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 normal conduct of business of the tenants and occupants of any Commercial Unit or with the use of the Residential 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 not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of a Commercial Unit or with the use of the Residential 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 normal conduct of business of the tenants and occupants of the Commercial Units or with the use of the Residential Units for their permitted purposes.

(h) The owner of a Commercial Unit will have the right to grant such additional electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of a Commercial Unit or a Commercial Limited Common Element or any portion of the common elements in connection with the subdivision or combination of Commercial Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of other Commercial Units or with the use of the Residential Units for their permitted purposes.

(i) 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 normal conduct of business of the tenants and occupants of Commercial Units or with the use of the Residential Units for their permitted purposes.

(j) Any owner of Commercial Unit shall have an easement for any Installation, maintenance, repair or replacement work performed in connection with the combination or subdivision of any Commercial Units, and any such owner shall have the right to install, maintain, repair and replace separate mechanical systems, such as heating systems and all necessary pipes, lines, conduits, ducts, water lines, flues, etc. in connection with the subdivision, combination or operation of Commercial Units, and such easements shall run through the Building, its walls and common areas.

(k) Each Commercial Unit Owner shall, to the extent permitted by law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property for the purposes of advertising the sale or lease of all or any portion of his Commercial Unit and the operation of any business of a tenant or occupant of all or any portion of the Commercial Unit. Each Commercial Unit Owner shall have an easement to install, create. alter, repair, replace and

maintain such signs and displays as may be permitted by law on or in the exterior wall of the Building to the height and width of the Commercial Unit bounded on the interior side of such wall.

(l) 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.

(m) 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.

(n) The Sponsor and the Commercial Unit Owner shall have easements over the common elements for access to and to use, maintain, Repair, alter, change or improve any Installations now or hereafter installed in the Building and serving its Unit, and to connect such Installation to equipment located within its Unit and to any public utility lines or facilities serving the Commercial Unit. Such access will be subject to the reasonable regulations of the Board of Managers regarding hours of work, access, and interference with the Residential Units. Such right shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their existing use. Nothing in this Section shall be deemed to grant to any Unit Owner an easement to install any additional Installations outside of its Unit except in connection with a Repair or replacement of an existing Installation.

(o) (i) Until such time as the Sponsor or its affiliates ceases to own a Unit, the Condominium hereby grants to the Sponsor the right to make Installations or improvements to any portion of the General Common Elements; to install additional wiring, pipes or conduits, and to penetrate, use and alter such portions of the General Common Elements as may be necessary to make, change or Repair such Installations; to make any applications with, and obtain permits from, governmental bodies to install, change or Repair such Installations; to freely enter onto the common elements for such purposes; and the right to license, convey, or grant such rights to one or more Unit Owners in Sponsor's good faith discretion. At such time as Sponsor's rights expire under this subsection, the right to utilize any portion of the General Common Elements that has not previously been encumbered by grant or license shall be subject to control by the Board of Managers.

(ii) Sponsor shall have the right to designate any portions of the General Common Elements as Commercial Limited Common Elements in connection with the exercise of the foregoing rights.

(iii) In connection with the exercise of the foregoing rights, The Sponsor and any beneficiary of such rights shall have easements over the common elements for access to and to use, maintain, Repair, alter, change or improve any Installations installed by such beneficiary, and to connect such Installation to equipment located within its Unit and to any public utility lines or facilities serving the beneficiary. Such access will be subject to the reasonable regulations of the Board of Managers regarding hours of work, access, and interference with the Residential Units. Such right shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their existing use.

(p) 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) or 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, or by reason of the installation, maintenance, repair or replacement by the owner of a Commercial Unit or any Unit resulting from the subdivision or combination of a Commercial Unit of signs, flues, vents, air conditioning, heating, ventilating and water lines and other mechanical fixtures and equipment, 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 are 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: 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 Board of Managers, and the following covenants and restrictions:

(a) The Unit and area restricted to the Unit Owner's use shall be maintained in good repair and 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 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 or Commercial Unit Owners, 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 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 ($50.00) Dollars 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.

