# Condominium Offering Plan For

# THE BEDFORD CONDOMINIUM

## 205 North 8th Street
## Brooklyn, New York 11211

***Total Amount of Offering.....$4,575,000***

*Sponsor:*
**205 NORTHSIDE LLC**
**10 Maple Street**
**Port Washington, New York 11050**

*Selling Agent:*
**KURLAND REALTY**
**20 West 23rd Street**
**New York, New York 10010**

The Condominium will contain 9 Residential Units offered for sale under this Plan.

The date of acceptance for filing is July 15, 2010. This Plan may not be used after July ____, 2011, unless extended by amendment.

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

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

**PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THE PLAN. (SEE SPECIAL RISKS SECTION OF THE PLAN.)**

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

## TABLE OF CONTENTS

## PART I


| SECTION | PAGE |
|---|---|
| SPECIAL RISKS | 1 |
| INTRODUCTION | 7 |
| DEFINITIONS | 13 |
| DESCRIPTION OF PROPERTY AND IMPROVEMENTS | 17 |
| LOCATION AND AREA INFORMATION | 20 |
| OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A | 22 |
| FOOTNOTES TO SCHEDULE A | 23 |
| STORAGE BINS, SCHEDULE A-1 AND FOOTNOTES TO SCHEDULE A-1 | 28 |
| BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION, SCHEDULE B | 29 |
| FOOTNOTES TO SCHEDULE B | 30 |
| PROJECTED ENERGY CONSUMPTION COSTS FOR INDIVIDUAL UNITS, SCHEDULE B-1 AND FOOTNOTES TO SCHEDULE B-1 | 34 |
| COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i | 35 |
| CHANGES IN PRICES OR UNITS | 38 |
| INTERIM LEASES | 39 |
| PROCEDURE TO PURCHASE | 39 |
| ASSIGNMENT OF PURCHASE AGREEMENTS | 45 |
| EFFECTIVE DATE | 46 |
| TERMS OF SALE; CLOSING OF TITLE TO UNITS | 47 |
| CLOSING COSTS AND ADJUSTMENTS | 54 |
| RIGHTS AND OBLIGATIONS OF SPONSOR | 59 |
| CONTROL BY SPONSOR | 68 |
| BOARD OF MANAGERS | 69 |
| RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS; SUMMARY OF BY-LAWS | 71 |
| REAL ESTATE TAXES | 87 |
| INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM | 90 |
| OPINION OF COUNSEL | 93 |
| RESERVE FUND | 97 |
| WORKING CAPITAL FUND | 97 |
| MANAGEMENT AGREEMENT, CONTRACTS AND LEASES | 98 |
| IDENTITY OF PARTIES | 100 |
| REPORTS TO UNIT OWNERS | 101 |
| DOCUMENTS ON FILE | 101 |
| GENERAL | 102 |
| SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION | 104 |

## PART II


| SECTION | PAGE |
|---|---|
| PURCHASE AGREEMENT | 106 |
| UNIT OWNER'S POWER OF ATTORNEY | 149 |
| FORM OF UNIT DEED | 152 |
| ARCHITECT'S REPORT | 156 |
| FLOOR PLANS | 179 |
| DECLARATION OF CONDOMINIUM | 186 |
| CONDOMINIUM BY-LAWS | 201 |
| RULES AND REGULATIONS OF THE CONDOMINIUM | 231 |
| SPECIAL COUNSEL OPINION OF ASSESSED VALUATION AND REAL ESTATE TAX BENEFITS | 235 |
| ESCROW AGREEMENT BETWEEN COUNSEL AND SPONSOR CONCERNING DEPOSITS | 243 |
| APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWN PAYMENTS | 250 |
| HOUSING MERCHANT IMPLIED WARRANTY LAW | 254 |
| FORM OF STORAGE BIN LICENSE AGREEMENT | 258 |
| **CERTIFICATIONS** | 262 |
| A. SPONSOR AND SPONSOR'S PRINCIPALS | 262 |
| B. SPONSOR'S ARCHITECT | 264 |
| C. SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET | 266 |

## SPECIAL RISKS

### Default Provisions Under the Construction Loan

**Under this Plan, Sponsor has reserved the unconditional right to rent Units rather than to sell them. Under the Construction Loan which currently affects the Property, there are no specific limitations upon Sponsor's right to rent rather than to sell Units except for the fact that the Construction Loan (a) comes due on or about August 30, 2010 (subject to the Construction Lender's willingness, in its sole discretion, to extend the Maturity Date for an additional six (6) months); and (b) contains default provisions in the event that Sponsor fails to (i) obtain a temporary or permanent certificate of occupancy for the Units by July 30, 2010; or (ii) enter into contracts to sell 3 Units by September 30, 2010, enter into contracts to sell 2 more Units by October 30, 2010, enter into contracts to sell 2 more Units by November 30, 2010 and enter into contracts to sell 2 more Units by December 30, 2010, and (iii) close the sale of 3 Units by October 30, 2010, close the sale of 2 more Units by November 30, 2010 and close the sale of 2 more Units by December 30, 2010. The Construction Loan also affects other property owned by an affiliate of Sponsor, which property is located adjacent to the Property that is the subject of this Offering at 203 North 8th Street (the "Adjacent Property"). The Construction Loan contains default provisions in the event that Sponsor fails to (iv) obtain a temporary or permanent certificate of occupancy for the Adjacent Property by October 30, 2010; or (v) enter into contracts to sell 2 Units at the Adjacent Property by November 30, 2010, enter into contracts to sell 2 more Units at the Adjacent Property by December 30, 2010, and (vi) close the sale of 2 Units at the Adjacent Property by December 30, 2010. The Construction Lender has agreed that if Sponsor fails to meet any of the foregoing requirements (i) through (vi) by the dates specified above, Sponsor will receive a Notice of Default and a 30-day period within which to cure same before Sponsor will be in actual default under the Construction Loan. Sponsor agrees that it will submit an Amendment to the Offering Plan to the Department of Law within seven (7) business days from Sponsor's receipt of a Notice of Default from the Construction Lender. Sponsor intends to satisfy the Construction Loan from the proceeds of sales of Units. In the event that the proceeds of sales from Units is inadequate to fully satisfy the Construction Loan or if Sponsor defaults in any respect under the Construction Loan, the Construction Lender could take ownership of the Property and/or the Unsold Units and would have the right to rent them or, at its option, to sell them. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium. See "Rights and Obligations of Sponsor."**

### Control by Sponsor

The Sponsor shall be entitled to elect a majority of the members of the Board until the earlier of (i) the date that the Sponsor (and its designees owning Units) own less than 50% of the outstanding Common Interests of the Condominium, or (ii) the fifth anniversary of the Closing Date under the Plan. Subsequent to the period when Sponsor has the right to elect a majority of the members of the Board, Sponsor shall have the right to cast its votes for non-Sponsor nominees to the Board.

Until the sooner of (i) the date on which the Common Interest of all Unsold Units is in the aggregate less than 25% of the Common Interests of all Units, or (ii) the fifth anniversary of the Closing Date, neither the Board of Managers, nor officers, nor Unit Owners, except upon the written consent of the owners of Unsold Units representing a majority of the Common Interests allocated to all Unsold Units, shall (a) increase the number or change the type of employees described in Schedule B; (b) provide for services other than those described in Schedule B unless the total annual cost of all services to be provided is no greater than the then estimated total cost of the services described in Schedule B; (c) establish reserves or similar funds to undertake any capital or major improvements or additions except as required by law; (d) remove any member of the board of managers elected by the owners of Unsold Units except for cause; or (e) cause their representatives on the Board of Managers to (i) change the insurance coverage on the Property from the coverage described in Schedule B unless the change does not cause an increase in the total annual insurance premiums then due and payable by the Condominium or unless such change is required by the holder of any mortgage on any Unsold Unit or by the insurance carrier insuring the Property to satisfy insurance requirements that are the responsibility of the Board of Managers or (ii) take any action inconsistent with (a), (b), (c) or (d) . See "**Control by Sponsor**." Nothing contained herein shall prevent the Board from making expenditures, and imposing assessments to pay for them (1) to comply with any applicable law or regulation; (2) in order to correct a violation of record; or (3) to comply with an order from an insurance company.

Since the Condominium's By-laws do not provide that after the Sponsor's voting control period, a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals, it should be noted that owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed because of their differing reasons for purchasing, i.e., the purchase of a home as opposed to an investment. It should also be noted that Purchasers for their own occupancy may never gain control of the Board of Managers under this Plan. See **"Board of Managers."**

No Financing Contingency

Although a Purchaser is free to apply for a loan to finance the purchase of a Unit, the Purchase Agreement that Purchaser shall be required to sign is not contingent upon Purchaser obtaining such financing. Accordingly, if a Purchaser applies for and is denied a loan, Purchaser shall still be obligated to close under the Purchase Agreement. If Purchaser fails to close under the Purchase Agreement, Purchaser may forfeit the down payment paid under the Purchase Agreement as liquidated damages. See "**Procedure to Purchase**."

Liquidated Damages As to a Defaulting Purchaser Shall be Ten (10%) Percent

In the event that a Purchaser defaults under a Purchase Agreement and fails to cure such default after the expiration of any applicable grace period such Purchaser shall forfeit the Down Payment as liquidated damages not to exceed ten (10%) percent of the Purchase Price. See **"Procedure to Purchase."**

Release of Escrow Funds for Upgrades

All funds received by Sponsor for upgrades or extras must initially be placed in the escrow account maintained at the Bank. However, Purchasers should note as a special risk

that such funds may be released from the escrow account by the Escrow Agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras. See **"Procedure to Purchase."**

Purchaser's Attorney's 1099 Obligations

The Purchaser shall also cause his attorney to execute a designation agreement provided by the Sponsor designating such attorney as the "real estate broker" who is required to file a 1099 return with respect to the purchase, and the Purchaser shall indemnify the Sponsor and its attorneys against any costs resulting from the failure of such attorney to fulfill his duties as such "real estate broker." See **"Procedure to Purchase."**

Effectiveness of Plan

Pursuant to existing law and regulation the Sponsor may declare the Plan effective once it has accepted Purchase Agreements from bona fide purchasers (including investors) with respect to at least 15% of the Units, but it is not a requirement to close the conversion that each Purchaser delivering a Purchase Agreement which is counted toward the 15% actually close on his purchase. Therefore, the conversion may become effective even though the sales of less than 15% of the Units are closed. Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage of the units in a building be sold before the lender will consider making a loan. Thus it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum. Even once a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a purchaser to resell a Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements. See **"Effective Date."**

Payment of Real Property Transfer Taxes.

Pursuant to Section 11-2104 of the New York City Administrative Code and Section 1404(a) of the New York Tax Law, the New York City real property transfer tax and the New York State real estate transfer tax would be (in the absence of any provision, such as is provided in this Plan, for the Purchaser to pay such tax) the obligation of the seller in connection with the transfer by the seller of the Unit to a purchaser, although such purchaser is liable for such tax if the seller fails to pay it. While the New York City and New York State transfer taxes are customarily paid for by the seller in condominium unit transactions, the burden of paying those taxes may be modified by contract. As is common in many other condominium developments in New York State, the Purchase Agreement provides that the Purchaser of a Unit will be required to pay these transfer taxes at the closing. Both New York State and New York City have taken the position that where a Purchaser pays either or both of these taxes, such payment constitutes additional consideration to the seller and must be considered in computing the tax due. Please see "**Closing Costs and Adjustments**."

Payment of Sponsor's Attorneys' Fees and Other Closing Costs

Each Purchaser will be required to pay to Sponsor or Sponsor's attorneys a fee for the Purchaser's Unit which will cover the legal and other fees and expenses of processing the sale of the Unit, as provided further in "**Closing Costs and Adjustments**."

If through no fault of Sponsor a purchaser fails to close on the date fixed by Sponsor for closing of title to Purchaser's Unit, then Purchaser will (a) pay (among other closing costs) a late fee equal to 0.03% times the unpaid balance of the Purchase Price for each day's delay, beginning with the date originally scheduled for the closing to and including the day immediately preceding the actual Closing Date, (b) make closing adjustments as of midnight of the day immediately preceding the date originally scheduled for the Closing Date (that is, Common Charges and real estate taxes) and (c) pay the service fee of Sponsor's attorney of $350 for each default letter and $350 for each notice sent to such Purchaser to reschedule the Closing. All of these and other closing costs to be paid by a Purchaser are described in the section of the Plan entitled **"Closing Costs and Adjustments**."

No Bond or Other Security

NO BOND OR OTHER SECURITY HAS BEEN FURNISHED TO SECURE SPONSOR'S OBLIGATIONS UNDER THE PLAN INCLUDING WITHOUT LIMITATION THOSE OBLIGATIONS SPECIFIED IN THE "**RIGHTS AND OBLIGATIONS OF SPONSOR**" SECTION HEREOF.

Down Payments May Not Be Federally Insured In Excess of $100,000; Purchaser Will Not Receive a Refund of Funds Used by Sponsor for Upgrades or Extras

All Down Payments made by Purchasers on account of the purchase of a Unit will be maintained in an attorneys' escrow account at a depository bank, all as more fully described under "**Procedure to Purchase**." If an individual makes a Down Payment in excess of $100,000 for the purchase of a Unit, or if the amount of such individual's deposits at the depository bank and such Down Payment exceed $100,000, the aggregate of such Down Payment and all other such deposits will generally not be federally insured in excess of $100,000. FDIC deposit insurance has been temporarily increased to $250,000. This coverage is temporary and, unless extended by Congress, such coverage will expire on December 31, 2013.

All funds received by Sponsor for upgrades or extras must initially be placed in the escrow account maintained at the depository bank described above. However, purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras. See **"Procedure to Purchase."**

Power of Attorney

At the closing of the purchase of a Unit each Purchaser shall be required to sign and deliver a Power of Attorney covering the Unit in the form contained in the Part II of the Plan. See **"Terms of Sale; Closing of Title to Units."**

Views

No assurance can be given that the views currently existing (or existing when Purchaser first purchases or occupies the Unit) will continue to exist unchanged. See **"Description of Property and Improvements."**

Status of Section 421-a Tax Abatement Benefits

Upon completion of construction, Sponsor intends to apply for real estate tax exemption benefits pursuant to Section 421-a of the Real Property Tax Law of the State of New York. While Sponsor will use all reasonable efforts to obtain such benefits, no warranty is made that the New York City Department of Housing Preservation and Development, the agency that oversees such benefits will approve Sponsor's application. If such application is not granted, the real estate taxes payable by each Unit Owner will be higher than the real estate taxes that would be payable if such benefits are in effect. Tuchman, Korngold, Weiss Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, Sponsor's tax abatement consultant, has estimated that the real estate tax abatement that may be available will last for approximately 11 years, after which time the real estate taxes payable by each Unit Owner will increase during the following 4 years until the 16th year when such benefits will terminate. Each purchaser will be required to close title to his Unit whether or not such benefits are granted and, if granted, irrespective of the amount of the benefits. See **"Footnote 5 to Schedule A", "Real Estate Taxes",** and "**Opinion of Real Estate Tax Counsel**" for further details.

Disputes, if Any, Between the Condominium Board and An Owner Will Be Resolved by Arbitration

The Condominium By-Laws provide that any disputes between a Unit Owner and the Condominium Board will be resolved by arbitration. Each party will bear its own costs and expenses in connection with such arbitration, except that the cost of the arbitrator shall be borne by the losing party. In this regard, should the Condominium Board lose any such arbitration, the cost of the arbitrator shall be a Common Expense to be shared by all Unit Owners in accordance with their respective Common Interests. **See the Condominium By-Laws reproduced in Part II of the Plan for details**.

Preferred Title Company

Ridge Abstract Corp. has agreed to insure, upon the payment by Purchaser of the premium for such insurance, that Purchaser has title to the Unit free and clear of all liens and encumbrances except those set forth in the Plan, subject to the provisions of the Condominium Declaration and By-Laws and any mortgage executed or other encumbrance created by the Purchaser. While the Purchaser will be free to select a title company of his choice, the Sponsor's obligation to deliver title to the Unit as provided above, will be deemed satisfied if Ridge Abstract Corp. is prepared to insure such title subject to those title exceptions permitted under the Plan. Sponsor has no obligation to satisfy the requests of any title company other than Ridge Abstract Corp. See **"Terms of Sale; Closing of Title to Units"** and **"Closing Costs and Adjustments"**

Unit Measurements

The square footage calculations set forth In Schedule A are based upon measurements that include portions of the Common Elements, and are not based upon measurements from interior surfaces of interior walls. Therefore, the actual floor area comprising a Unit could be 10% or more less than the area listed in Schedule A. **See Footnote 1 to Schedule A**.

Terrace and Balconies

Prospective Purchasers should note that Terrace and Balconies may not be enclosed without first getting (if possible) the proper authorization from the New York City Department of Buildings. Balconies and terraces may not be used for any type of occupancy including but not limited to: dining, sleeping, living room, recreation room, office, etc. To do so may result in a violation against the building being issued by the Buildings Department.

Recreation Rooms

Recreation Space may not be used for any type of occupancy-including but not limited to: dining, sleeping, living, office, storage, etc. To do so may result in a violation against the building being issued by the Buildings Department.

Sponsor-Related Company Owns Adjoining Property

The principals of Sponsor are also the principals of 203 Northside LLC, the owner of premises known as and by 203 North 8th Street, Brooklyn, New York. Sponsor is in the process of constructing an apartment building on the adjoining premises which will contain eight (8) residential units and one (1) commercial unit. Sponsor has not yet decided whether to offer the adjoining premises as condominiums or to retain the property as a rental building.

Storage Spaces/Areas

Storage Spaces/Areas may not be used for any type of occupancy-including but not limited to: dining sleeping, living room, recreation room, office, etc. To do so may result in a violation against the building being issued by the Buildings Department. Storage Spaces/Areas may not be used for combustible items as defined in the Building Code. No storage of clothing, furniture, books, papers, or any combustible items will be permitted.

Children Under Eleven (11) Years of Age

Unit owners 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 owner shall install at residential owner's expense, the required window guards in all windows of the unit and shall not remove them until permitted by law and, in any event, without the full knowledge of the Managing agent.

## INTRODUCTION

Purpose of the Plan

205 Northside LLC, with an office at 10 Maple Street, Port Washington, New York 11050 (the "Sponsor") presents this offering plan (the "Plan") for the condominium ownership of the building known as 205 North 8th Street, Brooklyn, New York 11211 (the "Building") and the parcel of land on which it is situated (the parcel of land and Building are collectively called the "Property") under the provisions of the Condominium Act (as hereinafter defined).

The purpose of this Plan is to set forth all of the material terms of the offer to establish the Property as a condominium and to sell Units therein. The Plan is presented in two parts which together constitute the entire Plan. Part I sets forth a description of the material terms of the offer and Part II contains, among other things, a description of the Property and the basic documents necessary to create the Condominium and effectuate the provisions of the Plan.

The Plan may be amended from time to time upon the filing of an amendment with the Department of Law of the State of New York ("Department of Law"). Amendments will be served on (i) Purchasers who have executed and delivered Purchase Agreements to the Sponsor and who are not in default, (ii) Unit Owners, and (iii) any other person entitled to service pursuant to local law or regulation (collectively "Offerees"). However, certain changes in prices of Units may be effected without filing an amendment with the Department of Law. See "**Changes in Prices or Units**." The Sponsor must amend the Plan before or when the Plan is declared effective to disclose the percentages of common interest, the approximate number Units that will be built and the timetable for completing the Units in the event that such facts differ materially from those described in the Plan.

The Sponsor and its Interest in the Property

The Sponsor is a New York limited liability company. See "**Identity of Parties**." Sponsor acquired the Property by deed dated October 3, 2005, from North Eighth LLC. Sponsor acquired, and is constructing the improvements at, the Property by means, partially, of an acquisition, and construction loan from Banco Popular North America, 120 Broadway, New York, New York 10271 (the "Construction Loan"). Sponsor intends, in good faith, to sell rather than rent the Units. However, under this Plan due to the unpredictability of the real estate market, Sponsor has reserved the unconditional right to rent Units rather than to sell them.

**Under the Construction Loan which currently affects the Property, there are no specific limitations upon Sponsor's right to rent rather than to sell Units except for the fact that the Construction Loan (a) comes due on or about August 30, 2010 (subject to the Construction Lender's willingness, in its sole discretion, to extend the Maturity Date for an additional six (6) months); and (b) contains default provisions in the event that Sponsor fails to (i) obtain a temporary or permanent certificate of occupancy for the Units by July 30, 2010; or (ii) enter into contracts to sell 3 Units by September 30, 2010, enter into contracts to sell 2 more Units by October 30, 2010, enter into contracts to sell 2 more Units by November 30, 2010 and enter into contracts to sell 2 more Units by December 30, 2010, and (iii) close the sale of 3 Units by October 30, 2010, close the sale of 2 more Units by November 30, 2010 and close the sale of 2 more Units by December 30, 2010. he Construction Loan also affects other property owned by an affiliate of**

**Sponsor, which property is located adjacent to the Property that is the subject of this Offering at 203 North 8th Street (the "Adjacent Property"). The Construction Loan contains default provisions in the event that Sponsor fails to (iv) obtain a temporary or permanent certificate of occupancy for the Adjacent Property by October 30, 2010; or (v) enter into contracts to sell 2 Units at the Adjacent Property by November 30, 2010, enter into contracts to sell 2 more Units at the Adjacent Property by December 30, 2010, and (vi) close the sale of 2 Units at the Adjacent Property by December 30, 2010. The Construction Lender has agreed that if Sponsor fails to meet any of the foregoing requirements (i) through (vi) by the dates specified above, Sponsor will receive a Notice of Default and a 30-day period within which to cure same before Sponsor will be in actual default under the Construction Loan. Sponsor agrees that it will submit an Amendment to the Offering Plan to the Department of Law within seven (7) business days from Sponsor's receipt of a Notice of Default from the Construction Lender. Sponsor intends to satisfy the Construction Loan from the proceeds of sales of Units. In order to release a sold Unit from the lien of the Construction Loan, the Lender requires payment of a Release Fee calculated as described in the section of this Plan entitled "Rights and Obligations of Sponsor" in the subsection entitled "Construction Financing." In the event that the proceeds of sales from Units is inadequate to fully satisfy the Construction Loan or if Sponsor defaults in any respect under the Construction Loan, the Construction Lender could take ownership of the Property and/or the Unsold Units and would have the right to rent them or, at its option, to sell them. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium.**

Property to be Submitted to Condominium Act

The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized is Article 9-B of the Real Property Law of the State of New York, as amended, commonly known and herein referred to as the "Condominium Act." On or before the Closing Date the Property will be submitted to the provisions of the Condominium Act by Sponsor's recording the Declaration and By-Laws set forth in Part II of the Plan and filing the Floor Plans in the Office of the City Register, Kings County. From and after the date of recording the Declaration, Sponsor will be the owner of each of the Units until each is sold or conveyed.

Offer of Sale of Condominium Units

The Sponsor hereby offers for sale nine (9) Residential Units on the terms and conditions set forth in the Plan. As of the date the Plan was accepted for filing, no contracts or agreements have been entered into and no deposits or advances of funds have been accepted. The prices of the Units are set forth in "**Schedule A - Prices of Units**." These prices have been set by the Sponsor and are not subject to review or approval by the Department of Law or any other governmental agency.

Current zoning permits the use of the property for residential use.

The Condominium Floor Plans set forth in Part II of the Plan show the layout of each Unit. Purchasers should refer to the sections of the Plan entitled "**Changes in Prices and Units**" and "**Rights and Obligations of Sponsor**" for a discussion of the right of Sponsor to

make changes to the Units. The Property and the Units therein are being sold in the condition described in the "**Description of Property, Specifications and Building Condition**" section of Part II of the Plan and Sponsor will not have any obligation to make any repairs or improvements except as is expressly provided in the "**Description of Property, Specifications and Building Condition**" or in the "**Rights and Obligations of Sponsor**" section of Part I of the Plan.

Laundry Facilities; Parking or Other Amenities

There are no special recreational facilities or amenities at the Property except that there will be a common outdoor recreation area located in a front yard areaway of the Building at the cellar level front yard open to the street. There will be no special equipment installed by Sponsor in this area. There will be no on-site parking at the Property. The Building will contain a laundry room in the cellar which will be equipped with one (1) commercial washing machine and one (1) commercial dryer.

Features of Condominium Ownership

The ownership of a Unit is similar in many respects to the ownership of a residential private home. Each Unit Owner owns fee title to his Unit and is entitled to the exclusive possession thereof. Each Unit Owner also owns in common with other Unit Owners an undivided interest in the Common Elements known as his Common Interest. Each Unit Owner must pay Common Charges with respect to his Unit based upon the Common Interest for such Unit in accordance with the Condominium Act. The Common Elements, as more particularly described in the "**Rights and Obligations of Unit Owners**" section in Part I of the Plan and in the Declaration set forth in Part II of the Plan consist of the General Common Elements, the Residential Common Elements and Limited Common Elements. The Common Elements include the Land, the roof, foundation and supports of the Building and all other parts of the Property, other than the Units. Portions of the Common Elements may be designated as Limited Common Elements.

Limited Common Elements are devoted to use in common by less than all of the Unit Owners, as provided in the Declaration. For example, if all Units which have access to the same shared hallway shall at any time be owned by the same owner such hallway shall thereafter be treated as a Limited Common Element until such time as such Units shall have different owners. All Common Elements used exclusively by or which service two or more Units have been designated as Common Elements. Sponsor has the right to designate portions of the Common Elements as Limited Common Elements in connection with the combining or subdividing of Units as provided in the Declaration.

Each Unit Owner is obligated to comply with the Declaration, By-Laws and Rules and Regulations of the Condominium (copies of which are set forth in Part II of the Plan) and any other requirements of the Board of Managers. The Units may be used solely for dwelling purposes and such "home occupation" use under the Zoning Resolution of the City of New York as may be permitted by law. There are no restrictions on the use, resale or mortgaging of Units by Unit Owners except for waiver of the Board's right of first refusal concerning sales and leasing.

Subject to certain conditions contained in the By-Laws, each Unit Owner may mortgage his Unit with a lender and in such amount as he chooses (see "**Procedure to Purchase**").

Each Unit is separate and is not subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

Sponsor is not offering to arrange institutional financing or to act as agent for any lender with respect to the financing of Units under this Plan. Commercial and savings banks as well as some savings and loan associations may make loans to help Purchasers finance the acquisition of their Units. Each institution has its own lending policies and credit requirements. The Sponsor makes no representation or warranty that institutional financing will be available to Unit Owners or as to the terms and conditions upon which financing might be available. Purchase Agreements are not contingent on a Purchaser's ability to obtain financing.

A Unit Owner may decorate the interior of his Unit in any way he desires subject to compliance with the By-Laws and the Rules and Regulations thereunder. Except for compliance with law, there are no limitations or restrictions upon the right of the Sponsor or its designees to decorate or alter their respective Units. A Unit Owner will be responsible for the cost of maintenance and interior repairs to his Unit.

The Sponsor will make application to divide the Property into separate tax lots for each Unit and its Common Interest, which Unit (and its Common Interest) will then be taxed as a separate tax lot for real estate tax purposes. Once a separate tax lot is established for a Unit and apportionment of the assessed valuation of the Property to a Unit is officially made, a Unit Owner will then be responsible for the payment of the real estate taxes on his, but not any other, Unit and his Unit will not be affected by virtue of nonpayment of real estate taxes with respect to any other Unit. The amount of the tax assessed against any Unit will depend upon various factors affecting value, including but not limited to, square footage, location, purchase price and other factors taken into consideration by the taxing authorities. Until the Units are separately assessed as described above, real estate taxes assessed against the Property will be treated as a Common Expense.

The Condominium Board does not have the right to approve or disapprove purchasers. With certain exceptions, any sale or lease of a Unit will be subject to a right by the Condominium to acquire or lease such Unit or to produce a third party to acquire or lease such Unit on the same terms as were offered to the Owner of such Unit. The Sponsor and its designees may sell or lease all or any portion of their Units without any restriction or limitation imposed pursuant to the Declaration or By-Laws. There is no limit on the number of owners who may purchase for investment rather than for personal occupancy and, consequently, there may always be a substantial number of owners of Units who are non-residents. (See "**Rights and Obligations of Unit Owners and Board of Managers; Summary of By-Laws**").

Operation and management of the Condominium will be vested in the Board as more particularly set forth in the By-Laws. Each Unit Owner will have a right to vote for members of the Board as provided in the By-Laws. The Board will determine the amount of Common Expenses. Common Expenses include without limitation the expenses of maintaining and operating the Common Elements and the other expenses set forth in Schedule B. Each Unit Owner will be required to pay Common Charges in accordance with Sections 339-i and 339-m of the New York Real Property Law. Every Unit Owner will be required to pay his proportionate share (which share is based generally on the Common Interests of such Unit) of expenses incurred by the Condominium Board that are applicable to the Common Elements. At least monthly, the Board will assess such Common Charges against each Unit Owner to meet expenses, including Common Expenses. See "**Definitions**" and "**Rights and Obligations of**

**Unit Owners and Board of Managers; Summary of By-Laws**" for a description of the Common Elements.

Each Unit will be individually metered for electricity and gas, and the owners of such Unit will be responsible for the cost of electricity and gas consumed in such Unit. The cost of electricity consumed in and for the Common Elements will be shared by all Unit Owners in accordance with their Common Interests. Water and sewer expenses relating to (i) the Units will be shared by all Unit Owners in proportion to their Common Interests and will be included in the Common Charges payable by the Unit Owners, and (ii) the Common Elements are included as part of the Common Expenses to be borne by all Unit Owners, as described in Schedule B.

In the opinion of counsel to the Sponsor, under present income tax laws, a Unit Owner, substantially like a homeowner, may deduct from his income for federal, New York State and New York City resident income tax purposes, the real estate taxes paid with respect to his Unit and the interest paid on the mortgage, if any, on his Unit, but subject to the conditions and restrictions discussed in "**Counsel's Tax Opinion.**" For the most part a Unit Owner may only deduct interest on debt incurred to acquire his principal residence or a designated secondary residence subject to certain limitations (See "**Counsel's Tax Opinion**").

The Condominium shall maintain fire insurance policies insuring the Building (but not including appliances or any furniture, furnishings or other personal property in the Unit) covering the interests of the Condominium, the Board, all the Unit Owners and their mortgagees as their respective interests may appear, in an amount equal to at least eighty percent of the full replacement value of the Building exclusive of excavation and foundations and deduction for depreciation. Each Unit Owner is advised to insure the interior of his own Unit and the contents thereof, including appliances, furniture, furnishings, or other personal property within the Unit. In addition, a Unit Owner may desire to obtain insurance covering his liability to others for personal injury or property damage occurring within or to his Unit.

No Reserve Fund

No funds have been set aside by the Sponsor as a reserve fund for capital expenditures. Since the Building is being newly constructed as set forth "**Description of Property, Specifications and Building Condition**", it is not anticipated that there will be any major capital expenditures needed for the Common Elements of the Building within five years after the Closing Date. However, since no reserve fund is being funded by the Sponsor under this Plan and the budget for the first year of condominium operation does not provide for yearly contributions to a reserve fund for capital expenditures, Sponsor does not represent or warrant that the Condominium will have sufficient funds for any such capital expenditures within or after five years following the Closing Date should such capital expenditures be needed.

Miscellaneous

The Plan (including all Schedules and Parts A, B and C of the Exhibits submitted by the Sponsor to the Department of Law) constitutes the entire offer of Sponsor. Copies of the Plan, and Parts A, B, and C of the Exhibits referred to above, are available to prospective Purchasers and their attorneys for inspection without charge and for copying at a reasonable charge, at the office of the Sponsor during regular business hours, and if and when a sales office is maintained at the Property, then at such sales office. Copies of the Plan will also be available for inspection and copying at a reasonable charge at the Department of Law, 120 Broadway, New York, New York 10271.

The Plan is offered only to individuals who are 18 years of age or older and who reside in the State of New York, or other entities with offices in the State of New York.

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

**[THIS BALANCE OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]**

## DEFINITIONS

"Board" or "Board of Managers" means the Board of Managers of the Condominium.

"Building" means the building located on the Land.

"By-Laws" means the By-Laws governing the operation of the Condominium, the form of which is set forth in Part II of the Plan, as the same may be amended from time to time.

"Closing Date" means the date of closing pursuant to the Plan, unless another closing date is set forth in a Purchase Agreement covering a Unit, in which event such other date shall be the Closing Date for such Unit.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Charges" means any charges assessed by the Board against any Unit Owner.

"Common Elements" means the Land and all parts of the Building, other than the Units, and the Limited Common Elements. The Common Elements include the elevator, foundations, roof and supports of the Building, certain columns, girders, walls, beams, supports, wood or metal joists, floors, partitions and ceilings on or under the Building (to the extent the same are not expressly included as part of a Unit, and the Limited Common Elements), exterior windows, entrance doors (excluding locks) to Units, and doors (excluding locks) accessing a Unit from an appurtenant Rear Yard, balcony or terrace, and all other parts of the Property, areas or facilities, apparatus and installations for the common use of the Units and the Unit Owners and all other parts of the Property included as "Common Elements" under the Declaration.

"Common Expenses" means all costs and expenses incurred or paid generally by the Board in connection with the operation of the Condominium which, pursuant to the Plan, the Declaration and the By-Laws, are, except as set forth in the Plan and the Condominium By-Laws, to be paid by the Unit Owners in proportion to their Common Interests, as summarized in "**Rights and Obligations of Unit Owners and Board of Managers; Summary of By-Laws**" and as more fully described in the Declaration and the By-Laws.

"Common Interest" means the proportionate undivided interest expressed in numerical percentages in the Common Elements pertaining to each Unit as determined in accordance with the Declaration. The total of all Common Interest percentages pertaining to all Units equals 100%. Common Interest is the basis of determining, among other things, a Unit Owner's voting power and, in general, as to Common Expenses, liability for a share of such Common Expenses and share of any distributions upon termination of the Condominium.

"Condominium" means The Bedford Condominium.

"Condominium Act" means Article 9-B of the Real Property Law of the State of New York as the same may be amended from time to time.

"Condominium Documents" means collectively this Plan, the Declaration and the By-Laws and the Rules and Regulations thereunder, as the same may be amended from time to time.

"Construction Lender" means Banco Popular North America, 120 Broadway, New York, New York 10271, its successors and/or assigns.

"Declaration" means the Declaration of Condominium, a copy of which is set forth in Part II of this Plan, as the same may be amended from time to time.

"Department of Law" means the Real Estate Financing Bureau Department of Law, 120 Broadway, 23rd Floor, New York, New York.

"Exhibits" means collectively Exhibits A, B, C and D which were submitted to the Department of Law in connection with the submission of this Plan to such Department.

"Floor Plans" means the condominium floor plans of the Building, to be filed with the Office of the City Register, Kings County, copies of which are reproduced in Part II of the Plan.

"Force Majeure" means weather, floods, epidemics, quarantine restrictions, strikes, lockouts, acts of God, freight embargoes, shortages of or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements, war, acts of terrorism, or any other cause over which the Sponsor has no material and direct control.

"Insurance Trustee" means a New York State bank or trust company or savings institution designated by the Board as insurance trustee pursuant to the provisions of the By-Laws.

"Land" means the parcel of land upon which the Building is situated, as more fully described in the Declaration.

"Limited Common Elements" means, with respect to each Unit, those Common Elements, if any, which are so designated on the Floor Plans or in the Declaration (or re-designated as a Limited Common Element in accordance with the Declaration) and which in either case serve or benefit exclusively such Unit. If all Units which have access to the same shared hallway shall at any time be owned by the same owner such hallway shall thereafter be treated as a Limited Common Element until such time as such Units shall have different owners. Units 3A, 3B, 4A and 4B each have exclusive use of a Balcony adjacent to such Units. Unit 5 has exclusive use of a Balcony and Terrace adjacent to it and Unit 1B has exclusive use of the rear yard. The Rear Yard, Balconies and Terrace are considered Limited Common Elements as defined in the Plan and Declaration.

"Majority in Common Interest of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of Unit Owners determined in accordance with the By-Laws.

"Managing Agent" means the Synoptic Management Corp., with offices at 136 West 92nd Street, Suite 1A, New York, New York 10025-1750, or any successor managing agent designated by the Board.

"Permitted Encumbrances" means the title exceptions set forth in "Terms of Sale; Closing of Title to Units" subject to which a Unit may be conveyed.

"Permitted Mortgage" shall mean any first mortgage of record against a Unit.

"Permitted Mortgagee" shall mean the holder of any Permitted Mortgage of record against a Unit.

"Plan" means the Condominium Offering Plan of 205 North 8th Street, Brooklyn, New York 11211, promulgated by the Sponsor.

"Property" means collectively the Land and the Building.

"Purchase Agreement" means the agreement to purchase a Unit pursuant to the Plan, the form of which is set forth in Part II of the Plan.

"Purchaser" means a purchaser of a Unit pursuant to a Purchase Agreement.

"Rules and Regulations" means the rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A as the same may be amended from time to time.

"Selling Agent" shall mean the Sponsor unless the Plan is amended to identify an independent Selling Agent.

"Service Equipment" shall mean all of the following now or hereafter installed in the Building, serving one or more Units or the Common Elements, if any, appurtenant thereto: (i) pipes, wires, ducts, risers, cables, conduits and (ii) mechanical, electrical and other equipment, antennas and other communications devices.

"Signs" means any sign, advertisement, notice or other lettering.

"Sponsor" means 205 Northside LLC. The term "Sponsor" shall be deemed to include any successor to Sponsor. A successor to Sponsor is any (A) individual, corporation or other entity which through an amalgamation, consolidation or other legal succession becomes vested with the rights and assumes the obligations of 205 Northside LLC, or (B) any person who purchases from 205 Northside LLC or otherwise succeeds to (1) the lesser of (a) two or more Units or (b) twenty percent (20%) or more of all Units in the Condominium or (2) all remaining Units then owned by Sponsor and is not purchasing such Units for his, her or its own occupancy or for occupancy of such person's family members, and in any case shall include any nominee holding any Unit for the account of the person referred to in clause (A) or (B) above.

"Storage Bin" means storage bin installed in the cellar level of the Building that may be used by a Unit Owner pursuant to a Storage Bin License Agreement entered into with the Board of Managers.

"Storage Bin License Agreement" means an agreement entered into between the Board of Managers and a Unit Owner granting the Unit Owner the right to use a Storage Bin and outlining the terms and conditions of such use.

"Unit" or "Units" means any space designated as a Unit in the Declaration consisting generally of (i) a specific apartment and (ii) an appurtenant undivided interest in the Common Elements. All of such Units are collectively referred to as the "Units."

"Unit Owner" or "Unit Owners" means any owner or owners of a Unit. All of such Unit Owners are collectively referred to as "Unit Owners."

"Unsold Unit" refers to a Unit until such Unit has been purchased by a bona fide purchaser for residential occupancy on or after the Closing Date under the Plan or until the owner of such Unit or a person related by blood or marriage to such owner becomes the residential occupant of such Unit.

"Unsold Unit Owner" shall mean any owner of an Unsold Unit from time to time.

All other capitalized terms used in Part I of the Plan which are not separately defined in Part I shall have the meaning ascribed thereto in the By-Laws or the Declaration, as the case may be.

**[THE BALANCE OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]**

## DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Land

The Land is located on the northerly side of North 8th Street, between Driggs Avenue and Roebling Street, in the Borough of Brooklyn, New York. It is known as 205 North 8th Street, Brooklyn, New York 11211. A metes and bounds description of the Land is set forth in the Declaration in Part II of the Plan. The Property is presently designated as Block 2313, Lot 28, on the tax map of the City of New York for the Borough of Brooklyn.

The Building

The Building will contain 5 stories, and a cellar. The Building is in the process of construction from the ground up. The actual construction work commenced on or about August 14. 2006 and is expected to be completed by August 31, 2010. Such construction shall be substantially completed as described in "**Description of Property, Specifications and Building Condition**" in Part II of the Plan.

Description of Improvements

The Sponsor intends to construct the Building substantially in accordance with the plans and specifications prepared by Pinner Associates, Architect, copies of which are available for examination by prospective Purchasers at the Sponsor's office. Such plans and specifications as the same may be amended from time to time by Sponsor are referred to in this Plan as the "Plans and Specifications."

A general description and outline of the specifications of the Building, equipment, furnishings and facilities as well as a statement of building condition is set forth in "**Description of Property, Specifications and Building Condition**" in Part II of the Plan.

The improvements described in the Plans and Specifications and the Units to be constructed shall, upon issuance of the permanent certificate of occupancy for the Building, be in compliance with all applicable zoning codes and building laws and requirements of the City of New York and other applicable regulations, codes and governmental requirements, including, without limitation, the New York City Building Code, the New York City and New York State Multiple Dwelling Laws, all fire and safety codes.

Upon completion of the construction of the Building in accordance with the Plans and Specifications, it is presently contemplated that the Building will contain 9 Residential Units as described in this Plan.

Completion of Building and Units

Construction of the Building commenced on or about August 14, 2006 and it is anticipated that the construction will be substantially completed on or about May 31, 2010. Construction may be delayed because of, and the obligations of Sponsor under this Plan and any Purchase Agreement are subject to, weather, strikes, lockouts, acts of God, local

shortages, inability to obtain materials, equipment or labor, government restrictions or pre-emption, damage by fire or the elements, war, acts of terrorism, or any other cause. The period within which the Sponsor must complete any of its obligations under this Plan or any Purchase Agreement shall be extended by the period of such delay.

The construction shall be deemed fully completed in accordance with the Plans and Specifications when (a) a temporary or permanent Certificate of Occupancy for the Building shall have been issued by the Department of Buildings of the City of New York, and (b) the Sponsor's architect or engineer shall have certified that the Building has been substantially completed in accordance with the Plans and Specifications except for (i) work in Units to be done by or for the account of Purchasers, (ii) work in the Building customarily left incomplete until after occupancy and (iii) punch list items. Issuance of a temporary or permanent Certificate of Occupancy and the certification of the Sponsor's architect or engineer shall be deemed and considered conclusive evidence that the improvements have been completed in accordance with the Plans and Specifications without prejudice however to any rights which the Condominium may have under the Sponsor's obligation to cause defects in construction or materials to be corrected as may hereinafter be set forth in this Plan. (See "**Rights and Obligations of Sponsor**").

A Purchaser should note that prior to the conveyance of title to him of his Unit he may not perform any work in the Unit without first obtaining the Sponsor's prior written consent. In addition, as provided in the By-laws, prior to the issuance of a permanent certificate of occupancy for the Building following completion of the construction as described in the Plan, no Unit Owner other than Sponsor shall be permitted to make any alterations or improvements to his Unit without the prior written consent of Sponsor.

Views

Zoning districts can be modified from time to time and views from the Units may be blocked if, among other reasons, (i) the height, bulk or density of an adjacent building is changed, (ii) the zoning district designation is amended to permit greater building bulk and density, (iii) if a zoning variance is obtained, (iv) if the F.A.R. for the zoning district is changed or (v) if the Zoning Resolution is otherwise amended. No assurance can be given that the views currently existing (or existing when Purchaser first purchases or occupies the Unit) will continue to exist unchanged. See **"Special Risks."**

New York State Law grants to buyers of certain newly constructed housing units, in buildings of five stories or less, a Housing Merchant Implied Warranty. This statutory warranty requires the home to be free of certain defects. See the Section of the Plan entitled **"Rights and Obligations of the Sponsor"** for further details.

Units and Common Elements

It is anticipated that the Condominium will contain 9 Residential Units.

A summary description of the Units offered for sale under this Plan is set forth in "**Introduction**" and "**Schedule A**." Floor plans for the Units are set forth in "**Condominium Floor Plans**" in Part II of the Plan.

The legal description of the Units, the Common Elements, and the Limited Common Elements is set forth in the Declaration in Part II of the Plan and is summarized in "**Rights and Obligations of Unit Owners and Board of Managers, Summary of By-Laws**" in Part I of the Plan.

Recreation Areas; Laundry Facilities; No Designated Parking or Other Amenities

There are no special recreational facilities or amenities at the Property except that there will be a common outdoor recreation area located in a front yard areaway of the Building at the cellar level front yard open to the street. There will be no special equipment installed by Sponsor in this area. There will be no on-site parking at the Property and Sponsor has not made any arrangements for parking spaces to be rented or purchased by purchasers of Units. The Building will contain a laundry room in the cellar which will be equipped with one (1) commercial washing machine and one (1) commercial dryer.

Storage Space

Units 1A, 2B, 3A, 3B, 4A and 4B shall each have access to an individual Storage Bin located in the cellar of the Property as designated on the Cellar Floor Plan in Part II of the Plan and as indicated on Schedule A. There will be no up-front price paid by the Unit Owners who have access to a Storage Bin and there will be no monthly charge for its use. However, each Unit Owner will enter into a "Storage Bin License Agreement" with the Board of Managers. A copy of the Storage Bin License Agreement may be found in Part II of the Plan. The area of the basement where the Storage Bins are located will be part of the common elements.

Rear Yard, Balconies and Terrace As Limited Common Elements

Units 3A, 3B, 4A and 4B each have exclusive use of a Balcony adjacent to such Units. Unit 5 has exclusive use of a Balcony and Terrace adjacent to it and Unit 1B has exclusive use of the rear yard. The Rear Yard, Balconies and Terrace are considered Limited Common Elements as defined in the Plan and Declaration. The Board of Managers shall have unlimited access to all areas of the Rear Yard, Balconies and Terrace for the purpose of making inspections and repairs. The Unit Owner who has exclusive use of a Limited Common Element (such as a Rear Yard, Balcony or Terrace) shall be responsible for all repairs or replacements to all surfaces of such Rear Yard, Balcony or Terrace and the Condominium shall be responsible for any work that may be required on the parts of the Limited Common Elements that support such surfaces. Any Unit Owner desiring to make a replacement or repair to a Rear Yard, Balcony or Terrace must first obtain the written consent of the Board of Managers. In addition to the repairs and replacements to the existing condition and materials located on a Rear Yard, Balcony or Terrace, no other improvement or structure may be placed on the Rear Yard, Balconies or Terrace without the prior written approval of the Board of Managers, which approval may be granted or denied for any reason or no reason, and if granted, such approval may be conditioned on such matters as the Board of Managers, in its sole discretion may deem reasonable including conditions with respect to time periods when work is permitted, handling of construction debris, measures to ensure building security during construction, interruption of elevator and other services during construction and liability coverage for contractors during construction. Such conditions may also be imposed with respect to repairs and replacements of the existing conditions and materials on the Rear Yard, Balconies and Terrace. No construction work may be done on any Rear Yard, Balcony or Terrace without a New York City Buildings Department permit. In addition, any construction on a Rear Yard, Balcony or Terrace will

require a variance of the New York City Board of Standards and Appeals. No structure can be built on a Rear Yard, Balcony or Terrace "as of right." A Unit Owner shall have no right to apply for a variance without the prior written consent of the Board of Managers which consent may be denied for no reason or any reason. The Property is not a designated Landmark and is not subject Landmark restrictions.

Certificate of Occupancy

It should be noted by Purchasers that the closing of individual Units under the Plan may occur prior to obtaining a permanent certificate of occupancy for the Building. A temporary certificate of occupancy may only be renewed, pursuant to current laws and practices, for a total of up to two years from the date of its original date of issuance. If the temporary certificate of occupancy shall have expired prior to obtaining a permanent certificate of occupancy, occupancy of the Building will be in violation of the Multiple Dwelling Law and other applicable law subjecting the occupants, the Condominium, the members of the Board, and the Unit Owners to penalties including eviction of occupants. It is not the practice of the New York City Department of Buildings to issue eviction orders if there is no Certificate of Occupancy. However, the penalties do include the posting of violations and the imposition of fines, and Unit Owners will be unable to sell or refinance their Units during the time when there is no valid Certificate of Occupancy in effect. It should be noted however that the Plans and Specifications set forth such improvements to the public portions and common areas of the Building and such improvements to individual dwelling units as may be necessary to obtain a permanent certificate of occupancy for the Building.

## LOCATION AND AREA INFORMATION

Location and Services

The Condominium is located on the northerly side of North 8th Street, between Driggs Avenue and Roebling Street in the area known as the Williamsburg section of the Borough of Brooklyn in the City of New York. Public transportation provides easy, rapid access to the rest of Brooklyn as well as the other Boroughs of the City of New York and the entire New York Metropolitan Area. Subway service is available along the L Line. The New York City Metropolitan Transportation Authority operates buses (B24, B59 and B62) in the area.

Medical, Educational and Religious Facilities

Public services, including schools, police protection, library, street maintenance, social services and fire protection are provided by the City of New York. The area is served by several hospitals, including Brooklyn Hospital center at 99 Division Avenue, and numerous private physicians and dentists have offices in the area surrounding the Condominium.

Numerous private, public and parochial schools on the elementary, junior high school and high school levels are located within walking distance of the Condominium.

There are houses of worship of most denominations in the vicinity of the Condominium.

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

The Condominium is served by the New York City Police, Fire, and Sanitation Departments including snow removal and road maintenance for the streets adjacent to the

Property. Snow removal and maintenance of the sidewalks adjacent to the Condominium are the responsibility of the Board of Managers and the cost thereof has been included as a Common Expense in the Budget for the first Year of Condominium Operation. Water and sewer services are also provided by the City of New York, the cost for which is a Common Expense included in the Budget for the First Year of Condominium Operation. The NYPD 94th Precinct is located at 100 Meserole Avenue and FDNY Engine Company 211/Ladder Company No. 119 is located at 26 Hooper Street and Engine Company 212/Ladder Company No. 136 is located at 136 Wythe Avenue.

New York City is the largest city in the United States, as well as one of the principal urban centers of the world. Brooklyn is one of the five Boroughs of New York City, containing numerous business and financial centers, excellent regional transportation, cultural activities, recreational and open-space park areas, educational facilities, superb medical centers and a vast array of restaurants.

Zoning and Use

The Property is located in an M1-2, R6A zone, as shown on Map of the Zoning Resolution of the City of New York. The proposed use of the Property is for Class 1-D, non-combustible, Multiple Dwelling (Use Group 2). North 8th Street is a one-way, westbound street, with one traffic lane and curbside parking on each side of the street. Purchasers should examine the area surrounding the Property to determine whether any of the uses of local properties is consistent with their preferences.