(j) The Commercial Units and any Units resulting from the subdivision or combination thereof may be used for lawful commercial purposes, including, but not limited to, professional offices or for any other lawful purpose, provided however, that the Commercial Units may not be used for (i) any obscene or pornographic use or any sort of commercial sex establishment or for any nude or semi-nude live performance, such as modeling, rap sessions, or a so-called rubber goods shop or as a sex club, (ii) as a dry cleaner with on-site cleaning, (iii) any form of gambling establishment including but not limited to "Off-Track Betting (OTB)," (iv) a billiard parlor or pool hall, (v) an amusement arcade or center having income from coin-operated games or other

electronic devices; or (vi) massage parlor. The use of any Commercial Unit must conform to all applicable governmental and municipal regulations, including any applicable zoning requirements.

TWENTIETH: Allocation of Tax Benefits. Any real estate tax benefits meant to be conferred upon substantially all of the Residential Units by a governmental authority shall nevertheless be allocated among all of the Residential Units in accordance with their respective percentage of common interest, regardless whether the construction of such Units resulted in an increase in the cubic content of the Building prior to the date of this Declaration.

TWENTY-FIRST: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

Declarant: CARMINE PARTNERS LLC

By: _____
Name:
Title:

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the ____ day of _____ in the year 2006 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
TO THE DECLARATION OF
ONE 7TH

Unit Number	Tax Lot	Percentage of Common Interest	Approx. Unit Area in Square Feet	Number of Rooms	Common Elements to Which Unit has Access	Restricted Residential Limited Common Elements/Commercial Limited Common Elements to Which the Unit has Access
1		16.49	1,371	4	Lobby, Elevator	Cellar Storage
2		16.49	1,371	4	Lobby, Elevator	Cellar Storage, Balcony
3		16.49	1,371	4	Lobby, Elevator	Cellar Storage, Balcony
PH		35.39	2,106	6	Lobby, Elevator	Cellar Storage, Roof Terrace, Wraparound Terrace
Commercial		15.14	1,112	1	Sidewalk	Cellar Storage
Totals		100%				

SCHEDULE B
TO THE DECLARATION OF
ONE 7TH

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, more particularly described as follows:

SCHEDULE C
PERCENTAGE SHARES OF
RESIDENTIAL AND COMMERCIAL COMMON EXPENSES

Unit Number	Percentage Share of Residential Common Expenses
1	19.43
2	19.43
3	19.43
PH	44.74
Total	100.00%

Unit Number	Percentage Share of Commercial Common Expenses
Commercial	100.00%

THIS PAGE INTENTIONALLY LEFT BLANK

BY-LAWS
OF
ONE 7TH

ARTICLE I. PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The property located at 1 Seventh Avenue South, New York, New York, County of New York, specifically set forth in the Declaration and more commonly known has "**ONE 7TH**" has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The Term **"Condominium"** as used herein shall include the land and 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. The Unit or Units referred to as the "**Commercial Unit**" or **"Commercial Units"** are described in the Declaration. All other Units are "**Residential Units**". Any Unit resulting from the subdivsion or combination of one or more Commercial Units shall also be a Commercial Unit. The Commercial Units and the Residential Units are sometimes hereinafter collectively referred to as "**Units**". The "**Sponsor**" means Carmine Partners 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 mere acquisition or rental of any of the Units or the mere act of occupancy of any, of said Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The Condominium shall be limited to Unit Owners. **"Unit Owner"** as referred to herein shall mean all of the owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers. if the Sponsor or the Board of Managers shall then own or hold title to one or more Units) shall be entitled to cast one vote at all Unit Owners' meetings for each .01 (hundredth) percent of common interest in the common elements appurtenant to his or her Unit, but the Board of Managers shall not cast any of its votes for the election of any member to the Board. The total number of votes available shall be 10,000. 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 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, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners, who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. Within one 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 Owner's as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owner's 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) The number of Managers which shall constitute the whole Board shall not be less than two (2) or more than five (5). Until succeeded by the Managers elected at the first meeting of Unit Owners called for such purpose, Managers need not be Unit Owners; thereafter all Managers, other than representatives of the Sponsor or the Commercial Unit Owner, shall be Unit Owners, the principal or officer of a Unit Owner, or the spouse, son or daughter of a Unit Owner. The number of Managers elected at the first such meeting shall be five (5), including the designee of the Commercial Unit Owner. Thereafter, within the limits above specified, the number of Managers may be changed by a vote of the Unit Owners at their annual meetings prior to the election of the next Board of Managers. At the first meeting of the Unit Owners at which Managers are to be elected, the term of office of two of the Managers shall be fixed for three (3)

years, the term of office of two of the Managers shall be fixed at two (2) years, and the term of office of one of the Managers shall be fixed at one (1) year. The two nominees receiving the greatest number of votes shall serve a three year term; the two nominees receiving the next greatest number of votes shall serve two year terms; and the nominee receiving the next greatest number of votes shall have a one year term. The designee of the Commercial Unit Owner shall be deemed to have the one-year term. At the expiration of the initial term of office of each respective Manager his successor shall be elected to serve a three-year term. To the extent that the Sponsor or the Commercial Unit Owner is entitled to designate members of the Board of Managers as set forth in subsection (b), such designation shall reduce the number of Managers elected by the Unit Owners during that year.

(b) (i) 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 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 Owner's meeting to occur within thirty (30) days after the triggering event.

(ii) To assure the Sponsor of minimum representation on the Board of Managers after it turns over control of the Board to Unit Owners independent of the Sponsor, the Sponsor shall have the right to designate one member of the Board so long as the Sponsor continues to own one or more Residential Units. In addition, the Commercial Unit Owner shall have the right to designate one member of the Board of Managers at all times in addition to any Sponsor designee, and notwithstanding whether the Sponsor has the right to designate a Manager due to its ownership of a Residential Unit. However, if the Sponsor is also the owner of the Commercial Unit, the Sponsor and Commercial Unit Owner will not designate more than one more than a majority of the members of the Board during the control period described in part (i) above.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member of the First Board of Managers (see Section 4 of this Article III) who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term. In addition, only the Commercial Unit Owner may designate a successor to fill a vacancy relating to the Manager designated by the Commercial Unit Owner.

Section 3. Removal.

Except for a member of the Board of Managers designated by Sponsor or the Commercial Unit Owner, 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 or Commercial Unit Owner may only be removed for cause or by the Sponsor or Commercial Unit Owner, and in either event, only the Sponsor or Commercial Unit Owner, as applicable, shall have the right to designate a replacement.

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 or Commercial Unit Owner, 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 Jesse Keyes and Widjaja Hatta 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 interests;

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 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 Units, to acquire Units in foreclosure, by exercise of a right of first refusal on behalf of all Unit Owners, or as a result of abandonment, and to take any and all steps necessary to repair or renovate any Unit so acquired and to vote as Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the Board of Managers;

12. To 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 years and must contain a provision for termination by either party upon 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 at 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. Except as required by law, the consent of the Unit Owners shall not be required to make any unsecured borrowing to be used for the benefit of the Condominium, or to borrow funds by 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 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 twenty-five (25%) percent of the Residential 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 Condomin-

ium, 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 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, 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 sufficient). The provisions of this paragraph may not be amended without the written consent of Sponsor.

(d) Notwithstanding Subsection (c), 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 announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Unit Owners their mortgagees and the Department of Law (if required) of the State of New York, and shall present annually (at the annual meeting, but in no event later than four 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 Owner, 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 Owner 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 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 to such proportion of the total liability thereunder as such Unit Owner's common interest bears to the common interest of all Unit Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The 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 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 the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular 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, 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 Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective common interest appurtenant to such Units. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Unit Owner of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. 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 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 or otherwise. In addition, every non-occupying Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property Law.

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.