**SCHEDULE A-PURCHASE PRICES AND RELATED INFORMATION**
**All Estimates are for the Year commencing July 1, 2011**

| Unit No. | Tax Lot Desig | Purchase Price (3) | Rooms/ Baths (1) | Approx. Floor Area (Sq. Ft.) (1) | Percentage Common Interest (2) | Estimated Monthly Common Charges (4) | Est. Monthly Real Estate Taxes (w/ Benefits) (5) | Est. Monthly Real Estate Taxes (w/o Benefits) (5) | Est. Annual Real Estate Taxes (w/ Benefits) (5) | Est. Annual Real Estate Taxes (w/o Benefits) (5) | Est. Annual Carrying Charges (w/Benefits) (6) | Est. Annual Carrying Charges (w/o Benefits) (6) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1A | 1001 | $400,000 | 2.5/1 | 420 | 6.46% | $259.70 | $13.09 | $327.04 | $157.04 | $3,924.45 | $3,273.47 | $7,040.88 |
| 1B | 1002 | $600,000 | 3.5/1.5 | 1,208 | 21.51% | $864.74 | $43.58 | $1,088.94 | $522.91 | $13,067.33 | $10,899.75 | $23,444.16 |
| 2A | 1003 | $450,000 | 2.5/1 | 476 | 7.33% | $294.68 | $14.85 | $371.08 | $178.19 | $4,452.98 | $3,714.33 | $7,989.11 |
| 2B | 1004 | $500,000 | 3.5/1 | 767 | 11.71% | $470.76 | $23.72 | $592.82 | $284.67 | $7,113.83 | $5,933.80 | $12,762.95 |
| 3A | 1005 | $450,000 | 2.5/1 | 476 | 7.52% | $302.32 | $15.23 | $380.70 | $182.81 | $4,568.40 | $3,810.60 | $8,196.19 |
| 3B | 1006 | $550,000 | 3.5/1 | 767 | 11.71% | $470.76 | $23.72 | $592.82 | $284.67 | $7,113.83 | $5,933.80 | $12,762.95 |
| 4A | 1007 | $450,000 | 2.5/1 | 476 | 7.52% | $302.32 | $15.23 | $380.70 | $182.81 | $4,568.40 | $3,810.60 | $8,196.19 |
| 4B | 1008 | $550,000 | 2.5/1 | 767 | 11.91% | $478.80 | $24.13 | $602.94 | $289.53 | $7,235.33 | $6,035.14 | $12,980.94 |
| 5 | 1009 | $625,000 | 3.5/1.5 | 792 | 14.33% | $576.09 | $29.03 | $725.46 | $348.36 | $8,705.48 | $7,261.43 | $15,618.54 |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| TOTAL | | $4,575,000 | | 6,149 | 100.00% | $4,020.16 | $202.58 | $5,062.50 | $2,431.00 | $60,750.00 | $50,672.92 | $108,991.92 |

**Limited Common Elements:**

Units 3A, 3B, 4A & 4B each have exclusive use of a Balcony adjacent to such Units as a Limited Common Element.
Unit 5 has exclusive use of a Balcony and Terrace adjacent to such Unit as a Limited Common Element.
Unit 1A has exclusive use of the Rear Yard as a Limited Common Element.
**THE FOOTNOTES THAT FOLLOW SCHEDULE A ARE AN INTEGRAL PART HEREOF AND SHOULD BE READ IN CONJUNCTION HEREWITH.**

## FOOTNOTES TO SCHEDULE A

1. Reference should be made to the Floor Plans in Part II of this Plan for the layout of each Unit. Purchasers are advised, however, that the dimensions shown on the Floor Plans are approximations, within reasonable tolerances, and are subject to change should site conditions so necessitate. Each Unit should be physically inspected to determine its actual dimensions, layout and condition. In preparing the room count in Schedule A, Sponsor utilized the "Recommended Method of Residential Room Count," effective January 1, 1964 (Revised 1995), from the Real Estate Board of New York, as described in the Architect's Description set forth in Part II of the Plan. Listed floor space (square footage) is only approximate and may exceed the useable square footage of the Unit. The square footage figure for each Unit in Schedule A does not include the square footage of limited common elements to which the Unit has exclusive access such as balconies, terraces and yards. The floor space of each Unit has been measured as follows: from the exterior face of the exterior masonry walls to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical spaces or any Common Elements. Consequently, the square footage calculations are based upon measurements that include portions of the Common Elements, and are not based upon measurements from interior surfaces of interior walls. Therefore, the actual floor area comprising a Unit could be 10% or more less than the area listed in Schedule A. See the "**Special Risks**" Section of the Plan. Those Common Elements which are used by or service two or more Units have been designated as Common Elements. In addition, Sponsor and its designees have the right to designate a portion of the Common Elements as a Limited Common Element in connection with the combining or subdividing of two Units or as otherwise provided in the Declaration. See **"Rights and Obligations of Unit Owners and Board of Managers; Summary of By-Laws."** As provided in the By-Laws, prior to the issuance of a permanent certificate of occupancy for the Building, no Unit Owner shall add or permit to be made any alterations or improvements to his Unit without the prior written consent of the Sponsor. The foregoing restrictions shall be inapplicable to Units owned by Sponsor.

2(a) The percentage of Common Interest for each Unit has been determined as provided in Section 339-i(1)(iv) of the Real Property Law, that 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 percentage interest of each Unit in the Common Elements (Common Interest) is set forth in this column of Schedule A. Every Unit Owner will be responsible for his proportionate share of the Common Expenses of the Condominium, based upon his Common Interest (except as otherwise provided in the Declaration or By-Laws), and will have the same proportionate share of any common profits of the Condominium or any distribution upon termination or condemnation of the Condominium.

2(b) The Common Expenses payable by each Unit Owner are apportioned in the proportion that the individual Unit's Common Interest bears to the aggregate Common Interests of all Units.

3. The Sponsor reserves the right to change the price of any Unit without prior notice or amendment to the Plan except that a duly filed amendment to the Plan will be required for (a) an across the board price change affecting one or more lines of Units or Unit models, (b) a price change that is to be advertised, or (c) a price increase for an individual purchaser.

The offering price of a Unit is negotiable and may be changed. Thus, the prices paid by Purchasers for similar Units may be different without altering the Common Interest allocated to the Units or the Common Charges with respect thereto. See **"Changes in Prices and Units."**

Purchasers shall also be required to pay various Closing costs, some of which are normally the statutory responsibility of a Seller, including New York City and New York State Transfer Taxes, certain fees of Sponsor's attorney and late fees in the event that a Purchaser fails to timely close under the Purchase Agreement. See **"Unit Closing Costs and Adjustments"** and **"Special Risks."**

4. The estimated monthly Common Charges for each Unit is calculated by multiplying the Common Expenses attributable to all Units (estimated to be $4,228.50 monthly for the projected first year of Condominium operation) by the Common Interest of each Unit relative to the aggregate Common Interests of all Units. The estimated Common Charges are for the period from July 1, 2011 through June 30, 2012, which period is assumed to be the first year of condominium operation. This period is used only for purposes of projection and illustration. Sponsor does not warrant that Condominium operation will commence on July 1, 2011. The estimated Common Charges are based upon the estimates of income and expenses set forth in Schedule B. The actual amounts of income and expenses may differ from the estimates thereof and may change in subsequent years. Due to the possibility of unforeseeable changes in the economy or increase or decrease in the amount of income and/or expenses of operation, the projections are not intended to be taken as guarantees or warranties of any kind whatsoever or as any assurance that the actual expenses or income of the Condominium for any period of operation may not vary from the amounts shown. In fact, it may be expected, based on current trends, that the operating expenses, including heating costs, utilities, maintenance and repairs, labor and other related expenses, will increase in the future.

In addition to the estimated Common Charges, each Unit Owner will be responsible for paying: (i) debt service payments under any loan or loans obtained to finance the acquisition of his or her Unit; (ii) the cost of any cable television service and/or satellite dish and/ other television service (iii) the cost of electricity supplied to his or her Unit, which, electricity shall be separately metered and payable by the Unit Owner directly to the utility company as and when billed (See Schedule B-1 for the anticipated cost of electricity to individual Units); (iv) the cost of carpeting, painting and decorating his or her Unit; (v) the cost of interior repairs to and the maintenance of his or her Unit, including but not limited to, repairs to and maintenance of walls, including the exterior face thereof, ceilings and floors and all kitchen and bathroom fixtures and appliances, and as to Units which include a Rear Yard, Balcony or Terrace as a Limited Common Element, all maintenance, repairs and replacements to such Balcony, which repairs and replacements shall be performed by such Unit Owner; (vi) the cost of any insurance that he or she obtains covering (a) furniture, belongings, equipment and other personal property and (b) liability to others for personal injury or property damage as a result of occurrences in his or her Unit; and (vii) real estate taxes.

5. These columns contain an estimate of the real estate taxes that will be payable by Unit Owners during the first year of Condominium operation (i.e., July 1, 2011 through June 30, 2012).

Tuchman, Korngold, Weiss, Lippman & Gelles, LLP, 6 East 45th Street, New York, New York 10017 ("Sponsor's Real Estate Tax Consultant"), has estimated that the actual assessed valuation of the Property after the completion of the construction will be $450,000. Based on an estimated tax rate per $100 of assessed valuation for Units of $13.50, the estimated real estate taxes during the first fiscal year following the completion of the construction (i.e., July 1, 2011 through June 30, 2012) will be approximately $60,750 allocable to the Units.

The final total assessed valuation of the Property for tax year 2005/2006 was $18,900. As more fully described below, such assessed valuations may not reflect any increases that may reflect the construction or change in use of the Property.

The first year of Condominium operation is expected to consist of the entire tax year 2011/2012. Since the construction of the Building was not complete on the "taxable status date" for tax year 2009/2010, which date is the date that the Building's assessed valuation for tax year 2009/2010 was tentatively determined, such assessed valuation was not based on the value of the Property upon the completion of the construction. Further, such assessed valuation does not reflect any increase attributable to a change in use of the Property (i.e., from a commercial building to residential condominium units). The real estate taxes payable by Unit Owners for the anticipated first year of Condominium operation (i.e., the period from July 1, 2011 through June 30, 2012) have been estimated at $60,750 (assuming the 421-a Benefits described below are not available), and $2,431 (assuming the 421-a Benefits described below are available). It is anticipated that commencing with fiscal year July 1, 2011 to June 30, 2012 and thereafter, the assessed valuation of the Property will increase (as discussed above) to reflect the value of the physical improvement to the Building and the change in the use of the Property.

This estimate assumes that the assessed valuation will be increased solely due to the purchase and conversion being completed by Sponsor. All prospective Purchasers are advised that although the estimate of assessed valuation upon completion of construction is a good-faith estimate, such projections of the assessed valuation, when actually made, may be less or greater than as estimated above and are not guaranteed.

The real estate taxes for future years will vary in accordance with the tax rate, the Property's assessed valuation and the phasing in of assessed valuation increases. It is noted that under state law, increases in a property's assessed value due to changes in its market value are to be phased in over five (5) years in equal annual increments of twenty percent (20%). Any further increases in the assessed value resulting from still higher market value is to be similarly phased in over an additional five year period from the date(s) of such increase(s). The full increased assessed valuation to be paid at the end of five (5) years is called the "actual assessed valuation." As discussed above, Tuchman, Korngold, Weiss, Lippman & Gelles, LLP has estimated the actual assessed valuation for the Property upon the completion of the construction at $450,000. Consequently, Purchasers should anticipate that real estate taxes will increase every year after the first year due to the "phase-in" of increases to reach the actual assessed valuation (assuming that the assessed value is not reduced).

Until the Units are separately assessed, the entire assessment attributable to the Units will be paid by all Unit Owners in proportion to their relative Common Interests.

On or after the filing and recording of the Declaration and a deed for a Unit, a separate tax lot is to be or will have been created for each Unit in the Condominium. After creation of the separate tax lot for a Unit, the local assessor ("assessor") apportions the assessed valuation of

the Property to each of the newly created tax lots representing the Units. There can be no assurance that the assessor will apportion the assessed valuation of the Property (i) to the Units in the proportion set forth above and (ii) to a tax lot representing a Unit on the basis of the percentage of Common Interest appurtenant to the Unit relative to the other Units. Moreover, there can be no assurance that there will not be an increase in the tax rate or the assessed valuation of a Unit or the Property as described above on or after such apportionment or for any reason. Such an increase will increase a Unit Owner's real estate taxes above the amounts estimated on Schedule A. Based upon the current fiscal difficulties of New York City, it is reasonable to anticipate that there will be an increase in the tax rate in future years.

The foregoing analysis is based upon the experience of Tuchman, Korngold, Weiss, Lippman & Gelles, LLP with the Real Property Division of the New York City Department of Finance and the Tax Commission of the City of New York, and their assessment policies regarding newly constructed properties held in condominium ownership. Application of a particular approach to valuation by an individual assessor may yield a different result. In such event, it might be desirable to commence real property tax review proceedings at the Tax Commission or Supreme Court level to bring the assessment in line with the estimates presented herein.

## SECTION 421-a BENEFITS

Sponsor intends to make application to the appropriate agencies of the City of New York (the "City") for real estate tax exemption benefits (commonly known as "421-a Benefits") pursuant to Section 421-a of the Real Property Tax Law of the State of New York (hereinafter, the "Act"). The benefits which are available to eligible projects which meet the qualifications of the statute are described in the opinion letter of Tuchman, Korngold, Weiss Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, Sponsor's tax abatement consultant, in Part II of the Plan. All Purchasers and their attorneys are urged to read that opinion for a complete discussion of the tax benefits that may be available in the event that Sponsor's application for 421-a tax benefits is granted.

Sponsor shall use all reasonable efforts to file the 421-a application and all related documents on a timely basis and timely comply with all procedures required to process and maintain the 421-a Benefits. Sponsor shall keep all records required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits, which can result in the reduction or revocation of benefits if proper documentation is not provided. Sponsor shall make all tax benefit documents available to the Condominium Board for inspection and copying for the life of the benefits.

No representation is made that the provisions of law will apply at the time the alterations to the building are completed, and if they do apply, that HPD will hold that the Property is entitled to the benefits conferred by Section 421-a of the Real Property Tax Law of the State of New York.

No warranty is or can be made that HPD or the Real Property Division of the New York City Department of Finance, or any other agency with jurisdiction, will approve Sponsor's application for 421-a tax benefits. Should tax abatement and/or exemption be denied, in whole, or in part, then each Unit Owner will be responsible for all taxes due and owing from the Closing Date. See "**Special Counsel's Opinion of Assessed Valuation and Real Estate Tax Benefits**" in Part II of the Plan for details. See **"Special Risks."**

Once a separate tax lot is established for a Unit and apportionment of the assessed valuation of the Property to the newly created tax lot representing the Unit is officially made, a Unit Owner will not be responsible for the payment of real estate taxes assessed against another Unit [unless such real estate taxes are included in Common Charges because, for example such real estate taxes are assessed against a Unit which is owned as part of the Common Elements (i.e., a Unit acquired by the Condominium Board pursuant to its right of first refusal)] nor will his Unit be subject to any lien arising out of non-payment of real estate taxes assessed against another Unit (except to the extent provided above in this sentence). However, until separate tax bills are available for each Unit, real estate taxes will be paid by the Condominium as a Common Expense. The taxes payable by all Units will be further apportioned among said Units in the proportion that the Common Interest of each Unit bears to the aggregate Common Interests of all Units and such proportionate share of the real estate taxes will be assessed against each Unit as part of the Common Charges. It should be noted that both the tax rate and the assessed valuation of the Property may be changed from time to time.

Upon completion of construction, Sponsor intends to apply for real estate tax exemption benefits pursuant to Section 421-a of the Real Property Tax Law of the State of New York. While Sponsor will use all reasonable efforts to obtain such benefits, no warranty is made that the New York City Department of Housing Preservation and Development, the agency that oversees such benefits will approve Sponsor's application. If such application is not granted, the real estate taxes payable by each Unit Owner will be higher than the real estate taxes that would be payable if such benefits are in effect. Tuchman, Korngold, Weiss Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, Sponsor's tax abatement consultant, has estimated that the real estate tax abatement that may be available will last for approximately 11 years, after which time the real estate taxes payable by each Unit Owner will increase during the following 4 years until the 16th year when such benefits will terminate. Each purchaser will be required to close title to his Unit whether or not such benefits are granted and, if granted, irrespective of the amount of the benefits. See "**Special Counsel's Opinion of Assessed Valuation and Real Estate Tax Benefits**" in Part II of the Plan for details.

6. These columns estimate the total carrying charges (Common Charges plus real estate taxes both without and with the 421-a Benefits) payable by each Unit Owner. The real estate taxes described above paid by a Unit Owner with respect to his Unit are deductible by such Unit Owner for income tax purposes provided that the conditions applicable thereto discussed in **"Counsel's Tax Opinion"** are satisfied. These amounts may change in subsequent years as a result of changes in the assessed valuation of Units, the tax rate and the method of assessing real property. If any Unit Owner obtains mortgage financing for his or her Unit, the interest paid on such mortgage indebtedness may also be deductible for income tax purposes, provided the conditions applicable thereto discussed in **"Counsel's Tax Opinion"** are satisfied. For the most part an individual Unit Owner may only deduct interest on debt incurred to acquire his principal residence or a designated second residence subject to certain limitations. See **"Counsel's Tax Opinion."** Such Unit Owner's income tax deduction may vary in future years due to changes in the interest rate on such Unit Owner's mortgage (if any) or from changes in the allocation of constant debt service payments between interest and principal.

## SCHEDULE A-1

## STORAGE BINS

| Bin No. | Width (feet) | Depth (feet) | Height (feet) | Area (sq. ft.) | Assigned to Unit |
|---|---|---|---|---|---|
| 1A | 3'-4" | 10'-5" | 8 | 34 | 1A |
| 3A | 3'-4" | 10'-5" | 8 | 34 | 3A |
| 4A | 3'-4" | 10'-5" | 8 | 34 | 4A |
| 2B | 3'-6" | 3'-9" | 8 | 13 | 2B |
| 3B | 3'-6" | 3'-9" | 8 | 13 | 3B |
| 4B | 3'-6" | 3'-9" | 8 | 13 | 4B |

## FOOTNOTES TO SCHEDULE A-1

(1) Sponsor is constructing 6 Storage Bins as part of the Common Elements in the cellar of the building which will be assigned to the Units indicated above at no additional cost to the Unit Owner. Each contains a fluorescent light fixture. Each Storage Bin should be physically inspected to determine its actual dimensions and location. See the Cellar Floor Plan in Part II of the Plan for the location of each Storage Bin.

(2) The form of Storage Bin License Agreement which each Unit Owner who acquires one will be required to execute at Closing is set forth in Part II of the Plan.

(3) Initially will be no monthly Storage Bin License Fee. However, each Unit Owner who enters into a Storage Bin License Agreement may be required to pay a monthly Storage Bin License Fee in the event that the Board of Managers determines to levy one.

## SCHEDULE B

## PROJECTED BUDGET

**205 North 8th Street**
**BROOKLYN, NEW YORK**

ESTIMATED SCHEDULE OF RECEIPTS AND EXPENSES
FOR FIRST FULL YEAR OF OPERATION

(BEGINNING JULY 1, 2011)

| | | |
|---|---|---|
| **RECEIPTS** | | |
| Common Charges | | $48,242 |
| **TOTAL RECEIPTS** | | |
| **EXPENSES** | | |
| LABOR | (Note 1) | $7,500 |
| ELECTRICITY & GAS | (Note 2) | $8,882 |
| WATER & SEWER | (Note 3) | $4,630 |
| REPAIRS & MAINTENANCE | (Note 4 | $2,000 |
| SERVICES & SUPPLIES | (Note 5) | $4,470 |
| INSURANCE | (Note 6) | $6,000 |
| MANAGEMENT FEE | (Note 7) | $10,000 |
| LEGAL & AUDITING FEES | (Note 8) | $3,500 |
| CONTINGENCY | (Note 9) | $1,260 |
| **TOTAL OPERATING EXPENSES** | | **$48,242** |

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

## NOTES TO SCHEDULE B

The estimated Common Charges to be collected from Unit Owners during the first year of Condominium operation are based upon the assumption that the first year of Condominium operation will be the twelve months commencing July 1, 2011. The actual first year of operation may be earlier or later.

### (1) LABOR - ($7,500)

The budgeted amount includes a nonresident, nonunion, Building Superintendent at $15 per hour for a 10 hour per week part-time position. (50 weeks a year) The handyman will perform the following labor : (A) manage trash including baggage, transport to the curb on collection days, sort for recycling purposes, clean up after trash collections, (B) keep sidewalk and all common areas clean and free of debris and snow; (C) Clean all interior common areas.

### (2) ELECTRICITY & GAS - ( $8,882)

The electricity consumption for the first year of Condominium operation for common areas was estimated by Abraham Joselow, P.E, P.C. located at 45 West 34th Street, suite 1101, New York, New York in a letter dated June 2, 2009 at 4,113 kilowatt hours of electricity, at a rate of $.27 per kilowatt hour of electricity including applicable sales tax, resulting in an annual cost of $1,111. This estimate includes costs for powering of electric heat. Also lighting 400 watts for 10 hours per day, 985.6 watts for 24 hours per day, 132 watts for 4 hours per day 1,543 Kw-hrs @ $0.27 per Kw-hrs will cost $417 per year.

The gas consumption for the first year of Condominum operation for common gas domestic hot water heater was estimated by Abraham Joselow, P.E,P.C. in a letter dated June 2, 2009 at 3,502 therms @ $2.10 per therm will cost $7,354 per year

Each unit will be individually metered or submetered for consumption of electricity within their own units.

### (3) WATER & SEWER – ($4,630 )

The building will have a single main water meter, which will measure actual water usage. Based upon a letter from Abraham Joselow, P.E, P.C having an office at 45 West 34th Street, Suite 1101 New York, New York, dated June 2, 2009, water and sewer charges are based upon a combined charge of $5.99 per 100 Cu. Ft. The water consumption is estimated at 578,160 gallons/year. The anticipated annual cost for water and sewer charges during the first year of condominium operation is estimated at $4,630

### (4) REPAIRS & MAINTENANCE – ($2,000)

Since the Building will be newly constructed it has no operating history upon which to project future costs of repairs and maintenance. No major capital repairs are included in the First Year's Budget since all major construction and mechanical systems will be new. Future major capital repairs to the Common Elements will be borne by all Unit Owners. The budgeted figure for these items includes the cost of normal maintenance and repairs to the Common Elements of the Building that are the responsibility of the Condominium. Each Unit Owner will be responsible for the cost of the interior maintenance, repairs, decoration and painting of their respective units, including the appliances, incremental heating/air-

conditioning units and any appurtenant Common Elements. Repairs and Maintenance have been allocated to all Units based upon each unit's respective Percentage of Common Interest.

**(5) SERVICE & SUPPLIES – ($4,470)**

The budgeted amount includes the cost of cleaning equipment and miscellaneous supplies for the Common Elements, as well as the anticipated cost of service contracts during the first year of Condominium operation.

All of the mechanical systems within the Building will be new, and some will be under a full service maintenance contract for the first year of Condominium operation from the contractor who will install the system. No maintenance or service contracts have been entered into as of the date of the Plan. The budgeted amounts are based upon the experience of the Sponsor's budget expert in operating similar buildings. While this Schedule B includes a reasonable allowance for possible increases in cost that may occur prior to and during the first year of Condominium operations, no warranty is made that the actual cost for these or other services will be in accordance with this projection.

It is projected that the Condominium will enter into maintenance agreements for the following services:

| | |
|---|---|
| Elevator Maintenance | $2,000 |
| Sprinkler System/Fire Protective Alarm System | $ 380 |
| Exterminator | $1,140 |
| Miscellaneous supplies | $ 950 |

The estimated budgeted cost for cleaning supplies, plastic bags and other building supplies are estimated at $950 during the first year of Condominium operation.

The cost for services relating to the sprinkler system/fire protection alarm system, and exterminator, have been allocated to all units within the Condominium based upon each unit's respective Percentage of Common Interest.

**(6) INSURANCE – ($6,000)**

Based upon the proposal dated August 13, 2009 from Stern Agency, INC., having an office address at 254 South Main Street-Suite 308, New City, NY 10956 The following insurance coverage will be obtained for the Building for the first year of Condominium operation:

A Comprehensive Condominium Package Policy, including Boiler & Machinery and Water Damage, with the following General Coverage and Limits:

**Property Policy**

| Limit | |
|---|---|
| $1,600,000 | All risk, replacement cost, agreed amount, $5,000 deductible |
| | Loss of business income, actual loss sustained, no co-insurance |
| | Broad form water coverage, Damage from water which included back up sewer and drains $25,000 deductible |
| $250,000 | Building Ordinance Coverage,<br>Coverage B- Demolition Cost Coverage |

| | |
|---|---|
| | Coverage C- Increased Cost of Construction |
| $25,000 | Employee Dishonesty, Includes employee theft |
| | Boiler and machinery Coverage |

**General Liability Policy**

| | |
|---|---|
| $1,000,000 | Each Occurrence |
| $2,000,000 | General Aggregate |
| $5,000 | Medical payments |
| Included | Water Damage Legal Liability & Elevator Collision Liability |
| $1,000,000 | Personal and advertising injury limit |
| $1,000,000 | Directors and officers Liability coverage |

**Umbrella Liability**

Limit

$5,000,000 – Umbrella Liability

Retention - $5,000

The annual premium for the above mentioned insurance portfolio is estimated to be $6,000

The insurance costs are for the entire Condominium and have been allocated to all units within the Condominium based upon each unit's respective Percentage of Common Interest.

The fire, casualty and general liability insurance carried by the Condominium will provide: that each unit owner is an additional insured party; that there will be no cancellation without notice to the Condominium Board and Permitted Mortgagees; 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.

Please note that the building insurance is written on an agreed amount base which waives or eliminates the standard co-insurance requirements. In the event of the complete destruction of the building, it is the opinion of Stern Agency that the insurance is sufficient to provide the insured with the complete reimbursement for the replacement cost of the building.

Each individual Unit Owner should consider the desirability of obtaining additional insurance at his own cost for the following coverage, which is not included in the above coverage:

- Fire or casualty losses to the contents of his unit and any replacements, additions, upgraded fixtures and improvements therein; and
- Liability for personal injury or property damage as a result of occurrences in his Unit, including water damage legal liability to cover damage arising from leaks or other conditions within the Unit.

(7) **MANAGEMENT FEE - ($10,000)**

At or prior to the First Closing, the Condominium will enter into a management agreement. The Managing Agent will receive an annual fee of $12,480. The Managing Agent's fee for the first year of Condominium operation is comparable to the "going rate" for similar services in comparable buildings. The Condominium will be Managed by Synoptic for the first year of condominium operation pursuant to a written management agreement. The management fee reflects the prevailing cost for similar services. It is based on the size of the building, number of units, and the level of service to be provided. The cost of the fidelity bond shall be paid by the managing agent. Emergency repairs will be coordinated by the management agent and the cost for the same is included in the budget item for repairs, maintenance and supplies. The foregoing complies with all applicable housing and labor laws.

(8) **LEGAL & AUDIT FEES – ($3,500)**

The Condominium will engage a law firm to act as the attorney for the Condominium. The estimated cost for these services for the Condominium's first year is $1,000. It is anticipated that the Condominium will enter into an agreement with Anthony Clemenza Esq, 2132 Flatbush Avenue, 2nd floor, Brooklyn, NY 11234. Gregory Binkiewicz CPA, 83 87 115th Street Kew Gardens NY 11418 will provide auditing, tax return preparation and certified financial statement preparation services for the Condominium. It is estimated that the first year cost for accounting services will be $2,500.

(9) **CONTINGENCY – ($1,260)**

This item is included in the budget to provide funds for unforeseen increases in Residential Common Expenses and General Common Expenses before or after the First Closing or to cover expenses not included in this budget.

**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 for electricity and gas will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Condominium Board or individual residents, the rates of the utility company (which fluctuate periodically) and the possibility of changes in the methods of calculating charges by the utility company.

**IF THE ACTUAL OR ANTICIPATED DATE OF COMMENCEMENT OF THE FIRST YEAR OF CONDOMINIUM OPERATION IS TO BE DELAYED MORE THAN 6 MONTHS FROM, JULY 1, 2011, THE PLAN WILL BE AMENDED TO INCLUDE A REVISED BUDGET DISCLOSING CURRENT PROJECTIONS. IF SUCH AMENDED PROJECTIONS EXCEED THE ORIGINAL PROJECTIONS BY 25% OR MORE, THE SPONSOR WILL OFFER ALL PURCHASERS THE RIGHT TO RESCIND AND A REASONABLE PERIOD OF TIME THAT IS NOT LESS THAN 15 DAYS AFTER THE DATE OF PRESENTATION TO EXERCISE THE RIGHT. WHETHER OR NOT SPONSOR OFFERS TO GUARANTEE THE PREVIOUS BUDGET PROJECTION, SPONSOR WILL RETURN ANY DOWN PAYMENT OR DEPOSIT PROMPTLY TO SUBSCRIBERS WHO RESCIND.**

## SCHEDULE B-1

## 205 NORTH 8TH STREET, BROOKLYN, NY
## PROJECTED ENERGY CONSUMPTION COSTS
## FOR INDIVIDUAL UNITS
(Individually Metered)

| UNIT NO. | EST. ANN ELECTRIC CONSUMPTION | EST. ANN ELECTRIC COST | EST. ANN GAS (THERMS) CONSUMPTION | EST. ANN. GAS COST | TOTAL COST |
|---|---|---|---|---|---|
| 1A | 4,948 KWH | $1,336 | 199 | $418 | $1,754 |
| 1B | 6,764 KWH | $1,826 | 336 | $705 | $2,531 |
| 2A | 5,252 KWH | $1,418 | 223 | $469 | $1,887 |
| 2B | 7,149 KWH | $1,930 | 366 | $768 | $2,698 |
| 3A | 5,252 KWH | $1,418 | 223 | $469 | $1,887 |
| 3B | 7,149 KWH | $1,930 | 366 | $768 | $2,698 |
| 4A | 5,252 KWH | $1,418 | 223 | $469 | $1,887 |
| 4B | 7,149 KWH | $1,930 | 366 | $768 | $2,698 |
| 5 | 8,185 KWH | $2,210 | 377 | $791 | $3,001 |

FOOTNOTES TO SCHEDULE B-1

The foregoing is an estimate of annual energy costs for the Units provided by Sponsor's Energy Consultant, Abraham Joselow, P.E., P.C., 45 West 34th Street, Suite 1101, New York, NY in a letter dated June 2, 2009. These estimates are based upon the cost of electricity at $0.27 per kilowatt hour on average, and gas at $2.10 per therm, including taxes and adjustments but without any inflation factor. 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 individual needs of Unit Owners and weather conditions. In view of the facts that these estimates include the use of energy by persons of varying needs with different standards of comfort, or with families of different sizes, the amount of energy used by a purchaser may vary substantially from the estimates herein provided. In addition the effect of inflation, fuel adjustment charges and other factors may raise the costs of electricity and gas substantially higher than the current or projected rates. Although the sponsor is under the obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially affect the cost of heating and cooling after the purchase of a unit or in subsequent years. The sponsor represents, however, that it will follow the plans and specifications provided by the manufacturer of appliances together with the recommendations of the experts to enable these items of equipment to operate at optimum efficiency at the lower cost.

**NO REPRESENTATION OF ANY KIND IS MADE BY THE ENGINEER OR THE SPONSOR OR ANY OTHER PERSON OR ENTITY AS TO WHAT ELECTRICAL CONSUMPTION OR COST MAY ACTUALLY BE.**



# KURLAND REALTY

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

March 17, 2010

New York State Department of Law
120 Broadway, 23rd floor
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: Condominium Offering Plan (the "Plan") for the
The Bedford Condominium
205 North 8th Street
Brooklyn, New York (the "Property")

Gentlemen:

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

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

Kurland Realty, a New York corporation having an address at 20 W. 23rd Street, 5th Fl., New York, New York 10010, was formed in 1997 by Kevin M. Kurland, the principal broker since inception. Over the past 12 years, Kurland Realty has closed over a thousand transactions including the selling and leasing of co-ops, condos and buildings, in Manhattan and Brooklyn.

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

Article 6 of the Declaration states that "the percentage of Common Interest allocated to each Unit is based upon floor space, subject to the location of such space and 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

20 W 23rd St, 5th Fl, NY, NY 10010 (T) 212-370-0898 (F) 212-370-0490 www.kurlandrealty.com

dimensions of the particular Unit." Article 6 also states that the aggregate Common Interests of all Units equal one hundred percent (100%).

Section 339-i requires that the Common Interest of each Unit be based on any one of several methods of calculation. One of these allowable methods is the method stated in Article 8 of the Declaration (Section 339-i(1)(iv)).

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

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

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

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

KURLAND REALTY

By:_____
KEVIN M. KURLAND
Chairman & CEO

Sworn to before me this
18 day of March, 2010.

_____
Notary Public

ANTHONY SPOONER
Notary Public, State of New York
No.01SP6203301
Qualified in New York County
COMMISSION EXPIRES 04/06/2013

## COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

**LAW OFFICES**
**LAWRENCE F. DiGIOVANNA**
**357 Bay Ridge Parkway**
**Brooklyn, New York 11209**
**(718) 238-6900**

May 5, 2010

New York State Department of Law
120 Broadway, 23rd floor
New York, New York 10271
Attention: Real Estate Financing Bureau

**Re: Condominium Offering Plan (the "Plan") for**
**The Bedford Condominium-205 North 8th Street**
**Brooklyn, New York (the "Property")**

Gentlemen and Ladies:

The Sponsor of the condominium offering plan for the captioned property has retained this office to review the percentage of Common Interest applied to the Units contained in Schedule A of the offering plan. Our experience includes the preparation of condominium offering plans and representation of condominium associations over the past 30 years.

In reviewing said Schedule A and the footnotes that follow it, the percentage interest for each Unit as contained therein has been determined based upon floor space, subject to the location of such space and the additional factors or 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 Unit. Said method of determining the percentage of Common Interest in a condominium complies with and is pursuant to Section 339-i(1)(iv) of the Real Property Law of the State of New York.

This opinion is based upon factual determinations made in the opinion of Kurland Realty reproduced in the Plan upon which we have relied. We have not reviewed or verified the calculations of floor areas used in determining the sizes of Units or the Limited Common Elements.

This firm will not be liable to any party in the event that critical facts presented by Sponsor and Sponsor's expert, Kurland Realty, were or prove to be incorrect or if there are changes in applicable law and regulations or decisional law. We have no beneficial interest in the Sponsor or in the profitability of the conversion. We consent to the incorporation of this opinion in the Plan and to the reference to our name in the Plan in connection with this opinion.

Very truly yours,



LDG:ms

**LAWRENCE F. DiGIOVANNA**

## CHANGES IN PRICES OR UNITS

The Sponsor reserves the right to change the price of any Unit without prior notice or amendment to the Plan except that a duly filed amendment to the Plan will be required for (a) an across the board price change affecting one or more lines of Units or Unit models, (b) a price change that is to be advertised, or (c) a price increase for an individual purchaser. The offering price of a Unit is negotiable and may be changed.

In order to meet the possible varying demands for the number and type of Units or to meet particular requirements of the prospective Purchasers or for any other reason, the Sponsor reserves the right for itself and its designees at any time, by amendment to the Plan and subject to the conditions set forth below, to: (i) change the price (as set forth above), the manner of payment, and any other term of sale, (ii) change the size, number and/or layout of Units, (iii) reapportion the percentage Common Interests shown in Schedule A, and (iv) change the size or quality of the public areas of the Property. Any reallocation of the percentage Common Interests among Units will vary the estimated Common Charges for such Units from the amounts set forth in Schedule A. After the Declaration is recorded, any of the changes discussed in clauses (ii) through (iv) above may only be made by duly recorded amendment to the Declaration. As more particularly provided in the Declaration, the Sponsor and its designees will have the right to so amend or cause the Board of Managers to so amend the Declaration and Floor Plans to the extent required in order to reflect changes made as provided above. In connection with any of the changes discussed in clauses (ii) and (iv) above, the Sponsor shall obtain the consents of all governmental authorities having jurisdiction (if such consent is required by law).

No material change will be made in the size and no material adverse change will be made in the quality of Common Elements of the Property unless Purchasers who have executed and delivered Purchase Agreements pursuant to the Plan and who are not then in default thereunder either consent or are given the right to rescind such Purchase Agreements by notice of rescission personally delivered or sent by certified or registered mail, return receipt requested, to the Sponsor within fifteen (15) days after the date of presentation of an amendment disclosing such material change.

If a Purchase Agreement covering a Unit has been executed and delivered pursuant to the Plan, then, provided that the Purchaser affected thereby is not in default thereunder, no material change shall made in the Unit size, layout, or percentage of Common Interest of the Unit, unless the Purchaser consents thereto.

### Reservation of Right to Negotiate Terms

Sponsor reserves the right, in its sole discretion and without prior notice or amendment to the Plan, to negotiate with purchasers all aspects of the purchase of any Unit, including, but not limited to: additions, or improvements to the Unit or the fixtures, furniture, furnishings, or equipment contained therein or credit allowances therefor; a reduced deposit towards the purchase price; a financing contingency; an extension of time to secure financing; the application of interim rent towards the purchase price; maintenance subsidies or rebates; credits against the purchase price; and payment of all or part of the Purchaser's financing costs and/or closing costs (such as attorneys fees, title insurance premiums, origination fees, commitment fees, and interest subsidies or "buy-downs"); and waiver of certain fees and charges to be paid

by Purchasers as set forth in the Plan. Sponsor does not represent that it will offer any, all, or any combination of the above incentives on any particular purchase and reserves the right to make, accept or reject such offers in its sole discretion. None of the foregoing benefits will be available to any Purchaser unless specifically agreed to in writing by the Sponsor. The price and terms of all purchases will be solely as set forth in the terms of the Purchase Agreement entered into by and

between the Purchaser and the Sponsor. The Sponsor further reserves the right to amend the Plan from time to time to add or delete negotiable terms.

## INTERIM LEASES

Sponsor is not currently offering any Purchaser or non-purchaser the right to enter into a lease for a Unit. Purchasers are advised that Sponsor expressly reserves the right to lease Units to Purchasers and/or non-purchasers on such terms as Sponsor shall determine. In such event the Plan will be amended.

## PROCEDURE TO PURCHASE

Execution of Purchase Agreement, Deposit and Trust Provisions

A person who wishes to purchase a Unit must complete and sign three copies of a Purchase Agreement and deliver the same to the Sponsor together with a check equal to the sum of (i) ten (10%) percent of the purchase price, plus (ii) the cost of any special work ordered by the Purchaser. Such check shall be drawn to the order of "Lawrence F. DiGiovanna, Esq. as escrow agent." Each prospective Purchaser may be required to pre-qualify for a mortgage loan prior to entering into a Purchase Agreement and to complete such documents and provide such financial information as the Selling Agent or Sponsor shall request in connection therewith. The terms of sale and other provisions of an actual Purchase Agreement entered into between the Sponsor and any Purchaser may vary from the provisions contained in the form of Purchase Agreement contained in Part II of this Plan. However, such variations shall have no effect on the provisions of any other Purchase Agreement theretofore or thereafter entered into between the Sponsor and any other Purchaser nor shall such variations materially and adversely affect the Sponsor's obligations as set forth in the Plan.

All Down Payments paid by Purchasers on account of the purchase price of Units under the Plan, together with all interest accrued thereon (collectively the "Deposits"), will be placed in an account in conformity with the disclosure set forth below. Sponsor will comply with the escrow and trust fund requirements of Section 71-a of the Lien Law and General Business Law Sections 352-e (2-b) and 352-h and the New York State Attorney General's regulations promulgated pursuant thereto.

Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the handling or disposition of Deposits paid by such purchasers. However, nothing in the preceding sentence shall limit the obligation of any purchaser to pay the fees and expenses of the Sponsor's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan as amended hereby) in connection with the purchase or closing of the Unit purchased by such purchaser under the Plan.

A Deposit will be deemed to have been unconditionally tendered when it is delivered to the Selling Agent, together with a Purchase Agreement in the form agreed to by the Sponsor and signed by the Purchaser, without any request for a change in such form or the terms of the Purchase Agreement. Each Deposit will be placed, within five business days after the date on which such Deposit has been unconditionally tendered, in a special escrow account of Lawrence F. DiGiovanna, Esq. (hereinafter the "escrow agent"), whose address is 357 Bay Ridge Parkway, Brooklyn, New York 11209 and whose telephone number is (718) 238-6900. The signatories on this escrow account, who are authorized to withdraw funds are Lawrence F. DiGiovanna, Esq. and/or Stephen D. Chiaino, Esq. The name of the escrow account is "Lawrence F. DiGiovanna, Esq., Attorney Escrow Account " (the "escrow account"), and such escrow account is located in Citibank, N.A., 7501 Third Avenue, Brooklyn, New York 11209 (the "Bank"). The Bank is covered by federal bank deposit insurance generally to a maximum of $100,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limit, amounts deposited directly by such person and Deposits held in escrow for such person by the escrow agent).

**If an individual makes a Deposit in excess of $100,000 for the purchase of a Unit, or if the amount of such individual's deposits at the Bank and such Deposit exceed $100,000, the aggregate of such Deposit and all other such deposits will generally not be federally insured in excess of $100,000. FDIC deposit insurance has been temporarily increased to $250,000. This coverage is temporary and, unless extended by Congress, such coverage will expire on December 31, 2013. See "Special Risks."**

The escrow account will be an "IOLA" account. "IOLA means "interest on lawyers accounts" and refers to a special program in New York State whereby the funds deposited into such an account bear interest. However, the interest earned on the account is not paid to the depositor. Rather the interest is paid into the IOLA Fund, the profits from which are used to subsidize State funded legal service programs for indigent persons. Consequently, neither the Sponsor nor Purchasers under the Plan will be recipients of any interest earned on the account. The interest rate earned will be the prevailing rate for these accounts which currently is approximately two-tenths of one per cent (0.2%).

All checks for Down Payments on account of the purchase price of a Unit under the Plan shall be made payable to or endorsed to the order of "Lawrence F. DiGiovanna, Esq., as Escrow Agent." Within fifteen business days after unconditional tender and delivery by a purchaser to the Selling Agent of a check for the Down Payment submitted with such Purchaser's Agreement on account of the purchase price thereunder, the escrow agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. Subject to the provisions of the next sentence, if such purchaser does not receive notice of such deposit within fifteen business days after unconditional tender and delivery to the Selling Agent of such Down Payment, then such Purchaser may cancel such purchase and rescind such Purchaser's Purchase Agreement so long as such right to rescind is exercised within ninety (90) days after such Purchaser's unconditional tender and delivery of such Down Payment to the Selling Agent. However, a purchaser shall not be entitled either to rescind such purchaser's Purchase Agreement or to receive a refund of such purchaser's Deposit where proof satisfactory to the Attorney General is submitted establishing that such Down Payment was timely deposited and notice as provided above was timely mailed to such purchaser in conformity with the Attorney General's regulations or at any time after the Deposit has been deposited in the escrow account. In addition, a purchaser who does not receive notice of deposit within 15 business days after tender of a down payment may apply to the Attorney General for relief.

The escrow agent will hold a purchaser's Deposit in escrow until:

(i) otherwise directed in one or more writings signed by each of the Sponsor and such purchaser; or

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

(iii) a judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit; or

(iv) such Deposit is paid by the escrow agent into a court of competent jurisdiction; or

(v) such Deposit is paid to the Sponsor as provided below; or

(vi) such Deposit is paid to such purchaser as provided below.

If there is no written agreement between the Sponsor and a purchaser to release the Deposit paid by such Purchaser, the escrow agent will not pay such Deposit to the Sponsor until after ten business days following the date that the escrow agent has given such Purchaser written notice that the escrow agent intends to pay such Deposit to the Sponsor. Thereafter, such Deposit may be paid to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and the escrow agent has received, within such ten business day period, notice from such purchaser that such application has been made.

The Sponsor will not object to the release of the Deposit paid by any Purchaser to such Purchaser, provided such Purchaser has not defaulted and has timely and validly rescinded such purchaser's Purchase Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan. The Purchaser shall be deemed to have consented to the release of the Deposit to the Sponsor at his Unit Closing.

A Purchaser or the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Deposit paid by any Purchaser. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved between the Sponsor and a Purchaser of a Unit under the Plan relating to such purchaser's Deposit and, in the case of any Purchaser, such Purchaser has given notice of objection to the escrow agent within the ten business day period described above. A form for this purpose is contained in Part II of this Plan. The party applying for a determination must send all other parties a copy of the application. Pending the determination of the Attorney General to grant or deny the application, the purchaser and the escrow agent shall abide by any interim directive issued by the Attorney General.

All funds received by Sponsor for upgrades or extras must initially be placed in the escrow account maintained at the Bank. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the Escrow Agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras. See **"Special Risks."**

Part II of this Plan contains a copy of the escrow agreement which is subject to the terms of the Attorney General's regulations. In the event of any conflict between such escrow agreement and either any other provision of this Plan, any amendment thereto, or any Purchase Agreement, such escrow agreement shall control. The escrow agent will maintain all records concerning the escrow account for seven years after the closing of such account. Notices given by the escrow agent, the Sponsor, or its agents pursuant hereto shall be deemed given (i) upon delivery if personally delivered or (ii) upon the fifth day after the date of mailing.

The escrow agent shall have the right but not the obligation to deposit any moneys received in an interest bearing account and to purchase treasury bills, certificates of deposit, U.S. government security backed repurchase agreements, and/or money market accounts or funds through the escrow account described above.

Balance of Purchase Price and Closing Documents

After this Plan has been declared effective, the Sponsor shall fix dates for closing title to all Units (each a "Closing Notice") for which Purchase Agreements have been executed by serving notice on each Purchaser stating the date of the first closing and setting such Purchaser's Closing Date, which notice shall be served not less than thirty (30) days before the date set for the closing of the Units, except if the particular Purchaser shall waive the requirement of 30 days' notice. The balance of the Purchase Price shall be payable on the Closing Date by certified check drawn on and certified by, or by a bank check drawn on and by, a bank which is acceptable to the Sponsor and which is a member of the New York Clearing House Association, to the order of Sponsor or such other payee as Sponsor may direct.

Sponsor anticipates that the first closing of a Unit shall occur on or about July 1, 2011. If the date of the first closing of a Unit shall be delayed by more than 12 months after July 1, 2011, each Purchaser will be offered a right to rescind his Purchase Agreement and receive the return of his Deposit.

On the Closing Date, the Purchaser shall be required to sign and deliver a Power of Attorney in favor of the Board of Managers covering the Unit in the form contained in the Part II of the Plan and pay certain closing fees, costs and adjustments. Failure to execute the Power of Attorney at Closing shall be deemed a default. See the discussion below concerning a default by a purchaser. The Purchaser shall also execute at the closing the New York State and New York City real property transfer tax returns covering the sale of the Unit, any real estate reporting return and statement required by the Internal Revenue Code (the "Code") or the regulations thereunder, all other documents required by law, and all other documents reasonably required by the Sponsor or required under such Purchaser's Purchase Agreement.

The Purchaser shall also cause his attorney to execute a designation agreement provided by the Sponsor designating such attorney as the "real estate broker" who is required to file a 1099 return with respect to the purchase, and the Purchaser shall indemnify the Sponsor and its attorneys against any costs resulting from the failure of such attorney to fulfill his duties as such "real estate broker." See **"Special Risks."**

Default by Purchaser

If a Purchaser defaults in making any payments due under the Purchase Agreement or fails to execute and deliver documents, make the payments described above, or perform any of his other obligations under the Purchase Agreement, then the Sponsor may at its option give written notice of default under the Purchase Agreement to the Purchaser. If the default is not

cured within thirty (30) days after written notice thereof, then the Purchase Agreement shall be deemed canceled and Sponsor shall be entitled to the payment due upon execution of the Purchase Agreement and any payments made thereunder (but not exceeding the sum of 10% of the Purchase Price thereunder plus all costs for any special work ordered by the Purchaser) together with interest earned thereon, if any, as and for liquidated damages. Cancellation of a Purchase Agreement will permit the Sponsor to sell the Unit to others as though the Purchase Agreement had never been made and the Purchaser shall not have any further rights against or obligations to the Sponsor, the Condominium or others purchasing such Unit. See **"Special Risks."**

Risk of Loss

The risk of loss or damage to the Property by fire or other casualty until the date of closing of title of the first Unit is assumed by Sponsor but without any obligation or liability upon Sponsor to repair or replace the same. Sponsor may, however, at Sponsor's option, elect to abandon the Plan (see "**Effective Date**") or to repair or replace such loss or damage. If Sponsor elects to replace such loss or damage, then at Sponsor's option it shall be entitled to reasonable adjournments of the closing.

Cooling Off Period and Sponsor's Acceptance or Rejection of Purchase Agreement

If a Purchaser has not been afforded at least three (3) business days to review the Plan and all filed amendments thereto prior to executing and delivering his Purchase Agreement, then such Purchaser may rescind his Purchase Agreement by giving notice of rescission to the Sponsor within seven (7) days after the date of such Purchase Agreement.

Each person interested in the purchase of a Unit will be required to give the Sponsor (or Selling Agent if Sponsor employs one) a $100 deposit for a copy of the Plan. Such deposit will be refunded to the prospective purchaser if he either (i) tenders a Purchaser's Agreement, (together with the Down Payment) that is accepted by Sponsor or (ii) returns the Plan and all amendments within fifteen (15) days in good, reusable condition.

Within twenty (20) days after the Purchaser delivers to Sponsor three copies of his Purchase Agreement executed by him together with the required deposit, the Sponsor shall either (i) accept such Purchase Agreement and return one fully executed counterpart to the Purchaser thereunder (or the Purchaser's attorney) or (ii) reject such Purchase Agreement by notice thereof personally delivered or mailed by registered or certified mail return receipt requested to the Purchaser together with a refund of any deposit made by the Purchaser under his Purchase Agreement. If the Sponsor takes no action within such twenty (20) day period, then the Purchase Agreement shall be deemed canceled. Until a Purchase Agreement is executed by Sponsor and returned to the prospective Purchaser, the Sponsor will not be bound by any such Purchase Agreement submitted to it. The Sponsor may reject any Purchase Agreement, without cause or explanation, so long as such rejection is not based upon race, creed, color, national origin, sex or any other ground prohibited by law.

The Units are being sold in the condition described in the **"Description of Property, Specifications and Building Condition**" section of Part II of the Plan and Sponsor will not have any obligation to make any repairs or improvements except as is expressly provided in the **"Description of Property, Specifications and Building Condition"** or in the "**Rights and Obligations of Sponsor"** section of Part I of the Plan.