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 Unit, ordinary or extraordinary, and to the doors (except painting the exterior side of a Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense, excepting 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 be charged to all the Unit Owners as a Common Expense, except if the Repairs are necessitated by the negligence, misuse or neglect or a Unit Owner, in which case the expense shall be charged to such Unit Owner. Repairs in or to the Residential Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (i) the Board of Managers as a Common Expense, if such Residential Limited Common Element may be used by all Unit Owners, (ii) the Board of Managers at the expense of the Unit Owner, if it is a Restricted Residential Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the replacement of exterior windows or the repair of leaks); (iii) by the Unit Owner having direct and exclusive access to a Restricted Residential Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs; or (iv) with respect to the Commercial Limited Common Elements, by the owner of the Commercial Unit who has use of or benefits by the particular Commercial Limited Common Element. The Board of Managers will have the right to establish rules and regulations regarding the approval of contractors, nature and standard of repair for any Residential Limited Common Element.

(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 surface of any Building, including roofs, or to any generally visible portion of the common elements, shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Sponsor.

(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 Restricted Residential Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board. The Commercial Unit Owner will have the right to Repair any Commercial Limited Common Element upon reasonable prior notice to the Board except in an emergency, in which case such Repair may be made as needed. 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 its agents, employees and contractors shall have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. 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 normal conduct of business by the occupants of the Commercial Units or 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 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) 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 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 Commercial Units and any Units resulting from the subdivision or combination thereof may be used for such commercial or professional purposes as may be permitted by law, subject to Article NINETEENTH (j) of the Declaration of Condominium.

(c) 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.

(d) The foregoing provisions in Subsections (a), (b) and (c) of this Section 8 may not be amended, modified or deleted, except by an affirmative vote of 100% in number and Common Interest of the Unit Owners and the Condominium Board. The Residential Unit Owners shall not have the right to approve any change in the use of the Commercial Units or any part thereof or to approve any amendments to the Building's Certificate of Occupancy to authorize a different use for such Units.

(e) 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. However, this provision shall not be in derogation of the right of a Commercial Unit Owner to use his Unit for the purposes allowed by the Declaration and By-Laws. 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.

(f) Rules and regulations concerning the use of the Residential 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 days prior to the time that they become effective. Any rule or regulation may be rescinded by vote of 67% of the Unit Owners at a meeting duly called for that purpose. The initial 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 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 or Reserve Fund in accordance with the Plan of Condominium Ownership) shall constitute part of the Common Expenses. So long as Sponsor or its designee shall own 25% of the Units, or for a period of three years from the first Closing of Title to a Unit, 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. In the event that the Condominium Board erects a sidewalk bridge or other scaffolding at the Building, the Condominium Board shall give due regard to the use of the Commercial Units at the time in question and shall use best efforts to (i) minimize any disruption to the use of such Commercial Units and (ii) not restrict ingress or egress through the exterior doorways to the Commercial Units. In furtherance thereof, the Condominium Board agrees to consult with the commercial Unit Owners prior to the installation of such sidewalk bridge or other scaffolding and to permit the Commercial Unit Owners to install, at their cost and expense, signs upon the sidewalk bridge and scaffolding

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 or Commercial Unit Owner, 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 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.

(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 and the Commercial Unit Owner shall have the right, without the consent of the Board of Managers, other Unit Owners or the holders of Unit Mortgages, to make alterations or additions to unsold Units or to the Commercial Unit, 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 and the Commercial Unit Owner (severally) 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 and the Commercial Unit Owner (severally) an easement of access, ingress and egress to make any such alterations. The Commercial Unit Owner is appointed the agent and attorney in fact of the Condominium to apply for changes in the Certificate of Occupancy of the Commercial Unit and to execute all documents that may be necessary in order to procure such change. However, the Commercial Unit Owner shall not be authorized to execute any application in regard to a variance with the Board of Standards and Appeals without the consent of the Condominium.

(d) With regard to any work that may result in the subdivision or combination of Units, the Sponsor or the owner of the Commercial Unit, as the case may be, 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, 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 Restricted Residential Limited Common Elements), without the consent of the Board of Managers.

(g) The Commercial Limited Common Elements may be altered or improved by the owner of the Commercial Unit who has use of or benefits by the particular Commercial Limited Common Element. However, structural alterations or alterations which affect the utility systems of the Building require the consent of the Board of Managers, not unreasonably withheld or delayed.

Section 11. Contributions of Unit Owners to Common Expenses.