Conflicts between Plan and Purchase Agreement

A complete copy of the Purchase Agreement is included in Part II of this Plan. If any provision of the Purchase Agreement is in conflict or inconsistent with any provision of the Plan, then such conflict or inconsistency shall be resolved in favor of the Plan. The Plan and the Purchase Agreement may not contain, or be modified to contain, a provision waiving a Purchaser's rights or abrogating Sponsor's obligations under the Plan or Article 23-A of the General Business Law.

No Financing Contingency

It should be noted as a Special Risk that although a Purchaser is free to apply for a loan to finance the purchase of a Unit, the Purchase Agreement that Purchaser shall be required to sign is not contingent upon Purchaser obtaining such financing. Accordingly, if a Purchaser applies for and is denied a loan, Purchaser shall still be obligated to close under the Purchase Agreement. If Purchaser fails to close under the Purchase Agreement, Purchaser may forfeit the down payment paid under the Purchase Agreement as liquidated damages. See **"Special Risks."**

Sponsor and the Condominium Board will execute such documents as an institutional lender may reasonably require in accordance with customary lending practices (such as, for example, a RESPA statement, or a letter indicating the status of Common Charges), provided such documents are standard documents typically executed by sponsor-sellers of condominium units in the New York metropolitan area (or typical documents executed by condominium boards) and provided further that such documents have been submitted for review to Sponsor or the Condominium Board (as the case may be) at least five (5) business days in advance of the Closing. Neither Sponsor nor the Condominium Board will be required to sign any financing documents that contain obligations or representations on the part of either Sponsor or the Condominium that are beyond the scope of the obligations or representations assumed or made by the Sponsor or the Condominium herein. Sponsor will not be required to sign any financing documents that obligate Sponsor to pay any fees to the lender or to make any modifications to the Unit (other than those improvements that are expressly contained in the Plans and Specifications). Therefore, a Purchaser seeking financing should confirm with his lender that the loan documents will conform to the provisions of the Plan.

Inspection

Purchasers will be required to inspect their Units and Storage Bin, if applicable, before the Closing Date and execute an Inspection Statement. If a Purchaser fails to attend the inspection of his or her Unit and Storage Bin, the Purchaser shall be deemed to have waived the right to require Sponsor to correct any punch-list items and patent defects with respect to the Unit or Storage Bin, if applicable. See the form of Inspection Statement annexed to the Purchase Agreement.

## ASSIGNMENT OF PURCHASE AGREEMENTS

No Right of Assignment by Purchaser

The Purchaser may not assign his Purchase Agreement without first obtaining the written consent of the Sponsor, which consent may be granted or withheld in Sponsor's sole and absolute discretion. If consented to by Sponsor, Purchaser shall pay additional legal fees of $750 to Sponsor's attorney in connection with attention to such assignment. See "**Closing Costs and Adjustments**."

## EFFECTIVE DATE

The Sponsor's offer to sell Units pursuant to the Plan is contingent upon the Plan being declared effective and compliance with the relevant conditions and time periods described in the Plan. The following provisions shall determine whether, when and how the Plan will be declared effective:

The Sponsor may at its option declare the Plan effective if Purchase Agreements with bona fide purchasers, including investors, have been accepted by the Sponsor for not less than 15% of the Units. The Plan will not be declared effective based on Purchase Agreements:

(i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or

(ii) if the Purchaser was not afforded the seven (7) day period to rescind the Purchase Agreement or the three (3) business day period to review the Plan and all filed amendments in accordance with the provisions set forth above in the section of the Plan entitled **"Procedure to Purchase"**; or

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

The Sponsor must declare the Plan effective when the Sponsor has accepted Purchase Agreements for the sale of at least 80% of the Units.

If the Plan has not been declared effective, it may be abandoned by Sponsor at any time before Sponsor has accepted Purchase Agreements for the sale of at least 80% of the Units.

The Plan will be declared effective by an amendment to the Plan or by a written notice mailed or personally delivered to Purchasers. If the Plan is declared effective by a written notice, an appropriate amendment to the Plan will be submitted to the Department of Law for filing within five (5) business days after service of such notice, together with an affidavit of service as required by the Department of Law. The closing of title to the first Unit pursuant to

the Plan shall not be consummated until the Plan is declared effective and such amendment is accepted for filing.

Once the Plan has been declared effective the Plan may not be abandoned by Sponsor except for (i) defect(s) in title which either cannot be cured without litigation or cannot be cured for less than one half of one percent of the total amount of the offering ("Maximum Amount") in the aggregate; (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than the Maximum Amount in the aggregate; or (iii) the taking of the Property or any material portion thereof by condemnation or eminent domain.

If the Plan is abandoned, then all moneys paid by Purchasers under Purchase Agreements, that were not previously canceled in accordance with provisions of the Plan shall be refunded to them, together with interest earned thereon, if any, no later than 15 days after the amendment to the Plan abandoning the Plan has been accepted for filing. The Sponsor shall promptly (i) file a notice of abandonment on Form RS-3, or such other form as the Department of Law may require, disclosing the reasons for such abandonment and account for the disposition of all moneys received by the Sponsor under the Plan, and (ii) submit to the Department of Law for filing an amendment to the Plan disclosing that the Plan has been abandoned, the amount of the payments made under Purchase Agreements and the time and manner in which these funds will be returned to Purchasers.

After the Plan has been declared effective, the sale of Units to Purchasers will close at a place and on a date (the "Closing Date") to be fixed by the Sponsor, which date shall, in the case of any Purchase Agreement dated before the date the Plan has been declared effective, be not less than thirty (30), nor more than one hundred eighty (180) days, after the date on which the Plan shall have been declared effective, unless the closing is adjourned, provided that on or before the Closing Date there shall have been accepted for filing an amendment disclosing the basis of the effectiveness of the Plan.

Pursuant to existing law and regulation the Sponsor may declare the Plan effective once it has accepted Purchase Agreements from bona fide purchasers (including investors) with respect to at least 15% of the Units, but it is not a requirement to close the conversion that each Purchaser delivering a Purchase Agreement which is counted toward the 15% actually close on his purchase. Therefore, the conversion may become effective even though the sales of less than 15% of the Units are closed. Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage of the units in a building be sold before the lender will consider making a loan. Thus it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum. Even once a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a purchaser to resell a Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements. See **"Special Risks."**

## TERMS OF SALE; CLOSING OF TITLE TO UNITS

Prerequisites to Closing of Title

The closing for any Unit means the transfer of title to such Unit, by means of the delivery of a deed to such Unit by the Sponsor to the Purchaser of such Unit, and the simultaneous performance by such Purchaser of his obligations to the Sponsor including, without limitation, payment of the balance of the Purchase Price for such Unit which is due on the Closing Date for such Unit. The closing of title to each Unit shall take place only after or concurrently with the following events:

1. The Plan being declared effective by Sponsor.

2. The issuance of a partial, temporary or permanent certificate of occupancy for such Unit or the Building.

3. The certification by the Sponsor's architect or engineer that any work to be performed by the Sponsor in advance of the Closing Date has been completed substantially in accordance with the Plans and Specifications, except (a) work in the Building which is customarily left incomplete until after occupancy, (b) work in any Unit to be done by or for the account of Purchasers, and (c) punchlist items.

4. The recording or filing with the Office of the City Register, Kings County, as required by law, of the Declaration, By-laws, Floor Plans and engineer's and tax authority certification required by section 339-p of the Condominium Act.

5. The release of the Unit and its appurtenant interest in the Common Elements from the lien of any mortgages and other liens, except any mortgage or lien requested or made by the Purchaser on or before the time of closing for such Unit.

6. Written notice of the Closing Date (which notice shall advise the Purchaser of the opportunity to inspect the Unit and the Common Elements) is given to the Purchaser as provided in this Plan.

7. The execution and delivery to the Purchaser, the Purchaser's attorneys or the Purchaser's title company of a Unit Deed covering the Unit in the form set forth in Part II of the Plan.

8. The execution and delivery by the Purchaser of the Power of Attorney, in the form set forth in Part II of the Plan. See **"Special Risks."**

9. The payment by the Purchaser of the purchase price and any closing fees and costs provided under the Plan.

10. The assignment to the Unit Owner by the Sponsor of assignable manufacturer's warranties, if any, with respect to equipment and appliances installed in and serving only the Unit; and the assignment to the Condominium of any assignable manufacturer's warranties with respect to equipment and appliances installed in and serving only the Common Elements. The Sponsor shall not be obligated to assign any warranties which are not assignable

or that have not been delivered to the Sponsor, or that relate to any Common Elements that have not been completed by the Sponsor.

State of Title

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed at the closing of such Unit free and clear of all liens, encumbrances, and title exceptions other than those described in the proposed Unit Deed and the title exceptions and other matters set forth below (collectively the "Permitted Encumbrances"). It is noted that should any owner of property that is the subject of any encroachment seek to litigate with the Condominium regarding such encroachment, the Condominium may incur costs in defending such litigation. The Permitted Encumbrances are:

1. Any state of facts an accurate survey and inspection of the Property, Building and Unit made on the Closing Date for such Unit would show, provided that such state of facts is not otherwise disclosed in this Plan and does not prohibit the use of the Unit for residential use; and the following state of facts shown on Survey dated February 19, 2010, by Boro Land Surveying, P.C.: (a) on North 8th Street, fence within record line; (b) on Northwest, wall within record line; (c) on Northeast, fence of record line; and (d) on Southeast, (i) wall within record line, (ii) four story in rear encroaches up to 0 feet 1 ½ inches southeast of record line and (iii) fence in rear off record line.

2. Zoning Lot Statement, or similar instrument, if required by law, ordinance, regulation, zoning resolution or administrative agency, to be recorded in the Office of the City Register and any other declaration or instrument affecting the Property which Sponsor must file to comply with any law, ordinance regulation, zoning resolution or requirement of the Department of Buildings, New York City Planning Commission, Board of Standards and Appeals, or of any other public agency or authority, applicable to the construction, alteration, repair, demolition or restoration of the Building.

3. Minor encroachments created by the construction of the Building.

Ridge Abstract Corp. will insure to each Purchaser who obtains a title insurance policy from it, "that each and all of the foregoing encroachments may remain as long as the building on the subject premises [the Land] shall stand."

4. Any other covenants, restrictions, easements, or any other encumbrance (other than for the payment of money), provided that they do not prohibit the existence and residential use of the Unit;

5. Rights, if any, to maintain vaults and chutes under the sidewalk;

6. The lien of any Common Charges, real estate taxes, water frontage and/or meter charges, sewer rents, vault charges and assessments, provided that apportionment of such items is made as provided in this Plan;

7. Service, labor, concessionaire and maintenance agreements contemplated under this Plan;

8. Any Interim Lease with the Purchaser of such Unit and any other leases, tenancies and occupancies permitted by the Purchase Agreement for such Unit;

9. Any lien, encumbrance or lis pendens either (i) for which the instrument required to remove said encumbrance of record is delivered at or prior to the Closing Date to the proper party or to the Purchaser's title insurance company together with the required recording or filing fee or (ii) as to which the Purchaser's title insurance company or the Preferred Title Company will insure that the lien, encumbrance or lis pendens will not be collected out of or enforced against the Unit;

10. The lien of any assessment or assessments which are or may become payable in annual installments of which any installment is then a charge or a lien, provided that apportionment thereof is made as provided below;

11. Party wall agreements, if any;

12. Judgments, bankruptcies or other returns against other persons having names the same as or similar to that of the Sponsor or any of its principals, provided the Sponsor delivers to the Purchaser or the Purchaser's title insurance company or the Preferred Title Company an affidavit showing that such judgments, bankruptcies or other returns are not against the Sponsor;

13. Uniform Commercial Code financing statements or conditional bills of sale provided that (i) such statements were filed on a date more than five years prior to the Closing Date, (ii) Sponsor executes and delivers to the Condominium an affidavit setting forth that the property covered thereby is no longer in the Unit or is fully paid for, or (iii) a tenant is the debtor thereunder;

14. The printed exceptions set forth in Ridge Abstract Corp. Title No. L583954K-Conv (or in the title insurance policy issued pursuant to such title commitment) or in any title policy issued by a title company that is authorized to do business in the State of New York and that is a Member of the New York Board of Title Underwriters.

15. Defects and encumbrances arising or becoming a lien after the Closing Date;

16. Consequences of the exercise and enforcement or attempted enforcement of any governmental, war or police powers over the Unit or the Property;

17. Any laws, regulations or ordinances (including, but not limited to zoning, building, and environmental protection) as to the use, occupancy, subdivision or improvement of the Unit or the Property, adopted or imposed by any governmental body, or the effect of any noncompliance with or any violation thereof;

18. Judgments against the insured or estates, interests, defects, objections, liens or encumbrances created, suffered, assumed or agreed to, by or with the privity of the Purchaser;

19. Title to any property beyond the lines of the Unit or the Property, or title to areas within or rights to easements in any abutting streets, roads, avenues, lanes, ways or

waterways, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement, other than the ordinary rights of access and egress belonging to abutting owners;

20. Title to any personal property, whether the same be attached to or used in connection with the Unit or the Property or otherwise;

21. All of the terms, easements, covenants and conditions of the Declaration and By-Laws as they are subsequently filed or recorded and the Plan and Purchase Agreement and any amendments thereto, including, without limitation, the following:

Easements for the continuance of encroachments on the Unit and on the Common Elements or Limited Common Elements, by other Units or portions of the Common Elements or Limited Common Elements then existing, by reason of the construction, improvement or construction of the Building, or thereafter occurring by reason of the settling or shifting of the Building, or by reason of the repair, alteration, and/or restoration by Sponsor and/or its designees or the Board or encroachments by such other Units or such Common Elements or Limited Common Elements, after damage by fire or other casualty or after taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements or Limited Common Elements, made by Sponsor or the Board, and similar encroachments by the Unit on other Units, the Common Elements and/or Limited Common Elements, so that any such encroachments may remain as long as the Building stands;

Easements in favor of the owners of other Units to use sidewalks, pipes, flues, wires, conduits, ducts, cables, storm drainage facilities, sanitary system, water, sewer, utility lines, and other Common Elements or Limited Common Elements, including those located in the Unit itself or elsewhere on the Property, serving such other Units, and easements of support, subjacency and necessity in favor of each Unit and/or the Common Elements and Limited Common Elements;

Easements to the Sponsor and any affiliate of the Sponsor and their successors, assigns, invitees, licensees contractors, employees and tenants, on, in, over and across all areas of the Property for (i) construction, installation, maintenance, ingress to and egress from and the right to use sidewalks, pipes, flues, conduits, ducts, cables, wires, storm drainage facilities, sanitary system, water, sewer and other utility lines and other Common Elements and Limited Common Elements; (ii) ingress to and egress from all areas of the Property and the use thereof (in common with Unit Owners) for construction contemplated by the Plan and for development and maintenance of the Property or any Unit; and (iii) the erection, maintenance, repair and replacement from time to time of one or more signs on the Property for the purposes of advertising the sale of Units and the leasing of space in any Unit (see also the heading **"Sponsor's Right of Access"** in "**Rights and Obligations of Sponsor"**);

Easements in favor of the Board, its agents, contractors and employees to (i) have an unlimited right of access to the Unit and to the Common Elements and Limited Common Elements, to inspect, maintain or repair or to make repairs to the Unit to prevent damage to the Common Elements, or Limited Common Elements, or any other Units;

Non-exclusive easements in favor of telecommunications firm(s) selected by Sponsor over the (a) Common Elements and (b) such location within the Limited Common Elements as may be (i) necessary to provide such telecommunications services and satellite dish services as may be described in such written agreements as may be entered into by Sponsor and/or the Condominium Board and (ii) approved in writing by Sponsor (prior to the Closing Date) or the Condominium Board (after the Closing Date), which consent(s) shall not be unreasonably withheld or delayed, for the installation, maintenance, repair, replacement and removal of a satellite dish and antennas and any and all related telecommunications equipment and facilities including, without limitation, cables, wires, conduits, horizontal and vertical risers, shafts, terminals, multiplexes and other equipment and apparatus. In addition, such telecommunications firms shall have an easement for access to each Unit for the maintenance, repair and replacement of any of the foregoing equipment.

If requested by the Purchaser, Ridge Abstract Corp., having an address 1815 Flatbush Avenue, Brooklyn, New York 11210, Tel. (718) 338-0065, Fax (718) 692-3767 (the "Title Company"), will agree to insure, upon payment by Purchaser of the premium for such insurance (see the estimate of the cost described below in "**Closing Costs and Adjustments**"), (i) that the Purchaser has fee title to the Unit, free and clear of all liens and encumbrances except those set forth in the Plan, and subject to the provisions of the Declaration and By-Laws and any mortgage executed, or any other encumbrance created, by the Purchaser; (ii) that the Unit is part of the Condominium which was validly created pursuant to Article 9-B of the Real Property Law. While the Purchaser will be free to select a title company of his choice, the Sponsor's obligation to deliver title to the Unit as provided above will be deemed satisfied if the Title Company is prepared to insure such title subject to those title exceptions permitted under this Plan. Since the Sponsor has no obligation to satisfy the requests of any title company other than the Title Company, Purchasers who use a title company other than the Title Company may not be able to obtain a title insurance policy that will satisfy the requirements of lenders and other persons. Notwithstanding the foregoing, Sponsor is required to convey marketable title to purchaser regardless of the title company used.

With respect to any Mortgage that affects the Property, a Release of the Unit from the lien of such Mortgage shall be delivered at or before Closing of title to such Unit but such Mortgage may continue to be a lien with respect to any remaining Units not transferred by Sponsor as of the date of Closing of title.

Deed

The Unit Deed to be delivered by the Sponsor for any particular Unit shall be a bargain and sale deed with covenants against grantor's acts in the form set forth in Part II of the Plan.

Risk of Loss in the Event of Fire or Other Casualty

If, between the date of a Purchase Agreement and the Closing Date, a Unit is damaged by fire or other casualty, the following shall apply:

The risk of loss to the Unit by fire or other casualty until the earlier of (a) the Closing Date or (b) possession of the Unit by Purchaser, shall be assumed by Sponsor, but without any obligation of or liability by Sponsor to repair or restore the Unit or the Property. If Sponsor elects

to repair or restore the Unit, then the Purchase Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price, and Sponsor shall be entitled to an adjournment of the Closing Date for a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall belong entirely to Sponsor and if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing of title.

If the Sponsor notifies Purchaser that it does not elect to repair or restore the Unit or, if the Declaration has been recorded prior thereto, there is damage to part of the Building other than the particular Unit covered by the Purchase Agreement and the Unit Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, then provided that the Purchaser has not assumed the risk of loss by taking possession of the Unit, the Purchase Agreement shall be deemed terminated, and provided Purchaser is not then in default under the Purchase Agreement, Sponsor shall return to Purchaser all sums deposited by Purchaser thereunder, together with interest earned thereon, if any, and neither party shall have any further rights, obligations or liability to or against the other under the Purchase Agreement and under the Plan.

If the Purchaser has assumed the risk of loss, then the Purchase Agreement shall continue in full force and effect but without any obligation of or liability by Sponsor to repair or restore the Unit or the Property and upon closing under the Purchase Agreement and payment by the Purchaser of all sums due thereunder, subject to the rights of any holder of a mortgage affecting the Unit, Sponsor shall turn over to Purchaser the net proceeds (after legal and other expenses of collection) actually collected by Sponsor under the provisions of such insurance policies, if any, covering such damage to the extent that they were attributable to such damage to the Unit, less any sums expended or incurred by Sponsor for restoration of the Unit, and the Sponsor shall assign, without recourse, Sponsor's right to any insurance payments, not yet received by Sponsor attributable to such damage to the Unit, less any unrecouped sums therefore expended or incurred by Sponsor for the restoration of the Unit and any legal and/or other expenses of collection.

Personal Property

No personal property is included in the sale of any Unit except as expressly provided in the Plan or in the Description of Property and Specifications in Part II. All personal property affixed to or located within the Common Elements that is owned by the Sponsor and is used in connection with the Common Elements on the date of the recording of the Declaration shall be deemed to be part of the Common Elements unless such personal property is used in connection with any Unit which is owned by the Sponsor or unless otherwise provided in this Plan.

Each Purchaser shall accept title to his Unit (without abatement in, or credit against, the purchase price or provision for escrow) notwithstanding that construction of (a) minor details of the Unit or the Building including the so-called "punch list items" or (b) other Units or (c) portions of the Common Elements have not been completed. The Sponsor, however, will remain obligated to complete construction in accordance with the Plans and Specifications as provided in the Plan.

A Purchaser will be required to examine his Unit with the Sponsor's representative during normal business hours prior to the title closing for his Unit and will be obligated to sign

and deliver to the Sponsor at or before the closing an Inspection Statement in the form set forth in Part II acknowledging the condition in which he has received his Unit.

If there are encumbrances (other than Permitted Encumbrances) affecting the Property at the time of the Closing Date under the Plan, the Sponsor, except as set forth below or as otherwise provided in this Plan, shall cause such encumbrances to be cured on or before the Closing Date or within a reasonable time thereafter.

## CLOSING COSTS AND ADJUSTMENTS

Estimated Closing Costs and Adjustments

Summarized below are the estimated closing costs and expenses to be borne by each Purchaser of a Unit:

(1) Cost of Title Insurance. If the Purchaser orders title insurance then he will have to pay the premium for such title insurance. The premium will vary depending on the purchase price of the Unit. Such premium shall be based upon the following rates which are currently in effect as follows for: (a) fee title insurance: $402.00 for the first $50,000 or less of fee insurance, plus $3.80 for each $1,000 (or fraction thereof) of additional fee insurance from $50,001 to $100,000, plus $3.05 for each $1,000 (or fraction thereof) of additional fee insurance from $100,001 to $500,000, plus $3.98 for each $1,000 (or fraction thereof) of additional fee insurance from $500,001 to $1,000,000, plus $2.56 for each $1,000 (or fraction thereof) of additional fee insurance from $1,000,001 to $5,000,000, and (b) if a mortgage title insurance policy is simultaneously issued with the fee title insurance policy: (i) the amount of the mortgage title insurance that does not exceed the amount of the fee title policy, shall be calculated at 30 % of 70% of the full loan rate which full rate. For example: if the loan amount is $300,000, the additional premium would be $308.00; and if the loan amount is $900,000, the additional premium would be $721.00.

(2) Recording Fees and Transfer Taxes. Each Purchaser will have to pay (a) the fee for recording the deed covering the Unit and the power of attorney in favor of the Board of approximately $95.00 for the deed and $65.00 for the power of attorney plus a $10.00 document service charge (based on a rate of $17.00 plus $5.00 per page, plus $50.00 in addition for the deed since it will be accompanied by a New York City real property transfer tax return and a RP-5217NYC Form), (b) for Units, the New York City real property transfer tax of 1.0% (or 1.425% if the purchase price is greater than $500,000) of the purchase price (plus any portion of such tax and the New York State real estate transfer tax paid by the Purchaser), and (c) the New York State real estate transfer tax of $2.00 per $500 (or fractional portion thereof) of the purchase price (plus any portion of such tax and the New York City real property transfer tax paid by the Purchaser). Pursuant to Section 11-2104 of the New York City Administrative Code and Section 1404(a) of the New York Tax Law, the New York City real property transfer tax and the New York State real estate transfer tax would be (in the absence of any provision, such as is provided in this Plan, for the Purchaser to pay such tax) the obligation of the seller in connection with the transfer by the seller of the Unit to a purchaser, although such purchaser is liable for such tax if the seller fails to pay it. While the New York City and New York State transfer taxes are customarily paid for by the seller in condominium unit transactions, the burden of paying those taxes may be modified by contract. As is common in many other condominium developments in New York State, the Purchase Agreement provides that the Purchaser of a Unit will be

required to pay these transfer taxes at the closing. Both New York State and New York City have taken the position that where a Purchaser pays either or both of these taxes, such payment constitutes additional consideration to the seller and must be considered in computing the tax due. A Purchaser of a Unit priced at $550,000.00 would pay approximately $10,220.65 for transfer taxes. In addition, if the Purchaser pays $1,000,000.00 or more for one or more Units, the Purchaser will be obligated to pay the additional 1% transfer tax (known as the "Mansion" tax). See **"Special Risks."**

(3) Loan Closing Costs. If the Purchaser of a Unit obtains a purchase money first mortgage loan from a lending institution, then he will customarily pay at the closing of title the following additional costs: (i) mortgage recording tax in the amount of approximately: (a) 2.05% of the mortgage if it does not exceed $500,000, minus a $30.00 deduction if the mortgage states that it covers a one or two family dwelling (although the aggregate mortgage recording tax is generally 2.05%, Chapter 788 of the Laws of 1978 provides that a portion of said tax equal to .25% of the mortgage shall be paid by the lender in certain cases); or (b) 2.175% of the mortgage if the mortgage exceeds $500,000, minus the $30.00 deduction, and if the mortgage states that it covers a one or two family dwelling, subject to the obligation of the lender to pay a portion of said tax equal to .25% of the mortgage in certain cases, as aforesaid; (ii) the premium for the mortgage title insurance policy discussed above; (iii) mortgage recording fees based on the rates discussed above; (iv) the lending institution's attorneys' fees pertaining to the mortgage; (v) the lending institution's appraiser's fees; and (vi) origination or other fees. In addition, the Purchaser may be required by the lending institution to deposit monthly with the lending institution a reserve for the payment of real estate taxes and insurance premiums commencing with the date of closing of title to the Unit. The amount of the deposit will be a multiple of the estimated monthly real estate taxes and insurance premiums and will vary in accordance with the date of closing of title to the particular Unit. The Sponsor makes no representation as to what additional closing costs may be charged by a particular lender. See "**Procedure to Purchase**" for details as to fees payable to the Mortgage Broker.

(4) Late Fee. If the Purchaser fails to close on the Closing Date for any reason, then (i) the closing adjustments shall be made as of midnight of the day preceding the date originally scheduled for the Closing Date, and (ii) the Purchaser shall pay to Sponsor, as a late fee, an amount equal to .03% times the unpaid portion of the purchase price for his Unit for each day's delay, beginning with the date originally scheduled for the Closing Date to and including the day immediately preceding the actual Closing Date, and (iii) pay the service fee of Sponsor's attorney of $350 for each default letter and $350 for each notice sent to such Purchaser to reschedule the Closing. The provisions of this paragraph shall not be applicable if, through no fault of Purchaser, Sponsor postpones the

Closing Date except to the extent that thereafter the Purchaser postpones the closing for any reason or is in default. See **"Special Risks."**

(5) Mortgage Recording Tax Credit. To the extent that the Purchaser is entitled to any credit against the mortgage recording tax by reason of any prior mortgage against the Unit or the Property, the Purchaser shall pay to the Sponsor at the closing for such Unit the amount of any such credit.

(6) Working Capital Fund Contribution. A Working Capital Fund for the Condominium shall be established as follows: Upon the closing of the purchase of a Unit, the Purchaser will be required to pay to the Condominium an amount equal to two months' common charges for such Unit ("Unit Working Capital Fund Contribution") as initial working capital. This contribution is not refundable or transferable if the Purchaser sells his Unit. In the event that Sponsor, prior to Closing, has made the Working Capital Fund Contribution for the Unit, Purchaser shall reimburse such contribution to Sponsor at Closing.

(7) Closing Adjustments. At the closing for any Unit, adjustments will be made between Sponsor and each Purchaser with respect to (a) real estate taxes and any assessments, on the basis of the period for which assessed, (b) common charges for the month in which title closes, (c) accrued rent and any other charges pursuant to the lease to the Purchaser, if any, covering the Purchaser's Unit and (d) water charges and sewer rents if separately assessed. Each Purchaser shall pay to the Sponsor the amount of any net adjustments in favor of Sponsor. All adjustments shall be made between the Sponsor and the Purchaser as of the midnight preceding the date for the closing of title fixed in the original notice of closing for such Unit by the Sponsor, whether or not title actually closes on that date, unless the closing is adjourned at the Sponsor's request. If a Unit has not then been separately assessed for the current tax fiscal year, the apportionment of taxes for such Unit shall be based upon the then existing assessment for the Land and the Building (times the then applicable tax rate) multiplied by the percentage of Common Interest in the Common Elements appurtenant to the Unit as shown in Schedule A, divided by the aggregate of the Common Interests of all Units at the Property subject to such real estate taxes. If the real estate taxes have not yet been paid for the current fiscal year in which the Closing Date for a Unit occurs, then, at the Sponsor's option, the Purchaser of such Unit will pay his proportionate share of such real estate taxes (for such then current fiscal year) to the Sponsor on the date on which title closes, and the Sponsor will then be responsible for payment of such amount paid by the Purchaser to the Sponsor on account of real estate taxes for the then current tax fiscal year. Until separate tax bills are issued with respect to the Units, real estate taxes and any assessments shall be a Common Expense, except to the extent an apportionment is made as provided above, and the Board shall pay such taxes and any assessments to the appropriate local taxing authority.

(8) Each Purchaser will be responsible for the fees and expenses of his own attorney if he chooses to retain one.

(9) Each Purchaser shall be required to pay to the Sponsor or Sponsor's attorneys a fee for each Unit purchased which will cover the legal and other fees and expenses of processing the sale of the Unit at the same time as the balance of the purchase price for the Unit is due and payable under the Plan as follows:

(a) Basic fee for closing of sale, with or without financing (including, without limitation, preparation of the Unit Deed and Power of Attorney, and coordinating and attending the closing as set forth in the Plan) -- $1,750 plus $500 in the event that the Purchaser finances the purchase of the Unit.

(b) Additional attendance fee if the closing does not occur at the Property, a location designated by Sponsor, or Sponsor's attorney's office--$500 (in no event shall Sponsor be required to close at a location outside of New York City).

(c) Additional fee if the closing is adjourned for any reason other than at Sponsor's request -- $350 for each time closing is so adjourned.

(d) If a purchaser defaults under a Purchase Agreement, $350 for each default letter sent by Sponsor's attorney.

(e) If a purchaser assigns a Purchase Agreement (subject to Sponsor's consent thereto), $750 for review and attention to such assignment.

Sponsor has designated Lawrence F. DiGiovanna, Esq., 357 Bay Ridge Parkway, Brooklyn, New York 11209 [Tel: (718) 238-6900] as the attorney who will represent Sponsor in each individual Unit Closing.

From and after the closing of title to his Unit, the Purchaser will be obligated for the payment of Common Charges, real estate taxes and assessments, water charges and sewer rents (if separately assessed against the Unit) and all other expenses with respect to his Unit whether or not he has taken possession of his Unit.

The mortgage and fee title policy premiums, the recording taxes and charges and the transfer tax rates set forth above are those in effect as of the date of this Plan, and are subject to change. Each Purchaser shall be required to pay the title policy premiums, recording taxes and charges, deed stamps and any transfer taxes in effect as of the date of the closing of title to his Unit.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to the Units will be the items described above. If any other items are to be apportioned at closing, the Sponsor will advise the Purchaser in writing of those items at least three (3) days before the closing.

Example of Typical Closing Costs

Assuming that a Purchaser closes title timely and incurs no penalties under the Purchase Agreement, the Closing Costs for a Unit with a Purchase Price of $500,000 and a Mortgage of $400,000 will be approximately:

| | |
|---|---|
| Title Insurance | $ 1,499 (Fee) |
| | $ 367 (Mortgage) |
| Municipal Searches | $ 500 |
| Recording Fees | $ 245 |
| Transfer Taxes | $ 7,125 (NYC) |
| | $ 2,000 (NYS) |
| Mansion Tax | $-0- |
| Mortgage Recording Tax | $ 7,170 |
| Working Capital Fund | $ 922 |
| Sponsor's Attorneys' Fee | $ 2,250 |
| TOTAL | $22,078 |

The foregoing estimate is in addition to adjustments for common charges and real estate taxes, and the legal fees of Purchaser's Attorney and the Lender's Attorney, if any. Also, Lenders may require certain endorsements on their title insurance policies which could increase the cost of title insurance.

From and after the closing of title to his Unit, the Purchaser will be obligated for the payment of Common Charges, real estate taxes and assessments, water charges and sewer rents (if separately assessed against the Unit) and all other expenses with respect to his Unit whether or not he has taken possession of his Unit.

The mortgage and fee title policy premiums, the recording taxes and charges and the transfer tax rates set forth above are those in effect as of the date of this Plan, and are subject to change. Each Purchaser shall be required to pay the title policy premiums, recording taxes and charges, deed stamps and any transfer taxes in effect as of the date of the closing of title to his Unit.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to the Units will be the items described above. If any other items are to be apportioned at closing, the Sponsor will advise the Purchaser in writing of those items at least three (3) days before the closing.

Expenses of Offering

The Sponsor will pay all of the expenses of creating the Condominium and of making this offering to Purchasers, including the closing costs of the Sponsor in connection with this Plan, except for such closing fees to be paid by Purchasers as may be described above and in the other provisions of this Plan. For the most part, these costs paid by the Sponsor include legal and other professional fees incurred in connection with the preparation of this Plan, filing fees incurred in connection with submissions to the Department of Law, recording fees for the Declaration, selling commissions of brokers engaged by the Sponsor, and advertising and reproduction costs of the Sponsor.

Closing Adjustments Between Sponsor and Condominium

The Sponsor will be responsible for all the required operating expenses of the Property accruing prior to the date of the closing of title to the first Unit pursuant to the Plan. The Condominium shall be required to pay all operating expenses of the Property accruing on or after the date of the closing of title to the first Unit pursuant to the Plan.

The following items shall be apportioned between the Sponsor and the Condominium as of midnight of the date preceding the date of the closing of title to the first Unit pursuant to the Plan: (a) water charges and sewer rents (unless separately assessed to Units) based on the fiscal year therefor or, if there be water meters on the Property, the Sponsor shall furnish readings to a date not more than thirty (30) days prior to the date of the closing of title to the first Unit pursuant to the Plan and the unfixed water charges and the unfixed sewer rents, if any, based thereon for the interim shall be apportioned on the basis of such last reading; (b) deposits, fees, charges or payments in connection with all permits, licenses, utilities, service and maintenance agreements which are assigned by the Sponsor to the Condominium; (c) the cost of fuel on hand, if any, as estimated by the Sponsor's supplier and any other supplies on hand; (d) insurance premiums for transferable policies, if any, which Sponsor transfers to the Condominium; (e) employees' wages (vacation and severance pay, pension and welfare benefits) and any other payments or obligations relative to employees, if any; (f) charges for electricity for the Common Elements; and (g) operating expenses and any other prepaid items (including, without limitation, charges for gas and electricity for the Building, if applicable). In addition, the Sponsor shall pay all installments for assessments due prior to the date of closing of title to the first Unit pursuant to the Plan and the Condominium shall pay all such installments due after such date.

If the net closing adjustments are in favor of the Sponsor, then the amount of such net closing adjustments shall be paid to the Sponsor in twelve (12) equal monthly installments commencing one month after the date of closing of the first Unit, in accordance with a promissory note of the Condominium to be delivered to Sponsor on the Closing Date pursuant to the Plan. The note shall mature on the first anniversary of the date of closing of the first Unit at which time all unpaid principal shall be due and payable. The note shall not provide for interest, except that from and after the maturity, whether by acceleration or otherwise, the note shall bear interest at the lesser of (i) 18% per annum or (ii) the highest rate permitted by law. It is noted that net closing adjustments in favor of Sponsor, if any, generally represent costs for which the Condominium is responsible that have been prepaid by Sponsor for a period covering part or all of the first year of Condominium operation and, as such, the amount thereof is reflected in Schedule B - Budget for First Year of Condominium Operation.

## RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Right to Rent Rather than Sell Units

Sponsor intends, in good faith, to sell rather than rent the Units in a timely manner. However, under this Plan due to the unpredictability of the real estate market, Sponsor has reserved the unconditional right to rent Units rather than to sell them. Sponsor acquired, and is constructing the improvements at, the Property by means, partially, of an acquisition, and construction loan from Banco Popular North America, 120 Broadway, New York, New York 10271 (the "Construction Loan"). See **"Special Risks."**

**Under the Construction Loan which currently affects the Property, there are no specific limitations upon Sponsor's right to rent rather than to sell Units except for the fact that the Construction Loan (a) comes due on or about August 30, 2010 (subject to the Construction Lender's willingness, in its sole discretion, to extend the Maturity Date for an additional six (6) months); and (b) contains default provisions in the event that Sponsor fails to (i) obtain a temporary or permanent certificate of occupancy for the Units by July 30, 2010; or (ii) enter into contracts to sell 3 Units by September 30, 2010, enter into contracts to sell 2 more Units by October 30, 2010, enter into contracts to sell 2 more Units by November 30, 2010 and enter into contracts to sell 2 more Units by December 30, 2010, and (iii) close the sale of 3 Units by October 30, 2010, close the sale of 2 more Units by November 30, 2010 and close the sale of 2 more Units by December 30, 2010. The Construction Loan also affects other property owned by an affiliate of Sponsor, which property is located adjacent to the Property that is the subject of this Offering at 203 North 8th Street (the "Adjacent Property"). The Construction Loan contains default provisions in the event that Sponsor fails to (iv) obtain a temporary or permanent certificate of occupancy for the Adjacent Property by October 30, 2010; or (v) enter into contracts to sell 2 Units at the Adjacent Property by November 30, 2010, enter into contracts to sell 2 more Units at the Adjacent Property by December 30, 2010, and (vi) close the sale of 2 Units at the Adjacent Property by December 30, 2010. The Construction Lender has agreed that if Sponsor fails to meet any of the foregoing requirements (i) through (vi) by the dates specified above, Sponsor will receive a Notice of Default and a 30-day period within which to cure same before Sponsor will be in actual default under the Construction Loan. Sponsor agrees that it will submit an Amendment to the Offering Plan to the Department of Law within seven (7) business days from Sponsor's receipt of a Notice of Default from the Construction Lender. Sponsor intends to satisfy the Construction Loan from the proceeds of sales of Units. In the event that the proceeds of sales from Units is inadequate to fully satisfy the Construction Loan or if Sponsor defaults in any respect under the Construction Loan, the Construction Lender could take ownership of the Property and/or the Unsold Units and would have the right to rent them or, at its option, to sell them. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium. See "Rights and Obligations of Sponsor."**

Sponsor's Work

No bond or other security has been furnished to secure performance of the following obligations.

Sponsor has undertaken the following obligations in connection with the construction of the Building:

1. Sponsor will, at Sponsor's sole cost and expense and with reasonable diligence, perform or cause to be performed such work, and will supply or cause to be supplied all materials, which are necessary to complete the construction of the Building substantially in accordance with the description contained in "Description of Property, Specifications and Building Condition" contained in Part II of the Plan. Sponsor has the right to substitute equipment and/or materials and make modifications of layout and/or design, provided, however, that Sponsor may not: (a) substitute equipment or materials of lesser quality or design; or (b) change the size, location of buildings or Units, or other improvements or Common Elements if

such changes affect the percentage of common interests or adversely affect the value of any Unit to which title has closed or for which a purchase agreement has been executed and is in effect unless all affected Unit Owners and contract vendees consent in writing to such change.

2. Sponsor will cause any mechanic's liens arising out of the improvements to the Building to be discharged on or prior to the Closing Date, or in the alternative Sponsor may elect to make arrangements with the company insuring the Purchaser's title to the Unit or the Title Company to affirmatively insure against collection thereof out of or enforcement against the Unit or any portion thereof by providing an indemnity, posting a bond or escrowing a sum deemed sufficient by such company or the Preferred Title Company.

3. If, by the Closing Date under the Plan, only a temporary Certificate of Occupancy for the Building or a Unit for which title has closed shall have been issued, then the Sponsor will use all reasonable diligence to cause the local building department to renew continuously the temporary Certificate of Occupancy until the permanent Certificate of Occupancy covering all Units offered under this Plan shall have been issued. Sponsor will, at Sponsor's sole cost and expense, do and perform or cause to be performed all work and supply or cause to be supplied all materials necessary to renew the temporary Certificate of Occupancy and to obtain such permanent Certificate of Occupancy. However, if any Unit Owner is performing or causing to be performed any work in his Unit, the Sponsor shall have no obligation to obtain or renew a partial, temporary, or permanent Certificate of Occupancy with respect to such Unit if the issuance of such Certificate of Occupancy is delayed or prevented by such work. Prospective purchasers are advised that a permanent Certificate of Occupancy is required for permanent use of the Building. A temporary Certificate of Occupancy may only be renewed, pursuant to current laws and practices, for a total of up to two years from the date of its original issuance. If the temporary Certificate of Occupancy shall have expired prior to issuance of a permanent Certificate of Occupancy, occupancy of the Units will be a violation of law, subjecting the occupants to legal penalties, including possible eviction of occupants. The Sponsor anticipates obtaining a permanent Certificate of Occupancy for the Property by no later than two years from the Closing Date and shall use reasonable efforts to obtain same.

If a permanent Certificate of Occupancy for the Building has not been issued as of the date of the closing of the first Unit in the Building and the Sponsor has obtained at least a temporary Certificate of Occupancy for the Building, the Sponsor will cause to continue to be held in escrow all monies previously deposited and being held in escrow pursuant to Section 352-e(2-b) of the General Business Law unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy. Any sum of money exceeding the amount certified by the Sponsor's engineer or architect will be released to the Sponsor. Upon the issuance of the permanent Certificate of Occupancy, such escrow deposit will be released to Sponsor without the consent of any other party. Alternatively, Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond or maintain unfunded, a portion of the construction loan available to Sponsor for construction purposes in the amount certified by Sponsor's engineer or architect. In such case, Sponsor shall have the right to draw down remaining portions of said construction loan available to Sponsor for construction purposes, provided the unfunded portion thereof is, at all times no less than the amount that Sponsor's architect, engineer or construction manager certifies is adequate to complete the work necessary to obtain a permanent Certificate of Occupancy.

4. The Sponsor will deliver and assign to the Board upon the recording of the Declaration all manufacturers' and contractors' heating, electrical, plumbing, roofing and appliance warranties and bonds relating to the Common Elements, if any, to the extent made by such manufacturers and contractors and to the extent such warranties and bond are assignable. Sponsor will deliver to the Board a copy of the "as built" plans filed with the recording of the Declaration and, in addition, will provide the Board with a full set of building plans filed with the Department of Buildings. At or prior to the closing of each Unit, Sponsor shall deliver and assign to the Purchaser any manufacturer's warranties with respect to equipment and appliances installed in such Unit to the extent made by the manufacturer and to the extent such warranties are assignable.

5. This Offering Plan is subject to The New York State Housing Merchant Implied Warranty (General Business Law Article 36-B) which applies to new single family homes or new for-sale units in a multi-unit residential structure of 5 stories or less in which title is transferred to Owners under a condominium or cooperative regime. Pursuant to the terms of this law, Sponsor is giving a Limited Warranty to Purchasers which provides for a Limited Warranty on certain items. The limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage for the first buyer of a Unit only; Sponsor's liability is limited to 50% of the Purchase Price of the Unit exclusive of all options and less any insurance proceeds received by Purchaser; incidental, special, indirect consequential or other similar damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor, and for commencing a lawsuit against Sponsor. The Limited Warranty provides the following coverage for the Units.

**FIRST YEAR BASIC COVERAGE:** for one year from the Effective Date of the Warranty, the Residential Unit will be free from latent defects that constitute:

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

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

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

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

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

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

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

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

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

As permitted under the New York State Housing Merchant Implied Warranty Law, Article 36-B of the General Business Law, the Sponsor excludes the specific warranties set forth in Article 36-B of the General Business Law, and all other warranties, express or implied, and instead is providing each Purchaser with the Limited Warranty. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement and Article 36-B of the General Business Law, both of which can be found in Part II of the Plan.

To the extent any coverage under the Limited Warranty applies to the Common Elements of the Condominium, such coverage shall be deemed given to the Board of Managers of the Condominium.

Regarding the Common Elements of the Condominium, the Sponsor will correct any defects in the construction of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan provided and on condition that Sponsor is notified of or becomes aware of such defect(s) within twelve (12) months from the date of substantial completion of the defective portion(s) of the Common Elements. The quality of construction shall be comparable to local standards customary in the particular trades and in accordance with the plans and specifications. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements; damage to walkways or other concrete areas caused by the application of salt or deicers; normal settlement cracks on patios, sidewalks, other flat work; patios, sidewalks, basement leaks resulting from acts of God or alteration of landscaping or grading (whether performed by the Condominium or a Unit Owner); drainage problems as a result of poor soil or as a result of alteration of landscaping or grading (whether performed by the Condominium or a Unit Owner); leakage resulting from "ice dams" forming on roves; spilling or flaking of concrete surfaces if ice melting compounds have been used; shading variations of the exterior siding (in the face surface or grooves) , and shading variations on facias from staining. The Sponsor has no obligation to make any repair to the Common Elements except as expressly set forth in the Offering Plan.

Notwithstanding the foregoing, Sponsor shall not be responsible for correcting or repairing any defects in construction or defects in the installation or operation of any appliances (including, without limitation, kitchen appliances and washers and dryers), equipment or fixtures with respect to which warranties or other undertakings (however denoted) from manufacturers, contractors, materialmen, or others, are delivered and/or assigned to either a Unit Owner or the Board of Managers. Also, Sponsor's undertaking to correct defects as described above, runs only to Unit Owners who have purchased a Unit from Sponsor. It does not run to Owners who purchased Units on resale by other Unit Owners.

In addition, in no event shall Sponsor be responsible for any condition resulting from normal wear and tear or natural deterioration or from the normal shifting or settling of the Building, or for any defects of insubstantial nature, including but not limited to partial or total death of any landscape improvements, nail pops, ridging on sheet rock walls, lumber shrinkage, door sticking due to weather, door warpage, tile, marble and granite grouting, separation in joints of tile, marble, granite or wood flooring, floor levels, ceiling imperfections, painting defects, alignment of bathroom finishes, air infiltration from windows, any consequential damage

resulting from settlement or normal plumbing, heating and air conditioning noises, or carpet discoloration and stretching. In addition, Sponsor shall not be responsible for paint touch-ups, or for repair of chips, mars, breaks or other defects in window sashes, electric fixtures, interior painted surfaces, sinks, tubs, bowls, bidets (if any), cabinets, countertops, vanity tops and bases, doors, mirrors, hardware, flooring or appliance cabinets, unless notified of any such defect therein prior to closing of title to the Unit in question or the leasing of the Unit to the Purchaser thereof and Sponsor agreed to repair such items. Sponsor has no obligation to make any repair to the Units or the Common Elements, except as expressly set forth in this Offering Plan. Nothing contained herein shall be construed to render Sponsor liable for consequential damages, whether based on negligence, breach of contract, warranty or otherwise (except as Sponsor may be liable for by law).

Except as expressly set forth herein, Sponsor has no obligation to correct or repair any defect or condition in any Unit, the Common Elements, or the Building or in any installation, apparatus, fixture or appurtenance. The foregoing provisions set forth Sponsor's entire responsibility with respect to corrections and repairs and none other shall be implied.

Notwithstanding anything to the contrary in the foregoing discussion, both Unit Owners and the Board of Managers shall be obligated to permit Sponsor and its contractors and agents access to Units and the Common Elements at the request of Sponsor and/or its contractors and agents, in order for Sponsor to complete construction in accordance with this Plan.

References in this Section or elsewhere this Plan to excluded repairs or excluded conditions with respect various items listed shall not be construed to imply an obligation on the part of Sponsor to do any work, improvement or construction or to install any equipment, fixtures or appliances or other items except, in each case, as expressly provided in "**Description of Property, Specifications and Building Conditions.**"

The Sponsor reserves the right to amend the Plans and Specifications and to make changes in the materials, appliances equipment and fixtures if (a) required or approved or accepted by governmental authorities having jurisdiction over the Property or by the Sponsor's architect; or (b) required by job conditions, local shortages or unavailability or materials; or (c) ordered by a Purchaser for his Unit without affecting Units previously sold. Changes or substitutions in materials, appliances, fixtures and equipment may also be made by the Sponsor provided that such substitutions are of substantially equal or better quality. However, the Sponsor may not change the size, the location of the Building, other capital improvements, or the Common Elements if any such change materially adversely affects the value of any Unit either to which title has closed, or for which a Purchase Agreement has been executed and is in effect, unless all of the directly affected Unit Owners consent in writing to such change and all directly affected contract vendees are given the right to rescind and receive a refund of their Down Payments. All the foregoing amendments, modifications and changes to the Plans and Specifications may be made without prior notice or amendment to this Plan.

Sponsor will not be obligated to correct and will not be liable to any Purchaser as a result of insubstantial variations in the dimensions or arrangement of rooms, walls or other areas within Units, or in the Plans and Specifications, or in the description of the Building or a Unit set forth in the Plan.

Except as otherwise provided in this Plan, where alternatives are specified or where a particular practice, method, or design of construction, equipment, material or supply is not specified, the choice and decision of the Sponsor shall be determinative.

Sponsor's Right of Access

Sponsor and its designees, contractors, subcontractors, agents and employees will have a right of access to the Property, each Unit and all of the Common Elements, including the Common Elements and the Limited Common Elements, for purposes of construction of or improvement to the Building or any part thereof, completing the improvements to the Building or performing alterations and repairs in or about Units owned by the Sponsor or its designees or in fulfilling Sponsor's obligations under the Plan or for any lawful purpose, provided (i) Sponsor repairs any resulting damage to the Unit or Common Elements, as the case may be, and restores it to substantially the condition it was in prior to Sponsor's entry and (ii) Sponsor provides reasonable prior notice to the owner of the Unit to which access is required or the Board in the case of the Common Elements.

The Sponsor and its designees, employees and agents will also have the general right to perform all activities at the Condominium in connection with a program to sell or lease all or any portion of or interest in the Property. For example, the Sponsor will have the right to show the Condominium and model Units to prospective Purchasers, to maintain model Units and a sales or leasing office at the Condominium and to post signs in connection therewith.

For additional special rights of Sponsor under the Declaration with respect to the combining and splitting of Units, designation of Limited Common Elements and other matters, please See **"Rights And Obligations Of Unit Owners And Board Of Managers; Summary of By-Laws"** and the copy of the Declaration and By-Laws contained in Part II of the Plan.

Sponsor's Liability

Except for the Sponsor's obligations to pay Common Charges and to perform other duties as a Unit Owner with respect to the Units that shall remain unsold from time to time (for so long as Sponsor owns same), the foregoing sets forth the entire extent of the obligations of Sponsor under this Plan and none other shall be implied, except that nothing contained herein shall be deemed to limit the rights of Purchasers relative to their Units under their respective Purchase Agreements.

The Sponsor makes no undertakings or warranties except as hereinabove set forth and none should be implied. The Sponsor does not warrant or guarantee the materials, workmanship or any other aspect of the Units or the Common Elements, any personal property or any portion thereof, except to the extent expressly provided in this Plan.

The Sponsor has reserved the right to transfer or sell the Units owned by the Sponsor or its designees to any person or entity as Sponsor may elect (including, without limitation, in bulk to investors) and otherwise liquidate its assets at any time.

Notwithstanding the foregoing limitations on Sponsor's liability, Sponsor's obligation is not, and shall not be, less than a duty to construct the premises in accordance with all applicable codes, filed plans and specifications and in accordance with locally accepted building practices for items which are not covered by applicable codes. In the event of any conflict between the duty stated in the previous sentence and other statements in the offering Plan, the duty stated in the previous sentence shall prevail.

NO BOND OR OTHER SECURITY HAS BEEN FURNISHED TO SECURE SPONSOR'S OBLIGATIONS UNDER THE PLAN INCLUDING WITHOUT LIMITATION THOSE

OBLIGATIONS SPECIFIED IN THE "**RIGHTS AND OBLIGATIONS OF SPONSOR**" SECTION HEREOF. SEE **"SPECIAL RISKS."**

Indemnity of Condominium by Sponsor and Assumption by Condominium

The Sponsor shall defend any suits or proceedings arising out of Sponsor's acts or omissions and shall indemnify and hold the Condominium and Unit Owners harmless from any costs, expenses, claims, suits or proceedings with respect to the Property arising out of the Sponsor's acts or omissions or default prior to the Closing Date in performing its obligations under the Plan or the representations made by the Sponsor in this Plan. The Condominium shall assume the performance of all obligations (including payment obligations) of the Sponsor, if any, accruing on or after the date of the closing of title to the first Unit pursuant to the Plan, under the labor, service, maintenance and concessionaire agreements in effect on such date which have been assigned to the Condominium pursuant to the Plan, and shall indemnify and hold the Sponsor harmless from and against any and all claims, liabilities, costs and expenses arising out of or with respect to such agreements or with respect to the Property and accruing on or after such date.

The risk of loss or damage to the Property by fire or other casualty until the date of closing of title of the first Unit is assumed by Sponsor but without any obligation or liability upon Sponsor to repair or replace the same. Sponsor may, however, at Sponsor's option, elect to abandon the Plan (see "**Effective Date**" section of this Plan) or to repair or replace such loss or damage. If Sponsor elects to replace such loss or damage, then at Sponsor's option, it shall be entitled to reasonable adjournments of the closing.

Survival of Sponsor's Obligations

The Sponsor's obligations and representations under the Plan or under the General Business Law of the State of New York which are to be performed subsequent to the Closing Date shall survive delivery of the deed to a Unit affected by such obligation, for the limited time periods set forth in the Plan. However, except for those obligations and representations under the Plan or under the General Business Law of the State of New York which are to be performed subsequent to the Closing Date as described in the preceding sentence, all obligations of the Sponsor under the Plan with respect to any Unit or Unit Owner and under the Purchase Agreement for such Unit with such Unit Owner shall not survive, and shall be deemed satisfied upon, the delivery of the deed for such Unit unless otherwise expressly provided in the Plan or such Purchase Agreement.

Sponsor's Obligations for Retained Units

So long as Sponsor retains title to any Units, Sponsor shall pay all Common Charges, special assessments and real estate taxes with respect to such Units. The Sponsor represents that when it has received construction financing, its financial resources will be sufficient to meet its obligations described above in this paragraph and its other obligations under the Plan. Sponsor presently intends to fund such obligations primarily from income from projected sales of Units. However, no bond or other security has been furnished by the Sponsor and the Sponsor's ability to perform its obligations hereunder will depend solely upon its financial condition if and when called upon to perform. No warranty is made that the Sponsor will be financially able to perform any or all of such obligations, provided that if at any time, while Sponsor is making an offering or making sales pursuant to the Plan, Sponsor's financial

condition does not permit it to perform its obligations hereunder, Sponsor shall amend this Plan to disclose such change in financial condition and to offer Purchasers with outstanding contracts a right to rescind such contracts and shall cease making sales pursuant hereto until Sponsor's financial condition shall again permit it to perform its obligations hereunder. If Sponsor shall be dissolved or liquidated or shall transfer three (3) ) or more Units or twenty percent (20%) or more of the total number of Units in the Condominium, whichever is less, to other than bona fide purchasers for occupancy, Sponsor shall provide one or more financially responsible entities or individuals who will assume the status and obligations of the Sponsor under the Plan, applicable laws or regulations. As used in the preceding sentence, "bona fide purchaser for occupancy" means a purchaser who purchases a Unit for occupancy by such purchaser or for occupancy by a person related by blood or marriage to such purchaser.

Insurance Described in Condominium Budget

Sponsor shall cause the Condominium to obtain and have in effect as of the Closing Date the insurance described in the Condominium Budget set forth as Schedule B. Such coverage will provide for sufficient coverage for the insurance company to waive any co-insurance requirement or will contain an agreed amount replacement value provision.

Construction Financing

Sponsor acquired, and is constructing the improvements at, the Property by means, partially, of an acquisition, and construction loan from Banco Popular North America, 120 Broadway, New York, New York 10271 (the "Construction Loan"). Sponsor intends, in good faith, to sell rather than rent the Units. However, under this Plan due the unpredictability of the real estate market, Sponsor has reserved the unconditional right to rent Units rather than to sell them.

**Under the Construction Loan which currently affects the Property, there are no specific limitations upon Sponsor's right to rent rather than to sell Units except for the fact that the Construction Loan (a) comes due on or about August 30, 2010 (subject to the Construction Lender's willingness, in its sole discretion, to extend the Maturity Date for an additional six (6) months); and (b) contains default provisions in the event that Sponsor fails to (i) obtain a temporary or permanent certificate of occupancy for the Units by July 30, 2010; or (ii) enter into contracts to sell 3 Units by September 30, 2010, enter into contracts to sell 2 more Units by October 30, 2010, enter into contracts to sell 2 more Units by November 30, 2010 and enter into contracts to sell 2 more Units by December 30, 2010, and (iii) close the sale of 3 Units by October 30, 2010, close the sale of 2 more Units by November 30, 2010 and close the sale of 2 more Units by December 30, 2010. The Construction Loan also affects other property owned by an affiliate of Sponsor, which property is located adjacent to the Property that is the subject of this Offering at 203 North 8th Street (the "Adjacent Property"). The Construction Loan contains default provisions in the event that Sponsor fails to (iv) obtain a temporary or permanent certificate of occupancy for the Adjacent Property by October 30, 2010; or (v) enter into contracts to sell 2 Units at the Adjacent Property by November 30, 2010, enter into contracts to sell 2 more Units at the Adjacent Property by December 30, 2010, and (vi) close the sale of 2 Units at the Adjacent Property by December 30, 2010. The Construction Lender has agreed that if Sponsor fails to meet any of the foregoing requirements (i) through (vi) by the dates specified above, Sponsor will receive a Notice of Default and a 30-day period within which to cure same before Sponsor will be in actual default under the Construction Loan. Sponsor agrees that it will submit an Amendment**

**to the Offering Plan to the Department of Law within seven (7) business days from Sponsor's receipt of a Notice of Default from the Construction Lender. Sponsor intends to satisfy the Construction Loan from the proceeds of sales of Units. In the event that the proceeds of sales from Units is inadequate to fully satisfy the Construction Loan or if Sponsor defaults in any respect under the Construction Loan, the Construction Lender could take ownership of the Property and/or the Unsold Units and would have the right to rent them or, at its option, to sell them. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium. See "Rights and Obligations of Sponsor."** In order to release a sold Unit from the lien of the Construction Loan, the Lender requires payment of a Release Fee, as follows:

The Release Fee shall be the greater of (i) $535 per square foot of the Unit being sold, (ii) ninety-six (96%) percent of the gross sales price for such Unit, or (iii) on hundred twenty-five (125%) percent of the allocated cost of such Unit, calculated on a per square foot basis.

## CONTROL BY SPONSOR

The affairs of the Condominium shall be governed by the Board. No member of the Board shall receive any compensation from the Condominium for acting as such member. The initial three members of the Board will be designated by the Sponsor. It is anticipated that the initial members of the Board will be Lawrence Pinner, Anthony Galina and David Benzaken, each of whom are principals of Sponsor. However, Sponsor reserves the right to designate other individuals to serve as initial members of the Board. See "**Identity of Parties**." The initial Board members will resign in favor of a new five member Board to be elected at a meeting of Unit Owners to be held within forty-five (45) days after the Closing Date.

The Sponsor and any of its designees owning Units:

(a) shall not be entitled to nominate a majority of the members of the Board from and after the earlier of the following dates: (i) the fifth anniversary of the Closing Date under the Plan, and (ii) the date on which the Sponsor and Sponsor's designees own less than 50% of the outstanding Common Interests of the Condominium. Upon the earlier of the aforementioned dates (the "Transition Date"), so many serving members of the Board elected by the Sponsor and such designees, as shall reduce the number of such members to less than a majority of the Board, shall resign. It should be noted, however, that subsequent to the period when Sponsor has the right to elect a majority of the Board, Sponsor may cast its votes for non-Sponsor nominees to the Board. See **"Special Risks."**

(b) may not exercise a veto over expenditures (i) which are covered in the budget set forth in Schedule B, and which are for the period covered by said budget, (ii) which are for capital repairs required for the operation and

maintenance of the Condominium or, (iii) which are required to comply with applicable laws or regulations, to remedy any notice of violation or work order by the insurer with respect to the Property.

Until the sooner of (i) the date on which the Common Interests of all Unsold Units is in the aggregate less than 25% of the Common Interests of all Units, or (ii) the fifth anniversary of

the Closing Date, neither the Board of Managers, nor officers, nor Unit Owners, except upon the written consent of the owners of Unsold Units representing a majority of the Common Interests allocated to all Unsold Units, shall (a) increase the number or change the type of employees described in Schedule B; (b) provide for services other than those described in Schedule B unless the total annual cost of all services to be provided is no greater than the then estimated total cost of the services described in Schedule B; (c) establish reserves or similar funds to undertake any capital or major improvements or additions except as required by law; (d) remove any members of the Board of Managers nominated by Sponsor, its designees, or by the owners of Unsold Units except for cause, or (e) cause their representatives on the Condominium Board of Managers to (i) change the insurance coverage on the Property from the coverage described in Schedule B unless the change does not cause an increase in the total annual insurance premiums then due and payable by the Condominium or unless such change is required by the holder of any mortgage on any Unsold Units or by the insurance carrier insuring the Property to satisfy insurance requirements or (ii) take any action inconsistent with (a), (b), (c) or (d). Nothing contained herein shall prevent the Board from making expenditures, and imposing assessments to pay for them (1) to comply with any applicable law or regulation; (2) in order to correct a violation of record; or (3) to comply with an order form an insurance company.

## BOARD OF MANAGERS

The affairs of the Condominium shall be governed by a Board of Managers. No member of the Board shall receive any compensation from the Condominium for acting as such member. The initial three members of the Board will be designated by the Sponsor. It is anticipated that the initial members of the Board will be Lawrence Pinner, Anthony Galina and David Benzaken, each of whom are principals of Sponsor. However, Sponsor reserves the right to designate other individuals to serve as initial members of the Board. See "**Identity of Parties**." The initial Board members will resign in favor of a new five member Board to be elected at a meeting of Unit Owners to be held within forty-five (45) days after the Closing Date. A member of the Board need not be a Unit Owner in the Condominium.

Except that they must be elected by the Unit Owners there are no special eligibility requirements to be a member of the board of Managers. The Condominium's By-laws do not provide that after the Sponsor's voting control period, a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals. Therefore, it should be noted that owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed because of their differing reasons for purchasing, i.e., the purchase of a home as opposed to an investment. It should also be noted that Purchasers for their own occupancy may never gain control of the Board of Managers under this Plan. See **"Special Risks."**

Annual Meetings of the Unit Owners shall be held on the second Tuesday of November of each year for the purpose of electing a new Board of Managers and for any other business that may come before the meeting. Special Meetings of the Unit Owners can be called upon a resolution of the Board of Managers or upon the petition of 25% in Common Interest of the Unit Owners.

To the extent permitted by applicable law, no member of the Board or any managing agent, manager, or officer shall have any personal liability with respect to 1) any contract, act or

omission of the Board or any managing agent, manager, or officer in connection with the affairs or operations of the Condominium (except in their capacities as Unit Owners), or 2) any mistake of judgment, negligence, or otherwise, except in either case, for their own willful misconduct or bad faith. The By-Laws require that every contract made by the Board or by any managing agent thereof or any officer shall state that (a) it is made only as agent for all Unit Owners and such Board or managing agent or officer shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interests of all Units owned by such Unit Owner bears to the aggregate Common Interests of all Units, and (ii) unless provided by the Board in its sole and absolute discretion, such Unit Owner's interest in his Unit and its appurtenant Common Interest. A Unit Owner shall, in the same proportion as his Common Interest, indemnify each member of the Board and each officer against any and all claims, liabilities, damages, costs and expenses (including, without limitation, reasonable attorney's fees) arising out of or related to the performance of such duties as a member of the Board or officer, except those arising out of his own bad faith or willful misconduct, and except as may be provided by law. The Board may contract, or effect any other transaction, on competitive terms, with any member of the Board, any officer, any Unit Owner, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct, and except as may be provided by law.

Any member of the Board may be removed with or without cause by a Majority in Common Interest of the Unit Owners electing any such member pursuant to the By-Laws, except that if any member of the Board was elected by or is a designee of the Sponsor or any of its designees, as the case may be, such member may not be removed for other than cause except by the written consent of Sponsor or its designees, as the case may be, however, such member may be removed for cause by a Majority in Common Interests of all Unit Owners (inclusive of the Unit Owner(s) electing such member) following notice and an opportunity to be heard.

It should be noted that the By-laws do not contain a provision that a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals, after the end of the initial Sponsor control period.

At each Unit Owner's meeting, each Unit Owner will be entitled to cast one (1) vote at all meetings of the Unit Owners for each one thousandth of one percent (.01%) of Common Interest applicable to his or its Unit.

Except as provided in the section of the Plan entitled "**Control By Sponsor**," each Unit Owner in the Condominium, including the Sponsor and any of its designees owning Units, will be entitled to vote for members of the Board based on their percentage Common Interest. Each Unit Owner may cast the number of votes allocated to his Unit for each Member of the Board to be elected, however, Unit Owners may not cumulate their votes.

The vote of a Majority in Common Interest of Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except as provided above with respect to the election of the members of the Board and as otherwise provided in the Declaration or the By-Laws.

Generally, subject to certain exceptions including, among others, exceptions concerning the Sponsor and its designees, any provisions of the Declaration, By-Laws, or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of not less than eighty (80%) percent in number and in Common Interest of all Unit Owners. A Majority in Common Interest of the Unit Owners may overrule the Board's amendment of the Rules and Regulations. Notwithstanding the foregoing, no amendment, modification, deletion or addition to the Declaration, By-Laws or Rules and Regulations shall be binding on a Permitted Mortgagee without the prior written consent of a "Majority of the Mortgage Representatives" (as such term is defined in Article VI, Section 15 the By-Laws) and no such amendment, modification, addition or deletion shall be binding on the Construction Lender without its prior written consent for so long as it has a lien on any Unit.

It is possible that amendments, modifications, additions or deletions of or to the Declaration, the By-Laws and the Rules and Regulations, may be necessary, appropriate or desirable in connection with the subdivision or combination of Units owned by the Sponsor or its designees and/or the offering for sale or lease of all or any portion of Units owned by (or the exercise of certain rights under the Declaration held by) the Sponsor or its designees, and in connection therewith the Sponsor or its designees, as the case may be, may, subject to compliance with all applicable laws and governmental regulations, if any, cause the Declaration, the By-Laws and the Rules and Regulations to be so amended, modified, added to or deleted in accordance with the provisions of the Declaration and By-Laws.

## RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS; SUMMARY OF BY-LAWS

### Rights and Obligations of Unit Owners

#### Common Interest

Each Unit has been allocated a percentage ownership of the Common Elements of the Condominium (a "Common Interest") in accordance with New York Real Property Law Section 339-i 1(iv) 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. Every Unit Owner will be responsible for his proportionate share of the Common Expenses of the Condominium, based upon his Common Interest (except as otherwise provided in the footnotes to Schedule B, the Declaration or the By-Laws), and will have the same proportionate share of any common profits of the Condominium or any distribution upon termination or condemnation of the Condominium.

#### Description of Unit

A Unit Owner will obtain fee title to the Unit, subject to the Permitted Encumbrances. Generally, each Unit consists of the area measured (a) vertically from the unexposed upper surface of the concrete floor below up to the unexposed lower surface of the metal decking above and (b) horizontally from the exterior face of the exterior masonry or tile walls to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical spaces or any Common Elements (as defined herein). Stairways and mechanical space that are interior to a Unit comprise part of such Unit. For a detailed description of the Unit to be conveyed, see "Declaration" and "Condominium Floor Plans" in Part II of the Plan. Each Unit shall be deemed to include also (i) that portion of any

wall or partition separating such Unit from Common Elements that lies between the Unit side of such wall or partition and the frame or masonry, as the case may be, of such wall or partition and (ii) the doors and windows which open from the Unit.

Description of Common Elements

The Common Elements of the Condominium consists of the entire Property other than the Units. A Unit Owner will have an undivided interest in all of the Common Elements. The Common Elements may not be divided or partitioned except as provided in the Condominium Act.

The Common Elements are all of the Common Elements exclusive of the Limited Common Elements and include (even if within the dimensions of a Unit) the following: (a) the Land; (b) any foundations, columns, girders, beams, supports, and wood joists; (c) (to the extent not expressly part of a Unit) the roof (including the Roof Recreation Area), all walls and partitions separating Units from the Common Elements; (d) (to the extent not located within or specifically made part of a Unit or a Limited Common Element), elevators, hallways, stairs and corridors within the Common Elements, and entrances to and exits from the Common Elements; (e) the central and appurtenant installations and equipment for services such as power, light, telephone, gas, hot and cold water and sewer and fire safety, drainage systems, sewers and/or storm pipes, drywells, or detention tanks, including all pipes, ducts, wires, cables and conduits used in connection therewith and all maintenance, meter and common equipment spaces (including the mechanical room, machine room, elevator pits, stairs, building office, meter room, water meter, trash holding room, telephone room, janitor closet, toilet on cellar level, transformer room, water meter room, water pump room, and telecommunications closet) in connection therewith (except for appliances and equipment located in and serving only such Unit which shall constitute a part of such Unit); (f) maintenance and common equipment spaces and the cooling tower, common tanks, pumps, motors, fans and controls or other such equipment; (g) all Units which may hereafter be acquired and held by the Board on behalf of some or all Unit Owners but only while so held; and (h) to the extent not specifically made a part of a Unit, or a Limited Common Element by the terms of the Declaration, all other parts of the Property including all apparatus and installations existing on the Land for common use or which are necessary or convenient to the existence, maintenance or safety of the Property.

Limited Common Elements

The Limited Common Elements shall consist of those Common Elements that serve or benefit exclusively a particular Unit and which are identified as a Limited Common Element on the Floor Plans, and/or which are created pursuant to the terms of the Declaration (including, without limitation, the provisions of Section 9 thereof). In addition, if all Units which have access to the same shared hallway shall at any time be owned of record by the same owner (other than by Sponsor or its designee) such hallway shall thereafter be treated as a Limited Common Element until such time as such Units shall have different owners; provided that once such Units shall again have different owners, such hallway shall revert to the status of a Common Element. Unit Owners with exclusive use to a Limited Common Element (including Rear Yard, Balconies and Terrace) shall be responsible for the maintenance, repair and replacement of all surfaces of such Limited Common Element and the Condominium shall be responsible for any work that may be required to be performed on portions of the Limited Common Elements that support such surfaces.

Rear Yard, Balconies and Terrace As Limited Common Elements

Units 3A, 3B, 4A and 4B each have exclusive use of a Balcony adjacent to such Units. Unit 5 has exclusive use of a Balcony and a Terrace adjacent to it and Unit 1B has exclusive use of the rear yard. The Rear Yard, Balconies and Terrace are considered Limited Common Elements as defined in the Plan and Declaration. The Board of Managers shall have unlimited access to all areas of the Rear Yard, Balconies and Terrace for the purpose of making inspections and repairs. The Unit Owner who has exclusive use of a Limited Common Element (such as a Rear Yard, Balcony or Terrace) shall be responsible for all repairs or replacements to all surfaces of such Rear Yard, Balcony or Terrace and the Condominium shall be responsible for any work that may be required on the parts of the Limited Common Elements that support such surfaces. Any Unit Owner desiring to make a replacement or repair to a Rear Yard, Balcony or Terrace must first obtain the written consent of the Board of Managers. In addition to the repairs and replacements to the existing condition and materials located on a Rear Yard, Balcony or Terrace, no other improvement or structure may be placed on the Rear Yard, Balconies or Terrace without the prior written approval of the Board of Managers, which approval may be granted or denied for any reason or no reason, and if granted, such approval may be conditioned on such matters as the Board of Managers, in its sole discretion may deem reasonable including conditions with respect to time periods when work is permitted, handling of construction debris, measures to ensure building security during construction, interruption of elevator and other services during construction and liability coverage for contractors during construction. Such conditions may also be imposed with respect to repairs and replacements of the existing conditions and materials on the Rear Yard, Balconies and Terrace. No construction work may be done on any Rear Yard, Balcony or Terrace without a New York City Buildings Department permit. In addition, any construction on a Rear Yard, Balcony or Terrace will require a variance of the New York City Board of Standards and Appeals. No structure can be built on a Rear Yard, Balcony or Terrace "as of right." A Unit Owner shall have no right to apply for a variance without the prior written consent of the Board of Managers which consent may be denied for no reason or any reason. The Property is not a designated Landmark and is not subject Landmark restrictions.

Sales and Leases of Units

Any Unit Owner may sell or lease his Unit, provided he first gives the Board notice of his intention to sell or lease such Unit and an opportunity to purchase or lease such Unit, as the case may be, at the same price or rental and on the same terms as are offered in good faith by a prospective purchaser or lessee, as the case may be, as more specifically provided in the By-Laws. If the Board does not elect to purchase or lease such Unit, as the case may be, by giving written notice as provided in the By-Laws to such Unit Owner within fifteen (15) days after receipt of the Unit Owner's notice of intention to sell or lease described above, then the Unit Owner will have a period of ninety days to enter into a written agreement with the prospective purchaser or lessee, as the case may be, embodying the terms set forth in the notice. If such written agreement is not executed by the Unit Owner within the ninety day period, or the sale or lease, as the case may be, is not consummated on or before the intended closing date, or commencement date of the term of the lease which, as the case may be, is provided in the notice, then the Unit Owner will be required to offer again the Unit first to the Board as described above before entering into such sale or lease. The Board may not exercise its option to purchase or lease any Unit without prior approval of a Majority in Common Interest of the Unit Owners. The terms of any such lease, including the rent, will be subject to applicable state and local laws.

If the Board elects to exercise such right of first refusal, the purchase of any Unit by the Board or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board. If the funds in such account are insufficient to effectuate any such purchase, the Board may levy an assessment against each Unit Owner, in proportion to his respective Common Interest as a Common Charge, and/or the Board may, in its discretion, finance the acquisition of such Unit, provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its "Appurtenant Interest" (as such term is defined in the Declaration).

While held by the Board, such Units may be used for any purpose permitted by law for which such Unit may be used pursuant to the Declaration and the By-Laws. The Board may sublet any such Unit which is so leased without the consent of the landlord. Any Unit which is acquired and held by the Board on behalf of all Unit Owners shall become part of the Common Elements, but only while so held. If any Unit shall be acquired by the Board, or its designee, on behalf of some or all Unit Owners, as tenants in common, then all such Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired Unit. The Board has the power to sell, lease, mortgage, or otherwise deal with any Unit acquired by the Board or its designee, on behalf of all Unit Owners, but shall not have the power to cast the votes appurtenant to such Unit. Any proceeds of the disposition of a Unit will be received by the Board for all Unit Owners or for the Unit Owners for whom such Unit was acquired.

The Board may not discriminate against any person for any reason proscribed by applicable civil rights laws.

The sale and lease restrictions described above shall not apply to (i) any Unit which is owned by (a) the Sponsor or its designee, or (b) the Board, or (ii) the sale, transfer or lease of a Unit to or by a mortgagee or its nominee, including, without limitation, a foreclosure sale, provided, however, that a succeeding Unit Owner shall be bound by, and his Unit subject to, the sale and lease restrictions described above; (iii) any Unit transferred by the Unit Owner thereof to his spouse, adult child, parent, adult sibling or to any affiliate (as defined in the By-Laws) of the Unit Owner; or (iv) any Unit transferred by a Unit Owner by gift, devise, will or intestacy; provided, however, that each succeeding Unit Owner shall be bound by, and his Unit subject to, the sale and lease restrictions described above.

Notwithstanding the foregoing, title to a Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than any mortgages) are paid and satisfied at or prior to closing. The foregoing provision is inapplicable to a conveyance by a Permitted Mortgagee (or its nominee) following foreclosure or a deed in lieu of foreclosure by such Permitted Mortgagee of its mortgage on the Unit. However, a sale by a Permitted Mortgagee or its nominee to a bona fide purchaser shall not be deemed to be a sale to a nominee and any conveyance by such bona fide purchaser shall again be subject to the requirement that all Common Charges and liens against the Unit must be paid or satisfied at or prior to closing.

A conveyance of a Unit by a Unit Owner must include the appurtenant Common Interest for such Unit.

Restrictions on Occupancy and Use

The Rules and Regulations annexed to the By-Laws provide, in part, as follows:

(i) no pets other than dogs, cats, caged birds and fish (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in a Unit without the consent of the Condominium Board or the Managing Agent. Any Unit Owner who wishes to keep more than two pets in his or her Unit shall be required to obtain the prior written consent of the Condominium Board. Each Unit Owner who keeps any type of pet in his Unit will be required to (a) indemnify and hold harmless the Condominium, all Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pet; and (b) abide by any and all reasonable Rules and Regulations of the Condominium adopted with respect thereto. The Condominium Board may require that pet owners enter into an agreement with the Board confirming such owners' obligations with respect to their pets.

(ii) no sign shall be affixed by any Unit Owner on any part of the outside of the Building, and also no awnings, aerials or other projections shall be attached by any Unit Owner to the outside of the Building, and no blinds, shades or screens shall be used by any Unit Owner on the exterior of any window or door of any Unit, or shall be visible through the exterior windows of any Unit, without, in each case, the prior written consent of the Board, which consent shall not be unreasonably withheld or delayed; The foregoing provisions shall not be applicable to Sponsor.

(iii) each Unit may be used only for dwelling purposes and such "home occupation" use under the Zoning Resolution of the City of New York as may be permitted by law, as provided in the Declaration, the certificate of occupancy for the Building, and applicable zoning law, except that the Sponsor and any affiliates of the Sponsor shall have the right, without charge, (a) to have a general or sales office in one or more Units or elsewhere on the site, to use one or more Units as models and for other promotional purposes in connection with the sale or lease of Units; (b) to have its employees, contractors and sales agents present on the site; and (c) to do all things necessary or appropriate, including the use of the Common Elements, to sell or lease Units and to complete the improvement of the Building, to comply with their obligations under this Plan and to develop the Property.

(iv) Unit Owners shall not cause or permit any disturbing noises or objectionable odors from their Units, or permit or keep in their Units any inflammable, combustible or explosive material, chemical or substance (except as required in normal professional and business use);

(v) except as provided otherwise in the Declaration, the Common Elements shall not be obstructed or encumbered by refuse or otherwise, or used for any purpose other than (y) ingress or egress to and from the Units and (x) delivering and shipping of merchandise and the like to and from the Units, and the Common Elements shall not be altered or affected by any Unit Owner without the prior written consent of the Board.

There are no restrictions on occupancy of any Unit owned by corporations, partnerships, or fiduciaries in addition to the restrictions on individual Unit Owners.

Further restrictions on the use of Units are set forth in the Declaration, By-Laws and in the Rules and Regulations reproduced in Part II of the Plan.

Mortgage of Units by Unit Owners

Each Unit Owner may mortgage his Unit provided that the Board is notified in writing as provided in the By-Laws of the making of such mortgage and the Board receives a conformed copy of the note and mortgage. The By-Laws provide certain rights to the Sponsor or the holder of a mortgage of record ("Permitted Mortgage") against a Unit.

Common Charges - Determination and Assessment

The Board determines the amount of Common Expenses. Common Expenses include, without limitation, the expenses of maintaining and operating the Common Elements and the types of expenses set forth in Schedule B, which covers the first year of operation of the Condominium. In the discretion of the Board, the Common Expenses may also include reserves, working capital and other sums necessary to carry on the affairs of a condominium.

The Common Expenses set forth in Schedule B do not include maintenance, repairs or decoration of any of the Units or any portions thereof, payments required pursuant to the terms of the Unit Owners' mortgages, electricity and other utilities consumed within the Unit, and real estate taxes covering the individual Units. However, until the Units are separately assessed, all real estate taxes with respect to the Property will be treated as a Common Expense. See Footnote 5 to Schedule A.

The Board may commence to assess Common Charges upon the closing of title to the first Unit pursuant to the Plan or at any subsequent date as in its sole discretion it may determine. The estimated Common Charges projected for the assumed first year of Condominium operation which will be collected monthly by the Board (based on the Common Expenses as estimated in Schedule B) are set forth on Schedule A. However, additional services which the Unit Owners may desire or other factors can increase these charges. Each Unit Owner will be required to pay a portion of the Common Expenses equal to the product of the percentage amount of his Common Interest, multiplied by the amount of the Common Expenses (except as otherwise provided in Schedule B, the Declaration or By-Laws), which shall be levied as a Common Charge against his Unit.

At least annually the Board will prepare and furnish to the Unit Owners a budget for Common Expenses. The Board will assess in advance Common Charges against each Unit Owner to meet Common Expenses.

Liens for the Non-Payment of Common Charges and Working Capital

Under Section 339-z of the Real Property Law, the Condominium Board shall have a lien against each Unit for its unpaid Common Charges prior to all other liens except liens for the payment of taxes and all sums unpaid on a Permitted Mortgage, which lien of a Permitted Mortgage shall be superior to the lien of the Condominium Board. Under Section 339-aa of the Real Property Law, the Board may foreclose the lien in the same manner as a mortgage on real property and in so doing shall be entitled to recover all costs incurred including reasonable attorney's fees. Moreover, if any Unit Owner fails to pay any payment of Common Charges within fifteen (15) days of its due date, such Unit Owner shall be obligated to pay a late charge at the rate of $0.02 per dollar per month or any part thereof for all such overdue Common Charges. The liability of each Unit Owner for the payment of Common Charges thereafter assessed against his Unit shall terminate upon a sale, transfer or conveyance of the Unit in

accordance with the provisions of the Declaration and By-Laws. Further, any Unit Owner may convey his Unit to the Board of Managers or its nominee on behalf of all other Unit Owners, without any compensation and in accordance with the Declaration and the By-Laws. In that case, he shall be exempt from any Common Charges thereafter assessed, but not relieved of his obligation to pay his mortgage. A Unit Owner may not exempt himself from liability for his Common Charges by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. Upon a resale, the Purchaser of a Unit shall be liable for the payment of unpaid Common Charges assessed against the Unit prior to the acquisition of the Unit by the Purchaser, except as hereinafter provided. A Purchaser of a Unit at a foreclosure sale pursuant to a Permitted Mortgage against such Unit shall not be liable, and such Unit shall not be subject to a lien, for the payment of Common Charges assessed prior to the acquisition of title to the Unit by said Purchaser. However, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges which accrued prior to such sale. While Sponsor is in control of the Board of Managers, it will cause the Board of Managers to file a lien under Section 339-aa of the real Property Law on Units in which the Sponsor is more than 30 days in arrears in the payment of Common Charges or assessments.

Repairs to and Maintenance of Units, Limited Common Elements, and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural ordinary or extraordinary, which are either: (a) in or to any Unit (other than to the Common Elements within the Unit) and, including, without limitation, the exterior surface of windows, electrical, plumbing, and heating fixtures, exterior installations made by the Unit Owner, will be made by the Unit Owner of such Unit at such Unit Owner's sole cost and expense, subject to the restrictions set forth in the By-Laws; (b) in or to the Common Elements and, any infill of lot line windows will be made by the Board and the cost and expense thereof will be charged as a Common Expense, payable by all Unit Owners; and (c) in and to any Limited Common Element, will be made by the Unit Owner having the exclusive use of such Limited Common_Element, except that (a) repairs to, maintenance and replacements of the exterior walls of the Building, and (b) structural repairs to entire roof of the mechanical penthouse bulkhead shall be made by the Condominium Board and the cost thereof shall be borne by all Unit Owners as a Common Expense, as provided in the By-Laws. The Condominium Board must obtain the consent of Unit Owners owning Units with aggregate Common Interests in excess of 75% of the Common Interests of all Units and a Majority of the Mortgage Representatives (as defined in the By-Laws) prior to making any addition, alteration or improvement costing in excess of $100,000 in any fiscal year.

Prior to the issuance of a permanent certificate of occupancy for the Building following completion of the construction and construction as described in the Plan, no Unit Owner other than Sponsor and its designees shall make any alterations or improvements (by himself or with any of his contractors) to such Unit Owner's Unit, including without limitation, installation of any interior walls or partitions without the prior written consent of Sponsor.

The By-Laws provide, among other things, that each Unit and all portions of the Common Elements shall be kept in first class condition. If any Unit Owner fails to keep his Unit in such condition, the Board may, at the expense of such Unit Owner, enter such Unit and perform such acts as are necessary to cure such default (see the heading "Rights of Access" below in this section).

If any maintenance of, replacement of, or repairs to the Property or any part thereof are necessitated by the negligence of any Unit Owner, his tenants or visitors or occupants of the Unit, then the entire cost thereof shall be borne by such Unit Owner.

Additions, Alterations and Improvements by Unit Owners

Except as permitted in the Declaration or the By-Laws, no Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, without the prior written consent thereto of the Board, which consent shall not be unreasonably withheld. Non-structural interior additions, alterations, or improvements, by a Unit Owner to his Unit, may be made without the consent of the Board but subject to the Declaration and By-Laws. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit permitted hereunder shall be executed by the Board, without, however, incurring any liability on the part of the Board to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Insurance

The insurance coverage to be provided by the Board for the benefit of each Unit Owner, and a Unit Owner's right to obtain supplemental or additional insurance, is set forth under the "Insurance" heading in the "Rights and Obligations of Board of Managers; Summary of By-Laws" section.

Rights of Access

As more fully set forth in the By-Laws, the Board and any managing agents, managers, superintendents, if any, and other persons authorized by the Board will have a right of access to any Unit for the purposes, among others, of making inspections of, or removing violations of governmental laws or regulations against, any part of the Property, curing defaults under the Declaration and By-Laws and the Rules and Regulations thereunder, or correcting any conditions originating in any Unit and threatening another Unit or any Common Element. The Sponsor, and its designees owning Units, shall also have a right of access to each Unit, the Common Elements or elsewhere on the Property in order to inspect, maintain, repair, replace or alter their Units or the Common Elements (including the Limited Common Elements) as provided in the Declaration and the By-Laws. The Condominium Board and its employees shall have such access to each trash room as may be required in connection with the removal of trash. No Unit Owner may impede such access.

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

Each Unit Owner must strictly comply with the provisions of the Declaration and the By-Laws and the Rules and Regulations thereunder. Failure to comply is grounds for an action for damages or injunctive relief, or both. The By-Laws, together with the Rules and Regulations thereunder, will be recorded with the Declaration in the Office of the City Register, Kings County.

Units Owned by Sponsor or its Designees

Except to the extent prohibited by law, and subject to certain restrictions set forth in the Declaration including compliance with all applicable laws and governmental regulations, if any, Sponsor and its designees owning Units will have the right, without the vote or consent of the Board or the other Unit Owners to: (a) make decorations, alterations (including, without limitation, demolition), additions or improvements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, of any type or nature whatsoever, in, to, and upon (i) its Unit or the Common Elements; (ii) any utilities servicing such Unit whether located within the Unit or the Common Elements; (b) change the layout and number of rooms of any of its Unit from time to time; (c) change the size and/or number of Units or subdivide the same into any desired number of condominium units (or by combining any Units resulting from such subdivision); (d) combine any of its Units, and any other Units with the consent of the Owners of the Units to be combined; (e) create and designate a Limited Common Element for the exclusive use of the newly created condominium units, and convert space or constituents of its Unit into a newly designated Limited Common Element and/or convert and designate a Limited Common Element as a part of the newly created condominium units; (f) reapportion among the newly created condominium units resulting from any such subdivision (or combination) their appurtenant Common Interests; (g) dedicate certain utility, sewer, and drainage easements; (h) amend the Certificate of Occupancy for the Building or obtain a new Certificate of Occupancy for the Building; and (i) amend (and cause the Board to amend) the Declaration and/or By-Laws in order to effectuate any of the foregoing.

The consent of the Board and/or the other Unit Owners is not required for the exercise by the Sponsor or its designees of the rights and powers described above (including the right to install cellular or telecommunications or similar equipment). Nonetheless, the Sponsor or its designees may require that the Board and other Unit Owners execute any amendment to the Declaration or By-Laws proposed by Sponsor or its designees as provided above and any other application or other document necessary or convenient to the exercise by the Sponsor or its designees of any of its rights or powers described above (including, without limitation, any application or document required by the Department of Buildings and/or the Real Property Division of the Department of Finance of the City of New York in connection with an amendment to the certificate of occupancy of the Building or the establishment of separate tax lots for any newly created Units or reapportionment of assessed valuation by reason thereof). The Sponsor and its designees are granted an irrevocable power of attorney coupled with an interest to execute, deliver and/or record any such amendments, applications or other documents on behalf of the Board and the Unit Owners.

Under the Declaration, Sponsor and/or its designees have an easement, without the necessity of obtaining the consent of the Board of Managers and/or Unit Owners, over any part of the Property, including each Unit and the Common Elements, in order to inspect, maintain, repair, replace or alter its Units or the Common Elements as provided in the Declaration and the By-Laws.

Under the Declaration, Sponsor and/or its designees shall each have an easement without the necessity of obtaining the consent of the Board of Managers and/or Unit Owners (i) over the Property, including each Unit and the Common Elements, for access to and to construct, install, erect, inspect, maintain, repair, operate, use and replace from time to time one or more Signs on the Property (including, without limitation on any Common Element, exterior facade, lobby or any other public portion of the Property) for the purposes of advertising the sale of Units and the leasing of the Units or of space in any of the Units; (ii) over the Property,

including each Unit and the Common Elements for access to and to construct, install, erect, inspect, maintain, repair, operate, use and replace from time to time a facade or other exterior portion adjacent to such Unit; (iii) over any part of the Property, including each Unit and the Common Elements (including, without limitation, the stairways, walkways, elevators, vestibules and other public spaces within the Property) for purposes of access to and for all purposes in connection with the installation (whether on Common Elements or within its Unit), inspection, maintenance, repair, operation, improvement or use of any of the following serving a Unit: the Service Equipment, flues and/or ducts, security system (including, without limitation, alarms, gates, electric eyes or video cameras), smokestacks, air-conditioning systems and devices and exhaust and ventilation fans, systems and devices, in each case, located anywhere on the Property.

The Sponsor and its designees shall have an easement, without the necessity of obtaining the consent of the Board of Managers or the Unit Owners, over the Property (including, without limitation, the Units and the Common Elements to install, erect, construct, inspect, operate, use, maintain, repair and replace or alter any antennas, cellular communications, telecommunications, and similar equipment serving a Unit owned by Sponsor and/or its designees in such locations as Sponsor shall determine (other than in any space designated as a Limited Common Element).

The Sponsor or its designees shall have the right to maintain a general or sales office in any Unit owned by any of them and to use any Unit owned by any of them as a model and for other promotional purposes in connection with the sale or lease of Units in the Condominium.

The Sponsor or its designees shall also have the right to apply for tax exemption and/or tax abatement with respect to the Property and/or with respect to any of the Units without the consent of the Board and/or Unit Owners.

**Rights and Obligations of Board of Managers; Summary of By-Laws**

The Condominium is an unincorporated association which is created by virtue of submission of the Property to the provisions of the Condominium Act in accordance with the Declaration and By-Laws set forth in Part II of the Plan. Summarized below are certain provisions of the By-Laws, including certain of the provisions relating to governance of the Condominium. A Purchaser should review in detail the full text of the Declaration, By-Laws, and Rules and Regulations thereunder which are set forth in Part II of the Plan.

The Board initially shall be comprised of three members selected by and affiliated with Sponsor. Following the first meeting of Unit Owners, the Board will consist of five (5) members. The Board has no authority to remove any of its members, but the Board may, by the affirmative vote of a majority of its members, remove any officer, either with or without cause.

Except that they must be elected by the Unit Owners there are no special eligibility requirements to be a member of the board of Managers. The Condominium's By-laws do not provide that after the Sponsor's voting control period, a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals. Therefore, it should be noted that owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed because of their differing reasons for purchasing, i.e., the purchase of a home as opposed to an investment. It should also be noted that Purchasers for their own

occupancy may never gain control of the Board of Managers under this Plan. See **"Special Risks."**

Any member of the Board may be removed with or without cause by a Majority in Common Interest of the Unit Owners electing any such member pursuant to the By-Laws, except that if any member of the Board was elected by or is a designee of the Sponsor or any of its designees, as the case may be, such member may not be removed for other than cause except by the written consent of the Sponsor or its designees, as the case may be, however, such member may be removed for cause by a Majority in Common Interests of all Unit Owners (inclusive of the Unit Owner(s) electing such member) following notice and an opportunity to be heard.

It should be noted that the By-laws do not contain a provision that a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals, after the end of the initial Sponsor control period. Subsequent to the period when Sponsor has the right to elect a majority of the members of the Board, Sponsor shall have the right to cast its votes for non-Sponsor nominees to the Board.

Powers and Duties of Board

Subject to applicable laws and the By-Laws, the powers and duties of the Board include, without limitation, (a) the operation and maintenance of the Common Elements, and employment of personnel for such purpose, (b) determination and collection of the Common Charges, (c) amending the Rules and Regulations, (d) having bank accounts and investing funds for the Condominium, (e) acquiring, selling, leasing, and mortgaging Units, (f) insuring the Property, adjusting claims, and repairing the Common Elements after a casualty or condemnation, (g) enforcing obligations of Unit Owners, (h) borrowing money on behalf of the Condominium, (i) granting certain utilities and other easements, and (j) representing all Unit Owners in connection with a protest of real estate taxes.

The potential personal liability of the Board is discussed under the heading "Liability of Board, Officers, and Unit Owners" which appears later in this section.

Voting by Unit Owners

At each Unit Owner's meeting, each Unit Owner will be entitled to cast one (1) vote at all meetings of the Unit Owners for each one hundredth of one percent (.01%) of Common Interest applicable to his or its Unit.

Except as provided in the section of the Plan entitled "**Control By Sponsor**," each Unit Owner in the Condominium, including the Sponsor and any of its designees owning Units, will be entitled to vote for members of the Board based on their percentage Common Interest. Each Unit Owner may cast the number of votes allocated to his Unit for each Member of the Board to be elected, however, Unit Owners may not cumulate their votes.

The vote of a Majority in Common Interest of Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except as provided above with respect to the election of the members of the Board and as otherwise provided in the Declaration or the By-Laws.

Meetings of Unit Owners

After the first meeting of the Unit Owners described above (see "**Control by Sponsor**"), the By-Laws provide that annual meetings shall be held on the second Tuesday of November of each succeeding year unless such day shall be a holiday, in which event the meeting shall be held on the next succeeding business day. At such meeting, the Unit Owners shall elect members of the Board and shall also transact such other business of the Condominium as may properly come before the meeting.

It shall be the duty of the President of the Condominium to call a special meeting of the Unit Owners if so directed by resolution of the Board or upon a petition signed and presented to the Secretary of the Condominium by not less than 5% in Common Interest of all the Unit Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. The By-Laws provide that no business shall be transacted at a special meeting except as stated in the notice.

Officers

The principal officers of the Condominium shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Board may appoint additional officers. No officer of the Condominium shall, except as may otherwise be provided by the Board from time to time, receive any compensation for acting as an officer of the Condominium.

The President shall be the chief executive officer of the Condominium, and shall have all of the general powers and duties which are incident to the office of President, including presiding at meetings and appointing committees. The President must be a member of the Board. The Vice President performs the duties of the President when he is absent or unable to act. The Secretary keeps the minutes and gives notice of meetings. The Treasurer keeps financial records and deposits funds for the Condominium.

Repairs and Replacement of Common Elements and Limited Common Elements

The repair, replacement, and maintenance of the Common Elements (and any Common Elements and Limited Common Elements) is discussed under the heading "Repairs to and

Maintenance of Units, Limited Common Elements and Common Elements" in "**Rights and Obligations of Unit Owners and Board of Managers; Summary of By-Laws**" above.

Units Acquired By the Board

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

Repair or Reconstruction after Fire or Other Casualty

If the Building or any part thereof is damaged or destroyed by fire or other casualty, the Board will, except as set forth below, arrange for the prompt repair and restoration thereof (but excluding machinery, appliances, fixtures, furniture, furnishings or other personal property within a Unit) . If the insurance proceeds are insufficient to cover the cost of repairs or restorations, then such cost shall constitute a Common Expense. Any surplus insurance proceeds shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of his share of such funds, such amounts as may be necessary to reduce unpaid liens on his Unit, in the order of priority of such liens.

If three-fourths or more of the Building is destroyed or substantially damaged and if seventy-five (75%) percent or more in Common Interest of all Unit Owners do not duly resolve within sixty (60) days from the day of such damage or destruction to proceed with the repair or restoration thereof, then the Building will not be repaired and shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common. In that case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid, out of his share of such funds, such amounts as may be necessary to discharge all unpaid liens on his Unit in the order of the priority of such liens.

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained by the Board shall be payable as hereinabove provided in the event of a loss amounting to $100,000.00 or less. However if such proceeds are in excess of $100,000.00, then such proceeds shall be payable to and held by the Insurance Trustee pursuant to the provisions of the By-Laws. Banco Popular North America, 120 Broadway, New York, New York 10271 (the "Construction Lender") or its successors, assigns or designee, shall, at its option, be the Insurance Trustee for so long it holds any lien on the Property or any Unit. The fees and expenses of the Insurance Trustee shall be paid by the Board and shall constitute a Common Expense.

Insurance

The Board is required to obtain and maintain, to the extent obtainable at reasonable rates and to the extent determined by the Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, and vandalism and malicious mischief endorsements, insuring the Building (but excluding machinery, appliances, fixtures, furniture, furnishings or other personal property within a Unit), together with all service machinery contained therein and covering the interests of the Condominium, the Board and all Unit Owners as additional insured parties, and their mortgagees, all, as their respective interests may appear, in an amount equal to at least 80% of the full replacement value of the Building (exclusive of foundation and footings), without deduction for depreciation; (b) worker's compensation and New York State disability benefits insurance; (c) water damage insurance to the extent, if any, determined by the Board; (d) fidelity bond for the Managing Agent of the Condominium, to the extent, if any, determined by the Board; (e) errors and omissions coverage for members of the Board and officers, to the extent, if any, determined by the Board; (f) comprehensive general liability insurance and (g) such other insurance (including, without

limitation, rent insurance, boiler and machinery insurance, elevator liability insurance and plate glass coverage, which are not included in Schedule B) as the Board may determine from time to time.

The amount of fire insurance and all risk extended coverage to be maintained until the first meeting of the Board following the first annual meeting of the Unit Owners shall be in at least the sum set forth in "Footnotes to Schedule B." Purchasers should refer to the "Footnotes to Schedule B" to determine the extent of insurance coverage and the cost thereof for the first year of condominium operation.

All policies of physical damage insurance shall contain, to the extent obtainable at reasonable rates, waivers of subrogation and waivers of any defense based on co-insurance or other insurance or of invalidity arising from any acts of the insured and of pro rata reduction of liability, and shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insureds, including all Unit Owners, each of whom shall be an additional insured party and their mortgagees. Duplicate originals or certificates of insurance for all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and their mortgagees at least ten days prior to the expiration of the then current policies. Each such policy 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 the mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board and the Insurance Trustee hereinafter set forth. Any insurance maintained by the Board may contain such deductible amounts as the Board may determine from time to time.

The premiums for all insurance referred to above shall be a Common Expense unless the Board determines to otherwise equitably apportion the cost of insurance among the Unit Owners as provided in the By-Laws.

Each Unit Owner may carry supplemental or additional insurance for his own benefit, provided that all such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such supplemental or additional insurance carried by such Unit Owner.

Liability of Board, Officers, and Unit Owners

To the extent permitted by applicable law, no member of the Board or any managing agent, manager, or officer shall have any personal liability with respect to 1) any contract, act or omission of the Board or any managing agent, manager, or officer in connection with the affairs or operations of the Condominium (except in their capacities as Unit Owners), or 2) any mistake of judgment, negligence, or otherwise, except in either case, for their own willful misconduct or bad faith. The By-Laws require that every contract made by the Board or by any managing agent thereof or any officer shall state that (a) it is made only as agent for all Unit Owners and such Board or managing agent or officer shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interests of all Units owned by such Unit Owner bears to the aggregate Common Interests of all Units, and (ii) unless provided by the Board in its sole and absolute discretion, such Unit Owner's interest in his Unit and its appurtenant Common Interest. A Unit Owner shall, in the same proportion as

his Common Interest, indemnify each member of the Board and each officer against any and all claims, liabilities, damages, costs and expenses (including, without limitation, reasonable attorney's fees) arising out of or related to the performance of such duties as a member of the Board or officer, except those arising out of his own bad faith or willful misconduct, and except as may be provided by law. The Board may contract, or effect any other transaction, on competitive terms, with any member of the Board, any officer, any Unit Owner, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct, and except as may be provided by law.

Reports, Notice, Books and Records

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

Except for the first meeting of Unit Owners after the Closing Date under the Plan, there is no notice required for annual meetings. Instead the By-Laws provide that the annual meeting is to be held on the second Tuesday of November each year, unless such day shall be a holiday, in which event the meeting shall be held on the next succeeding business day.

In accordance with the provisions of the By-Laws, the Board shall furnish the Unit Owners, at least ten (10) days prior to adoption thereof, the proposed annual budget for the Condominium.

Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more than once a month.