The contributions of the Unit Owners to Common Expenses (including the contributions of Residential Unit Owners to Residential Common Expenses and Commercial Unit Owners to Commercial Common Expenses) shall be as set forth in Article EIGHTH of the Declaration and Schedule C thereof.

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 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 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. Such amount shall be at least in the sum of $7,500,000.

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 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 progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all Unit Owners for such deficit as part of the Common Charges.

If 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 lien or, 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 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 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. 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 the 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 of the 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-occupying owner" shall mean any owner of a Residential Unit who does not occupy such Residential Unit.

(b) If a non-occupying owner rents its Residential Unit to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for such Residential Unit 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 Residential 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-occupying owner providing that, commencing immediately and until such time as all payments for Common Charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the Condominium 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-occupying owner are once again current, notice of such fact shall be given within three (3) business days to the rental tenant and the non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the 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-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent."

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 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 (67%) percent 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 Owners' interest and the interests of holders of a mortgage encumbering a Unit or Units.

(b) Sponsor and the Commercial Unit Owner shall have the right, without the vote or consent of other Unit Owners, the Board of Managers or the 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 New York and elsewhere, if required by law, all amendment or 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) These By-Laws may not be amended, modified or supplemented without the prior written consent of the affected Commercial Unit Owner(s) to the extent that such amendment, modification, addition, or deletion of or to these By-Laws, the Declaration or the Rules and Regulations modifies the permitted uses of any Commercial Unit or affects the rights, privileges, easements, licenses or exemptions granted to any Commercial Unit Owner.

(e) 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 or more Residential Units, or the Commercial Unit Owner, insofar as such amendment may affect the rights of the owner of the Commercial Unit:

(i) Section 1 (b) of Article III with respect to the rights of the Sponsor and Commercial Unit Owner 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 a Residential Unit or 25% or more interest in the Common Elements 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 and Commercial Unit Owner 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 or to a sale or lease of the Commercial Unit or any Units resulting from the subdivision thereof; and

(vii) This Article IX.

ARTICLE X. SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales and Leases. (a) Except as set forth in Section 8, no Residential Unit Owner may sell his Residential Unit or any interest therein except by complying with the following provisions:

Any Residential 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 its 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 its 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 of 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 selling 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 its 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 its designee on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all 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 its designee, as of the closing date. If the Board of Managers or its designee shall fail to accept such offer or to produce a purchaser within thirty (30) days as aforesaid or fails to act within the 20-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 its 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 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 I of this Article X.

Any purported sale of a Residential 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 Residential Unit Owner may lease his Unit except by complying with the following provisions:

(i) Any Residential 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 its 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 twenty (20) 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 consent of the Board has been given or the right of first refusal waived, 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 its 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 New York State Real Property Law. 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 Residential 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 the Commercial Unit Owner, or a Unit owned by a mortgagee who took title in foreclosure or a deed in lieu of foreclosure, any lease for a Unit must be for a minimum period of six 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 shall not actually purchase or lease 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 Residential 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 in 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 its designee, on behalf of all Unit Owners, may be made from the 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 enforce-able in the same manner as provided in Article VI, or the Board of Managers, in its 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 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 and Appurtenant Interests 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 Commercial Unit or any part thereof by a Commercial Unit Owner; (d) 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 (e) a conveyance or transfer by gift during a Unit Owner's lifetime; or (f) the devise or 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 New York 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 to 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 3 of Article VII but in the following amounts;

(a) So much of the award as is applicable to unrestricted common elements, to the Unit Owners pro rata according to 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 on his Unit or any other Unit or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Unit Owner who mortgages his Unit, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers 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 the Units of such Unit.

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and record 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 Laws 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 of the Declaration, whichever the case may be, shall control.

SCHEDULE A
RULES AND REGULATIONS
ONE 7TH

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 its 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 "For Lease" 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 Owner or in any manner without prior written consent of the Board of Managers.

3. No furniture, equipment, or other personal articles shall be placed in entrances, hallways, stairways, or 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 or Common Elements except such as shall have been approved by the Board of Managers.