Amendments to Condominium Documents

Generally, subject to certain exceptions including, among others, exceptions concerning the Sponsor and its designees, any provisions of the Declaration, By-Laws, or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of not less than eighty (80%) percent in number and in Common Interest of all Unit Owners. A Majority in Common Interest of the Unit Owners may overrule the Board's amendment of the Rules and Regulations. Notwithstanding the foregoing, no amendment, modification, deletion or addition to the Declaration, By-Laws or Rules and Regulations shall be binding on a Permitted Mortgagee without the prior written consent of a "Majority of the Mortgage Representatives" (as such term is defined in Article VI, Section 15 the By-Laws) and no such amendment, modification, addition or deletion shall be binding on the Construction Lender without its prior written consent for so long as it has a lien on any Unit.

It is possible that amendments, modifications, additions or deletions of or to the Declaration, the By-Laws and the Rules and Regulations, may be necessary, appropriate or desirable in connection with the subdivision or combination of Units owned by the Sponsor or its designees and/or the offering for sale or lease of all or any portion of Units owned by (or the exercise of certain rights under the Declaration held by) the Sponsor or its designees, and in connection therewith the Sponsor or its designees, as the case may be, may, subject to compliance with all applicable laws and governmental regulations, if any, cause the Declaration, the By-Laws and the Rules and Regulations to be so amended, modified, added to or deleted in accordance with the provisions of the Declaration and By-Laws.

Termination of Condominium

The Condominium shall continue (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the New York Condominium Act as a result of the vote to do so of at least eighty (80%) percent in number and in Common Interest of all Unit Owners and all of the holders of mortgages of record affecting the Units. In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale, otherwise payable to any Unit Owner, to the payment of any liens on his Unit, in the order of such priority of such liens. Until the termination of the Condominium, no Unit Owner shall maintain an action for partition of the Property or the Common Elements.

Right of First Refusal by Board

The right of first refusal of the Board with respect to the sale or lease of a Unit, if any, is discussed under the heading "Sales and Leases of Units" in "**Rights and Obligations of Unit Owners and Board of Managers; Summary of By-Laws**" and set forth in the By-Laws in Part II of the Plan.

Review of Real Estate Tax Assessments

The Board may act as an agent of each Unit owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency or board of review by filing a single complaint on behalf of all such Unit Owners pursuant to the applicable sections of the Real Property Tax Law. The Board may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and assess as a Common Charge against all such Unit Owners a pro rata share of expenses, disbursements, and legal fees paid or incurred in connection with any such complaint or application.

Reserves

The Board has the right to assess Common Charges for such reserves as the Board may determine to be reasonably necessary for general operating costs and expenses, working capital and/or replacement and improvement of Common Elements.

Real Property Law Section 339-kk.

Under Real Property Law Section 339-kk ("Section 339-kk"), if the owner of a Unit is a non-occupying owner who rents his Unit to a rental tenant and then fails to make payments due for common charges, special assessments or late fees (collectively "Condominium Charges") for such Unit within sixty (60) days of the expiration of any grace period after they are due, upon notice in accordance with the following paragraph, all rental payments from the tenant shall be directly payable to the Condominium.

If the common charges, special assessments or late fees due for any Unit have not been paid in full, within sixty (60) days after the expiration of any grace period of the earliest due

date, the Board 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, special 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 Board at the address listed on the notice.

Where a majority of the Board has been elected by and from among the Unit Owners who are in occupancy, the Board may elect not to require that rental payments be made payable to the Board. At such time as payments for common charges, special 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 non-occupying owner. Thereafter, all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the Board's claim to rental payments pursuant to Section 339-kk shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the Board, which must be held within thirty (30) days of the date that such Board receives notice that such owner seeks to dispute such claim.

Nothing in Section 339-kk shall limit any right of Unit Owners or of the Condominium Board existing under any other law or agreement.

Payment by a rental tenant to the Condominium made in connection with Section 339-kk shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent.

Declaration and By-Laws

A copy of the Declaration and By-Laws is set forth in Part II of the Plan.

## REAL ESTATE TAXES

Please see Footnotes 5 to Schedule A for the estimated real estate taxes for the Units for the first year of Condominium operation and related disclosure.

Tuchman, Korngold, Weiss, Lippman & Gelles, LLP, 6 East 45th Street, New York, New York 10017 ("Sponsor's Real Estate Tax Consultant"), has estimated that the actual assessed valuation of the Property after the completion of the construction will be $450,000. Based on an estimated tax rate per $100 of assessed valuation for Units of $13.50, the estimated real estate taxes during the first fiscal year following the completion of the construction (i.e., July 1, 2011 through June 30, 2012) will be approximately $60,750 allocable to the Units.

The final total assessed valuation of the Property for tax year 2005/2006 was $18,900. As more fully described below, such assessed valuations may not reflect any increases that may reflect the construction or change in use of the Property.

The first year of Condominium operation is expected to consist of the entire tax year 2011/2012. Since the construction of the Building was not complete on the "taxable status date" for tax year 2009/2010, which date is the date that the Building's assessed valuation for tax year 2009/2010 was tentatively determined, such assessed valuation was not based on the value of the Property upon the completion of the construction. Further, such assessed valuation does

not reflect any increase attributable to a change in use of the Property (i.e., from a commercial building to residential condominium units). The real estate taxes payable by Unit Owners for the anticipated first year of Condominium operation (i.e., the period from July 1, 2011 through June 30, 2012) have been estimated at $60,750 (assuming the 421-a Benefits described below are not available), and $2,431 (assuming the 421-a Benefits described below are available). It is anticipated that commencing with fiscal year July 1, 2011 to June 30, 2012 and thereafter, the assessed valuation of the Property will increase (as discussed above) to reflect the value of the physical improvement to the Building and the change in the use of the Property.

This estimate assumes that the assessed valuation will be increased solely due to the purchase and conversion being completed by Sponsor. All prospective Purchasers are advised that although the estimate of assessed valuation upon completion of construction is a good-faith estimate, such projections of the assessed valuation, when actually made, may be less or greater than as estimated above and are not guaranteed.

The real estate taxes for future years will vary in accordance with the tax rate, the Property's assessed valuation and the phasing in of assessed valuation increases. It is noted that under state law, increases in a property's assessed value due to changes in its market value are to be phased in over five (5) years in equal annual increments of twenty percent (20%). Any further increases in the assessed value resulting from still higher market value is to be similarly phased in over an additional five year period from the date(s) of such increase(s). The full increased assessed valuation to be paid at the end of five (5) years is called the "actual assessed valuation." As discussed above, Tuchman, Korngold, Weiss, Lippman & Gelles, LLP has estimated the actual assessed valuation for the Property upon the completion of the construction at $450,000. Consequently, Purchasers should anticipate that real estate taxes will increase every year after the first year due to the "phase-in" of increases to reach the actual assessed valuation (assuming that the assessed value is not reduced).

Until the Units are separately assessed, the entire assessment attributable to the Units will be paid by all Unit Owners in proportion to their relative Common Interests.

On or after the filing and recording of the Declaration and a deed for a Unit, a separate tax lot is to be or will have been created for each Unit in the Condominium. After creation of the separate tax lot for a Unit, the local assessor ("assessor") apportions the assessed valuation of the Property to each of the newly created tax lots representing the Units. There can be no assurance that the assessor will apportion the assessed valuation of the Property (i) to the Units in the proportion set forth above and (ii) to a tax lot representing a Unit on the basis of the percentage of Common Interest appurtenant to the Unit relative to the other Units. Moreover, there can be no assurance that there will not be an increase in the tax rate or the assessed valuation of a Unit or the Property as described above on or after such apportionment or for any reason. Such an increase will increase a Unit Owner's real estate taxes above the amounts estimated on Schedule A. Based upon the current fiscal difficulties of New York City, it is reasonable to anticipate that there will be an increase in the tax rate in future years.

The foregoing analysis is based upon the experience of Tuchman, Korngold, Weiss, Lippman & Gelles, LLP with the Real Property Division of the New York City Department of Finance and the Tax Commission of the City of New York, and their assessment policies regarding newly constructed properties held in condominium ownership. Application of a particular approach to valuation by an individual assessor may yield a different result. In such event, it might be desirable to commence real property tax review proceedings at the Tax

Commission or Supreme Court level to bring the assessment in line with the estimates presented herein.

## SECTION 421-a BENEFITS

Sponsor intends to make application to the appropriate agencies of the City of New York (the "City") for real estate tax exemption benefits (commonly known as "421-a Benefits") pursuant to Section 421-a of the Real Property Tax Law of the State of New York (hereinafter, the "Act"). The benefits which are available to eligible projects which meet the qualifications of the statute are described in the opinion letter of Tuchman, Korngold, Weiss Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, Sponsor's tax abatement consultant, in Part II of the Plan. All Purchasers and their attorneys are urged to read that opinion for a complete discussion of the tax benefits that may be available in the event that Sponsor's application for 421-a tax benefits is granted.

Sponsor shall use all reasonable efforts to file the 421-a application and all related documents on a timely basis and timely comply with all procedures required to process and maintain the 421-a Benefits. Sponsor shall keep all records required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits, which can result in the reduction or revocation of benefits if proper documentation is not provided. Sponsor shall make all tax benefit documents available to the Condominium Board for inspection and copying for the life of the benefits.

No representation is made that the provisions of law will apply at the time the alterations to the building are completed, and if they do apply, that HPD will hold that the Property is entitled to the benefits conferred by Section 421-a of the Real Property Tax Law of the State of New York.

No warranty is or can be made that HPD or the Real Property Division of the New York City Department of Finance, or any other agency with jurisdiction, will approve Sponsor's application for 421-a tax benefits. Should tax abatement and/or exemption be denied, in whole, or in part, then each Unit Owner will be responsible for all taxes due and owing from the Closing Date. See "**Special Counsel's Opinion of Assessed Valuation and Real Estate Tax Benefits**" in Part II of the Plan for details. See **"Special Risks."**

Once a separate tax lot is established for a Unit and apportionment of the assessed valuation of the Property to the newly created tax lot representing the Unit is officially made, a Unit Owner will not be responsible for the payment of real estate taxes assessed against another Unit [unless such real estate taxes are included in Common Charges because, for example such real estate taxes are assessed against a Unit which is owned as part of the Common Elements (i.e., a Unit acquired by the Condominium Board pursuant to its right of first refusal)] nor will his Unit be subject to any lien arising out of non-payment of real estate taxes assessed against another Unit (except to the extent provided above in this sentence). However, until separate tax bills are available for each Unit, real estate taxes will be paid by the Condominium as a Common Expense. The taxes payable by all Units will be further apportioned among said Units in the proportion that the Common Interest of each Unit bears to the aggregate Common Interests of all Units and such proportionate share of the real estate taxes will be assessed against each Unit as part of the Common Charges. It should be noted that both the tax rate and the assessed valuation of the Property may be changed from time to time.

Upon completion of construction, Sponsor intends to apply for real estate tax exemption benefits pursuant to Section 421-a of the Real Property Tax Law of the State of New York. While Sponsor will use all reasonable efforts to obtain such benefits, no warranty is made that the New York City Department of Housing Preservation and Development, the agency that oversees such benefits will approve Sponsor's application. If such application is not granted, the real estate taxes payable by each Unit Owner will be higher than the real estate taxes that would be payable if such benefits are in effect. Tuchman, Korngold, Weiss Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, Sponsor's tax abatement consultant, has estimated that the real estate tax abatement that may be available will last for approximately 11 years, after which time the real estate taxes payable by each Unit Owner will increase during the following 4 years until the 16th year when such benefits will terminate. Each purchaser will be required to close title to his Unit whether or not such benefits are granted and, if granted, irrespective of the amount of the benefits. See "**Special Counsel's Opinion of Assessed Valuation and Real Estate Tax Benefits**" in Part II of the Plan for details.

The By-Laws provide that the Board of Managers has the power to act as an agent of each Unit Owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency or board of review by filing a single complaint on behalf of all such Unit Owners pursuant to the applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and assess as a Common Charge against all such Unit Owners a pro rata share of expenses, disbursements, and legal fees paid or incurred in connection with any such complaint or application.

Sponsor reserves the right both (i) to prosecute any tax certiorari proceedings challenging the assessed valuation of the Property, in the tax year in which the Closing Date takes place, and any preceding tax year, in its own name and/or the name of the Condominium, the Board or the Unit Owners by attorneys selected by Sponsor and (ii) to settle any such proceedings in its sole discretion and without the consent of the Board or the Unit Owners. After deducting the cost of such proceedings including, without limitation, attorney's fees, all benefits obtained, including, without limitation, any tax refunds, attributable to either: (x) any tax year ended prior to the Closing Date, shall be paid to the Sponsor, or (y) any tax year commencing after the Closing Date, may be retained by the Condominium or the appropriate Unit Owners as the case may be, or (z) the tax year in which the Closing Date occurs shall be apportioned between the Sponsor and the Condominium as of the Closing Date.

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

### Income Tax Deductions to Unit Owners

Ownership of a Unit entitles the owner, subject to certain restrictions described below, to deduct for federal, New York State, and in the case of New York City residents, New York City, income tax purposes, real estate taxes assessed against the Unit and paid by such owner and interest on certain mortgages made against the Unit. Generally, an individual Unit Owner may only deduct interest on debt incurred to acquire his principal residence or a designated secondary residence subject to certain limitations. See "**Counsel's Tax Opinion**."

Tax Status of the Condominium

Ordinarily, a condominium board may elect to be exempt from federal income taxes on Common Charges collected from Unit Owners under Section 528 of the Internal Revenue Code, provided certain prerequisites are met.

In order to elect such status, the Condominium must be organized and operated to provide for the acquisition, construction, management, maintenance and care of the Property; 60% or more of the gross income of the Condominium for the taxable year must consist solely of amounts received as membership dues, fees or assessments from owners of Units in the Condominium; 90% or more of the net expenditures of the Condominium for the taxable year must be for the acquisition, construction, management, maintenance and care of the Property; no part of the net earnings of the Condominium may inure (other than by acquiring, constructing or providing management, maintenance and care of the Property and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual; substantially all of the Units must be used by individuals as residences; and the Condominium must make such election at such time in such manner as the Secretary of the Treasury prescribes by regulations.

It is anticipated that at least 85% of the Building's total square footage will be used for residential purposes. No provision has been made for income taxes payable by the Condominium in the projected budget for the first year of condominium operation. See "**Opinion of Counsel**" and "**Budget for First Year of Condominium Operation, Schedule B.**" Accordingly, the Condominium may be subject to income taxes on the excess of the Common Charges and investment income over the expenses of operating the Condominium (See "**Opinion of Counsel**").

It should be noted that the Condominium would, if permitted to make an election under Section 528 of the Code, still be required to pay a tax for any taxable income it may receive. For this purpose, "taxable income" is defined as the excess, if any, of (a) the gross income for the taxable year (other than "exempt function income" as defined below) over (b) the deductions allowed by the Code which are directly connected with the production of such gross income (excluding "exempt function income") computed with certain modifications provided in Section 528. "Exempt function income" is defined as any amount received as membership dues, fees or assessments from owners of condominium housing units.

If an election under Section 528 is not available, the tax status of the Board will be governed by the rules in effect prior to the enactment of Section 528 under which the tax status of the Condominium is uncertain.

Because the By-Laws provide that the Board will act as agent of the Unit Owners, the Board may take the position that it simply acts as agent for the Unit Owners and is not a separate taxable entity. In such a case, the Unit Owners would include in their gross income, and be taxed on, income derived by the Board. This income may include interest earned from investments on the amounts which are assessed and collected from the Unit Owners, or rental income.

However, the Internal Revenue Service may contend that for purposes of those matters administered through the Board, such as assessment and expenditure of Common Charges, the Board constitutes an association separately taxable as a corporation. In that event, the Condominium may be deemed to be subject to federal corporate income tax on the amount, if

any, by which Common Charges (together with any income earned from other sources, such as interim investments of funds by such association) exceed the current expenses paid or incurred by the Condominium as are deductible for federal income tax purposes. The Condominium may likewise be subject to the New York State corporation franchise tax and the New York City general corporation tax. For a further discussion of the tax status of the Condominium, see "**Counsel's Tax Opinion**."

**LAW OFFICES**
**LAWRENCE F. DIGIOVANNA**
**357 BAY RIDGE PARKWAY**
**BROOKLYN, NEW YORK 11209**
**(718) 238-6900**

## OPINION OF COUNSEL

March 22, 2010

205 Northside LLC
10 Maple Street
Port Washington, New York 11050

Re: Condominium Offering Plan for
The Bedford Condominium
205 North 8th Street
Brooklyn, New York 11215 (the "Plan")

Gentlemen:

In connection with the offering of condominium units under a plan entitled Condominium Offering plan for The Bedford Condominium (the "Plan"), you have requested my opinion concerning certain tax matters. Specifically, you have requested my opinion as to the deductibility for federal and New York State income tax purposes of payments of mortgage interest and real estate taxes by individual Unit Owners. You have also asked for my opinion as to the tax status of the condominium association.

All the capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Plan.

I understand that under the Plan each Unit Owner will hold title to his Unit or Units and an undivided interest in the Common Elements of the Property in fee simple. Under New York State law, each Unit and its interest in the Common Elements will be taxed as a separate parcel for real estate tax purposes. Each Unit Owner may place a separate mortgage on his Unit and, by doing so, incur direct liability for the interest payable on such mortgage.

In my opinion under present law, subject to the limitations discussed in the following paragraph, interest on a mortgage secured by a Unit paid or accrued by an owner of such Unit who is liable for the interest payment on such mortgage and who uses the Unit exclusively as his personal residence will be deductible for federal income tax purposes in the appropriate year according to his method of accounting, provided that he itemizes his deductions. In rendering this opinion, I assume that such interest is not prepaid, that the mortgage proceeds were used by the Unit Owner to purchase the Unit, that the Units is the owner's principal residence and that the Unit Owner is an individual.

Under the Tax Reform Act of 1986, as amended by The Revenue Act of 1987, limitations are placed on the deductibility of residential interest, subject to phase-in rules.

Such interest is deductible if paid or accrued during the taxable year on indebtedness which is secured by either the taxpayer's principal residence, as defined for purposes of exclusion of gain on sale under Internal Revenue Code ("Code") Section 121, or on certain designated second homes. However, a ceiling is placed on the amount of indebtedness which may be taken into account for purposes of this deduction. In general, with respect to indebtedness incurred in purchasing a Unit, this ceiling is $1 million, or $500,000 in the case of a married individual filing a separate return. In addition, an individual may deduct interest on an additional $100,000 of indebtedness in excess of the $1 million limit mentioned above as interest on home equity indebtedness.

It is also my opinion under present law that real estate taxes assessed against a Unit Owner's Unit which are paid or accrued by such Unit Owners will be deductible for federal income tax purposes in the appropriate year according to his method of accounting, provided that he itemizes his deductions.

I note that in some cases the amount of mortgage interest deductible by an individual Unit Owner subject to the alternative minimum tax may be less than the amount deductible by a Unit Owner subject to the regular income tax and that no deduction is allowed for real estate taxes paid by a taxpayer subject to the alternative minimum tax.

The mortgage interest and real estate taxes described above will also be allowable as deductions for New York State income tax purposes to a resident individual. I express no opinion with respect to these items under the New York State personal income tax on nonresidents. I also express no opinion as to the taxation of Unit Owners who are not individuals.

I have reviewed various documents included as exhibits to the Plan relating to the organizations of the Condominium Board of the Condominium (the "Association"), including the Declaration and By-Laws of the Condominium (which are the instruments creating the Association).

My opinion has been requested as to whether the Association will be eligible to qualify as a tax-exempt organization for federal income tax purposes. In order for the Association to qualify as an exempt organization for federal income tax purposes under Code Section 528, it must meet the following six conditions:

(1) The Association must be organized and operated to provide for the acquisition, construction, management, maintenance, and care of the Association's property.

(2) Sixty percent (60%) or more of the Association's gross income for the taxable year must consist solely of amounts received as membership dues, fees or assessments from owners of residential units.

(3) Ninety percent (90%) or more of the expenditures of the Association for the taxable year must be expenditures for the acquisition, construction, management, maintenance, and care of the Association's property.

(4) No part of the net earnings of the Association may inure to the benefit of any private shareholder or individual, other than by acquiring, constructing, or providing management, maintenance, and care of the Association's property and other than by a rebate of excess membership dues, fees, or assessments.

(5) The Association must qualify as a "condominium management association," which is an organization meeting the requirements of condition (1), above, with respect to a condominium project substantially all the units of which are used by individuals for residences.

(6) The Association must properly elect to have Code Section 528 apply for the taxable year.

"Substantially all the units" of a condominium management association will be considered as used by individuals for residences if at least eighty-five percent (85%) of the total square footage of all Units within the project is used by individuals for residential purposes. Units that are used for purposes auxiliary to residential use are considered as used for residential purposes. These auxiliary purposes include laundry areas, storage rooms, and areas used by maintenance personnel. A special limitation is established for transient use. No building or Unit will be considered as used for residential purposes if, for more than one half the days in the Association's taxable year, such Unit or building is occupied by a person or series of persons each of whom occupies the Unit or building for less than thirty days.

You have advised me that Units representing more than 85% of the square footage of the Units will be used by individuals for residential purposes. Accordingly, the "substantially all" test should initially be met.

My review of the documents referred to above indicates that the Association meets all the organizational tests described above for qualification for exemption. Assuming the Plan is consummated in accordance with its provisions and that the Association, in its actual operation, meets the other tests set forth above, it is my opinion that the Association will be eligible to elect tax-exempt status under Code Sec. 528. If such exempt status is properly elected, it is my opinion that the Association will not be subject to federal income tax for the taxable years in which such election is in effect, except as noted in the following paragraph.

An effective election will exempt from federal income taxation all amounts received by the Association as exempt function income. This consists of amounts received as membership dues, fees, or assessments from owners of Units. However, the Association will be subject to tax on income which is not exempt function income to

the extent such income exceeds expenses properly allocable to such income. Examples of income which is not exempt function income are common charges paid by owners of Commercial Units, interest earned on reserve funds, amounts received from persons who are not members of the Association, amounts received for work done on privately owned property which is not Association property, and amounts received from members for special use of the Association's facilities, the use of which is not available to all members as a result of having paid the dues, fees, or assessments required to be paid by all members. If the Association fails to qualify for or properly elect treatment under Code Section 528 for a taxable year, it may be subject to federal income taxation as an association taxable as a corporation on its taxable income[1]. It should be noted that meeting the qualification conditions prescribed by the statute will require careful periodic planning and monitoring. It also should be noted that under certain circumstances where the Association has taxable nonexempt function income, less federal income taxes may be payable if it is not treated as an exempt organization.

This opinion deals only with the specific tax matters discussed above, which do not necessarily comprise all tax matters which may be significant to purchasers of Units. I express no views as to any federal, New York State or New York City tax consequences other than as explicitly discussed in this opinion, or as to the tax status or tax consequences of the Plan under the laws of the U.S. or foreign jurisdiction. Accordingly, it is recommended that each prospective purchaser of a Unit consult with his own tax advisor concerning the federal, New York State and New York City tax consequences of the purchase and ownership of a Unit.

This opinion is based solely on the facts and documents referred to above. This opinion is not a guarantee as it is based on existing rules of law applied to the facts and documents referred to above. No warranties are made that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, counsel to Sponsor, the Association, or any other person be liable if, by reason of future changes in fact or applicable law, regulations, decisional law, or Internal Revenue Service rulings, the tax consequences described previously should change.

I consent to the use of this opinion letter as an exhibit to the Plan[2].

Very truly yours,

LAWRENCE F. DIGIOVANNA

1 Because of recent amendments to the Income Tax Regulations Section 301.7701-2 and 3, if the Association does not elect treatment under Code Section 528, it should file form 8832 with the IRS within 75 days of its formation in order for it to be treated as a corporation for federal income tax purposes.

2 To ensure compliance with requirements imposed by the IRS in Circular 230, we hereby inform you that (i) any tax advice contained in this opinion is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the code, (ii) any such advice is written to support the promotion or marketing of the transactions or matters addressed in this Opinion or the Plan, and (iii) each Unit Owner, each potential Unit Owner, the Sponsor and the Condominium should seek advice based upon it particular circumstances from an independent tax advisor.

## RESERVE FUND

No funds have been set aside by the Sponsor as a reserve fund for capital expenditures. Since the Building is being newly constructed as set forth "Description of Property, Specifications and Building Condition", it is not anticipated that there will be any major capital expenditures needed for the Common Elements of the Building within five years after the Closing Date. However, since no reserve fund is being funded by the Sponsor under this Plan and the budget for the first year of condominium operation does not provide for yearly contributions to a reserve fund for capital expenditures, Sponsor does not represent or warrant that the Condominium will have sufficient funds for any such capital expenditures within or after five years following the Closing Date should such capital expenditures be needed. However, the budget for the first year of condominium operation as set forth in this Plan provides for an amount for contingencies, which the Board of Managers may elect to use to apply to some or all of the costs of any such needed capital expenditures. In addition, the Board of Managers may also elect to apply some or all of the Working Capital Fund to such costs. No representation is made by Sponsor that the Working Capital Fund or other funds of the Condominium, if any, will be adequate to cover current or future expenses, including repairs or replacements. If additional funds are required over and above the Working Capital Fund (and such other funds, if any) for the payment of items not covered by Sponsor's obligations, it may be necessary to increase Common Charges.

## WORKING CAPITAL FUND

A working capital fund ("Working Capital Fund") for the Condominium shall be established as follows: Upon the closing of the purchase of a Unit from Sponsor, the purchaser will be required to pay to the Condominium an amount equal to two months' Common Charges for such Unit ("Unit Working Capital Fund Contribution") as initial working capital. This contribution is not refundable or transferable if Purchaser sells his Unit.

The Working Capital Fund may be used by the Condominium for working capital and for other purposes as determined by the Board.

Except as expressly provided in this Section of the Plan, Sponsor shall have no obligation to establish or make any contributions to a working capital fund or reserve fund of any kind with respect to the Condominium or the Property.

So long as a majority of the members of the Board are the Sponsor's representatives, the Sponsor's representatives shall not use the Working Capital Fund to reduce the Common Charges projected in Schedule A.

No representation is made by Sponsor that the Working Capital Fund will be adequate to cover current or future expenses, including repairs or replacements. If additional funds are required over and above the Working Capital Fund for the payment of items not covered by Sponsor's obligations, it may be necessary to increase Common Charges.

Neither the Department of Law nor any other government agency has passed on the adequacy of the Working Capital Fund.

## MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Summarized below are the terms of the management agreement and all of the contracts and leases made or to be made by the Sponsor or the Board on or before the Closing Date, which will bind the Condominium on or after the Closing Date and which are not disclosed elsewhere in this Plan.

On or before the Closing Date, the Board on behalf of the Condominium will enter into an agreement with Synoptic Management Corp., with an address at 136 West 92nd Street, New York, New York 10025-1750 to act as Managing Agent of the Property for an initial term of two years from the Closing Date. For its services, the Managing Agent will receive annual compensation of $12,500 per year during the first year.

The annual fees are payable in equal monthly installments. After the expiration of one year, the management agreement will be automatically renewed from year to year until canceled by either party on sixty (60) days prior written notice. The management agreement will not be assignable by either party. The management agreement also provides that it may be canceled at anytime without cause by either party.

The services to be rendered to the Condominium by the Managing Agent will include (a) billing and collecting Common Charges, rent and other charges; (b) hiring and discharging employees; (c) making periodic inspections of the Property and supervising routine (but not major) repairs, services, maintenance, alterations and improvements. The approval of the Condominium Board shall be required for any expenditure in excess of $1,000 for any one item of ordinary repairs or alterations (other than emergency repairs or repairs to comply with a governmental notice or order); (d) contracting for services and purchasing supplies for the Building, subject to the approval of the Condominium Board with respect to service contracts in excess of $1,000 per annum or for a term longer than one (1) year; (e) maintaining the corporate books and attending Board and Owners' meetings; (f) verifying and paying bills received for services, work and supplies, and paying mortgage charges and taxes; (g) maintaining payroll records and filing withholding tax statements for Building employees; (h) furnishing monthly statements of receipts and disbursements to the President and Treasurer of the Condominium; (i) preparing and submitting annually to the Board an operating budget of the anticipated receipts and expenses for the ensuing year; (j) sending notices, preparing agenda, attending meetings and preparing minutes; and (k) generally doing all things reasonably deemed necessary or desirable by the Board of the Condominium for the proper management of the Building.

Notwithstanding anything to the contrary set forth above, the Managing Agent's responsibility under the management agreement shall not extend to supervising or managing major capital renovations or major capital improvements unless specifically agreed upon in writing by the parties and unless the Managing Agent receives an additional fee therefor.

In addition, the Managing Agent will receive fees of (a) $650 for processing an application of the sale of a Unit, which sum is to be paid by the purchaser; (b) $400 in connection with an application to lease a Unit, which sum is to be paid by the Unit Owner making the application; (c) $150 for services in connection with Unit Owners refinancing their Units; (d) $550 for court appearances on behalf of the Condominium; and (e) $350 plus $50 per hour to process Alteration Applications

The Managing Agent will not prepare the Condominium's annual certified financial statement. Such statement will be prepared by an independent certified public accountant employed by the Condominium at its own cost and expense.

The Condominium will reimburse the Managing Agent on demand for any sums advanced by the Managing Agent for the Condominium's account in payment of any obligation or necessary expense connected with the maintenance or operation of the Building or otherwise. The Condominium shall indemnify and hold the Managing Agent harmless from and against any liability, damages, claims, costs and expenses (including reasonable attorneys' fees) arising out of any (i) injury to any person or property in, about or in connection with the Property, from any cause whatsoever, unless such injury is caused by the Managing Agent's own negligence or failure to comply with its obligations under the management agreement and (ii) acts properly performed by the Managing Agent pursuant to the management agreement or the instructions of the Board.

If the Board so elects, the Managing Agent may be bonded at all times during the term of the Management Agreement under a fidelity bond in favor of the Condominium. The cost of the bond will be borne by the Managing Agent.

Although it is not anticipated that there will be any other contracts binding on the Condominium (except as disclosed above and as may be disclosed in the footnotes to Schedule B), the Sponsor reserves the right, prior to the Closing Date, upon such terms and conditions to which Sponsor shall agree, to (a) renew, extend or modify any of the contracts summarized above, and (b) make other or additional labor, maintenance, service or concession contracts with respect to the Property. Thus the payments to be received and/or paid by the Condominium may be more or less than the amounts shown in Schedule B. However, if (i) the term of any new contract exceeds, or the term of any existing contract is extended for a period which exceeds, two (2) years (or three (3) years in the case of any union contract), or (ii) the cost of any such new or modified contract materially increases any expense shown in Schedule B, then the Sponsor will disclose such term, decrease in income or increase in expense, as the case may be, in a duly filed amendment to the Plan.

## IDENTITY OF PARTIES

Sponsor:

Sponsor, 205 Northside LLC is a Delaware limited liability company that was formed on or about December 14, 2005. Sponsor's address is 10 Maple Street, Port Washington, New York 11050. Sponsor has designated the Secretary of State of the State of New York as agent for service of process. The principals of 205 Northside LLC and their business addresses and backgrounds are: Lawrence Pinner, 10 Maple Street, Port Washington, NY 11050, a New York Registered Architect and real estate investor; Anthony Gallina, 10 Maple Street, Port Washington, New York 11050, a principal of a heating and mechanical contracting firm, A. Gallina Heating & Mechanical Corp., and a real estate investor; and David Benzaken, 471 Blair Road, Avenel, NJ 07001, an executive in the marketing and automotive industry.

205 Northside LLC and its principals have never acted as a sponsor in any other offering of cooperative or condominium interests in real estate other than this Offering except with respect to The Azure Condominium, 195 Classon Avenue, Brooklyn, New York, AG File No. CD06-0793, which project has been declared effective and the first unit closings have been held. Sponsor's principals are also the principals of that Offering Plan. Except for the Azure Condominium, there are no cooperatives, condominiums and homeowners associations in New York State where the closing has occurred and where Sponsor or a Principal of Sponsor is an owner or Principal of the owner of shares or units therein and where in the aggregate such owner owns is more than 10% of the shares or units, as the case may be, in such properties. The term "Principal" as used herein shall mean a "Principal" as presently defined under the regulations of the Department of Law of the State of New York.

Neither the Sponsor nor its principal nor any entities in which Sponsor's principal was a principal have any prior felony or other convictions, bankruptcies, injunctions, or judgments that may be material to the Offering or an offering of securities generally that occurred within the past 15 years.

Managing Agent:

Synoptic Management Corp., with an address at 136 West 92nd Street, New York, New York 10025-1750 will be the Managing Agent for the Building. See the section of the Plan entitled "**Management Agreement, Contracts and Leases**." Neither the Managing Agent nor its principals have any prior felony or other convictions, bankruptcies, injunctions, or judgments that may be material to the Offering or an offering of securities generally that occurred within the past 15 years.

Selling Agent:

Kurland Realty, 20 West 23rd Street, New York, NY 10010 will be the Selling Agent under this Offering Plan. Neither the Selling Agent or any of its principals have any prior felony or other convictions, bankruptcies, injunctions, or judgments that may be material to the Offering or an offering of securities generally that occurred within the past 15 years.

Sponsor's Architect/Engineer

Pinner Associates, 10 Maple Street, Port Washington, NY 11050, is the architect for the Building who drafted, prepared and submitted the building plans. Lawrence Pinner, a principal of Pinner Associates, is also a principal of Sponsor. Consequently, Clarence E. Weigold, Jr., 16 Wildwood Gardens, 2E, Port Washington, NY 11050, a New York Registered Architect, has prepared the Sponsor's Statement of Building Condition and provided his Certification with respect thereto. Although Mr. Weigold has no ownership or proprietary interest in Sponsor, the Property or the Condominium, he will receive fees as compensation for services rendered in his capacity as Sponsor's consulting architect.

Sponsor's Attorneys:

The Sponsor is represented by Lawrence F. DiGiovanna, Esq., with offices at 357 Bay Ridge Parkway, Brooklyn, New York 11209, in all matters generally relating to the preparation of the Plan and will represent Sponsor in connection with Closings of Units under the Plan.

Sponsor has retained the firm of Tuchman, Korngold, Weiss, Lippman & Gelles, LLP, 6 East 45th Street, New York, NY 10017, in connection with the opinion of assessed valuation and estimated real estate tax abatement benefits.

## 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 four months after the end of each fiscal year. Such statement shall be a certified statement while Sponsor is in control of the Board of Managers;

(2) prior annual notice of the annual Unit Owners' meeting;

(3) a copy of the proposed annual budget of the Condominium by thirty (30) days prior to the date set for adoption thereof by the Condominium Board. While Sponsor is in control of the Board, the adequacy of such budget shall be certified in compliance with Section 20.4 of the Attorney General's regulations.

## DOCUMENTS ON FILE

Sponsor agrees that copies of this Plan and all exhibits and documents referred to herein and all Exhibits submitted to the Attorney General in connection with the filing of the Plan shall be on file and available for inspection without charge and copying for a reasonable charge by prospective Purchasers and by any person who shall have purchased a Unit under this Plan or participated in the offering of such Units, at the office of the Sponsor, and shall remain available for such inspection and copying for a period of six (6) years from the date of the first Closing under the Plan. Sponsor shall deliver to the Board of Managers a copy of the filed Floor Plans and the filed Declaration and all documents filed with applicable recording offices at the time of the closing of the first Unit.

## GENERAL

Pending Litigation

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or the Condominium or any other person or persons, the outcome of which may materially affect this offering, the Property, Sponsor's capacity to perform all of its obligations under the Plan, the Condominium, or the operation of the Property as a Condominium. Purchasers are referred to Footnote 5 to Schedule A for details regarding the estimated real estate taxes payable by each Unit Owner.

Amendments to Plan

The Sponsor reserves the right, from time to time prior to the Closing Date, without obtaining the consent of Purchasers or others, to revise the terms and conditions on which the Units offered hereby are to be sold, including changes affecting the rights, obligations and liabilities of Purchasers, the Sponsor and the Condominium. All substantive or material revisions will be contained in a duly filed amendment to this Plan. If an amendment materially adversely affects the rights, obligations or liabilities of then existing Purchasers, or substantially and materially reduces the undertakings or obligations of the Sponsor, Purchasers will be given the right to rescind their Purchase Agreements by notice personally delivered or sent by certified mail to the Sponsor within fifteen (15) days after the date of service of the amendment, and the Sponsor shall refund any payments made by such Purchaser pursuant to his Purchase Agreement with interest earned thereon, if any, within thirty (30) days of receipt of such notice of rescission. However, such rescission, as to Purchasers who are then tenants of the Building, shall be conditioned on the cancellation of any interim or other lease and surrender of possession of their Units.

No Prior Offering

To the Sponsor's knowledge, the Property has not been the subject of any prior cooperative or condominium offerings in the past five (5) years.

Non-Discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor and its agents will not discriminate against any person on any basis prohibited by applicable civil rights laws, including sexual orientation, relating to the sale of the Units offered by the Plan.

This Plan As Fair Summary

This Plan contains a fair summary of the material provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents.

No person has been authorized to make any representation which is not contained herein. Information, data or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. This Plan may not be changed or modified orally.

The documents and reports contained in Part II of this Plan are an integral part of the Plan and should be considered carefully by prospective Purchasers. Merely reviewing the summaries of documents set forth in Part I of the Plan is no substitute for a careful review of the actual documents, some of which are set forth in Part II of the Plan and others of which are available for inspection by all prospective Purchasers at the office of the Sponsor. Therefore, prospective purchasers and their attorneys and other, financial advisors should read the entire Plan, which consists of Part I and Part II, and should review all documents in connection with the Plan.

No Agreements Prior to Submission

There are and have been mo contracts or agreements, written or oral, entered into for the sale or transfer of any Units offered in the Plan nor have any advances or deposits of funds been taken by or on behalf of Sponsor in connection with the reservation, sale or transfer of such Units prior to the submission of the Plan to the Department of Law.

All Units are Vacant

None of the Units subject to this Plan are occupied by residential or commercial tenants as of the date of submission of the Plan to the Department of Law. As the Plan is one for new construction, there were no Units in physical existence as of the date of submission of the Plan.

Inconsistencies

In the event of any inconsistency between the provisions of Plan and the provisions of the Purchase Agreement, the provisions of the Plan shall govern. In the event of any inconsistencies between the provisions of the Plan and the provisions of the Declaration and/or By-Laws, the provisions of the Plan shall govern until the Closing Date, following which, the provisions of the Declaration and By-Laws shall govern.

Material Amendments; Rights of Rescission

In the event of a material amendment to the Plan that adversely affects Purchasers, Sponsor shall grant Purchasers a right of rescission and a reasonable period that is not less than fifteen (15) days after the date of presentation of the amendment offering the exercise of such right. Sponsor shall promptly return the down payment of any Purchaser who elects to rescind conditioned on the Purchaser vacating the Unit if then in possession.

## SPONSOR'S STATEMENT OF SPECIFICATIONS OF BUILDING CONDITION

Sponsor adopts the Description of Property and Building Condition prepared by Clarence E. Weigold, Jr., contained in Part II of the Plan.

Sponsor anticipates that the construction of the Building will be substantially completed on or before the Closing Date.

Lead-Based Paint Disclosure

As the Property is newly constructed, there will be no Lead-Based Paint used in construction or located on the Property.

**OFFERING PLAN**

---

**THE BEDFORD CONDOMINIUM**
**205 North 8th Street**
**BROOKLYN, NEW YORK 11211**

**PART II**

## PURCHASE AGREEMENT FOR CONDOMINIUM UNIT

**PURCHASE AGREEMENT** made this ___ day of _____, 201__ by and between _____, as Purchaser, and 205 Northside LLC, As Seller,

## RECITALS:

1. The name of the Condominium is **THE BEDFORD CONDOMINIUM**.

2. The address of the Property is 205 North 8th Street, Brooklyn, New York 11211.

3. The Unit covered by this Purchase Agreement is the Unit designated as Unit Number _____.

4. The Storage Bin is designated as No. _____.

5. The Common Interest appurtenant to the Unit is: _____%

6. The Purchaser's residence address, if an individual, or business address, if an entity, is:

_____

7. The Purchaser's telephone number is _____

8. The Purchaser's social security number or Federal identification number is _____.

9. The Purchase Price is: $ _____

10. The Down Payment payable herewith: $ _____

11. The balance of the Purchase Price is: $ _____

**SELLING AGENT/BROKER**:_____

**PURCHASER'S ATTORNEY**: Name: _____

Address: _____

_____

Phone: _____

Fax: _____

Email: _____

1. The Plan. Purchaser acknowledges that he has, before signing this Purchase Agreement, received and read a copy of the Condominium Offering Plan for the above named Condominium sponsored by Seller and all amendments thereto, if any, filed with the Department of Law of the State of New York prior to the date hereof. Such Condominium Offering Plan together with any amendments heretofore or hereafter made thereto is hereinafter collectively referred to as the "Plan." The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. Purchaser also acknowledges and agrees that the Plan may be amended from time to time by the Seller and any such amendment shall neither excuse Purchaser from performing any of its obligations hereunder nor entitle Purchaser to any abatement in the Purchase Price. Any such amendments (i) may be made without Purchaser's consent or approval, except as otherwise provided in "Changes in Prices or Units" and the other provisions of the Plan, and (ii) shall not entitle Purchaser to a right of rescission, except as set forth in the Plan. Purchaser acknowledges that Purchaser has had a full opportunity to examine all documents referred to in the Plan including the Plans and Specifications for the Building described in the Plan and investigate all statements made in the Plan. Terms not defined in this Agreement shall have the meanings given them in the Plan.

2. Definitions. Terms used herein which are also used in the Plan shall have the same meanings herein as in the Plan unless the context otherwise requires.

3. Agreement to Purchase. Seller agrees to sell and convey, and Purchaser agrees to purchase, the above-described unit together with the above-stated Common Interest appurtenant thereto (collectively "Unit") for the Purchase Price stated above, upon and subject to the terms and conditions set forth in this Agreement. If Purchaser has indicated on the first page of this Agreement that a Storage Bin is included in his Purchase, Purchaser agrees to pay at Closing the Storage Bin License Payment set for the above and, at Closing, to enter into the Storage Bin License Agreement.

4. Payment of the Purchase Price. The Purchaser shall deliver herewith, to the Seller, Purchaser's check to the order of "**LAWRENCE F. DIGIOVANNA, ESQ., AS ESCROW AGENT**" for the amount of the above-stated Down Payment [ten (10%) per cent of the Total Purchase Price], subject to collection. The balance of the Purchase Price shall be paid to Seller at closing.

Except for the Down Payment, which is to be paid as provided above, any payments to be made by Purchaser under this Agreement (including, without limitation, the payment of the balance of the Purchase Price), whether to, on behalf of or at the request of Seller, shall be made by unendorsed certified check, or bank check, drawn in either case on a member bank of the New York Clearing House Association payable to the order of the Seller, or to such payees as Seller may direct in writing, subject to collection.

In the event that any check for any payment to be made by Purchaser under this Agreement (including, without limitation, the Down Payment) shall be dishonored for any reason whatsoever, it shall be deemed a material default by Purchaser hereunder and Seller may, in that event, cancel this Agreement and notwithstanding such cancellation, be entitled to recover the amount of such check in addition to any other sums Seller may be entitled to under this Agreement and, in such event, Purchaser shall reimburse Seller for the costs and expenses (including, but not limited to, reasonable attorneys' fees) of collection of any such check or other instrument.

5. Closing of Title.

5.1 The closing of title hereunder shall occur at the offices of Seller's attorneys or at such other place as Seller shall designate and at a time and on a date ("Closing Date") designated by Seller which is not earlier than thirty (30) days, nor more than one hundred eighty (180) days, after the Plan has been declared effective, unless the Closing Date is adjourned by Seller, provided that on or before the Closing Date there shall have been accepted for filing an amendment disclosing the basis of the effectiveness of the Plan.

Seller shall give Purchaser notice of the scheduled Closing Date at least thirty (30) days in advance thereof. Seller shall have the right to adjourn the date of closing of title from time to time by written notice to Purchaser. If the closing is adjourned by Seller, then Seller shall fix a new date and time for closing and shall give Purchaser not less than ten (10) days' prior written notice of the new scheduled date and time for closing. Closing of title shall occur only after or concurrently with compliance with the requisites to closing set forth in the Plan. Notwithstanding the foregoing, if the date of this Purchase Agreement is after the closing of the sale of the first Unit under the Plan, then the Closing Date shall be that date which is 45 days after the date of this Agreement and Seller shall not be required to give Purchaser notice of the Closing Date.

5.2 The term "Closing Date" or "closing of title" or words of similar import, whenever used herein, shall mean the date designated by Seller on which the deed to the Unit is to be delivered to Purchaser or any adjourned date fixed by Seller pursuant to subsection 5.1 hereof.

6. The Deed and Power of Attorney

6.1 On the Closing Date, upon receipt by Seller of all payments and documents required hereunder, Seller shall deliver to Purchaser a deed to the Unit in substantially the form contained in Part II of the Plan, conveying the Unit to Purchaser as provided in the Plan, subject to the exceptions referred to in the Declaration, By-Laws, the Plan and Exhibits thereto. The deed shall be executed and acknowledged by Seller and Purchaser, and shall be in form for recording. If applicable, Purchaser shall also enter into the Storage Bin License Agreement with the Board of Managers.

6.2 On the Closing Date and simultaneously with the delivery of the deed conveying the Unit to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Board of Managers prepared by Seller and substantially in the form contained in Part II of the Plan. Purchaser shall pay all recording or other fees in connection with the recording of the power of attorney. The power of attorney may be delivered to Purchaser's title company, if any, for recording and shall be marked for return to the Board of Managers or their attorneys after recording.

6.3 Purchaser agrees that at the Closing Purchaser shall (i) execute and deliver the power of attorney, a copy of which is contained in Part II of the Plan, and other closing documents as requested by the Seller, (ii) pay any net adjustments in favor of Seller, Purchaser's closing costs and fees and any processing fees, as provided in the Plan, (iii) to pay to the Condominium the contribution to the Working Capital Fund required to be made by each purchaser as provided in the Plan, together with all other payments to or deposits with the Condominium as may be provided in the Plan, and (iv) enter into the Storage Bin License Agreement, if applicable.

7. State of Title. On the Closing Date, Seller shall convey to Purchaser title in fee simple to the Unit, free and clear of all encumbrances other than the Permitted Encumbrances set forth in the Plan. Seller shall have no obligation to cause Purchaser's title company, if any, to omit any exceptions to title.

8. Closing Adjustments.

8.1 The following adjustments shall be made as of midnight of the day preceding the Closing Date with respect to the Unit, except as provided in the Plan:

i) If the Unit is separately assessed as of the Closing Date, then, real estate taxes and assessments against the Unit (if any) on the basis of the period for which assessed;

If the Unit is not separately assessed as of the Closing Date, then adjustments for real estate taxes and assessments against the Unit shall be calculated based upon the product of real estate taxes and assessments against the Property (if any) on the basis of the period for which assessed multiplied by the Common Interest appurtenant to the Unit, divided by the aggregate of the Common Interests of all Units at the Property subject to such real estate taxes and assessments;

ii) Common Charges for the month in which title closes;

iii) Accrued rent and any other charges pursuant to the lease, if any, covering the Unit; and

iv) Water charges and sewer rents, if separately assessed, on the basis of the period for which assessed.

8.2 If the closing of title occurs before the tax rate is fixed, adjustment of taxes shall be based upon the latest tax rate applied to the most recent applicable assessed valuation. Installments for tax assessments due after the delivery of the deed, if any, shall be paid by Purchaser and shall not be considered a defect in title.

8.3 If Purchaser fails to close on the Closing Date for any reason, then (i) the closing adjustments shall be made as of midnight of the day preceding the Closing Date originally specified by the Seller (or the originally scheduled closing date specified in this Agreement, as the case may be) and (ii) Purchaser shall pay to Seller, as a late fee, an amount equal to 0.03% times the unpaid balance of the Purchase Price for his Unit for each day's delay, beginning with the date originally scheduled for the Closing Date to and including the day immediately preceding the actual Closing Date (unless Purchaser closes within fifteen days of the originally scheduled Closing Date). The provisions of this paragraph shall not be applicable if, through no fault of Purchaser, Seller postpones the Closing Date except to the extent that thereafter the Purchaser postpones the closing for any reason or is in default.

8.4 To the extent that the Purchaser is entitled to any credit against the mortgage recording tax by reason of any prior mortgage against the Unit or the Property, the Purchaser shall pay to the Seller at the closing for such Unit the amount of any such credit.

9. Closing Costs. Purchaser, in addition to the legal fees of Purchaser's counsel, if any, and the amount of any net adjustments in favor of Seller and the other payments required under this Agreement shall pay any closing costs specified in the Plan including, without limitation, any processing fees, and closing fees to Seller's attorneys, and other fees and payments provided in the Plan. Without limiting the foregoing, Purchaser shall be required to pay to the Seller or

Seller's attorneys a fee for each Unit purchased, which will cover the legal and other fees and expenses of processing the sale of the Unit, at the same time as the balance of the purchase price for the Unit is due and payable hereunder, as follows:

i. Basic fee for the closing of sale, with or without financing (including, without limitation, preparation of the Unit Deed and Power of Attorney, and coordinating and attending the closing as set forth in the Plan) -- $1,750 plus $500 with respect to any Purchaser who obtains financing of the Purchase Price or any portion thereof.

ii. Additional attendance fee if the closing does not occur at the Property, a location designated by Sponsor, or Sponsor's attorney's office--$500 (in no event shall Sponsor be required to close at a location outside of New York City).

iii. Additional fee if the closing is adjourned for any reason other than at Sponsor's request -- $350 for each time closing is so adjourned.

iv. If a purchaser defaults under a Purchase Agreement, $350 for each default letter sent by Sponsor's attorney.

v. If a purchaser assigns a Purchase Agreement (subject to Sponsor's consent thereto), $750 for review, and attention to, such assignment.

The Purchaser further agrees to pay at the closing of title the following costs that apply to the closing of any purchase money loan to finance the purchase: the actual cost of title examination; cost of mortgage title insurance; bank attorneys' fees for preparation of the documents necessary for the mortgage loan; mortgage origination fees; bank credit and appraisal fees; survey costs; mortgage recording taxes; private mortgage insurance (if applicable); and any other governmental charges assessed on a loan. The Purchaser shall pay the premium for a fee title insurance policy if such coverage is desired.

10. Real Property Transfer Tax. Purchaser shall pay all real property transfer taxes (including, without limitation, the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax), recording and other fees in connection with this transaction and the recording of the deed. Purchaser's responsibility to pay real property transfer taxes shall include any increases or additions to such taxes which are due by reason of the fact that Purchaser is paying such taxes instead of the Seller. Seller and Purchaser shall duly execute and swear to any transfer tax return and any other form then required by law, all of which shall be prepared by Seller. Purchaser shall also pay the "Mansion Tax", if any, due New York State.

11. Federal Form 1099. The Purchaser shall cause its attorney to execute a designation agreement designating such attorney, or such other person specified by the Seller, as the "real estate broker" who is required to file a 1099 return with respect to the sale of the Unit pursuant to Section 6045 of the Code. The Purchaser shall cause such "real estate broker" to make such 1099 return and to comply with all other requirements of Section 6045 of the Code in connection with the sale of the Unit, and the Purchaser shall indemnify and hold harmless the Seller and its attorneys against any and all penalties, loss, and expense (including, without limitation, attorneys' fees) resulting from the failure of the Purchaser or such "real estate broker" to comply with the Code and the provisions of this Agreement and such designation agreement.

12. Down Payment to be held in Trust. The Down Payment paid by Purchaser hereunder on account of the Purchase Price of the Unit, together with all interest accrued thereon (collectively

the "Deposit"), will be placed in an account in conformity with the provisions set forth below. Seller will comply with the escrow and trust fund requirements of Section 71-a of the Lien Law and General Business Law Sections 352-e(2-b) and 352-h and the New York State Attorney General's regulations promulgated pursuant thereto. Purchaser shall not be obligated to pay any legal or other expense of the Seller in connection with the handling or disposition of the Deposit paid by Purchaser. However, nothing in the preceding sentence shall limit the obligation of Purchaser to pay the fees and expenses of the Seller's attorneys as set forth herein or in the Plan in connection with the purchase or closing of the Unit purchased by Purchaser under the Plan.

The Deposit will be deemed to have been unconditionally tendered when it is delivered to the Selling Agent, together with this Purchase Agreement in the form agreed to by the Seller and signed by the Purchaser, without any request for a change in such form or the terms of the Purchase Agreement. The Deposit will be placed, within five business days after the date on which such Deposit has been unconditionally tendered in a special escrow account of LAWRENCE F. DIGIOVANNA, ESQ. (hereinafter the "escrow agent"), whose address is 357 Bay Ridge Parkway, Brooklyn, New York 11209 and whose telephone number is (718) 238-6900. The signatories on this escrow account, who are authorized to withdraw funds, are Lawrence F. DiGiovanna, Esq. or Stephen D. Chiaino, Esq. The name of the escrow account is "Lawrence F. DiGiovanna, Esq., Attorney Escrow Account" (the "escrow account"), and such escrow account is located in Citibank, N.A., 7501 Third Avenue, Brooklyn, New York 11209 (the "Bank"). The Bank is covered by federal bank deposit insurance generally to a maximum of $100,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limit, amounts deposited directly by such person and Deposits held in escrow for such person by the escrow agent). **If Purchaser makes a Deposit in excess of $100,000 for the purchase of a Unit, or if the amount of such Purchaser's deposits at the Bank and such Deposit exceed $100,000, the aggregate of such Deposit and all other such deposits will generally not be federally insured in excess of $100,000.** FDIC deposit insurance has been temporarily increased to $250,000. This coverage is temporary and, unless extended by Congress, such coverage will expire on December 31, 2013.

The escrow account will be an "IOLA" account. "IOLA means "interest on lawyers accounts" and refers to a special program in New York State whereby the funds deposited into such an account bear interest. However, the interest earned on the account is not paid to the depositor. Rather the interest is paid into the IOLA Fund, the profits from which are used to subsidize State funded legal service programs for indigent persons. Consequently, neither the Sponsor nor Purchasers under the Plan will be recipients of any interest earned on the account. The interest rate earned will be the prevailing rate for these accounts which currently is approximately two-tenths of one per cent (0.2%).

The check for the Down Payment shall be made payable to or endorsed to the order of "**LAWRENCE F. DIGIOVANNA, ESQ., AS ESCROW AGENT**." Within ten business days after unconditional tender and delivery by Purchaser to the Selling Agent of a check for the Down Payment submitted with this Purchase Agreement on account of the purchase price hereunder, the escrow agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate payable to the IOLA Fund. Subject to the provisions of the next sentence, if Purchaser does not receive notice of such deposit within fifteen business days after unconditional tender and delivery to the Selling Agent of such Down Payment, then Purchaser may cancel this purchase and rescind this Purchase Agreement so long as such right to rescind is exercised within ninety (90) days after Purchaser's unconditional tender and delivery of such Down Payment to the Selling Agent. However, Purchaser shall not be entitled either to rescind this Purchase Agreement or to receive

a refund of the Deposit where proof satisfactory to the Attorney General is submitted establishing that such Down Payment was timely deposited and notice as provided above was timely mailed to Purchaser in conformity with the Attorney General's regulations.

The escrow agent will hold the Deposit in escrow until:

(i) otherwise directed in one or more writings signed by each of the Seller and Purchaser; or

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

(iii) a judgment or order of a court of competent jurisdiction permits or requires the release of the Deposit; or

(iv) the Deposit is paid by the escrow agent into a court of competent jurisdiction; or

(v) the Deposit is paid to the Seller as provided below; or

(vi) such Deposit is paid to Purchaser as provided below.

If there is no written agreement between the Seller and Purchaser to release the Deposit paid by Purchaser, the escrow agent will not pay such Deposit to the Seller until after ten business days following the date that the escrow agent has given Purchaser written notice that the escrow agent intends to pay such Deposit to the Seller. Thereafter, the Deposit may be paid to the Seller unless Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and the escrow agent has received, within such ten business day period, notice from Purchaser that such application has been made. By executing the Purchase Agreement, Purchaser shall be deemed to have consented to the release of the Deposit to the Seller at the Closing without the necessity of any further written agreement.

The Seller will not object to the release of the Deposit to Purchaser, provided such Purchaser has not defaulted and has timely and validly rescinded this Purchase Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

Purchaser or the escrow agent <u>may</u> apply to the Attorney General in the event of a dispute for a determination on the disposition of the Deposit paid by Purchaser. Seller <u>must</u> avail itself of this procedure if there is a dispute which needs to be resolved between the Seller and Purchaser relating to Purchaser's Deposit and, in the case of Purchaser, Purchaser has given notice of objection to the escrow agent within the ten business day period described above. A form for this purpose is contained in Part II of the Plan. The party applying for a determination must send all other parties a copy of the application.

Notices given by escrow agent, Seller or its agents pursuant to this paragraph 12 shall be deemed given (i) upon delivery if personally delivered or (ii) upon the fifth day after the date of mailing. Escrow agent shall have the right but not the obligation to deposit any moneys received in an interest bearing account and to purchase treasury bills, certificates of deposit, and/or U.S. Government security backed repurchase agreements and/or money market funds or accounts through the escrow account, and interest will accrue thereon only to the extent earned from the time such moneys are deposited in an interest earning account or from the time an interest earning instrument is purchased, as the case may be, and only for so long as such moneys are

held in an interest earning account or instrument, as the case may be. Purchaser acknowledges and agrees that in any dispute between the Purchaser and the Seller, Lawrence F. DiGiovanna, Esq. may act as Seller's attorneys.

13. Binding Effect of Declaration, By-Laws and Rules and Regulations. Purchaser hereby accepts and approves the Plan including, without limitation, the Declaration, and By-Laws and Rules and Regulations thereunder contained therein and agrees to abide and be bound by the terms and conditions thereof.

14. Agreement Subject to Mortgage. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage against the Unit or the Property, or any part thereof or any interest therein, heretofore or hereafter made and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with any schedule of payments or accelerated by virtue of the right of the lender to make advances before they become due in accordance with the schedule of payments. Seller shall, at its option, either satisfy such mortgages or obtain a release of the Unit from the lien of such mortgages on or prior to the Closing Date. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of his other obligations hereunder or be the basis of any claim against, or liability of, Seller, provided that the Unit is released from, or not subject to, the lien of any such mortgage.

15. Default by Purchaser. If Purchaser shall (a) fail to pay any installment of the Purchase Price or any other payment when due as herein provided (including, without limitation, if any check made or delivered by the Purchaser hereunder is dishonored), (b) fail to execute the power of attorney, New York City and New York State real property transfer tax returns or any other documents, as herein provided, (c) fail to pay any closing costs or other payments due and payable pursuant to this Agreement or the Plan, or (d) default in the performance of any of his other obligations hereunder, then the sole right and remedy of Seller under this Agreement shall be to cancel this Agreement by giving notice to Purchaser and to proceed against Purchaser as provided below. At the expiration of thirty (30) days after the date of giving of the cancellation notice (unless Purchaser shall have theretofore cured his default) this Agreement shall be deemed canceled and (i) Seller shall be entitled to the amount due and payable upon execution of this Agreement and any amounts paid hereunder (but not exceeding the sum of 10% of the Purchase Price hereunder plus all costs incurred for any special work ordered by Purchaser), together with interest earned thereon, if any, as and for liquidated damages, (ii) Seller shall have the right to sell the Unit to others as though this Agreement had never been made and (iii) Purchaser shall not have any further rights against or obligations to the Seller, the Condominium, or any purchaser of the Unit. Whether or not Seller has canceled this Agreement as provided above, if Seller has not collected the proceeds of any check for any payments due under this Agreement, then Seller may take such actions at law and in equity as may be required in order to collect the same.

16. Interim Leases and Default or Rescission. If Purchaser is a tenant at the Property pursuant to an Interim Lease for the Unit, and Purchaser shall default in such Interim Lease, then Seller may elect to terminate the Interim Lease and such default shall be deemed a default under

this Agreement. The provisions of this Agreement shall not limit any other rights or remedies at law or in equity or under the Interim Lease which Seller or any other party may have by reason of such default under the Interim Lease. The right is reserved to the Seller to apply any rent security against any rent arrearage or other default and in addition to sue any tenant to the extent such rent security is insufficient. Notwithstanding the foregoing, before Seller may utilize the default under the Interim Lease to declare a default under this Agreement, the Sponsor must either obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the lessee unless the lessee has vacated the Unit.

17. Agreement Subject to Plan Being Declared Effective. The performance by Seller of its obligations under this Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned at any time prior to its becoming effective as provided in the Plan and thereafter upon certain terms and conditions as provided in the Plan. If the Plan is abandoned or does not become effective or if after being declared effective the Plan shall not be consummated for any reason, then this Agreement shall be deemed canceled and the Plan terminated on the date specified in a notice thereof by the Seller to the Purchaser. Within forty-five (45) days thereafter Purchaser shall receive a refund in full of all moneys paid by him hereunder with interest earned thereon, if any (except as provided in Paragraph 16 hereof), and, upon such refund neither party shall have any further rights, obligations, or liability to or against the other or the Condominium under this Agreement and the Plan.

18. Seller's Inability to Convey Marketable Title. If Seller is unable to deliver marketable title to the Unit to Purchaser subject to the exceptions set forth in the Plan in accordance with the provisions of this Agreement and the Plan, Seller shall not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability. If Seller elects to attempt to cure such inability then it shall be entitled to an adjournment of the Closing Date for a reasonable period of time within which to complete such cure. However, Seller may notify Purchaser at any time of its refusal either to cure or to continue to cure, as the case may be, such inability and if Purchaser is not in default hereunder, Purchaser shall have the option to (a) take title to the Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against Seller for damages or otherwise) or (b) terminate this Agreement and this shall be the sole right of Purchaser if Seller does not cure such inability. If Purchaser so elects to terminate this Agreement, Seller shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and upon making such payment, this Agreement shall be terminated and neither party shall have any further rights, obligations or liability to or against the other under this Agreement and the Plan. The foregoing option must be exercised by notice of Purchaser in writing to Seller within ten (10) days after the giving of Seller's notice of refusal to cure such inability. If Purchaser fails to give such notice to Seller within said ten (10) day period, it shall be conclusively deemed that Purchaser has elected to acquire title to the Unit subject to such inability as aforesaid.

19. Construction. (a) The Seller shall complete the improvements to the Property contemplated under the Plan in accordance with the terms and conditions of the Plan. Purchaser acknowledges and agrees that, among other things, under the Plan the Seller has the right to modify and amend the Plans and Specifications including among other things in order to substitute materials, equipment or fixtures, all in accordance with the terms and conditions of the Plan. Purchaser also acknowledges and agrees that (i) completion of the improvements will occur in accordance with the provisions of the Plan notwithstanding the fact that there may be any number of items which remain uncompleted as of the Closing Date within the Unit covered by this Agreement or in the Property and (ii) no escrow will be required in connection therewith.

Seller however will be obligated to complete any uncompleted portions of the alterations in accordance with the Plans and Specifications as of the Closing Date after the closing. In connection therewith, Purchaser shall permit Seller and its designees access to the Unit for the purpose of completing any such alterations in accordance with the provisions of the Plan or to satisfy any of Seller's other obligations under the Plan or under any purchase agreement for a Unit. This provision shall survive Closing.

(b) The Purchaser acknowledges and agrees that: (i) any of the obligations of Seller under this Agreement or the Plan are subject to acts of God, strikes, lockouts, weather, floods, epidemics, quarantine restrictions, freight embargo, shortages of or inability to obtain adequate materials, equipment or labor, governmental restrictions or preemptions, damage by fire or the elements, war, acts of terrorism or any other cause over which the Seller does not have control and the period within which Seller must complete any of its obligations, if any, shall be extended by the period of such delay; (ii) Seller will not be liable for and will have no obligation to correct certain variations from the Plans and Specifications as provided in the Plan and will only be responsible to correct certain construction defects to the extent and on the terms and conditions set forth in the Plan; and (iii) Seller will not be liable to Purchaser for any delay in completing its obligations hereunder or under the Plan or closing hereunder.

20. Fixtures, Appliances and Personal Property. Only those appliances, fixtures, furnishings and items of personal property which are described in the Plan as being part of the Unit and are actually located in the Unit on the Closing Date are included in the sale of the Unit pursuant to the provisions of this Agreement. Purchaser acknowledges and agrees that other than as expressly provided in the Plan, Seller makes no representation in connection with such appliances, fixtures, furnishings and items of personal property and Seller expressly disclaims any implied warranties of merchantability or fitness for a particular purpose.

21. Acceptance of Unit and Storage Bin. The Purchaser will accept title to the Unit and Storage Bin, if applicable, without any reduction or postponement of payment of the Purchase Price even if construction of the Unit is not fully completed although substantially completed as provided in the Plan, and the Building, other Units and the Common Elements have not been completed. The Purchaser agrees to inspect the Unit and Storage Bin, if applicable, with the Seller's representative during normal business hours before the Closing Date and to sign and deliver to the Seller before that time an Inspection Statement in the form of Exhibit A to this Agreement, showing the condition in which the Purchaser has received the Unit and Storage Bin. Purchaser acknowledges and agrees that: (i) acceptance by the Seller of the Inspection Statement shall not constitute an agreement by the Seller to cure the exceptions noted therein, and Seller's sole obligation with respect to the same shall be as provided in the Plan; (ii) notwithstanding the fact that there may be construction items noted on the inspection statement which Seller has the obligation to correct under the Plan, Purchaser shall nonetheless be obligated to close on the Closing Date and pay the full purchase price without provision for any escrow. The Purchaser will sign and deliver a separate statement signifying its satisfaction with each item excepted in Exhibit A, if any, immediately upon completion of the repair and adjustment or correction of the same. The Purchaser also acknowledges and agrees that the Seller 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 and after the date of delivery of possession of the Unit to the undersigned, except for those items, if any, expressly excepted in Exhibit A to the extent Seller is required to repair, adjust or correct the same under the Plan, and Seller's obligation regarding any such excepted items shall cease upon either the completion of the repair, adjustment or correction of the same or the assignment to the Purchaser of any applicable warranty covering the same. Nothing contained herein shall be construed to expand

Seller's obligations to correct defects in construction beyond the extent required under the Plan and on the terms and conditions set forth therein.

22. Damage to the Unit. If between the date of this Agreement and the Closing Date, the Unit is damaged by fire or other casualty, the following shall apply:

22.1. The risk of loss to the Unit by fire or other casualty until the earlier of (a) the Closing Date or (b) possession of the Unit by Purchaser, is assumed by Seller, but without any obligation of or liability by Seller to repair or restore the Unit or the Property. If Seller elects to repair or restore the Unit, then this Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price, and Seller shall be entitled to an adjournment of the Closing Date for a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall belong entirely to Seller and if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Seller. The provisions of the preceding sentence shall survive the closing of title.

22.2 If the Seller notifies Purchaser that it does not elect to repair or restore the Unit or, if the Declaration has been recorded prior thereto, there is damage to part of the Building other than the particular Unit covered by this Agreement and the Unit Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, then provided that the Purchaser has not assumed the risk of loss by taking possession of the Unit, this Agreement shall be deemed terminated, and provided Purchaser is not then in default under this Agreement, Seller shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and neither party shall have any further rights, obligations or liability to or against the other hereunder and under the Plan.

If the Purchaser has assumed the risk of loss, then this Agreement shall continue in full force and effect but without any obligation of or liability by Seller to repair or restore the Unit or the Property and upon closing hereunder, subject to the rights of any holder of a mortgage affecting the Unit, Seller shall turn over to Purchaser the net proceeds (after legal and other expenses of collection) actually collected by Seller under the provisions of such insurance policies, if any, covering such damage to the extent that they were attributable to such damage to the Unit, less any sums expended or incurred by Seller for restoration of the Unit, and the Seller shall assign, without recourse, Seller's right to any insurance payments, not yet received by Seller attributable to such damage to the Unit, less any unrecouped sums therefore expended or incurred by Seller for the restoration of the Unit and any legal and/or other expenses of collection.

23. No Representations. Purchaser acknowledges and represents that he has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Seller, or otherwise, including, but not limited to, any relating to the description or physical condition of the Property or the Unit, or the size or the dimensions of the Unit, or any other physical characteristics thereof, the services to be provided to Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes on the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, or any other data, except as herein or in the Plan specifically represented. No person has been authorized to make any representations on behalf of Seller except as herein or in the Plan specifically set forth; Purchaser having relied solely on his own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No oral representation or statements shall be considered a

part of this Agreement. The Purchaser agrees that the Seller and its agents and contractors will have no liability to the Purchaser nor shall Purchaser be relieved of any of its obligations hereunder if there is a minor error or inaccuracy in the layout or dimensions of the Unit or of the Common Elements or any Limited Common Elements of the Condominium as shown on the Floor Plans or the Plans and Specifications so long as the layout and dimensions conform substantially to the plans and specifications as they may be changed when permitted by the Plan.

24. Broker. Purchaser represents to Seller that Purchaser has not dealt with any broker other than the Selling Agent or broker identified on the first page of this Agreement (collectively, the "Selling Agent"), in connection with this transaction. Purchaser agrees that should any claim be made against Seller for commissions by anyone other than the Selling Agent, based on alleged dealings with Purchaser or Purchaser's representatives, Purchaser shall (i) give testimony to such effect in any case, action or proceeding by any broker other than the Selling Agent, and (ii) indemnify and hold Seller harmless from and against any and all liabilities, claims, damages, costs and expenses (including but not limited to reasonable attorneys' fees) in connection therewith. The provisions of this paragraph shall survive the closing of title.

25. Assignment. Purchaser shall not have the right to assign this Agreement without the prior written consent of Seller. If the Seller consents to such assignment, the Seller and/or its designees shall be paid by the Purchaser such additional fees as the Seller specifies. Seller may assign this Agreement without limitation.

26. Purchaser's Certifications. Purchaser certifies that he has agreed in good faith to purchase the Unit for his own use and not as an accommodation to Seller and with no repurchase agreement. Purchaser represents to the Seller and the Condominium as follows: (i) if Purchaser is an individual then Purchaser is over 18 years of age and resides in the State of New York, and (ii) if Purchaser is an entity then it is legally authorized to acquire the Unit and has an office for the conduct of its business in New York State.

27. Possession of Unit and Storage Bin and Purchaser's Work. Purchaser shall not be entitled to possession of the Unit or Storage Bin, if applicable, until after the closing has occurred under this Agreement. The Purchaser shall not make any alterations or installations (by himself or with any of his contractors) in the Unit or Storage Bin, if applicable, and the Purchaser will not make any applications (with respect to such alterations or installations) to any governmental entity, until the later of (i) the date that the Closing has occurred under this Agreement and (ii) the date that a new permanent certificate of occupancy with respect to the Building has been obtained after the completion of the work described on the Plans and Specifications.

28. Right to Rescind. Unless Purchaser has received a copy of the Plan and all filed amendments thereto at least three (3) days before signing this Agreement, Purchaser may rescind this Agreement for a period of seven (7) days after the date of this Purchase Agreement by giving notice of rescission to the Seller prior to the expiration of said seven (7) day period. In the event Purchaser exercises his option to rescind this Agreement, then in that event all moneys paid by Purchaser on account of the Purchase Price hereunder shall be refunded to Purchaser within ten (10) days after the expiration of the aforesaid seven (7) day period. If Purchaser does not give a rescission notice to the Seller within the aforesaid seven (7) day period, this Agreement will become binding upon the Purchaser upon the expiration of said period.

29. Binding Effect. Purchaser acknowledges that, except as provided below, this Agreement will not be binding on the Seller until a fully executed counterpart of this Agreement has been delivered to Purchaser or Purchaser's attorney. Within twenty (20) days after delivery to the Seller of three (3) copies of this Agreement (with the terms, including, without limitation, the

Purchase Price, and in the form which has previously been provided by the Seller) executed by Purchaser, together with the above-stated Down Payment, the Seller shall either (i) accept this Agreement and return one fully executed copy thereof to Purchaser or Purchaser's attorney or (ii) reject this Agreement, by giving to Purchaser or Purchaser's attorney notice thereof together with a refund of the above-stated Down Payment with interest earned thereon, if any. If Seller takes no action within said twenty (20) day period, then in such event this Agreement (with the terms and in the form provided above) shall be deemed canceled.

30. Working Capital Fund Contribution. On the Closing Date, Purchaser shall pay to the Board of Managers a sum equal to two months' Common Charges with respect to the Unit purchased as initial working capital for the Condominium as provided in the Plan; provided that if Seller has already paid such contribution to the Working Capital Fund for the Unit, then such amount shall be paid instead to Seller to reimburse Seller for such contribution to the Working Capital Fund attributable to such Unit.

31. Notices. Notices hereunder shall be in writing and shall be personally delivered or mailed by registered or certified mail, return receipt requested, or by overnight courier, as follows: to Purchaser, at the address stated in this Agreement; and to the Seller at the address set forth above, with a copy to Lawrence F. DiGiovanna, Esq., 357 Bay Ridge Parkway, Brooklyn, New York 11209. Notices shall be deemed given when personally delivered or mailed. Any of the parties noted in this paragraph may change their address for purposes of this paragraph by giving notice thereof to the other parties as provided above. Lawrence F. DiGiovanna, Esq. may give notice on behalf of the Seller.

32. Joint Purchasers. The term "Purchaser" shall be read as "Purchasers" if more than one person are purchasers, in which case their obligations shall be joint and several.

33. Survival of Seller's and Purchaser's Obligations. All of the obligations of Seller under this Agreement shall be deemed satisfied upon delivery of the deed to the Unit and the closing of title hereunder and no obligations of Seller shall survive delivery of the deed except as otherwise expressly provided in this Agreement or the Plan. Except where the context otherwise requires, all the representations, warranties, and obligations of Purchaser under this Agreement shall survive delivery of the deed and the closing of title hereunder.

34. Further Assurances. Either party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, in addition to the instruments, and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement or any transaction contemplated herein or to confirm any of the obligations of Purchaser hereunder or any right to be created or transferred hereunder or pursuant to any such transaction.

35. Severability. If any provision of this Agreement or the Plan is invalid or unenforceable either as against any person or under certain circumstances, the remainder of this Agreement or the Plan and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by law.

36. Strict Compliance. Any failure by Seller to insist upon the strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and Seller, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

37. Governing Law. The provisions of this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to contracts made and to be performed wholly in the State of New York, without regard to principles of conflicts of law.

38. Waiver of Jury. Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, or connected with, or relating to, this Agreement, or the relationship created hereby. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, nor move to consolidate any such claim with, any action or proceeding in which a jury trial is waived.

39. No Recordation. This Agreement shall not be recorded by Purchaser without Seller's consent. Any purported recordation thereof by Purchaser shall be void and constitute a default by Purchaser hereunder.

40. Entire Agreement. This Agreement, together with the Plan, supersedes any and all understandings and agreements between the parties hereto and constitutes the entire agreement between them. Purchaser acknowledges and agrees that the Plan may be amended by Seller from time to time as provided in the Plan and that this Agreement may be amended by Seller to conform to the provisions of any such amendment by delivering to Purchaser a notice thereof (which notice may consist of a copy of any such amendment), subject however to any rights which Purchaser may have as provided in the Plan.

41. Certain References. A reference in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires. The term "herein", "hereof" or "hereunder" or similar terms used in this Agreement refer to this entire Agreement and not to the particular provision in which the term is used unless the context otherwise requires.

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

43. Successors and Assigns. The provisions of this Agreement shall bind Purchaser and his heirs, legal representatives, successors and assigns and inure to the benefit of Purchaser's heirs, legal representatives and permitted assigns and shall bind and inure to the benefit of Seller and its successors and assigns.

44. Lease Termination. If Purchaser is or will be a tenant before the Closing Date, then by executing and delivering this Agreement such tenancy hereby terminates as of the Closing Date his lease of the Unit.

45. No Oral Changes. This Agreement cannot be changed or terminated orally. Any changes or additional provisions must be set forth in a rider attached hereto at the time of execution hereof, in a separate written agreement signed by the parties or in an amendment to the Plan as provided in Section 40 above.

46. Seller's Right to Make Changes in Materials, etc. The Seller reserves the right to make changes or substitutions of materials or construction for items as set forth in the Offering Plan or the Plans and Specifications, provided any such changes are of comparable value and quality.

47. Closing Deed. The closing deed shall be in proper statutory form for recording; shall be Bargain and Sale with covenant against grantor's acts; shall be duly executed and acknowledged by the Seller and Purchaser at the Seller's expense and shall contain such a description of the

premises as shall be acceptable and/or approved so as to validly convey under Article 9-B of the New York Real Property Law (the "Condominium Act") the Unit and the undivided interest in the Common Elements referred to herein.

48. Limited Warranty Rider. The terms and provisions of the annexed Limited Warranty Rider are expressly made a part of this Purchase Agreement and same shall be delivered to Purchaser at Closing.

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Agreement the day and year first above written.

**Purchaser(s)**: _____

_____

**Seller**: **205 Northside LLC**

By: _____
Lawrence Pinner
Manager

## LIMITED WARRANTY RIDER

RIDER TO PURCHASE AGREEMENT DATE _____ ,201 BY AND BETWEEN 205 NORTHSIDE LLC. AS SELLER, AND _____ , AS PURCHASER.

## LIMITED WARRANTY

NAME OF PURCHASER(S): _____

_____

ADDRESS OF PURCHASER(S): _____

_____

_____

DESIGNATION OF RESIDENTIAL UNIT WARRANTED: _____

NAME OF SELLER: _____

ADDRESS OF SELLER: _____

_____

EFFECTIVE DATE OF THIS LIMITED WARRANTY: The date that Purchaser or its family shall first occupy the Residential Unit Warranted or the date of delivery of the deed to such Residential Unit to Purchaser, whichever occurs first.

SELLER'S LIMIT OF TOTAL LIABILITY: In no event shall the Seller's total liability to Purchaser under this Limited Warranty exceed fifty (50%) percent of the purchaser price of the Residential Unit exclusive of options and less, any insurance proceeds received by Purchaser (the "Maximum Liability of Seller").

**THIS LIMITED WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, AND INDIRECT DAMAGES.**

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

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page I while the Purchaser owns the Residential Unit. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, HEIRS, TENANTS OR MORTGAGEES IN POSSESSION OF THE RESIDENTIAL UNIT OR ANY ONE WHO MAY SUCCEED TO THE RIGHTS OF PURCHASER OR ANY OTHER PERSONS.

2. By Whom Made. This Limited Warranty is made exclusively by the Seller whose name and address appear on page 1.

3. Final Inspection of the Residential Unit. Before the Purchaser moves into the Residential Unit or accepts the deed, the Seller will schedule an appointment for final inspection of the Residential Unit with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work. All defects found on final inspection of the Residential Unit will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Residential Unit or delivery of the deed.

4. Warranty Coverages and Periods. The Warranty Period for all following coverage beings on the Effective Date of this Warranty shown on page I of this warranty.

**FIRST YEAR BASIC COVERAGE:** for one year from the Effective Date of this warranty, the Residential Unit will be free from latent defects that constitute:

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

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

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

(h) defective installation of appliances sold as part of the Residential Unit by the Seller or an agent, employee or subcontractor of the Seller.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by the Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

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

The Plumbing System refers to the 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.

The Electrical System refers to all wiring, electrical boxes, switches, outlets and connection up to the public utility connection.

The Heating, Cooling and Ventilation System refers to all duct work, steam, water and refrigerant lines, registers, convertors, radiation elements and dampers.

Except by reason of a defect in installation by Seller, this major system coverage does not include defects in appliances, fixtures and items of equipment.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

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

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

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

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

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

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

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

In all coverages under this Paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Residential Unit is located, in effect on the date that the building permit for the

Residential Unit was issued, as supplemented by the annexed locally accepted building standards and practices.

ALL TIME PERIODS FOR THESE COVERAGES ARE OF THE ESSENCE AND WILL NOT BE EXTENDED.

5. Exclusions From All Coverages. The following are not covered by this warranty.

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Residential Unit prior to the Effective Date of this warranty ought to have revealed;

(b) defects in detached garages and carports; swimming pools and other recreation facilities, if any; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); and any other improvements not a part of the Residential Unit itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; shading variations and fading of natural material on all cabinets, appliances, vanities, doors, fixtures, floors, counter tops, vanity tops and all exterior surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves), and on fascias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, window sashes, sliding doors, screens, electric fixtures and globes, woodwork, doors, interior painted surfaces, sinks, tubs, bowls, counter tops, vanity tops, and bases, mirrors, hardware, flooring and cabinets, dented appliances; broken screens; mirror chips (nicks) to cultured marble floors and counter tops; nail pops; ridging on sheet rock walls; lumber shrinkage; door warpage of less than ¼"; warpage and shrinkage of deck wood; normal plumbing, heating and air conditioning noises and paint touch-ups.

(d) defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors and for incidental or consequential damages resulting from such work or materials;

(e) damage caused by the failure by the Purchaser or anyone other than the Seller, its employees, agents or subcontractors, to comply with the warranty requirements of manufactures or suppliers of appliances, fixtures or items of equipment;

(f) damage caused by the misuse, abuse, or interference by Purchaser or anyone other than Seller or its employees, agents and subcontractors with the Seller's original construction or installations;

(g) additional damage caused by the failure of the Purchaser to give notice to the Seller of any defects or damage in a timely manner as provided in this warranty;

(h) damage caused by changes in grade made by anyone other than the Seller, its employees, agents or subcontractors and damage caused by changes in grade made by Seller's agents and subcontractors if such work was ordered directly by Purchaser.

(i) damage caused by changes, alterations or additions made to the Residential Unit by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective Date of this warranty;

(j) damage caused by changes, alterations or additions made to the Residential Unit by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective Date of this warranty;

(k) damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation;

(l) 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, mud slide, earthquake, volcanic eruption, wind-drive water, soil movement and changes in the underground water table;

(m) loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;

(n) any damage which Purchaser has not taken timely action to minimize;

(o) normal wear and tear and normal deterioration;

(p) insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

(q) bodily injury, death, or damage to personal property;

(r) costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement;

(s) consequential, incidental, special and indirect damages;

(t) any claim not filed in a manner set forth in paragraph 7 of this warranty;

(u) damage which arises while the Residential Unit is being used for nonresidential purposes; and

(v) damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

(w) damage due to ice build-up on the roof.

(x) defects in appliances, fixtures and items of equipment except if caused by defect in installation by Seller.

(y) fading of color of any natural materials in any improvement.

6. What Seller Will do in the Event of a Defect Covered by This Warranty. If a defect occurs in an item covered by this warranty, the Seller will repair, replace, or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s), within

sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials, and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller. In making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under this warranty is limited in the aggregate to the amount listed on page 1 of the warranty.

Repair of damage to the load-bearing portions of the Residential Unit will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to repair of those defects which made the Residential Unit unsafe, unsanitary or otherwise unlivable.

7. Step by Step Claims Procedures. (a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Seller no later than the tenth ($10^{th}$) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or all claims may be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

(b) No steps take by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Warranty. No steps taken by the Seller in response to an improperly completed or untimely notice of warranty claim will give rise to any liability of Seller to Purchaser in connection with such claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the Seller and the Seller's agents will have the right to inspect and test the portion of the Residential Unit to which the claim, complaint or request relates. The Purchaser and occupants of the Residential Unit must provide reasonable access to the Seller and the Seller's agents during normal business hours, Monday through Friday, to such access shall invalidate this warranty with respect to the defect(s) set forth on the Notice of Warranty Claim.

(d) The Seller will complete inspection and testing within a reasonable time under the circumstances after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the Seller will determine whether to accept or reject the claim. If the Seller rejects the claim, the Seller will give written notice of that decision to the Purchaser at the address shown on the Notice of Claim Form. If the Seller accepts the claim, the Seller will take corrective action within a reasonable time under the circumstances. The Seller will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessary are subject to weather conditions, availability of materials, and other events beyond the Seller's control.

8. Legal Actions. (a) No claim under this warranty may be commenced or asserted against Seller in any lawsuit unless a property completed Notice of Warranty Claim Form

has been received by the Seller in the time period set forth in paragraph 7 of this warranty.

(b) No lawsuit against the Seller under this warranty may be commenced more than thirty (30) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Builder has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions. (a) To the extent any coverage under this warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

(b) This warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this warranty will not be enforced by an appropriate court, the determination will not affect the enforceability of the remaining provisions.

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

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

(f) The annexed Building Standards, as they may be amended, establishes the standards by which it will be determined whether the Residential Unit has a problem which is covered by this limited Warranty and the obligation of the Seller to correct such problem.

## INSTRUCTIONS TO COMPLETE
## NOTICE OF WARRANTY CLAIM FORM

To ask the Warrantor to correct a defect in your Residential Unit that you think is covered by the Warrantor's Limited Warranty, you must complete this form and deliver it to the Warrantor. This is necessary to protect your rights to warranty performance under the Limited Warranty.

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem. If you do not know the answers to any questions, write "Don't Know." **Please do not leave any items blank.**

---

## NOTICE OF WARRANTY CLAIM FORM

I (We) (_____)
insert your name(s)

am the owner of the Residential Unit # _____ located at _____

_____

_____.

My mailing address and office and Residential Unit telephone numbers are as follows:

Address: _____

_____

Office Telephone Number: _____

Residential Unit Telephone Number: _____

I first occupied the Residential Unit as my residence on: _____

I closed title to the Residential Unit on: _____

Set forth below are defects in my Residential Unit and the approximate date the defects occurred or I became aware of them:

| NATURE OF DEFECTS | DATE OCCURRED OR FIRST OBSERVED |
|---|---|

_____

_____

(Signature) (Date)

_____

_____

(Signature) (Date)

This completed and signed form must be sent to Warrantor at its address listed on the first page of the Warranty by certified or express mail, return receipt requested.

## PERFORMANCE STANDARDS

The following performance standards are the accepted standards for the construction of all homes to be built.

While these performance standards define the builder's responsibility, these performance standards shall not apply and the builder shall not be responsible to items installed or modified by the owner, or their agents, or to items, subject to neglect or abnormal or improper use. Unnecessary service calls or service calls caused by misuse, modification, abuse or changes from original installation and construction shall result in a service call charge to the homeowner of a minimum of $100.00.

In no event shall the builder be responsible for normal lumber shrinkage and any ramification caused by same, i.e. ridging of the floor over "built-up" double, or triple, etc. floor beams, or shrinkage of floor or ceiling beams.

## ACCEPTED STANDARDS

The performance standards list specific items (defect) within each separate area of coverage. The first section covers workmanship and materials; the second section covers systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

Possible Deficiency:
A brief statement, in simple terms, of problems that may be encountered.

Performance Standard:
A performance standard relating to a specific deficiency.

Responsibility:
A statement of the corrective action required of the builder to repair the deficiency or a statement of the Home Owner's maintenance responsibilities.

Workmanship and Materials, First Year Only:

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

12. Ventilation
13. Electrical
14. Roofing

Systems, First and Second Year:
Plumbing, electrical, heating, cooling and ventilation systems shall mean:

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

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

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

Major Structural Material Defects:

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

## PART I

### GENERAL ELECTRICAL, PLUMBING, MECHANICAL AND STRUCTURAL STANDARDS

A. Mechanical, plumbing, structural and electrical standard should be governed by the N.Y.C. building code.

B. The issuance by the appropriate authorities of the documents indicating evidence of compliance, shall be deemed evidence of compliance. Use of the building must always comply with the Certificate of Occupancy issued at title closing to the first purchaser.

C. Appliances, Fixtures and Equipment:

a. Appliances, fixtures and equipment (including their fittings, attachments, controls and appurtenances) shall include but not be limited to furnaces, humidifiers, air purifiers, air handling equipment, ventilating fans, air conditioning condensers and compressors, water heaters, boilers, pumps, stoves, automatic garage door openers, washers and driers, bath tubs, sinks, commodes, faucets and fittings, light fixtures, light switches, convenience outlets, circuit breakers thermostats and controls.

b. The warranty period for appliances, fixtures and equipment (including their fittings, attachments, controls and appurtenances) for which there is no written manufacturer's warranty shall be one year. The initial warranty period for appliances, fixtures and equipment on those items where a manufacturer's warranty is provided by the manufacturer's is the builder's warranty under these performance standards and shall be limited to the duration of the manufacturer's warranty but in standards and shall be limited to the duration of the manufacturer's warranty but in no even shall the builder's responsibility under these performance standards exceed one year. (This does not, however, limit to one year the stated period of the applicable manufacturer's warranty where such warranty exceeds one year).

## PART II

### QUALITY STANDARDS

General Workmanship and material defects are guaranteed under the initial warranty period. The following quality standards are intended to define the specific limits of permissible defects in materials and general workmanship. These performance standards have been developed after careful analysis of building custom and practices within this jurisdiction. These performance standards may be periodically supplemented; However if a buyer complaint on a warrantable item should arise which is not governed by any specific performance standard, then determination of builder responsibility through conciliation and arbitration shall be made on the basis of good industry practice within jurisdiction where the home is situated.

These performance standards represent the basis for determining the validity of all home buyer complaints relating to defective materials and workmanship during the initial one year warranty program. If any specific performance standard listed below conflicts with

any of the general standards set forth in Part I, then the standard which requires a greater quality of performance shall govern.

I. SITE WORK

A. Site Drainage

1. Improper draining and water runoff from the site.

Approved Standard: The builder shall be responsible for providing grades and swales to insure proper drainage away from the house as per approved plans, if any. Standing water shall not remain thirty-six hours after a rain, except swales which may drain as long as forty-eight hours. No grading decisions shall be made while there is frost on the ground or while ground is saturated.

Required Remedy: The builder is required only to establish proper grades and swales to effectuate proper drainage. It is the owner's responsibility to maintain such grades and swales once they have been properly established by the builder.

B. Backfill and Excavation

1. Settling of ground around filled areas, including foundation, utility trenches, etc.

Approved Standards: The maximum allowable settling around utility trenches, foundations or other filled areas shall be six inches. and settling foundation shall further not interfere with proper water drainage away from the house.

Required Remedy: The builder shall be responsible for refilling any excessively settled areas. The builder's responsibility shall be limited to one such occurrence during the one year warranty period. The builder shall not be held responsible for any grass, shrub or other landscaping affected by such settling or by such additional backfilling.

C. Paved Driveways

1. Pooling of water and uneven settling of pavement.

Approved Standard: No standing water more than 1" deep should remain on the paved driveway twenty-four hours after a rain. Improper draining resulting from non-clearance of snow and ice is not the builder's responsibility.

Required Remedy: Builders shall fill in low spots to meet the above standard. However, the builder is not responsible for matching the patch in color or texture to the rest of the driveways.

II. MASONRY

A. Unity Masonry
1. Cracking of foundation and basement walls.

Approved Standard: While it is not unusual for some minor cracking to appear in mortal joints of masonry foundation walls, such cracks are considered excessive if grater than ¼ inch in width.

Required Remedy: The builder shall repair visible cracks in excess of ¼ inch by surface patching. Any such repairs should be made near the end of the one year warranty so as to permit stabilization of the normal settling process of the home. The color or texture of the patch may not match.

2. Cracks in veneer or masonry walls.

Approved Standard: Cracks greater than ¼ inch in width are considered excessive.

Required Remedy: The builder shall repair cracks in excess of ¼ inch by surface patching, but shall not be responsible for matching color or texture. Any such repairs should be made near the end of one year warranty period so as to permit stabilization of the normal settling process of the home.

2. Cracks in veneer or masonry walls.

Approved Standard: Cracks greater than ¼ inch in width are considered excessive.

Required Remedy: The builder shall repair cracks in excess of ¼ inch by surface patching, but shall not be responsible for matching color or texture. Any such repairs should be made near the end of one year warranty period so as to permit stabilization of the normal settling process of the home.

III. CONCRETE WORK

A. Cast-in-Place Concrete

1. Cracks in basement floor.

Approved Standard: Minor cracks in concrete basement floors are not unusual. Cracks exceeding ¼ inch in width or ¼ inch in vertical displacement are considered excessive.

Required Remedy: The builder shall repair by surface patching all cracks exceeding maximum tolerances in the performance standard.

2. Cracks in basement or foundations walls.

Approved Standard: While some non-structural cracking is not unusual, such cracks greater than ¼ inch in width are considered excessive.

Required Remedy: The builder shall repair visible nonstructural cracks in excess of ¼ inch by surface patching. Such repairs should be done once during the first year limited warranty period.

3. Settling, cracking, or heaving of steps or stoops.

Approved Standard: Cracks of less than ¾ inch are acceptable in concrete stoops; however, steps of stoops should not settle or have in excess of 1 – ½ inch in relative position to the adjacent house.

Required Remedy: Builder shall repair excessive crack by surface patching.

4. Cracks in slab floor of attached garage.

Approved Standard: Cracks in excess of ¼ inch in width and 1 inch in vertical displacement in slab floor of attached garage are considered excessive.

Required Remedy: Builder shall repair excessive cracks as required by any acceptable method.

5. Water staying on stoops.

Approved Standard: All water should drain from outdoor steps and stoops.

Requirement Remedy: Builder shall repair by surface patching to assure appropriate drainage.

6. Cracking in attached patio floors.

Approved Standard: Only those cracks greater than ¼ inch in width or 1 inch in vertical displacement are considered to be excessive.

Required Remedy: Builder shall repair by surface patching providing this deficiency has not been caused by freezing fall action which is beyond the control of the builder.

7. Excess chalking or powdering of concrete surface.

Approved Standard: Excess chalking or powdering of concrete surfaces is not acceptable, but shall not be confused with surface dust.

Required Remedy: The builder shall repair surfaces as necessary, utilizing "property" resurfacing or coating material.

8. Cracking of concrete slab-on-grade floors greater than ¼ inch.

Approved Standard: Cracks significantly diminishing performance and/or appearance of the flooring material shall not be acceptable.

Required Remedy: The builder shall repair by surface patching the cracks as necessary to diminish visibility when finish flooring material is in place. Builder is not responsible for color differences or discontinued floor covering patters.

IV. MOISTURE PROTECTION

A. Shingles and Roofing Tiles

1. Leaking of the roof or flashing

Approved Standard: Under normal conditions, leaking of roofing or flashing shall not be acceptable.

Required Remedy: The builder shall take corrective action as necessary to repair verified roof or flashing leaks caused by poor workmanship or materials.

B. Waterproofing

1. Leaking of foundation or basement.

Approved Standard: Dampness of foundation or basement walls occurs frequently in newly constructed homes and should not be considered a defect. No leaks producing trickling water shall be acceptable. Any leaking which is caused by faulty landscaping installed by owner or caused by owner's failure to maintain proper grades is not covered by warranty.

Required Remedy: Except when caused by owner negligence, builder shall repair leaks as necessary; builder represents and warrants that the basement will remain free of leaks fro a period of one year from date of closing under the following terms and conditions:

a. Seller shall repair said leak and/or seepage, if any, in a manner consistent with standard building practices in the City of New York.

b. In the event that all reasonable attempts to repair said leaks shall fail to resolve said problem, Seller shall have the right at Seller's sole discretion to alleviate said leak and/or seepage condition by the installation of a sump pump or similar liquid transfer system; installation of said system shall constitute complete compliance with the terms of Seller's warranty under this clause and Purchaser agrees, warrants and recognizes that no cause of action shall lie subsequently to seller installation of said pump or similar system. Seller shall provide manufacturer's warranty on said system if available.

c. This warranty shall be void and of no force and effect in the event that leak or seepage is caused by:

(i) Act of the Purchaser
(ii) Act of God

C. Siding and Cladding

1. Cracks in siding and cladding.

Approved Standard: Cracks in excess of ½ inch in joints of siding or cladding are considered excessive. Frequently, bowing in siding appears as a result of shrinkage and drying of lumber.

Required Remedy: The builder shall correct or repair as necessary open cracks in excess of ½ inch, but shall not be responsible for bowing caused by shrinkage. Caulking or wood fillers are acceptable remedies.

D. Membrane roofing

1. Leaking.

Approved Standard: Should not leak under normal conditions.

Required Remedy: The builder shall repair or correct as necessary any verified roof leaks caused by poor workmanship or materials.

E. Flashing and Sheet Metal

See IV.A.I.

F. Sealants

1. Inadequate caulking causing leaking in exterior walls.

Approved Standard: Some shrinkage in caulking is not unusual and is acceptable. Caulking around joints and cracks in exterior wall surfaces and openings to exclude entry of water must be property maintained by the homeowner.

Required Remedy: The builder shall caulk joints, cracks and openings as necessary in exterior wall surfaces to prevent entry of water. Recaulking is a maintenance item to be done by the owner.

A. LOUVERS AND VENTS:

Possible deficiency:
Leaks due to snow or rain driven into the attic through louvers or vents.

Performance Standard:
Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure. Builder shall not be responsible if homeowner modifies ventilation as provided by builder.

Responsibility:
NONE

B. ROOFING AND SIDING:

1. Possible Deficiency:
Ice build-up on roof.

Performance Standard:

During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

Responsibility:
Prevention of ice build-up on the roof is a Homeowner maintenance item.

2. Possible Deficiency:
Roof or Flashing leaks

Performance Standard:
Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Homeowner action or negligence.

Responsibility:
Builder will repair any verified roof or flashing leaks not caused by ice build-up or Homeowner action or negligence.

3. Possible Deficiency:
Standing water on flat roof.

Performance Standard:
Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.

Responsibility:
Builder will take corrective action to assure proper drainage of roof.

H. PLASTIC AND WOOD

A. Exterior Finish Carpentry

1. Unsatisfactory workmanship on exterior trim.

Approved Standard: Cracks in excess of ½ inch in joints between exterior trim elements are considered excessive (this includes siding). Exclusion of the elements is necessary in all cases for exterior trim and siding to be acceptable.

Required Remedy: The builder shall repair as necessary any open cracks in excess of 1.2 inch by caulking same.

B. Interior Finish Carpentry

1. Unsatisfactory workmanship on interior trim.

Approved Standard: Cracks and/or gaps between moldings and joints and adjacent surfaces should not exceed 1.4 inch in width or vertical displacement, except in the case of gaps between base or floor mounding and flooring, in which case gaps shall not exceed ½ inch.

Required Remedy: The builder shall repair or correct as necessary defective joints so as to meet the above standard. A shoe molding of quarter round molding may be installed to cover space between floor and base molding.

C. Rough Carpentry

1. Squeaking floors.

Approved Standard: While some squeaking may occur due to normal shrinking in wood floors, excessive squeaking due to loose boards is not acceptable. This applies to sub-floors.

Required Remedy: The builder shall be responsible only for face nailing loose boards. The builder is not responsible for normal squeaking due to shrinkage in wood floors. This applies to sub-floors as well.

2. Floors not level

Approved Standard: Floor slope within any room shall not exceed 1/240 of the room width, and floors should not be more than ¼ inch out of level within any 32 inch measurement.

Required Remedy: The builder shall repair uneven floors as necessary to meet the above standard.

3. Carpeting

1. Possible Deficiency: Open carpet seams.

Performance Standard: Carpet seams will show. However, no visible gap is acceptable.
Responsibility: Builder will correct.

2. Possible Deficiency: Carpeting becomes loose, seams separate or stretching occurs.

Performance Standard: Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.

Responsibility: Builder will re-stretch or re-secure carpeting as needed, if original installation was performed by Builder.

3. Possible Deficiency: Spots on carpet, minor fading.

Performance Standard: Exposure to light may cause spots on carpet and/or minor fading.

Responsibility: NONE

VI. FINISH ITEMS

A. Ceramic Tiles

1. Loosening or cracking of ceramic tiles.

Approved Standard: Loosening or cracking of ceramic tile is unacceptable under normal use conditions.

Required Remedy: The builder shall reseal any loose ceramic tiles and replace any cracked ceramic tiles unless cracking and/or loosening is due to poor owner maintenance or misuse.

2. Grout in joints or junctions with other material (bath, etc.) cracks; ceramic tile cracks.

3. With regard to Tile & Grout, Color and Style will be matched as close as possible. Builder shall not be responsible for discontinued patters of colors.

Approved Standard: Normal shrinkage conditions often results in cracks in the grouting of ceramic tile grout.

B. Resilient Flooring

1. Appearance of nail "pops" on the surface of the resilient flooring material.

Approved Standard: Easily visible nail "pops" are not acceptable.

Required Remedy: The builder shall repair or replace as necessary only if material used was originally applied from builder samples, but is not responsible for color differences or discontinued floor covering patters.

2. Appearances of hollows and/or ridges in the resilient flooring due to irregularities beneath floor surface.

Approved Standard: Hollows and/or ridges exceeding 1/8 inch are not acceptable and should be repaired. Determination of hollow or ridge measurement is established by taking the measurement of the gap created at one end of a 6 inch straight edge placed over the hollow or ridge, holding three inches of the straight edge tight to the floor on the other side.

Required Remedy: The builder shall correct or repair as necessary to reduce visibility of irregularity and to bring the defect within acceptable tolerance. The builder is not responsible for color differences or discontinued patterns.

3. Resilient Flooring becomes unglued.

Approved Standard: Flooring should not become unglued, causing lifts, bubbles, etc. under normal use and proper maintenance.