7. Except for the Commercial Units, 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 in plastic bags or 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 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 shall be attached to or hung from the exterior of the Building without 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 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 Residential Unit Owner shall also provide the Board of Managers with a key for their 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 inflammable 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 the 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 of providing access to the Units. No part of the Common Elements shall be obstructed so 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 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 or 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.

THIS PAGE INTENTIONALLY LEFT BLANK

ESCROW AGREEMENT

AGREEMENT made this _____ day of _____, 2006, between Carmine Partners LLC ("Sponsor") as sponsor of the offering plan and Smith, Buss & Jacobs, LLP ("Escrow Agent") as escrow agent.

WHEREAS, Carmine Partners LLC is the sponsor of an offering plan to convert to condominium ownership the premises located at 1 Seventh Avenue South, New York, New York, which premises are known as One 7th; 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 Hudson Valley Bank at its branch located at 865 McLean Avenue, Yonkers, New York 10704. The account number is _____.

1.2 The name of the account is SBJ-One 7th 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 One 7th 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: _____
Name: Domenick Tamnero
Title: Partner

SPONSOR: Carmine Partners LLC

By: _____
Name: Jesse Reyes
Title: Member

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: _____

2/6/92

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, 23rd Floor
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: 1 Seventh Avenue South
New York, New York

Ladies and Gentlemen:

We are the sponsor and the principals of the Sponsor of the condominium offering plan for the above 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: **Carmine Partners LLC**

By: _____
Jesse Keyes, Managing Member

By: _____
Widjaja Hatta, Managing Member

_____
Jesse Keyes (individually)

_____
Widjaja Hatta (individually)

Sworn to before me this
18th day of July, 2006

_____
Notary Public

ANTHONY T. SIMARI
Notary Public, State of New York
No. 02SI6002629
Qualified in New York County
Commission Expires April 16, ~~2008~~ ~~2010~~ 2010

ARCHITECT'S CERTIFICATION

STATE OF NEW YORK)
ss:
COUNTY OF NEW YORK)

ONE SEVENTH AVENUE SOUTH
NEW YORK, NEW YORK

The sponsor of the offering plan to convert the captioned property to condominium ownership has retained our firm to prepare a report describing the construction of the property (the "Report"). Our firm visually inspected the existing vacant lot and site preparation work, on October 26, 2005. I reviewed the approved building plans and specifications that were prepared by Rogers Marvel Architects dated February 3, 2006 and drafted the Report, dated March 1, 2006, 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;

(ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property (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.

Rogers Marvel Architects

By: Jonathan Marvel, AIA



Sworn to before me this
28 day of March, 2006

Notary Public

CRYSTAL LAWRENCE
Notary Public - State of New York
NO. 01LA6141172
Qualified in New York County
My Commission Expires 2/13/10

CERTIFICATION OF EXPERT
ADEQUACY OF BUDGET

Re: One 7th
1 Seventh Avenue South
New York, New York 10014

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 27th day of September, 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

CERTIFICATION OF EXPERT
ADEQUACY OF BUDGET FOR COMMERCIAL UNIT(S)

Re: One 7th
1 Seventh Avenue South
New York, New York 10014

The sponsor of the condominium offering plan for the captioned property retained my firm to review Schedule(s) B and B-1 which include projections of common charges payable by the owner of the commercial unit(s) for the first year of condominium operation. My experience in this field is as follows:

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 the commercial unit(s) listed in Schedule(s) B and B-1.

I have reviewed the Schedule(s) as its impacts upon the commercial unit(s) and investigated 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 for common charges payable by the owners of commercial unit(s) appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit(s) for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial unit(s) also reflects special or exclusive control of particular common areas.

I certify that the estimates in Schedule(s) B and B-1 for the common charges payable by the owner of the commercial unit(s):

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owners of the commercial unit(s);

(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 common charges fairly attributable to the commercial unit(s) for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Milagros Martinez

Sworn to before me
this 27 day of September, 2006

Notary Public

ANTHONY T. SIMARI
Notary Public, State of New York
No. 02SI6002629
Qualified in New York County
Commission Expires April 16, ~~2008~~ 2010