Required Remedy: The builder shall repair or reinstall resilient flooring as necessary but shall not be responsible for color differences or discontinued patterns.

4. Appearance of gaps due to shrinkage or seams at joint in resilient flooring.

Approved Standard: Gaps in excess of 1/16 inch in width are not acceptable. Where resilient flooring borders other material, gaps in excess of ½ inch are not acceptable.

Required Remedy: The builder shall correct or repair as necessary, but stall not be responsible for color differences or discontinued patterns.

C. Paint

1. Peeling or degeneration of exterior paint and/or stain.

Approved Standard: While some wearing out of deck paint or stain from traffic is normal, exterior paints and/or stains should not degenerate appreciably during the first year.

Required Remedy: The builder shall appropriately repaint or restain the area so affected, including entire wall or area if the majority of such wall or area is affected. However, the warranty on the repainted or restained area shall not exceed the original warranty period. The builder shall match colors as closely as possible.

2. Other repair work necessitates painting surrounding area.

Approved Standard: Builder shall refinish area as made necessary by other repairs covered under this warranty, matching surrounding area closely.

Required Remedy: Builder shall refinish areas as may be necessary, matching surrounding areas as closely as possible.

3. Lacquer finish and/or varnish degeneration.

Approved Standard: Interior vanish and lacquer deterioration within the first year is not acceptable. However, varnish type finishes applied on the exterior are not covered by the warranty as they do tend to quickly degenerate.

Required Remedy: The builder shall refinish affected areas of interior natural finished woodwork as necessary, matching colors as closely as possible.

4. Poor quality or defective application of interior paint.

Approved Standard: Where specified, interior paint shall be applied so as to visually cover surfaces (trim, wall, ceiling, etc.) matching color closely.

Required Remedy: The builder shall repaint unacceptable surfaces where necessary to cover underlying surface.

D. Plaster and Lath

1. Cracking appears in stucco wall surfaces.

Approved Standard: Cracks in excess of 1/8 inch in width area are not acceptable. However, hairline cracks in stucco wall surfaces are not uncommon. Cracks may appear where stucco abuts other material. These cracks may be repaired by caulking or surface patching.

Required Remedy: The builder shall repair cracks in excess of 1/8 inch as necessary. However, the builder does not warrant color matching.

E. Plaster, Lath, and Gypsum Wallboard.

1. Flaws due to poor quality of workmanship (trowel Marks, excess compound, blister, bubbles, cracks, etc).

Approved Standard: Cracks in interior wall and ceiling surfaces, nail pops and hairline cracks are not unusual in interior wall and ceiling surfaces and are not the responsibility of the builder. Cracks greater than 1/8 inch in width shall be repaired.

Required Remedy: Builder will repair cracks exceeding 1/8 inch in width one time only, during the first year of the Limited Warranty period. Paint touch ups, if necessary, with color match as closely as possible.

VII. WINDOWS AND DOORS

A. Windows

1. Windows difficult to open and close are inoperative.

Approved Standard: Windows shall open and close reasonably easy. Some air infiltration is normally noticeable around doors and windows, especially during high winds. It may be necessary for the homeowner to have storm doors and windows installed to provide satisfactory solutions during wind conditions.

Required Remedy: Builder shall take steps as necessary to facilitate proper functioning. Any channels must be kept clean to prevent clogging of week holes.

B. Wooden Doors

1. Interior passage doors warp.

Approved Standards: Warping of full opening interior doors in excess of the National Woodwork Manufactures Association standard of ¼ inch is not acceptable.

Required Remedy: Builder shall replace or correct warped doors and refinish if necessary, matching finish as closely as possible.

2. Exterior doors warp.

Approved Standard: Warping in excess of the National Woodwork Manufactures Association standard of ¼ inch is unacceptable.

Required Remedy: The builder shall adjust or replace exterior doors as required and refinish if necessary.

C. Garage doors

1. Garage door difficult to operate or inoperable.

Approved Standard: Should operate easily and as intended.

Required Remedy: The builder shall adjust or repair garage door as necessary.

D. Seals and Weather Stripping

1. Drafts around windows and doors, except garage doors.

Approved Standard: An unusually great amount of draft produced by doors and windows which don't fit properly, weather stripping that does not fit properly, or open cracks is not acceptable, although some drafting is almost always noticeable around windows and doors, particularly during storms and high winds.

Required Remedy: The builder is required to repair open cracks and to adjust ill-fitting weather stripping and ill-fitting windows and doors excluding garage doors.

VIII. EQUIPMENT

A. Residential Equipment

1. Kitchen drawers, cabinet doors, or other moving parts difficult to operate or inoperable. Equipment cannot be misused or damaged by purchaser. Builder will not be responsible for chips and cracks noted following first occupancy, or fading due to over-sunlight exposure.

Approved Standard: All kitchen drawers and cabinet doors should operate reasonably as intended.

Required Remedy: Builder shall adjust or replace operating parts as necessary, matching colors closely.

2. Appearance of chips or surface cracks and/or delamination of high pressure laminated countertops.

Approved Standard: There should be no chips, cracks, or delamination in counter tops fabricated with high pressure laminate. However, abuse, misuse or damage caused by purchaser voids warranty.

Required Remedy: The builder shall repair or replace equipment as required, matching color as closely as possible.

IX. MECHANICAL.

A. Generating Heat or Power.

1. Insufficient heat.

Approved Standard: According to the specifications in the ASHRAE handbook, the heating system should be able to produce an interior temperature of 70 degrees F. as measured in the middle of each room as a height of 5 feet above the floor under local winter conditions. Shall conform to the N.Y.S. Energy Code.

Required Remedy: The builder shall adjust or repair the heating system as necessary to produce the required temperatures. However, the owner shall be responsible for balancing dampers, registers, radiators, and other minor adjustments, including filter changes and furnace lighting.

B. Refrigeration

1. Insufficient cooling.

Approved Standard: According to the specifications in the ASHRAE handbook, under local outdoor summer design conditions, the cooling system should be able to maintain a temperature of 80 degrees F., as measured in the middle of each room at a height of 5 feet above the floor, where air-conditioning is provided, with a 95 degree outside temperature.

Required Remedy: The builder shall adjust or repair the cooling system as necessary to produce and maintain the required temperatures. However, the homeowner shall be responsible for balancing dampers, registers, and other minor adjustments.

C. Plumbing

1. Fixtures, drains, and plugged sewers.

Approved Standard: Drains, fixtures and sewers should all operate properly as intended.

Required Remedy: If faulty construction practices are shown to be the cause of problems negligence or misuse is shown to be the cause of the problems, the owner shall assume the repair costs. When a problem occurs, the owner should notify the builder and ask for recommendations. The builder shall to be responsible for drains, sewers and fixtures plugged due to negligence or misuse by owner. Stoppage in City sewers are not the responsibility of the builder.

2. Piping Leaks

Approved Standard: Condensation on piping is common and should not be constructed as a leak, and is not covered under the warranty. No leaks of any kind in soil, vent, waste, or water pipes are acceptable.

Required Remedy: The builder shall repair or adjust pipes as necessary to stop leaking.

3. Leaking valves or faucets

Approved Standard: No leaks should exist in valves or faucets due to poor quality of the materials or the workmanship.

Required Remedy: The builder shall repair or replace faucets and/or valves which leak unless the leaking is caused by defective washer. Leaks caused by warn out washers are the responsibility of the owner after 90 days.

4. Defects in appliances, trim fittings, and plumbing fixtures.

Approved Standard: Manufacture's standard should be used to determine whether or not appliances, fixtures or fittings are defective.

Required Remedy: The builder shall replace fittings and fixtures which do not meet manufacturer's standards.

D. Pipe insulation

1. Freezing of plumbing pipes.

Approved Standard: All pipes (water, drain, waste, and vent) should be protected properly so as to prevent freezing during normally anticipated winter temperatures. It is the homeowner's responsibility to maintain adequate heat to prevent freeze ups.

Required Remedy: The builder shall repair or correct conditions causing pipes to freeze and shall also repair any piping which was damaged due to freezing. It is the homeowner's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

E. Septic Tanks

1. Malfunction of septic system.

Approved Standard: The septic system should be able to adequately handle a normal flow or household effluent, based on requirements of local regulatory agency.

Required Remedy: The builder shall adjust or repair system as necessary. The builder shall not be responsible for malfunctioning caused by owner misuse or negligence.

F. Controls and Instruments

See IX.A.1

G. Air Distribution

See IX.A.1 and IX.B.1

H. Liquid Heat Transfer

See IX.A.1 and IX.B.1

X. ELECTRICAL

A. Conductors, Switches, Receptacles and Lighting

1. Electric switches, outlets and fixtures malfunction.

Approved Standard: Electrical outlets, fixtures and switches should operate properly and as intended.

Required Remedy: The builder shall repair or replace defective wiring, outlets, switches and fixtures.

XI. SPECIALTY ITEMS

A. Chimneys and Fireplaces

1. Chimney or fireplace does not draw adequately.

Approved Standard: Although high winds may cause temporary negative draft situations, a correctly designed and installed chimney or fireplace should function properly and draw adequately.

Required Remedy: The builder shall correct or repair the chimney or fireplace as necessary if the problem is caused by faulty design or construction and not by obstruction.

B. Vents and Louvers

1. Attic and crawl spaces poorly ventilated.

Approved Standard: Attics should have a natural ventilation area to either 1/150 of the floor area or 1/300 of the floor area when an accepted vapor barrier is installed on the warm side of the ceiling, or when at least 50% of the required ventilation is provided at least 3 feet above the ceiling. Crawl spaces should have a natural ventilation area equal to either 1/150 of the floor are to 1/1500 of the floor area when the surface is covered with an accepted vapor barrier.

XII. CONDENSATION.

Builder shall not be responsible for any damage caused by acts of the purchaser which result in condensation. These acts include, but are not limited to the use of humidifiers, improper use of any equipment or improper ventilation.

## EXHIBIT A TO PURCHASE AGREEMENT

### FORM OF INSPECTION STATEMENT

Date: _____

205 Northside LLC
10 Maple Street
Port Washington, New York 11050

Re: Unit _____ at 205 North 8th Street, Brooklyn, New York 11211
Storage Bin No. _____

Gentlemen:

As a result of my/or final inspection, please be advised that except as otherwise noted I/we found the following items in good condition:

| Number | Items | Initials | Exception if any |
|---|---|---|---|
| 1 | Walls | | |
| 2 | Floors | | |
| 3 | Ceilings | | |
| 4 | Windows | | |
| 5 | Doors | | |
| 6 | Electric, plumbing and heating fixtures | | |
| 7 | Painted surfaces | | |
| 8 | Sinks, tubs, bowls | | |
| 9 | Kitchen cabinets and counter tops | | |
| 10 | Vanity tops and base cabinets | | |
| 11 | Medicine cabinets | | |
| 12 | Hardware | | |
| 13 | Kitchen Appliances | | |
| 14 | Storage Bin | | |

I/we understand that to prevent pilferage, certain items such as medicine cabinet doors, shower heads, toilet seats, kitchen cabinets and vanity knobs may be installed just prior to my/our date of moving in. I/we agree and I/we will sign off each item requiring adjustment or repairs as it is completed.

_____
Purchaser's Signature

_____
Seller's Representative

_____
Purchaser's Signature

## UNIT OWNER'S POWER OF ATTORNEY

All terms used in this Unit Owner's Power of Attorney that are used (a) in the declaration (the "**Declaration**") establishing a plan for condominium ownership of the premises known as and by the street number 205 North 8th Street, Brooklyn, New York (the "**Property**") under Article 9-B of the Real Property Law of the State of New York, dated _____, 200_, and recorded in the Office of the Register of the City of New York, County of New York, on _____, 200_, at CRFN _____, or (b) in the by-laws of the Condominium (the "**By-Laws**") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned _____ , (having an office) (residing) at _____, the owner of the Condominium Unit (the "**Undersigned's Unit**") known as Unit No. _____ in The Bedford Condominium (the "**Condominium**"), known by the street address as 195 Calsson Avenue, Brooklyn, New York 11205 and consisting of the real property and improvements thereon as more particularly described on Schedule A annexed hereto and made a part hereof, such Unit being also designated as Tax Lot 28 in Block 2313 of the Borough of Brooklyn on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans, (does)(do)* hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with the Unit Owners' respective Common Interests, subject to the provisions of the By-Laws then in effect, (1)(a) to acquire or lease any Unit, together with its Appurtenant Interests, from any Unit Owner so desiring to sell, convey, transfer, assign or lease, (b) to acquire any Unit, together with its Appurtenant Interests, whose owner elects to surrender such Unit pursuant to the terms of paragraph V of Section 7 of the By-Laws, and (c) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, on such terms and, with respect to any transfer pursuant to the terms of subdivision 1(a) or 1(c) of this paragraph at such price or at such rental, as the case may be, as such attorneys-in-fact deem proper, and thereafter to convey, sell, lease, mortgage or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, on such terms as such attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in such premises which the undersigned could do if the undersigned were personally present, and (2) to 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 Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements, that the Condominium Board deems necessary or appropriate.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned (does)(do) hereby irrevocably nominate, constitute and appoint 205 Northside LLC (the "**Sponsor**"), as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, By-Laws and the Rules and Regulations of the Condominium, or any of such documents, when such amendment (i) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Sponsor or its designee in accordance with Section 9 and 11 of the Declaration or (ii) will be required by (A) an Institutional Lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (B) any governmental agency having regulatory jurisdiction over the Condominium, or (C) any title insurance company selected by Sponsor to insure title to any Unit; provided, however, that any amendment made pursuant to the terms of subdivisions (i) or (ii) of this paragraph will not (x) change the Common Interest of the Undersigned's Unit, (y) require a material, physical modification to the Undersigned's Unit, or (z) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivisions (x) or (y) of this paragraph) or the holder of such mortgage (in the event described in (z) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph will remain in full force and effect until such time as Sponsor or its designee will cease to own any of the Units in the Condominium.

**IN WITNESS WHEREOF**, the undersigned (has) (have)* executed this Unit Owner's Power of Attorney as of the __ day _____, 200_.

_____

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

On the day of in the year 201_, before me, the undersigned, a notary public in and for the state, personally appeared personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

**SCHEDULE A**

Description of Land

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at a point on the Northerly side of North 8th Street distant 100 feet Easterly from the corner formed by the intersection of the Easterly side of Driggs Avenue with the Northerly side of North 8th Street;

RUNNING THENCE Northerly parallel with Driggs Avenue, 100 feet;

THENCE Easterly parallel with North 8th Street, 25 feet;

THENCE Southerly parallel with Driggs Avenue, 100 feet;

THENCE Westerly along the Northerly side of North 8th Street, 25 feet to the point or place of BEGINNING.

Said premises being known as 205 North 8th Street, Brooklyn, NY, and Section 8, Block 2313, Lot 28 On the Tax Map of Kings County.

## FORM OF UNIT DEED

**THIS INDENTURE**, made the _____ day of _____, 200__ between 205 Northside LLC a Delaware limited liability company, having offices 10 Maple Street, Port Washington, New York 11050 ("Grantor"), and _____, a _____, with offices/ residing at _____, New York ("Grantee").

## W I T N E S S E T H

That the Grantor, in consideration of Ten Dollars ($10.00) and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, and the heirs or successors and assigns of the Grantee, forever:

The Unit known as Unit _____ (the "Unit") in the condominium known as The Bedford Condominium ("Condominium") in the building known as and by the street number 205 North 8th Street, Brooklyn, New York ("Building"), and designated and described as such in the Declaration ("Declaration") establishing a plan for condominium ownership of the Building and the parcel of land on which it is situated (such land and the Building being collectively referred to as "Property"), made by the Grantor under Article 9-B of the Real Property Law of the State of New York, dated _____, 201_, and recorded in the Office of the Register of the City of Brooklyn, New York County on the ____ day of _____, 201_ at CRFN _____ and designated as Tax Lot No. _____ in Block 2313 on the Tax Map of the City of New York for the Borough of Brooklyn and on the floor plans of the Building ("Floor Plans"), certified by _____, on the ____ day of _____, 201_, and filed in the Office of the City Register, Kings County, on the _____ day of _____, 201_.

The Property is described as follows:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County, City and State of New York, being also know and designated on the Tax Map of the City of New York for the Borough of Brooklyn, as Block 2313, Lot No. 28, and being more particularly bounded and described as follows:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at a point on the Northerly side of North 8th Street distant 100 feet Easterly from the corner formed by the intersection of the Easterly side of Driggs Avenue with the Northerly side of North 8th Street;

RUNNING THENCE Northerly parallel with Driggs Avenue, 100 feet;

THENCE Easterly parallel with North 8th Street, 25 feet;

THENCE Southerly parallel with Driggs Avenue, 100 feet;

THENCE Westerly along the Northerly side of North 8th Street, 25 feet to the point or place of BEGINNING.

TOGETHER with a _____ % interest in the Common Elements;

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with and subject to the rights, obligations, easements, restrictions and other provisions of the Declaration and of the By-Laws of the Condominium (including but not limited to the Rules and Regulations thereunder) as such Declaration and By Laws may be amended from time to time by instruments recorded in the Office of the Register of the City of New York, New York County, all of which rights, obligations, easements, restrictions and other provisions, shall constitute covenants running with the land and shall bind any and all persons having at any time any interest or estate in the Unit, as though recited and stipulated at length herein; and subject to any other matters of record as of the date hereof;

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns of the Grantee, forever.

Grantee by accepting delivery of this deed covenants and agrees to be bound by and to comply with the provisions of the Declaration and the By-Laws of the Condominium (including but not limited to the Rules and Regulations thereunder) recorded simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded in the Office of the Register of the City of New York, New York County.

The shall be used solely for dwelling purposes and such "home occupation" use under the Zoning Resolution of the City of New York as may be permitted by law.

The Grantor covenants that the Grantor has not done or suffered anything to be done whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the Condominium By-Laws (and any Rules and Regulations adopted under the Condominium By-Laws). This covenant is for the personal benefit of the Grantee only and cannot be assigned to or exercised by, and shall not inure to the benefit of, any other person or entity, including, but not limited to, any insurer of the Grantee's title or any successor to the Grantee's interest.

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the same for any other purpose.

The terms "Grantor" and "Grantee" shall be read as "Grantors" and "Grantees" whenever the sense of the deed so requires.

**IN WITNESS WHEREOF**, the Grantor has duly executed this deed the day and year first above written.

WITNESS

**GRANTOR:**
**205 Northside LLC**

**By:**_____
**Name: Lawrence Pinner**
**Its: Manager**

**GRANTEE:**

_____

**GRANTEE:**

_____

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

On the _____day of _____, _____, before me personally came Lawrence Pinner to me known, and who executed the foregoing instrument and, who being by me duly sworn, did depose and say that he is the Manager of 205 Northside LLC, a limited liability company, and that he executed the foregoing instrument in the name of said limited liability company and that he had authority to sign the same, and he acknowledged that he executed the same as the act and deed of said limited liability company.

_____
Notary Public

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

On the _____ day of _____ in the year 200__ , before me, the undersigned, a notary public in and for the state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

**DESCRIPTION OF THE PROPERTY AND SPECIFICATIONS**
**June 14 2010**

**205 North 8th Street Brooklyn NY**

**A. Location and use of property:**
**This property, if constructed according to approved plans, will comply with all zoning and use requirements at closing.**

| | |
|---|---|
| 1. Address: | 205 North 8th Street |
| 2. Block and Lot number: | Block 2313, Lots 28 |
| 3. Zoning: | M1-2, R6A |
| 4. Permissible uses: | Building is being constructed for a permissible residential use under the current zoning. |

**B. Status of Construction:** New Building

| | |
|---|---|
| 1. New Building: | Construction of new 5-story building on a vacant lot. All foundations floors and framing to be new. Expected completion date August 2010 |
| 2. Class of Construction: | 1-D, non-combustible as per New York City Building Code |
| 3. Certificate of Occupancy: | Owner will obtain a Temporary Certificate of Occupancy at construction completion and prior to the closing for each unit. Sponsor will obtain permanent certificate of occupancy prior to expiration of temporary C. O. |
| 4. Permit numbers and description of work done: | Plans have been approved by the New York City Department of Buildings. All Building permits have been obtained. The project was originally approved by the New York City Department of Buildings on 05-30-2006, under NB #302000073. Last amended 07-27-07 |

**C. Site:**

| | |
|---|---|
| 1. Size: | The lot is rectangular, measuring 25' x 100' and is approximately 2,500 square feet |
| 2. Number of buildings and use: | There will be a 5-story residential building on this site. The building will contain nine (09) residential units from cellar to 5th floor. |

3. Streets owned or maintained by the project:

All streets are owned and maintained by the New York City Department of Transportation and to the best of my knowledge and belief are in conformity with current regulations re: paving, curbing, catch basins and street lighting. All curbing will be new or existing steel; all sidewalks will be repaved with new concrete as per DOT specifications. All streets are in good condition and paved with asphaltic paving materials. There is a street light directly across from the building on North 8th Street which appears to be in good working order and constructed of aluminum.

4. Drive, sidewalks and ramps.

The site does not contain any drives. The sidewalk and curbing will be replaced to meet all Department of Transportation requirements. (see previous paragraph re: NYCDOT)

**D. Utilities:**

1. Electricity:

Consolidated Edison, a public utility, will provide electricity. Each residential 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.

2. Gas:

National Grid, a public utility, will provide gas. Each residential unit's usage for cooking, and heating will be metered individually and the usage borne by each respective unit. There will be one (1) common gas meter for domestic hot water and gas drier.

3. Water and Sewer:

Department of Environmental Protection of the New York City will provide water and sewer service. Water consumption will be monitored by one water meter for the entire building.

4. Telephone:

Telephone service will be provided by Time Warner and/or another service provider. Each residential unit owner will be required to pay the service provider their associated telephone charges and initial charges for activating individual outlets in the unit.

5. Cable & Satellite TV:

Time Warner will provide cable TV, internet and telephone service to the building. Each residential unit owner will make separate applications for service and will be separately billed for the cost of such service.

**E. Sub-soil Conditions:**

i. All subsoil conditions have been verified for the required load bearing capacity by the Architect or Engineer, based on the boring reports prepared by Atlas Technical Associates. Soil at foundation depth is adequate for designed bearing capacity.

ii. There is no danger of flooding due to water table or area overflows.

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

iv. All foundation systems will be new and/or altered, and there is no evidence of moisture or groundwater infiltration.

**F. Landscaping:**

i. Grass: none.

ii. Plantings: There will be several small shrubs and trees planted in the rear yard area.

iii. Trees: There are no existing trees in the front sidewalk owned by the City of New York.

iv. Fencing: There will be a chain link fence with vinyl slats inserted around the rear yard on three sides.

v. Gates: none

vi. Garden Walls: none

vii. Retaining Walls: none

viii. Fountains or Display Pools: none

**G. Building Size:**

1. Total height: Building height is approximately 60'-0"

2. Crawl spaces: None

3. Number of sub-cellars and cellar: The structure has one cellar that extends under the building. It contains meter rooms, sprinkler room, refuse room, and recreation rooms, and a laundry room.

4. Number of floors: Five (5)

5. Equipment rooms: In addition to rooms in the cellar there is an elevator machine room.

6. Parapet: 3'-6" height masonry or metal pipe railings.

## H. Structural System:

Structural system of the building will be as follows: Masonry block walls for two side walls of building will extend above grade at all elevations. Floors will be constructed of metal "I" beam with metal floor pans filled with concrete. Front and rear façade will also be constructed of metal studs.

1. Exterior of Buildings will not be subject to New York City Local Law 11 facade examinations every five (5) years. There are no existing lot-line windows.

i. Front elevation will be cement board over metal framing with a tile finish. New aluminum and glass windows. Sidewalls will be 12" masonry units with EFIS stucco finish applied. The rear elevation construction will be dens glass gold over metal framing with EFIS stucco finish and new aluminum and glass windows.

ii. Windows will have a 10-year warrantee on the glass and a 5-year warrantee on the frame. The windows will be anodized clear aluminum, aluminum framed. Tempered glass will be provided where required by NYC Building Code. Windows will comply with minimum requirements of the NYS Energy Code. The window sills are black granite, there are no screens. Tenant must obtain window guards or provide a waver signed by tenant, window lintels are steel angles, and there are no storm windows. All windows will be double glazed all frames will be caulked utilizing silicon caulking materials.

iii. Balcony doors: The doors will be anodized aluminum, aluminum framed, thermally broken, sliding or swinging with factory weather-stripping and double-pane glass with low "E" coating. Tempered glass will be provided where required by NYC Building Code. Doors will comply with minimum requirements of the NYS Energy Code. Balcony railings will be 42" high metal with ¾" diameter pipe rail.

iv. Landmark Status: No landmark status is applicable for this building.

v. Insulation: Building utilizes fiberglass batt insulation. R-13 (3 5/8" thick) used in front wall and R-11(3 ½" thick) used in side walls, and R-19 (6 ½" thick) in the roof.

2. Parapets and copings:

Parapets – All parapet walls will be new 8" concrete masonry or steel pipe railing, 3'-6" ht. Copings, where installed, will be a cast stone or metal.

3. Chimneys and caps:

None – Common gas fired hot water heater is a sealed combustion unit with PVC pipe venting to roof.

4. Balconies and terraces:

Field-poured concrete balconies will be provided. Balconies will be welded to steel structure. Exterior railings for rear balconies are painted iron, . Front balcony railings are aluminum with glass insert panels. The floor of all balconies will be paved with a frost proof porcelain tile on top of the concrete deck. All doors leading to balconies are anodized clear aluminum frames with double glazing panels. Soffit of balconies is dens-glass gold with a stucco finish applied. The fifth floor roof terrace is not finished it has a roofing material that must be covered at purchasers expense. Copings on terrace are aluminum caps.

5. Exterior entrances:

i. Exterior aluminum and glass doors, frames and storefront by Kawneer, or approved equal. All entrance doors will be weather-stripped.

ii. Mail boxes; Mailboxes will be post office approved exterior type recessed into wall of the lobby Lighting will be incandescent high hat fixtures. Building entrance door will be equipped with magnetic locking system which can be released for entrance by tenants utilizing a key fob system, or from inside their apartments by releasing lock from intercom panel.

iii. Lighting for the exterior entrances will consist of wall sconces located at each side of the building.

iv. There are no exterior stairs. Exterior railings will consist of 1¼" diameter painted steel pipe railing.

6. Service entrances: None

7. Skylights: None

8. Bulkheads: There are two bulkheads: one for the elevator and one for the stairs. Bulkheads are constructed of metal studs and dens glass gold with EFFIS stucco finish.

9. Roof and roof structures:

i. The roofing system will be an adhered rubber membrane roofing system with a silver paint finish to concrete deck Roof will have a 10-year warranty. All through-wall flashings will be stainless steel. Insulation will be fiberglass batts R-19 (6 ½" thick) from below roof deck.

ii. Drains: all roofs will be internally drained to the building's combined storm and sanitary sewer utilizing cast iron piping with no-hub fittings. There are no exterior gutters or leaders.

iii. Metalwork at roof levels; Railings will be provided where required to maintain height above roof of 3'-6".

10. Fire escapes: There are no fire escapes on the building exterior.

11. Yards and courts: The rear yard has been allocated as limited common space for the first floor rear duplex apartment. There is a pored concrete patio approximately 12' deep running across the rear of the building. The patio is sloped to the rear yard for natural drainage (there is no rear yard area drain provided). The remaining area has approximately 2" of top soil with bark chips there will be a minimum of three (3) small evergreen shrubs planted. There is a chain link fence on two sides of the yard the other side abuts a building wall

12. Interior stairs: The building will have one stair from cellar to roof. The stair will go down to the cellar level to provide a direct access to the outside areaway. Stairs will be constructed of metal pans filled with concrete. Stringers will be metal and handrails will be painted pipe railing. Balustrades will be metal. Risers will be painted metal. Tread will be painted concrete. Materials for stair are metal stringer, metal pipe railings, risers are painted metal, and balustrades are steel.

13. Interior doors and frames:

Interior doors: Within the residential units the doors will be pre-hung painted solid core with painted hollow metal frame. Stair doors will be hollow metal doors and frames w/1.5 hr. fire rating. All doors set into 2 hr. fire-rated walls shall have 1.5 hr. fire rating. Closet doors will be solid core wood doors. Doors to balcony will be aluminum and glass.

14. Elevators:

There will be a residential-type passenger elevator accessed from an elevator lobby located on the first floor. The elevator makes stops at the cellar, first, second, third, fourth, and fifth floors. The elevator will travel 70' + or - from the cellar to the fifth floor. It will have a 2,000 lb. or 12-person capacity and a speed of 150 fpm. The elevator opens directly into the apartment on the fifth floor only. There are no conduits or common pipes located inside the elevator shaft. The elevator doors are sliding. Elevator is manufactured by Imperial Elevator Corp. it is a dual-roped hole-less hydraulic elevator Operation is single automatic selective collective. The controller shall be of the electro-magnetic type.

15. Elevator Cabs:

Painted steel side and rear walls with applied wood core panels faced and edged with plastic laminate, translucent suspended ceiling panels in a baked enamel frame with fluorescent lighting above, stainless steel front return panels and transom, 3'-0"x7'-0"stainless steel clad car door, ¼"x 2" wide stainless steel handrail on rear wall. Elevator will be equipped with firemen's return and will also have an audible alarm in the lobby in case of elevator breakdown. Cab is manufactured by Canton Elevator Inc. Floor of cab will be VCT tile. The car has a hands free phone in case of emergency to contact the elevator service company built into the elevator panel with a call button In addition the elevator is equipped with "Fireman Safety Return" as required by code. In the event of an emergency the fire department can recall the elevator to the lobby and take over control.

## I. Auxiliary facilities

1. Laundry Rooms:

There will be one communal laundry room located in the cellar. The laundry room will contain one (1) standard duty washing machine and one (1) standard dryer. There will be no charge for use of these machines. The driers are exhausted by metal duct to the outside.

2. Refuse disposal:

There will be a refuse room in the cellar. Refuse will be deposited in trash rooms in each apartment, or in the common hallways. From there, it will be collected by the superintendent, bagged and brought to the refuse room and then to the street for collection by the New York City Sanitation Department as per their pick-up schedule for this area. There is no trash chute in this building.

3. Tenant Storage:

There will be tenant storage in the cellar, for six (6) of the nine (9) apartments only. Units 1A, 2B, 3A, 3B, 4A, 4B only.

4. Recreation Space:

There is a common recreation area located in the front of the building on the cellar level areaway open to the street. There is no roof top recreation area in the building.

## J. Plumbing and drainage:

1. Water Supply:

Each residential unit will be supplied with hot and cold water. Potable water will be supplied by DEP. All water supply pipes within the building shall be copper type L with soldered joints. Water will be supplied from the New York City water system. Water pressure will be maintained from Street pressure at 55psi

2. Fire Protection System:

Sprinkler system shall be provided per applicable code requirements. All pipes shall be black steel standard schedule 10. Sprinkler heads shall be recessed pendant or sidewall type as deemed appropriate. Sprinkler heads will be cast brass, closed fusible link, spray type, ½" Ordinary degree temperature rating. In finished areas they will be concealed type with ceiling plate's factory painted white. In unfinished areas upright heads where possible, pendant heads where necessary, bronze finish. Sprinkler heads are located in all bedrooms, living rooms, bathrooms, and Kitchens. All public halls and stair wells have sprinkler coverage, as well as all cellar storage rooms, recreation room, laundry room and hall way. Spacing of sprinkler heads varies from 6' to 10' apart depending on room configuration.

3. Water Storage Tanks:

One common 100-gallon gas-fired hot water heater Tank is manufactured by AO Smith Cyclone sealed combustion gas fired hot water heater and is located in the cellar in a hot water heater room. There are no other water storage systems for this building. Water pressure is supplied by street pressure at 55psi

4. Water Pressure and how Maintained:

Within the building water pressure will be provided by street pressure to the 5th floor at a minimum of 55psi

5. Sanitary Sewage System:

The sanitary system of the building was approved by DOB. All sanitary pipes shall be cast iron with mechanical and/or no-hub joints, and connected to the combined New York City sewerage system located in the street and maintained by the New York City Department of Environmental Protection.

6. Permits required:

For new 6-inch combined sewer to be provided. For 2" inch domestic water service and for 6" fire service. Water and sewer permits have been obtained for the installation of the new water service from the DEP April, 2010.

7. Storm Drainage:

Storm water will be retained by the roof retention system. Allowed run-offs will be gravity-fed directly into the combined city sewer. There is one area drain located in the cellar outdoor recreation space which goes to a sump pump and is discharged directly into the buildings combined sanitary storm sewer. There are no catch basins or other yard drains, piping material will be cast iron with mechanical and or no-hub joints for the yard drain.

8. **Duplex Sewerage Ejector (for cellar fixtures balance of building is gravity feed)**

Sewer and storm water typically enter the sewer by gravity flow. Due to the fact that the sewer connection for this property is elevated approximately 2 (two) feet above the cellar slab is the reason that we are required to provide an ejector for the cellar.
This system will utilize pumps and a small holding tank to pump the water from the cellar to the sewer line which is located above the cellar floor slab.
This system will contain a combined storm and sanitary sewer ejector located in the cellar which connects the plumbing fixtures in the cellar including toilet fixtures, area drain, cellar washing machine, and hot water heater condensate to an ejector pump. System is made up of two (2) 1HP 3" 3 Phase submersible sewerage ejector pumps rated at 160 gallons per minute at a 10 foot head, including fiberglass holding tanks with 4" inlet and cover plate , 158 gallon composite. Both pumps go to a common wye with 2-3" gate valves and 2-swing check valves.

**K.** **Heating:**

**System has been designed to exceed New York City building requirements which are:**

**From October 1 through May 31st:**
**Between the hours of 6:00 am and 10:00 pm, when the outside temperature is below 55° F, the landlord must heat the building up to 68° F**

**Between the hours of 10:00 pm and 6:00 am, when the outside temperature is below 40° F, the landlord must provide heat up to 55° F.**

i. Gas-fired residential heating, hot air and air conditioning will be provided by P-tech wall units manufactured by Islandair located in each apartment. Model EZ-09 capacity 9,500 BTUs; and Model EZ-12 capacity 12,000 BTUs, Model EZ-16 capacity 16,000 BTUs; All units have nyc MEA # 358-93E. These units have been sized and selected to maintain or exceed

NYC heating requirements and to provide cooling capacity based on the following base ambient temperatures: of 85 degrees F outside to provide an ambient inside room temperature of between 65-70 digress F.

ii. Heating in the cellar will be provided by electric baseboard heaters.

iii. There will be electric cabinet heating unit at the main entrance.

iv. Each residential unit will have individual thermostatic controls at the unit, manual or automatic, to control heating.

v. Hot water service for the Residential unit will be from one (1) gas-fired water heater located in the cellar.

vi. The storage capacity of the residential water heater shall be in accordance with the requirements of the New York State Energy Code.

**L.** **Gas Supply:**

Natural gas supplied by National Grid as described above. Gas will be distributed within the building from new black iron piping and fittings.

**M.** **Air conditioning:**

See heating.

**N.** **Ventilation:**

All bathrooms ventilated via vertical sheet metal risers to the roof, with individual 50 cfm fans in each bathroom. Kitchen is natural window ventilation (within 30'-0" of a natural window for outside ventilation)

**O.** **Electrical System:**

The total building incoming service shall be 120/208 volt, 3 phases, 4 wires, 2800 amp. All electrical work will comply with the National Electrical Code. Residential units will each have a 100 amp, 120/208 volt, and 3 wire service. All residential services will be single phase. Each unit shall have at least four (4) appliance circuits, two (2) lighting circuits and an individual air conditioning circuit for each unit. All circuits shall be provided with circuit breakers. GFI type receptacles will be provided per code in the kitchens and bathrooms. Electrical service is adequate for most modern appliances, as stated above there are separate circuits provided for air conditioners, dishwashers, lighting fixtures, GFI protected outlet in the bathroom for electrical hair dryers, there are code required convenience outlets and appliance outlets in the unit. There is an electrical service room located in the cellar which feeds an electrical panel located within each apartment. The circuit breakers are rated at 20 amps in the apartment panels.

**P.** **Additional Residential Systems:**

*Telephone* – Telephone outlets will be provided
.*Cable* – Each unit is wired to support cable (service & equipment by unit owner).

**Q.** **Intercommunication and/or door signal system:**

Each residential unit includes a low voltage video intercom station at the entry doors at each floor. The intercom system will have a main call panel in the residential lobby which will allow the apartment occupant to view the caller and release a magnetic lock on the entrance door to the building.

**R.** **Public Area Lighting:**

Lighting & power 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.

**S.** **Garages and Parking Areas:**

None

**T.** **Swimming Pools:**

None.

**U.** **Tennis Courts:**

None.

## V. Permits and Certificates:

Developer is responsible for plan approval only. Contractors shall 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 DOB and DOT.

Required Permits: New Building permit, Plumbing permit, Electrical permit and Construction Fence permits. DEC permits for installation of new water and sewer service, sidewalk shed permits. Side Walk permit and Sprinkler permit.

Required Inspections:
Borings/Test pits (TR-4) 27/720
Sub-grade 27-723, DIRC 15/71
Welding 27-616
High Strength Bolts Table 10-2
Fire Stops 27-345
Ventilation System-Engineer/Installer 27
Masonry Units RS 10-3 3.2
Concrete Test Cylinders (TR-2) 7-607A(1)
Elevator
Electrical
Sprinkler
Detector: Carbon Monoxide-Certificate of Installation

Final C of O will require sign-off's. See chart found after violations.

**W. Violations:**

There are presently three (3) Department of Building Violations, and seven (9) ECB violations. Sponsor shall cause these violations to be dismissed or removed of record prior to final C of O.

Violation 34646330R issued by ECB special operations violation for sidewalk shed does not meet code issued 06/28/2008 shed has been removed must schedule hearing and mitigate fine imposed.

Violation 34646331Z issued by ECB special operations violation for no guard rails for openings at 3rd floor of building issued 06/28/2008. All openings have been closed must schedule hearing and mitigate fine imposed.

Violation 34757710K issued by ECB Brooklyn Construction failure to maintain guard rails at elevator shaft openings and balcony openings at each level throughout building issued 03/06/2009. All openings have been closed must schedule hearing and mitigate fine imposed.

Violation 34757711M issued by ECB Brooklyn Construction failure to maintain building discarded bldg materials strewn throughout each level issued 03/06/2009. The building has been fully cleaned we must schedule hearing and mitigate fine imposed.

Violation 348152272M issued by ECB Scaffold safety team sidewalk shed does not meet code no lit fixtures underside of shed issued 12/11/2009 . The shed has been removed we must schedule hearing and mitigate fine imposed.

Violation 34640542L issued by ECB Brooklyn Construction failure to maintain building large accumulation of construction materials issued 03/20/2008. The building has been cleared of all accumulation we must schedule hearing and mitigate fine imposed.

Violation 34565684J issued by ECB best squad failure to provide protection at sides of excavation issued 03/06/2007. Protection was provided and re-inspected we must schedule a hearing and mitigate fine imposed.

W: VIOLATIONS:

Violation 34769100L issued by ECB Low Rise unit failure to maintain safety equipment no guard rails at elevator shaft issued 01/05/2010. Protection was provided and re-inspected we must schedule a hearing and mitigate fine imposed

Violation 34769105K issued by ECB Low Rise unit failure to maintain exit passageway during construction full of construction debris issued 01/05/2010. Building was cleaned following day we must schedule a hearing and mitigate fine imposed.

Three DOB violations which correspond

The following Inspections must be completed prior to final Certificate of Occupancy being issued.

| 205 North 8th Street inspections | Dates Obtained for Inspection | Authority Inspecting | Expiration of |
|---|---|---|---|
| New Building Application Required Inspections for C of O | | | |
| **Construction Inspection** | not scheduled | Department of Buildings | 18 Months (u is issued than i |
| **Controlled Inspections:** | | | never be insp |
| Sub Grade TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Sub Grade TR-1 sign off | not scheduled | Independent Engineer | none |
| Underpinning TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Underpinning TR-1 sign off | not scheduled | Independent Engineer | none |
| Fire Stops TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Fire Stops TR-1 sign off | not scheduled | Independent Engineer | none |
| Vent Sys TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Vent Sys TR-1 sign off | not scheduled | Independent Engineer | none |
| Noise Control Test TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Noise Control Test TR-1 sign off | not scheduled | Independent Engineer | none |
| Masonry units TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| Masonry units TR-1 sign off | not scheduled | Independent Engineer | none |
| concrete TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| concrete TR-1 sign off | not scheduled | Independent Engineer | none |
| concrete test cylinders TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| concrete test cylinders TR-1 sign off | not scheduled | Independent Engineer | none |
| Lt. Gauge steel TR-1 sign on | 5/30/2006 | Independent Engineer | none |
| lt. Gauge steel TR-1 sign off | not scheduled | Independent Engineer | none |
| **Site survey final** | not scheduled | architect | none |
| **Builders Pavement Plan** | not scheduled | Department of Buildings (DOB) | none |
| **Final Elevator Sign off** | not scheduled | Elevator Division NYC DOB | none |
| **Final Electrical Sign off** | not scheduled | Burro of Elect. Control NYC | none |
| **Plumbing Rough Inspection** | 10/14/2009 | Plumbing Division NYC DOB | none |
| **Plumbing Final** | not scheduled | Plumbing Division NYC DOB | none |
| **Sprinkler Rough Inspection** | 4/20/2010 | Plumbing Division NYC DOB | none |
| **Sprinkler Final Inspection** | not scheduled | Plumbing Division NYC DOB | none |

**X. Unit Information:** Residential units: 9, Commercial units 0 Parking units: 0

**Residential Unit Finishes:**

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.

| Room | Floors | Walls | Ceilings | Doors | Miscellaneous |
|---|---|---|---|---|---|
| Recreation Rooms | Porcelain tile | Gypsum board w/ 2 coats of flat latex paint | Gypsum board w/ 2 coats of flat latex paint | N/A | Dwelling unit entrance door to be 3'x6'8" FPSC painted wood w/painted hollow metal frame. refer to plans for fire rating requirements. |
| Living & Dining Rooms | 3" pre-finished engineered wood | Gypsum board w/ 2 coats of flat latex paint | Gypsum board w/ 2 coats of flat latex paint | N/A | |
| Kitchens | 3" pre-finished engineered wood | Gypsum board w/ 2 coats of flat latex paint | Gypsum board w/ 2 coats of flat latex paint | N/A | Corian stone tops & painted backsplash |
| Bathrooms | Ceramic tile or Marble or Travertine | Water resistant gypsum board w/ 2 coats of latex paint. Ceramic tile surrounding tub | Water resistant gypsum board w/ 2 coats of latex paint. | Painted, pre-hung 2'-8" x 7' x 1 ¾" solid core MDF paint grade in painted wood frames | solid surface counter tops in bathrooms |
| Bedrooms | 3" pre-finished engineered wood | Gypsum board w/ 2 coats of flat latex paint | Gypsum board w/ 2 coats of flat latex paint | Painted, pre-hung 2'-8" x 7' x 1 ¾" solid core MDF paint grade in painted metal frames | |

**Plumbing fixtures & fittings:**

| Item | Make / model | Description | Finish |
|---|---|---|---|
| ***Bathroom:*** | | | |
| Lavatory | Solid surface countertop | Kohler or equal sink | |
| Lavatory faucet | American Standard or equal | Single-lever handle | Polished chrome |
| Toilet | Kohler/Toto/American Standard | One-piece | White |
| Bath tub | Kohler or equal | 5'-0" long | White |
| Bath & Shower faucet | American Standard or equal | | Polished chrome |
| Tub enclosure | Shower rod with curtain | | (Curtain by unit owner). |

***Kitchen:***

| Item | Make / model | Description | Finish |
|---|---|---|---|
| Sink | Elkay or equal | Single basin | Stainless steel |
| Sink faucet | American Standard or equal | Lever & spray | Polished chrome |

***Laundry: There shall be one washer and one dyer located in cellar.***

| Item | Make / model | Description | Finish |
|---|---|---|---|
| Washer | Commercial grade | Front loader | |
| Dryer | Commercial grade | Front loader | |

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

| Item | Make / model | Description | Finish |
|---|---|---|---|
| Refrigerator | Kitchen Aid | 30" | |
| Stove | GE | 30" Profile gas fired | |
| Dishwasher | Bosch | | |

**Finish Schedule of Spaces Other than Dwelling Units:**

| Room | Floors | Walls | Ceilings | Doors | Misc. |
|---|---|---|---|---|---|
| Entrance/Elevator Lobby | Porcelain tile | 4'-6" wood wainscot.. | Painted gypsum board | See "Exterior Entrances" | |
| Public corridor | Industrial type carpet or ceramic tile | Painted gypsum board w/wood wall base. | Painted gypsum board | See "Family Room" "Miscellaneous" | |
| Stair | Painted concrete | Painted exposed concrete or concrete block | Painted concrete | 3'x7' painted hollow metal door and frame. 1.5 hr. fire rated. | |
| Cellar Rooms | Painted Concrete | Painted Concrete | None | 3'x7' painted hollow metal door and frame | |
| Elevator Machine Room | Painted concrete | Painted concrete block | None | 3'x7' painted hollow metal door and frame | |

**Y. Safety and warning devices:**
**All devices as required by New York City Building Code will be provided as follows:**

1. Residential Unit Smoke Detection System: Residential Units will contain a smoke detector located at each bedroom, and on each floor. The detector will be battery operated and will be self-contained with its own sounding device.

2. Common Area Fire protection system: All apartment areas will be provided with a smoke alarms.

3. Residential Unit Carbon Monoxide Detection and smoke detection System: Residential Units will contain a combination fire alarm and carbon monoxide detector located in each dwelling unit and on each floor. The detector will be battery operated and will be self-contained with its own sounding device.

4. Closed Circuit Security TV None

**Z. Additional information required:**

1. Floor plan for each type of unit. See attached.

2. Floor to ceiling heights of units. 8'-0" minimum or more within each unit.

3. Approximate total area of units.

Cellar 1st duplex: 510 sq. ft.

| | | |
|---|---|---|
| Unit 1A: | 420.26 | sq. ft. |
| Unit 1B: | 698.26 | sq. ft. (plus cellar) |
| Unit 2A: | 475.86 | sq. ft. |
| Unit 2B: | 767.46 | sq. ft. |
| Unit 3A: | 475.86 | sq. ft. |
| Unit 3B: | 767.46 | sq. ft. |
| Unit 4A: | 475.86 | sq. ft. |
| Unit 4B | 767.46 | sq. ft. |
| Unit 5 | 792.37 | sq. ft. |
| Total | 6150.85 | sq. ft. |

**TYPE OF MEASUREMENT USED FOR FLOOR PLANS IN THE OFFERING PLAN:**

(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. All kitchen areas are deemed not to be independent rooms, whether or not separated from the living room or dining room by a demising wall though.

| | | |
|---|---|---|
| | | (b) The total 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. 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. |
| | 5. Master plan showing unit boundaries | Plan of units indicate boundaries and appropriate unit designations. |
| **AA.** | **Visual examination of certain conditions in the building(s)** | N/A. All new construction. |
| **BB.** | **Further development** | N/A. All new construction. |
| **CC.** | **Asbestos** | N/A. All new construction. Asbestos material will not be used. |
| **DD.** | **Lead-based paint** | N/A. All new construction. Lead-based paint will not be used. |
| **EE.** | **Roof Rights** | None not for public use |
| **FF.** | **Radon** | N/A in New York City area. |
| **GG.** | **Construction Regulations** | Building shall be constructed as per all applicable rules and regulations by OSHA standards. |

SPECIAL RISKS

Balconies and terraces may not be used for any type of occupancy including but not limited to: dining, sleeping, living room, recreation room, office, etc. To do so may result in a violation against the building being issued by the Buildings Department.

Recreation Space may not be used for any type of occupancy-including but not limited to: dining, sleeping, living, office, storage, etc. To do so may result in a violation against the building being issued by the Buildings Department.

Storage Spaces: areas may not be used for any type of occupancy-including but not limited to: dining sleeping, living room, recreation room, office, etc. To do so may result in a violation against the building being issued by the Buildings Department.

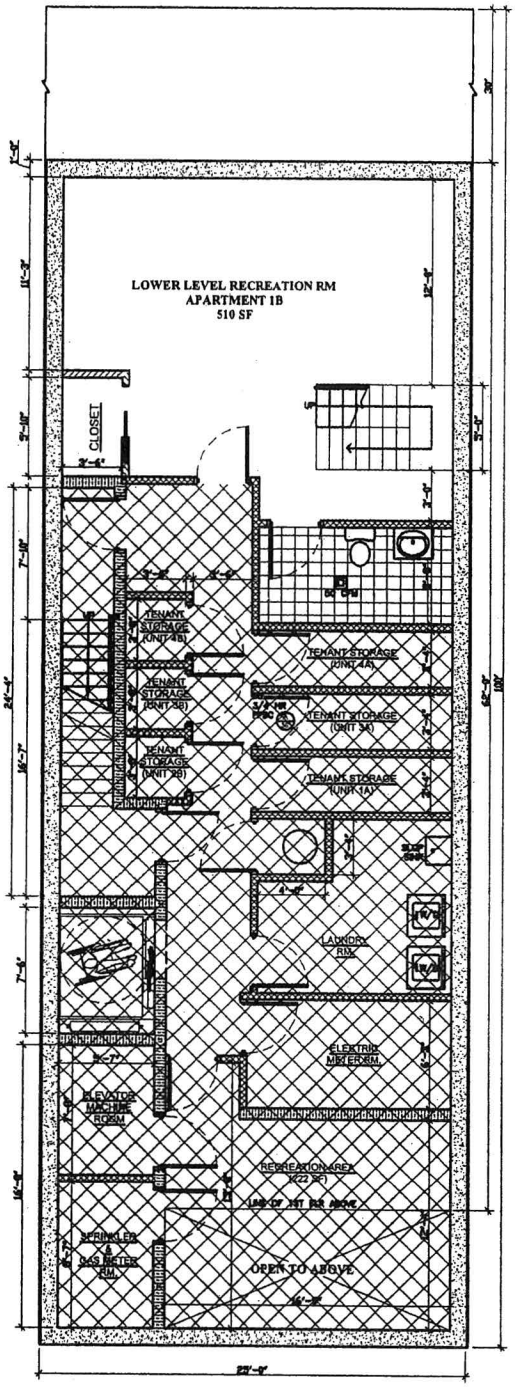
Storage Spaces Areas may not be used for Combustible items as defines in the Building Code. No storage of clothing, furniture, books, papers, or any combustible items will be permitted.

Unit owners 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 owner shall install at residential owner's expense, the required window guards in all windows of the unit and shall not remove them until permitted by law in any event, without the full knowledge of the Managing agent.

Dated: 6/17/10

Preparer's Signature Clarence E Weigold Jr.






# 205 NORTH 8 STREET

## 1/A2 CELLAR FLOOR PLAN

SCALE 1/4" = 1'-0"

P/A Pinner Associates
Architecture · Engineering · Planning · Design

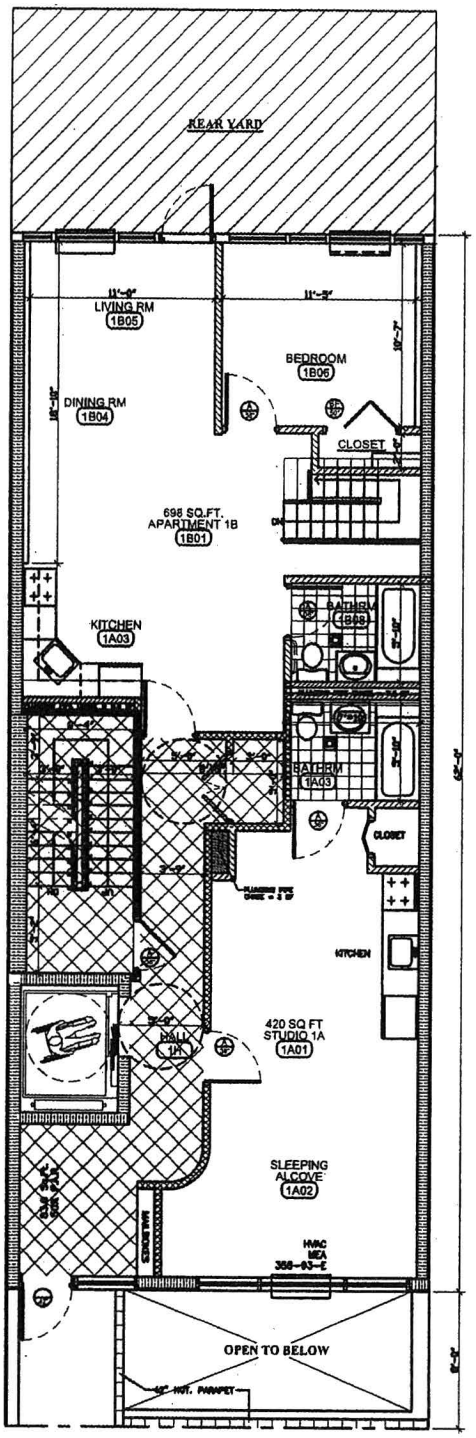
LEGEND:

- RESIDENTIAL UNITS
- GENERAL COMMON AREA
- LIMITED COMMON AREA

CLIENT
NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT
205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No. CP-1
of 7




# 205 NORTH 8 STREET

## FIRST FLOOR PLAN

1/A2 SCALE 1/4" = 1'-0"

Pinner Associates

LEGEND:

RESIDENTIAL UNITS

GENERAL COMMON AREA

LIMITED COMMON AREA

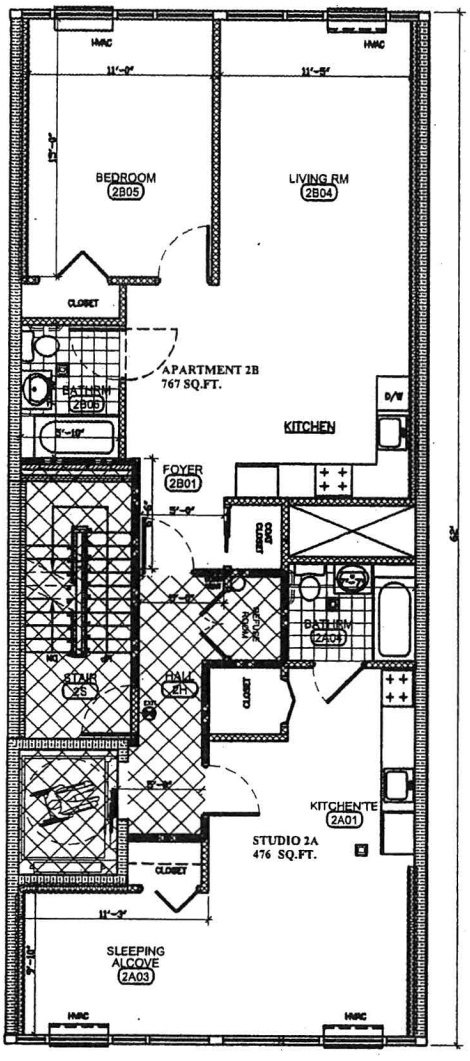
CLIENT

NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT

205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No. CP-2
of 7

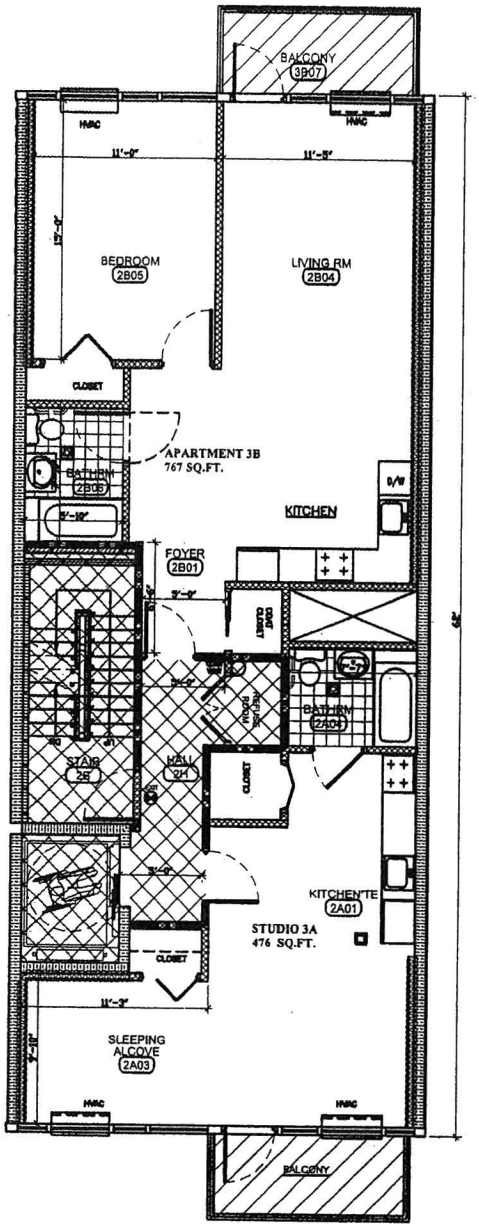



# 205 NORTH 8 STREET

## 1/A2 SECOND FLOOR PLAN

SCALE 1/4" = 1'-0"

| | | | |
|---|---|---|---|
| Pinner Associates | LEGEND: RESIDENTIAL UNITS; GENERAL COMMON AREA; LIMITED COMMON AREA | CLIENT: NORTH 8 STREET, LLC<br>NORTH 8 STREET, BROOKLYN, NEW YORK | DATE:<br>SCALE:<br>JOB No.<br>DWG BY:<br>CAD FILE: |
| | | PROJECT: 205 NORTH 8 STREET CONDOMINIUM<br>NORTH 8 STREET, BROOKLYN, NEW YORK | DRAWING No. CP-3<br>of 7 |




# 205 NORTH 8 STREET

## 1/A2 THIRD FLOOR PLAN

SCALE 1/4" = 1'-0"

Pinner Associates
Architecture · Engineering · Planning · Design

LEGEND:

RESIDENTIAL UNITS

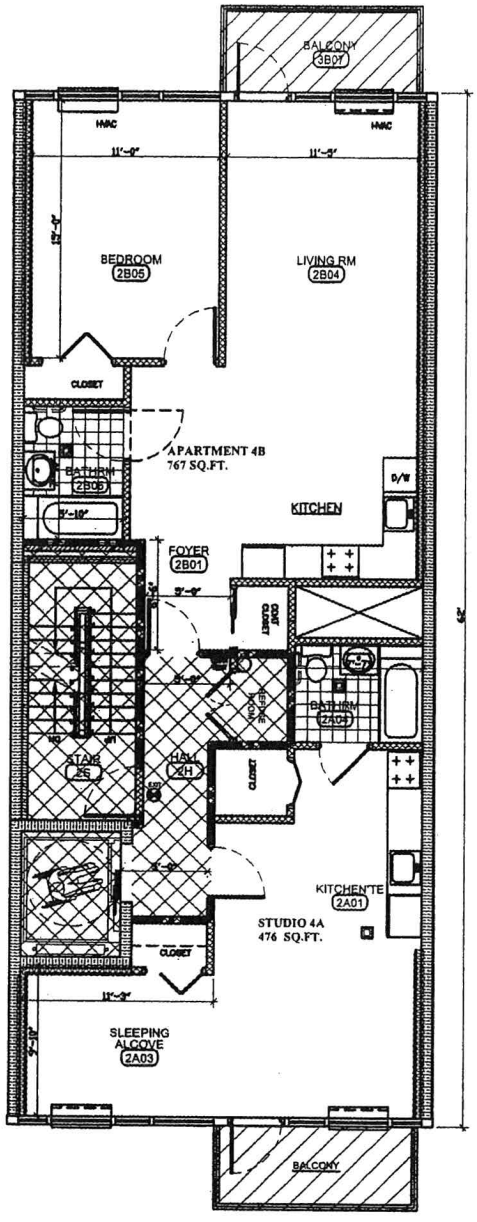
GENERAL COMMON AREA

LIMITED COMMON AREA

CLIENT
NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT
205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No.
CP-4
of 7




# 205 NORTH 8 STREET

## FOURTH FLOOR PLAN

(1/A2) SCALE 1/4" = 1'-0"

Pinner Associates
Architecture, Engineering, Planning, Design
19 Maple Street, Port Washington, NY 11050
phone 516.767.2900 fax 516.767.1752

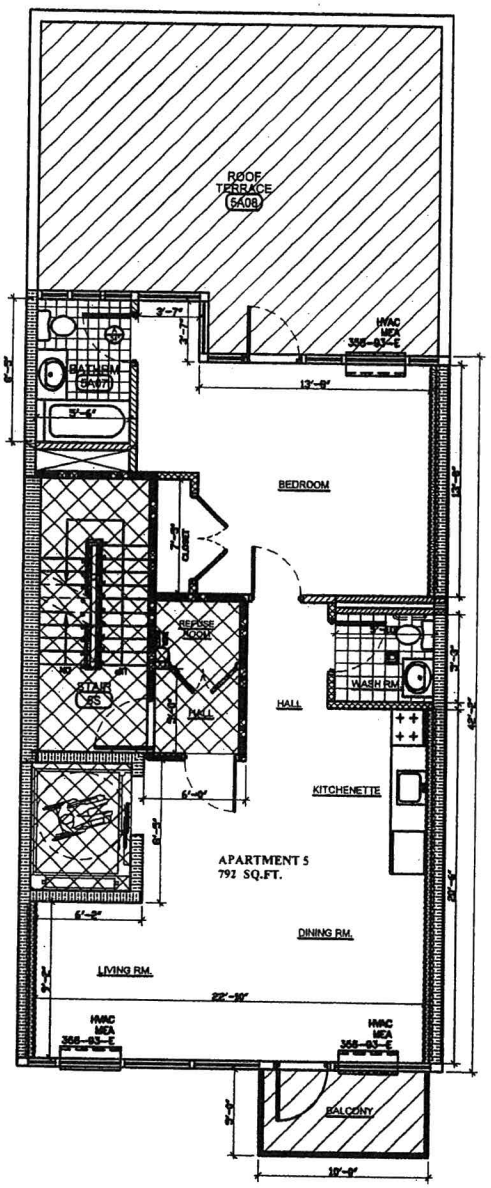
LEGEND:

| RESIDENTIAL UNITS | GENERAL COMMON AREA | LIMITED COMMON AREA |
|---|---|---|

CLIENT
NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT
205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No.
CP-5
of 7




# 205 NORTH 8 STREET

## (1/A3) FIFTH FLOOR PLAN

SCALE 1/4" = 1'-0"

Pinner Associates

LEGEND:

RESIDENTIAL UNITS

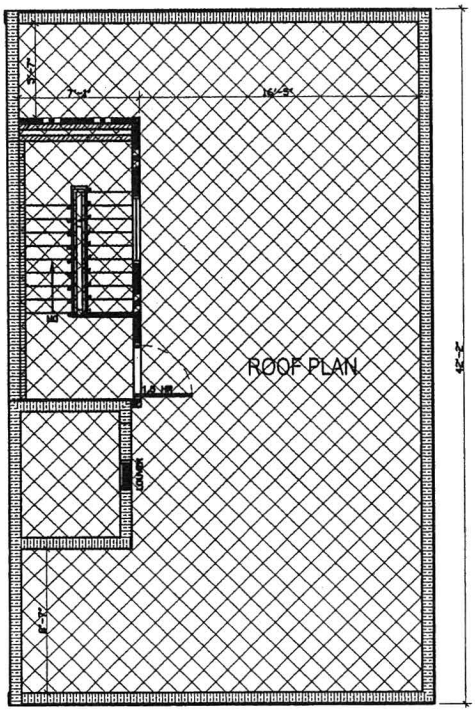
GENERAL COMMON AREA

LIMITED COMMON AREA

CLIENT
NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT
205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No.
CP-6
of 7




205 NORTH 8 STREET

1/A2 ROOF PLAN
SCALE 1/4" = 1'-0"

Pinner Associates
Architecture . Engineering . Planning . Design

LEGEND:

RESIDENTIAL UNITS

GENERAL COMMON AREA

LIMITED COMMON AREA

CLIENT
NORTH 8 STREET, LLC
NORTH 8 STREET, BROOKLYN, NEW YORK

PROJECT
205 NORTH 8 STREET CONDOMINIUM
NORTH 8 STREET, BROOKLYN, NEW YORK

DATE:
SCALE:
JOB No.
DWG BY:
CAD FILE:
DRAWING No.
CP-7
of 7

**DECLARATION**
**ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP**
**OF THE PREMISES**
**KNOWN AS AND BY THE STREET NUMBER**
**205 North 8th Street**
**BROOKLYN, NEW YORK 11211**

Pursuant to Article 9-B
of the Real Property Law of the State of New York

Name **THE BEDFORD CONDOMINIUM**

Declarant 205 Northside LLC

Date of Declaration , 201_

The land affected by the within instrument lies in Block 2313 and Lot 28 on the Tax Map of the Borough of Brooklyn, City of New York.

**LAWRENCE F. DIGIOVANNA, ESQ.**
**Attorney for Declarant**
**357 Bay Ridge Parkway**
**Brooklyn, New York 11209**

## TABLE OF CONTENTS


| Section | | Page |
|---|---|---|
| 1. | Submission of the Property ..... | |
| 2. | The Land | |
| 3. | The Building | |
| 4. | The Units | |
| 5. | Common Elements | |
| 6. | Determination of Common Interest in the Common Elements | |
| 7. | Use of the Building and Units | |
| 8. | Person to Receive Service | |
| 9. | Right to Combine, Subdivide or Realign Units | |
| 10. | Encroachments | |
| 11. | Certain Easements and Right of Entry | |
| 12. | Power of Attorney to Declarant and to Board of Managers | |
| 13. | Acquisition of Units by Board of Managers | |
| 14. | By-Laws and Persons Subject to Declaration and By-Laws | |
| 15. | Covenant of Further Assurances | |
| 16. | Amendment of Declaration | |
| 17. | Termination of Condominium | |
| 18. | Invalidity | |
| 19. | Waiver | |
| 20. | Captions | |
| 21. | Certain References | |

## DECLARATION OF THE BEDFORD CONDOMINIUM

**(Pursuant to Article 9-B of the Real Property Law of the State of New York)**

205 Northside LLC, a Delaware limited liability company, having an office at 10 Maple Street, Port Washington, New York 11050 (herein referred to as the "Declarant"), does hereby declare as follows:

1. Submission of the Property.

The Declarant is the fee owner of the "Property" as such term is defined below and hereby submits the Land (hereinafter defined) and Building (hereinafter defined) and all other property, real, personal or mixed, intended for use in connection therewith (collectively the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), and pursuant thereto does hereby establish a condominium to be known as "THE BEDFORD CONDOMINIUM" (sometimes herein referred to as the "Condominium").

2. The Land.

The Property consists in part of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Kings, City and State of New York, more particularly described in Schedule A annexed hereto and made a part hereof, together with all easements, rights, privileges and hereditaments appurtenant thereto (collectively sometimes herein referred to as the "Land"). The Land is owned by the Declarant in fee simple.

3. The Building

The Property consists in part of a building, the exterior of which is constructed primarily of block masonry for side rear walls with front and rear façades of dens glass gold over metal framing with new aluminum and glass windows, known as 205 North 8th Street, Brooklyn, New York 11211. The Building contains five (5) stories, and a cellar. The Building together with all other improvements now or hereafter erected thereon or on the Land are sometimes herein referred to as the "Building."

4. The Units.

Schedule B annexed hereto and made a part hereof sets forth the following data with respect to each unit of the Condominium necessary for the proper identification thereof: unit designation, tax lot number, approximate area, Common Elements (hereinafter defined) to which the unit has immediate access and percentage interest of each unit in the Common Elements (sometimes herein referred to as the "Common Interest"). The location of each unit is shown on the floor plans of the Building certified by Pinner Associates, and intended to be filed in the office of the Register of the City of New York in Kings County contemporaneously with the recording of the Declaration (herein referred to as the "Floor Plans").

As shown on the Floor Plans, the Condominium consists in part of nine (9) residential condominium units designated on the Floor Plans as Units (hereinafter sometimes collectively referred to as "Units" and individually referred to as a "Unit") comprising portions of the cellar through fifth floors of the Building and such additional space in the Building which is part thereof as set forth below in this Section 4.

The Units are sometimes collectively referred to as "Units" and individually referred to as "Unit." The owner of a Unit is hereinafter sometimes collectively referred to as "Unit Owners" and individually referred to as "Unit Owner."

Each Unit consists of the area measured (a) vertically from the unexposed upper surface of the concrete floor below up to the unexposed lower surface of the metal decking above and (b) horizontally from the exterior face of the exterior masonry or tile walls to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical spaces or any Common Elements (as defined herein).

Each Unit shall be deemed to include (i) that portion of any wall or partition separating such Unit from Common Elements that lies between the Unit side of such wall or partition and the frame or masonry, as the case may be, of such wall or partition, (ii) the doors and windows which open from the Unit.

Each of the Units is subject to such encroachments as are described in Section 10 of this Declaration.

5. Common Elements.

(a) The Common Elements of the Condominium ("Common Elements") shall consist of all parts of the Property other than the Units and are comprised of (i) the common elements which are described in Section (c) of this Article 5, and (ii) the limited common elements (the "Limited Common Elements") which are described in Section (b) of this Article 5.

(b) The Limited Common Elements of the Condominium consist of those Common Elements such as Rear Yard, Balconies, and Terrace which serve or benefit exclusively a particular Unit and which are identified as a Limited Common Element on the Floor Plans, or which are created pursuant to the terms of this Declaration (including, without limitation, the provisions of Section 9 below). In addition, if all Units which have access to the same shared hallway shall at any time be owned of record by the same owner (other than by the Declarant or its designee), such hallway shall thereafter be treated as a Limited Common Element until such time as such Units shall have different owners; provided that once such Units shall again have different owners, such hallway shall revert to the status of a Limited Common Element if applicable.

(c) The Common Elements consist of the parts of the Property designated on the Floor Plans as Common Elements (exclusive of Common Elements, if any, designated on the Floor Plans as Limited Common Elements or which are re-designated as Limited Common Elements pursuant to the terms of this Declaration

including Sections 5 and 9 hereof) and include (even if within the dimensions of a Unit) the following:

1. The Land and the common outdoor recreation area located in a front yard areaway of the Building at the cellar level front yard open to the street;

2. Any foundations, columns, girders, beams, roof and supports, wood joists, walls, floors, partitions and ceilings on or under the Building (to the extent the same are not expressly included as part of a Unit, and the Limited Common Elements), exterior windows, entrance doors (excluding locks) to Units, and doors (excluding locks) accessing a Unit from an appurtenant Rear Yard, balcony or terrace;

3. All walls and partitions separating Units from the General Common Elements;

4. To the extent not located within or specifically made a part of a Unit or a Limited Common Element, if any, stairs, stairways, hallways and corridors within the Common Elements and entrances to and exits from the Common Elements;

5. The central and appurtenant installations and equipment for services such as power, light, telephone, gas, hot and cold water, sewer and fire safety, drainage systems, sewers and/or storm pipes, drywells, or detention tanks, including all pipes, ducts, wires, cables and conduits used in connection therewith and all maintenance, meter and common equipment spaces in connection therewith (except for appliances and equipment located in and serving only a Unit which shall constitute a part of such Unit) and elevators, elevator machine rooms, elevator shafts, and elevator pits.

6. Storage, maintenance and common equipment spaces and common tanks, pumps, motors, fans and controls or other such equipment;

7. All Units which may hereafter be acquired and held by the Board of Managers on behalf of all Unit Owners, but only while so held;

8. To the extent not specifically made part of a Unit or a Limited Common Element, by the terms of this Declaration, all other parts of the Property including all apparatus and installations existing on the Land for common use or which are necessary or convenient to the existence, maintenance or safety of the Property;

6. Determination of Common Interest in the Common Elements.

The Common Interest of each Unit in the Common Elements is set forth in Schedule B and has been determined by the Declarant in accordance with Real Property Law Section 339-i (1) (iv), based upon floor space, subject to the location of such space and additional factors of relative value of such space to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the Unit. The aggregate Common Interest of all Units equals 100%.

7. Use of the Building and Units.

The Building is presently used or will be used as a class A multiple dwelling.

The Units may be used solely for dwelling purposes and such "home occupation" use under the Zoning Resolution of the City of New York as may be permitted by law, except as set forth below.

The Declarant or its designees shall have the right to maintain a general or sales office in any Unit owned by any of them and to use any Unit owned by any of them as a model and for other promotional purposes in connection with the sale or lease of Units in the Condominium.

8. Person to Receive Service.

The Secretary of State of the State of New York is designated as agent of the Board of Managers of the Condominium (the "Board of Managers" or the "Board") upon whom process against it may be served at the Office of the New York State Department of State in the manner provided by applicable law. The Board of Managers shall file with the Secretary of State the name and post office address of the Condominium for purposes of receiving copies of any process served against the Board of Managers.

9. Right to Combine, Subdivide or Realign Units.

Notwithstanding any other provision of the Declaration or By-Laws (hereinafter defined), Declarant, its designees , as the case may be, shall have the right, without the consent of any of the other Unit Owners, or the Board of Managers or the mortgagee of any Unit, from time to time, to (a) change its Unit or any part thereof by changing the layout, number of rooms, or size or number of such Unit or by subdividing the same into any desired number of condominium units (or by combining any units resulting from any such subdivision); (b) create and designate a Limited Common Element for the exclusive use of the newly created Units; (c) convert space or constituents of its Unit into a newly designated Limited Common Element and/or convert and designate a Limited Common Element as a part of the newly created condominium units; (d) combine Units with the consent only of the owners of such Units to be combined; (e) reapportion among any newly created condominium unit(s) resulting from any subdivision (or combination) as provided above the Common Interest appurtenant to the Units; (f) dedicate any or all utility, sewer, and drainage easements in any portion of the Property to any governmental body, public benefit corporation or utility company if Declarant or designee of Declarant shall deem it necessary or desirable for the proper operation and maintenance of its Unit and (g) amend the certificate of occupancy of the Building or obtain a new certificate of occupancy therefor in connection with the exercise of any of its rights under this Section 9. However, by reason of the foregoing, the Common Interest of the other Units shall not be enlarged unless the affected Unit Owner consents thereto, except that Limited Common Elements may be created for the exclusive use of any or all of the aforesaid subdivided (or combined) condominium units

as provided above, in which event the Common Expenses exclusively attributable to such Limited Common Elements shall be borne by the owners of such subdivided (or combined) Condominium Units. The Declarant and/or its designees, as the case may be, shall have the right to reflect any of the matters described above in a duly recorded amendment to the Declaration (and the obligation to do so in case clause (a) above applies) or the By-Laws or the Floor Plans, and may further amend the Declaration and By-Laws to provide for the conduct of the affairs of a Unit as subdivided in any manner which does not increase the obligations or decrease the rights of any of the other Unit Owners under the Declaration or the By-Laws, which amendment and the recording thereof shall not require the consent of the Board of Managers and/or other Unit Owners. In making any additions, alterations, or improvements pursuant to this Section 9, Declarant or its designees, as the case may be, shall (i) make all reasonable efforts to minimize any interference with the other Unit Owners' use and enjoyment and business conduct in their Units for permitted purposes; (ii) comply with all laws, ordinances and governmental authorities having jurisdiction and (iii) hold the Board of Managers and the other Unit Owners harmless from any liability arising therefrom.

The consent of the Board of Managers and/or other Unit Owners shall not be required for the exercise by Declarant or its designees, as the case may be, of the rights and powers set forth in this Section 9 or in Section 11 below. Neither the provisions of this Section 9 (or of Section 11 below) nor any of the other rights and powers of Declarant or its designees, as the case may be, under this Declaration or the By-Laws, including without limitation the authority of Declarant or its designees, as the case may be, to record an amendment of the Declaration or By-Laws or the Floor Plans pursuant to this Section 9, may be modified or deleted by amendment of the Declaration or By-Laws or otherwise. The signatures of the other Unit Owners and/or Board of Managers shall not be required in connection with any amendment to the Declaration or By-Laws or Floor Plans permitted above or to any application or other document necessary or convenient to the exercise by the Declarant or its designees, as the case may be, of any of their rights or powers under this Section 9 or under Section 11 below, including but not limited to any application or document required by the Department of Buildings, the Real Property Assessment Bureau of the City of New York or any other governmental agency in connection with an amendment to the certificate of occupancy of the Building or the establishment of separate tax lots for any newly created condominium units and reapportionment of assessed valuation by reason thereof. Nevertheless, the Unit Owners and the Board of Managers shall execute any such amendments, applications or other documents and they hereby grant to the Declarant and/or its designees, an irrevocable power of attorney coupled with an interest and granted for a valuable consideration to execute, deliver and/or record any such amendments, applications or other documents on behalf of the Board of Managers and Unit Owners, and any such execution, delivery and/or recording shall not require the consent of the Board of Managers or the Unit Owners.

10. Encroachments.

If any portion of the Common Elements presently encroaches upon any Unit or if any Unit presently encroaches upon any other Unit or upon any portion of the Common Elements or, if as a result of the manner in which the Building was constructed or as a result of settling or shifting of or as a result of the repair, restoration, and/or alteration of the Building, the Common Elements or a Unit owned by Declarant or its

designees, such encroachment shall occur, then a valid easement for the encroachment and for the maintenance of the same, so long as the Building stands, shall exist. If the Building or any Unit therein or any Common Element shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and then rebuilt, then in such event, encroachments of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements due to such rebuilding shall be permitted and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

11. Certain Easements and Right of Entry.

Each Unit Owner shall have an easement in common with the other Unit Owners for the use, maintenance, repair and replacement of all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units or elsewhere in the Property and serving his Unit. Each Unit shall be subject to an easement in favor of the other Unit Owners for the use, maintenance, repair and replacement of all pipes, ducts, cables, wires, conduits, public utility lines, drainage systems, sewers and/or storm pipes, drywells, or detention tanks, 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 prevent damage thereto, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Property subject to any restrictions on such right as may from time to time be provided in the By-Laws. Each Unit and the Common Elements shall have an easement of support, subjacency and necessity and shall be subject to such easement in favor of all the Units and the Common Elements.

The Declarant and any of its affiliates or designees and their successors, assigns, invitees, licensees, contractors, employees and tenants, shall have an easement in, on, over and across all areas of the Property for ingress to and egress from all land areas of the Property and the use thereof (in common with Unit Owners) for construction of the Building, or any part thereof, the inspection, maintenance and performance of alterations, replacements, and repairs in or about Units owned by the Declarant or its designees or the Common Elements and in fulfilling the Declarant's obligations under the condominium offering plan promulgated by the Declarant for the Property (the "Plan") and for any other lawful purpose provided (i) Declarant or such other party repairs any resulting damage to the Unit or Common Elements, as the case may be, and restores the damaged portion to substantially the condition it was in prior to such entry and (ii) Declarant provides reasonable prior notice to the owner of the Unit to which access is required or the Board in the case of the Common Elements.

Declarant and/or its designees shall have an easement, without the necessity of obtaining the consent of the Board of Managers and/or Unit Owners over any part of the Property, including each Unit and the Common Elements, in order to inspect, maintain, repair, replace or alter its Units or the Common Elements as provided in this Declaration and the By-Laws.

Declarant and/or its designees shall each have an easement without the necessity of obtaining the consent of the Board of Managers and/or Unit Owners (1) over

the Property, including each Unit and the Common Elements, for access to and to construct, install, erect, inspect, maintain, repair, operate, use and replace from time to time one or more Signs (as hereinafter defined) on the Property (including, without limitation on any Common Element, exterior facade, lobby or any other public portion of the Property) for the purposes of advertising the sale of Units and the leasing of the Units or of space in any of the Units; (2) over the Property, including each Unit and the Common Elements in connection with the sales and/or leasing of Units; (3) over the Property, including each Unit and the Common Elements for access to and to construct, install, erect, inspect, maintain, repair, operate, use and replace from time to time a facade or other exterior portion adjacent to a Unit.

The Declarant and its designees, as the case may be, (without the necessity of obtaining the consent of the Board of Managers or the Unit Owners) and the Board of Managers (without the necessity of obtaining the consent of the Unit Owners) shall each have the right to establish, grant and create easements for any additional electric, transformer, amplifier, gas, cable television, telephone, water, sewer or other utility lines, flues, ducts and appurtenances in, under and through the Property including, without limitation, within any of the Units, and to relocate any existing utility, sewer and drainage easements in any portion of the Property including, without limitation, within any of the Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of a Unit after construction thereof without the consent of the owner of such Unit.

As used in this Section 11 and elsewhere in this Declaration, the following terms shall have the respective meanings set forth below:

"Service Equipment" shall mean all of the following now or hereafter installed in the Building, serving one or more Units or the Limited Common Elements, if any, appurtenant thereto: (i) pipes, wires, ducts, risers, cables, conduits and (ii) mechanical, electrical and other equipment, including supplemental air-conditioning systems, antennas and other communications devices.

"Signs" means any sign, advertisement, notice or other lettering.

12. Power of Attorney to Declarant and to Board of Managers.

Each Unit Owner shall grant to the persons who shall from time to time constitute the Board of Managers an irrevocable power of attorney coupled with an interest and granted for a valuable consideration to (a) acquire title to or an interest in any Unit which a Unit Owner decides to surrender, sell or lease, in the name of the Board of Managers or its designees, corporate or otherwise, on behalf of all Unit Owners, (b) convey, sell, lease, mortgage, or otherwise deal with (but not to cast the votes appurtenant to) any Units acquired by the Board of Managers, (c) execute, acknowledge and deliver (i) any application, declaration or other document which the Board of Managers or a Unit Owner deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of any governmental authority (including without limitation, the New York City Department of Buildings, the City Planning Commission and the Board of Standards and Appeals), applicable to the maintenance, demolition, construction, alteration, repair, improvement or restoration of a Unit or the Common Elements or combination or subdivision of a Unit permitted

hereunder or (ii) any application, consent, covenant, restriction, easement, declaration, or other document affecting a Unit or the Common Elements as may be required or permitted under this Declaration.

In addition, each Unit Owner shall grant to Declarant an irrevocable power of attorney coupled within interest and granted for valuable construction, to execute, acknowledge and deliver any application, declaration, document or other instrument affecting the Condominium that Declarant deems necessary or appropriate to comply with any Law, zoning resolution, or requirement of the Department of Buildings, or any other governmental authority applicable to the rehabilitation, maintenance, demolition, alteration, restoration, or repair of the Property or any part thereof.

13. Acquisition of Units by Board of Managers.

If a Unit Owner shall surrender his Unit together with (i) the undivided interest in the Common Elements appurtenant thereto, (ii) the interest of such Unit Owner in any other Units acquired by the Board of Managers or its designees on behalf of the other Unit Owners or the proceeds of the sale or lease thereof if any, and (iii) the interest of such Unit Owner in any other asset of the Condominium (hereinafter collectively referred to as the "Appurtenant Interest") pursuant to the provisions of the Real Property Law of the State of New York, or in the event the Board of Managers shall purchase a Unit together with its Appurtenant Interest pursuant to Article VI of the By-Laws or otherwise, or if the Board of Managers shall acquire, at a foreclosure or other sale, a Unit together with its Appurtenant Interest, then and in such event, title to any such Unit together with the Appurtenant Interest shall be held by the Board of Managers or its designees, corporate or otherwise, on behalf of all Unit Owners in proportion to their respective Common Interests.

14. By-Laws and Persons Subject to Declaration and By-Laws.

Attached to this Declaration and made a part hereof are the By-Laws of the Condominium which set forth detailed provisions governing the Condominium. The By-Laws (including the Rules and Regulations thereunder) as they may be amended from time to time are referred to in this Declaration as "By-Laws." All capitalized terms in this Declaration which are not defined herein shall have the meanings given to those terms in the By-Laws.

All present and future Unit Owners, tenants, visitors and occupants of Units shall be subject to and shall comply with the provisions of this Declaration and the By-Laws, as the same may be amended from time to time. Acceptance of a deed or other conveyance or the entering into of a lease or other occupancy of any Unit shall constitute an agreement that the provisions of this Declaration and By-Laws, as the same may be amended from time to time, are accepted and ratified by such Unit Owner or such other party having an interest in the Unit or by such tenant or other occupant. All of the provisions of this Declaration and By-Laws shall be deemed and taken to be covenants running with the land and shall bind any persons having at any time any interest or estate in any Unit as though such provisions were recited and stipulated at length in each and every deed, conveyance, lease or occupancy thereof. However, the provisions of this Declaration and the By-Laws, as the same may be amended from time

to time, are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public.

15. Covenant of Further Assurances.

Any party which is subject to the terms of the Declaration, whether such party is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member or officer of the Board of Managers, or otherwise, shall execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action, as such other party may reasonably request to effectuate the provisions of this Declaration or the By-Laws or of any transaction contemplated by this Declaration or the By-Laws or to confirm or perfect any right to be created or transferred pursuant to this Declaration or the By-Laws or pursuant to any such transaction.

If any Unit Owner or any other party which is subject to the terms of this Declaration fails or refuses within five (5) days after request therefor to execute, acknowledge or deliver any instrument, or to take any action which such Unit Owner or other party is required to execute, acknowledge and deliver or to take pursuant to this Declaration or the By-Laws, then the Board of Managers is hereby authorized as attorney- in-fact for such Unit Owner and other party, coupled with an interest and granted for a valuable consideration, to execute, acknowledge and deliver such instrument and to take such action, in the name of such Unit Owner or other party.

If any Unit Owner, the Board of Managers or any other party which is subject to the terms of this Declaration fails or refuses within five (5) days after request therefore to execute, acknowledge or deliver any instrument or to take any action which such Unit Owner, the Board of Managers, or other party is required to execute, acknowledge and deliver or to take pursuant to this Declaration or By-Laws at the request of the Declarant or its designees, as the case may be, then the Declarant or its designees, as the case may be, is hereby authorized as attorney-in-fact for such Unit Owner, the Board of Managers and other party, coupled with an interest and granted for a valuable consideration, to execute, acknowledge and deliver such instrument and to take such action in the name of such Unit Owners, the Board of Managers and/or other party.

16. Amendment of Declaration.

Except as otherwise provided in the By-Laws and this Declaration with respect to Declarant or its designees, as the case may be, this Declaration may be amended by vote of not less than 66 2/3% in number and in Common Interest of all Unit Owners cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, provided, however, (i) any such amendment shall not be effective against a holder of a mortgage of record affecting a Unit, unless such holder shall consent thereto in writing, which consent shall not be unreasonably withheld or delayed; and (ii) if the Declarant or its designees shall not have voted in favor of such amendment, then same shall not be effective unless reasonably necessary or convenient to the conduct of the affairs of the Condominium and/or the operation of the Property and such amendment shall not decrease the rights of the Declarant or its designees or increase the obligations of the Declarant or its designees. Notwithstanding

anything to the contrary contained herein, no provision of this Declaration relating to the use of the Units or appurtenant Common Interests may be amended without the consent of every Unit Owner affected by such amendment except as expressly provided in Section 9 or Section 11 of this Declaration. Any such amendment shall be executed by the Board of Managers as attorneys-in-fact for the Unit Owners, coupled with an interest and granted for a valuable consideration, and the Board of Managers is hereby authorized by the Unit Owners so as to act as their attorney-in-fact.

Each amendment to this Declaration or the By-Laws must be signed and acknowledged in accordance with the legal requirements for recording a Unit Deed, and shall not be effective, binding or enforceable until recorded in the New York City Register's Office for Kings County. In addition, a copy of this Declaration and the By-Laws and any amendments thereto shall be filed with the New York State Department of State.

The provision of this Section 16 and Section 9 may not be amended without the unanimous consent of all the Unit Owners. The terms "amend," "amended" or "amendment" as used in this Declaration shall also be deemed to mean deleting a provision of this Declaration or adopting a new provision.

17. Termination of Condominium.

The Condominium shall continue until (a) terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws or (b) such time as withdrawal of the Property from the provisions of the Condominium Act is authorized by a vote of at least 80% in number and in Common Interest of all Unit Owners and all of the holders of mortgages of record affecting the Units. No such vote under clause (b) in the preceding sentence shall be effective without the written consent of the mortgagees of the Units, if any. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to any action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid from out of his share of such net proceeds, all liens on his Unit, in the order of priority of such liens.

18. Invalidity.

The invalidity of any provisions of this Declaration or any portion thereof shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and in such event all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

19. Waiver.

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

20. Captions.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of any provision hereof.

21. Certain References.

The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural and vice versa whenever the context so requires.

The terms "herein", "hereof" or "hereunder," or similar terms used in this Declaration, refer to this entire Declaration and are not to the particular provision in which the terms are used unless the context otherwise requires.

**IN WITNESS WHEREOF**, the Declarant has caused this Declaration to be executed as of this _____ day of _____, 20___.

205 Northside LLC

By:_____
Name: Lawrence Pinner
Its: Manager

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

On the _____day of _____, _____, before me personally came Lawrence Pinner, to me known, and who executed the foregoing instrument and, who being by me duly sworn, did depose and say that he is the Managing Member of 205 Northside LLC, , a New York limited liability company, and that he executed the foregoing instrument in the name of said limited liability company and that he had authority to sign the same, and he acknowledged that he executed the same as the act and deed of said limited liability company.

## SCHEDULE A

Description of Land

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, being more particularly bounded and described as follows:

BEGINNING at a point on the Northerly side of North 8th Street distant 100 feet Easterly from the corner formed by the intersection of the Easterly side of Driggs Avenue with the Northerly side of North 8th Street;

RUNNING THENCE Northerly parallel with Driggs Avenue, 100 feet;

THENCE Easterly parallel with North 8th Street, 25 feet;

THENCE Southerly parallel with Driggs Avenue, 100 feet;

THENCE Westerly along the Northerly side of North 8th Street, 25 feet to the point or place of BEGINNING.

Said premises being known as 205 North 8th Street, Brooklyn, NY, and Section 8, Block 2313, Lot 28 On the Tax Map of Kings County.

## SCHEDULE B TO DECLARATION

# BY-LAWS

## of

## THE BEDFORD CONDOMINIUM

### Article 1.

### General

**Section 1. Purpose and Definition of Terms.** The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of THE BEDFORD CONDOMINIUM, as well as certain obligations of the Unit Owners therein. All terms used in these By-Laws which are capitalized and are not defined herein shall have the same definition as in the Declaration of which these By-Laws are a part (such Declaration as amended from time to time being herein referred to as the "Declaration").

**Section 2. Applicability of By-Laws.** The provisions of these By-Laws are applicable to the Property and to the use and occupancy thereof.

**Section 3. Application.** All present and future Unit Owners, mortgagees, lessees and occupants of Units and their employees or guests, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws and the Declaration.

The acceptance of a deed or conveyance of, or the succeeding to title to, or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

**Section 4. Principal Office.** The principal office of the Condominium and of the Board of Managers (as hereinafter defined) shall be located at 205 North 8th Street, Brooklyn, New York 11211, or at such other place within the Borough of Brooklyn reasonably convenient thereto, as may be designated from time to time by the Board of Managers.

### Article II

### Board of Managers

**Section 1. Number and Term of Office.** As more particularly set forth in these By-Laws and the Declaration, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Board of Managers"). From and after the first meeting of the Unit Owners, the Board of Managers shall be composed of five (5) members. Until the first meeting of the Unit Owners, the members of the Board of

Managers shall consist of three (3) persons appointed by the Declarant. Each member of the Board of Managers shall serve for a term of one (1) year or until his respective successors shall have been duly appointed or elected, except as provided in Section 1 of Article III. Each member may be re-elected any number of times.

**Section 2. Powers and Duties.** The Board of Managers shall have the powers and duties necessary for administration of the affairs of the Condominium, as agent for the Unit Owners, and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep, maintenance, repair, improvement and alteration of the Common Elements.

(b) Determination of the Common Charges (as hereinafter defined).

(c) Collection of the Common Charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements (which shall be determined by the Board of Managers, in its sole discretion).

(e) Adoption of and amendment and additions to the Rules and Regulations subject to the limitations hereinafter set forth in these By-Laws.

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(g) Accepting the conveyance of Units surrendered by Unit Owners to the Board of Managers, or purchasing Units at a foreclosure sale pursuant to Section 7 of Article V, in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners (or on behalf of the Unit Owners for whom such Unit was conveyed).

(h) Selling, leasing, mortgaging, or otherwise dealing with Units acquired by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners (or on behalf of the Unit Owners for whom such Unit was conveyed), but not casting the votes appurtenant to such Units.

(i) Organizing corporations to act as designees of the Board of Managers in acquiring title to Units on behalf of all Unit Owners (or on behalf of the Unit Owners for whom such Unit was conveyed).

(j) Obtaining insurance for the Property, including the Units, pursuant to the provisions of Article V, Section 2 hereof, and adjusting and settling any insurance claims thereunder (including executing and delivering releases in connection therewith).

(k) Making of repairs, restorations, additions and improvements to or alterations of the Common Elements or any part thereof, damaged or destroyed by fire or other casualty, or necessitated as a result of condemnation or eminent domain proceedings.

(l) Enforcing obligations of Unit Owners, including, without limitation, levying reasonable fines against Unit Owners for violation of the Rules and Regulations.

(m) Granting of licenses of Common Elements.

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep, maintenance and alteration of, or the making of repairs, replacements, restorations or additions to the Common Elements, provided that (i) the consent of two-thirds (2/3) in Common Interest of all Unit Owners shall be required for any borrowings in excess of the aggregate amount of $75,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or, except as expressly permitted in Section 339-jj of the Real Property Law, its Appurtenant Interest in the Common Elements without the consent of the owner of such Unit and (iii) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Board of Managers pursuant to the subparagraph (n) is not repaid by the Board of Managers, any Unit Owner who pays to the creditor thereunder such proportion thereof as his Common Interest bears to the Common Interests of all the Unit Owners shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor has filed or shall have the right to file against such Unit Owner's Unit.

(o) Executing, acknowledging and delivering of any declaration or other instrument affecting the Property (i) which the Board of Managers deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of any governmental authorities (including without limitation the New York City Department of Buildings, City Planning Commission, and Board of Standards and Appeals) applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Property, permitted hereunder or under the Declaration or (ii) upon request of a Unit Owner.

(p) Preparing, executing and recording on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest (i) amendments of the Declaration and/or these By-Laws, whenever requested by the Declarant or any of its designees, as provided in the Declaration or these By-Laws, or (ii) a restatement of the Declaration and/or By-Laws whenever in the judgment of the Board of Managers it is advisable to consolidate and restate all amendments theretofore made to the Declaration and/or By-Laws.

(q) Granting utilities or other easements as may, from time to time, be required for the benefit of the Condominium and Unit Owners and controlling power shut-offs and other interruptions of the normal functioning of the Condominium, to facilitate repairs to and renovations of particular Units and/or of

the Common Elements. In making determinations in this area, the Board of Managers will make all reasonable efforts to disrupt the business and residential operations of the Unit Owners as little as possible under the circumstances then prevailing.

(r) Investing any excess funds in savings accounts, treasury bills, certificates of deposit or other such money market instruments and funds which invest in any such instruments.

(s) Acting as an agent of each Unit Owner who has given his written authorization to complain or apply to the local and county real estate tax assessment agency or board of review by filing a single complaint on behalf of all such Unit Owners pursuant to the applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and assess as a Common Charge against all such Unit Owners a pro rata share of expenses, disbursements, and legal fees paid or incurred in connection with any such complaint or application.

**Section 3. Managing Agent and Manager.** The Board of Managers may employ for the Condominium a managing agent and/or a manager, at a compensation rate established by the Board of Managers, provided that if such rate is greater than five (5%) percent of the gross receipts of the Condominium during any fiscal year of the Condominium from time to time, then such greater rate shall be comparable to standard rates for similar properties in the vicinity of the Condominium, to perform such duties and services as the Board of Managers shall authorize, including but not limited to the duties listed in subdivisions (a), (c), (d), (j) and (k) of Section 2 of this Article II. However, in no event may the Board of Managers delegate to the manager or managing agent, the powers set forth in subdivisions (b), (e), (f), (g), (h), (i), (l), (m), (n), (o), (p), (q), (r) and (s) of Section 2 of this Article II. The Board of Managers may retain such attorneys, accountants and other professionals as it deems advisable in exercising any of the powers enumerated in Section 2 of this Article II.

**Section 4. Removal.** Any member of the Board of Managers may be removed with or without cause by a Majority in Common Interest of the Unit Owners (inclusive of the Unit Owners who elected or designated such member), except that if such member was elected by or is a designee of the Declarant or any of its designees, as the case may be, such member may not be removed other than for cause except by the written consent of Declarant or its designees, as the case may be. 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.

**Section 5. Vacancies.** Vacancies in the Board of Managers caused by any reason other than as provided in Section 17 of this Article II or in Section 1 of Article III, (i) in the case of a member of the Board of Managers elected or designated by Declarant or its designees, shall be filled by the written consent of the Unit Owners owning a majority of the Common Interest appurtenant to all of the Units owned by Declarant and its designees and (ii) in the case of any other members of the Board of Managers, shall be filled by vote of a majority of the remaining members of the Board of Managers at a special meeting of the Board of Managers held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting

may constitute less than a quorum, and each person so elected shall be a member of the Board of Managers, until a successor shall be elected at the next annual meeting of the Unit Owners or at a special meeting held for that purpose.

**Section 6. First Meeting of Board of Managers.** The first meeting of the Board of Managers shall be held immediately following the first meeting of the Unit Owners and no notice shall be necessary to the newly elected members of the Board of Managers legally to constitute such meeting, provided that a majority of the members of the Board of Managers shall be present at such first meeting.

**Section 7. Regular Meetings.** Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Managers but at least four (4) such meetings shall be held during each fiscal year of the Condominium. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers by personal delivery, mail or telegram at least five (5) business days prior to the day named for such meeting.

**Section 8. Special Meetings.** Special meetings of the Board of Managers may be called by the President by giving five (5) business days' prior notice to each member of the Board of Managers by personal delivery, mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least one (1) member of the Board of Managers.

**Section 9. Waiver of Notice.** Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**Section 10. Quorum of Board of Managers.** At all meetings of the Board of Managers a majority of the members thereof shall constitute a quorum for the transaction of business.

**Section 11. Decision of the Board of Managers.** The votes of a majority of the members of the Board of Managers present at the meeting at which a quorum is present shall constitute the decision of the Board of Managers. Any one or more members of the Board of Managers or any committee thereof may participate in a meeting of the Board of Managers or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the members of the Board of Managers are present at any meeting of the Board of Managers, no notice shall be required and any business may be transacted at such meeting. Any action required or permitted to be taken by the Board of Managers or any committee thereof, as the case may be, may be taken without a meeting if all members of the Board of Managers or the committee, as the case may be, consent in writing to the adoption of a resolution authorizing such

action, and the writing or writings are filed with the minutes of the proceedings of the Board of Managers or the committee, as the case may be.

**Section 12. Adjournment of Meeting.** If at any meeting of the Board of Managers, the members present shall be less than a quorum, a majority of those present may adjourn the meeting from time to time. At the next meeting at which a quorum is present following such adjourned meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 13. Fidelity Bonds.** The Board of Managers may obtain fidelity bonds concerning any or all officers and employees of the Condominium and its managing agent, if any, handling or responsible for funds, and the premium on such bonds shall constitute a Common Expense (as hereinafter defined).

**Section 14. Compensation.** No member of the Board of Managers shall receive any compensation from the Condominium for acting as such member.

**Section 15. Liability of Board of Managers and Officers.** No member of the Board of Managers or any officer of the Condominium shall have any personal liability with respect to (1) any contract, act or omission of the Board of Managers (except with respect to the Unit Owners as provided below) or any managing agent, manager, or officer in connection with the affairs or operations of the Condominium (except in their capacities as Unit Owners) and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth, or (2) any mistake of judgment, negligence or otherwise except with respect to the Unit Owners for such member's own individual willful misconduct or bad faith. Every contract made by the Board of Managers or by any managing agent, manager or officer thereof shall state that it is made by such Board of Managers, managing agent, manager, or officer as agent for all Unit Owners, that such members of the Board of Managers or managing agent, manager or officer shall have no personal liability thereon (except in their capacities as Unit Owners) and shall also provide that the liability of any Unit Owner with respect to any contract with respect to the Condominium shall be limited to such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and, unless expressly stated to the contrary in any such contract (as determined by the Board of Managers in its sole and absolute discretion), shall be limited to such Unit Owner's interest in his Unit so that such Unit Owner shall have no personal liability for such contract. Nothing in the preceding sentence shall limit a Unit Owner's liability for the payment of Common Charges. Any such contract may also provide that it covers the assets, if any, of the Condominium on whose behalf the contract is made. The Unit Owners, including those who are members of the Board of Managers, to the extent provided below, shall indemnify and hold harmless each of the members of the Board of Managers and the officers of the Condominium against all claims, liabilities, costs and expenses (including, without limitation, liability for reasonable attorneys' fees and any contractual liability to others arising out of contracts made by the Board of Managers or officers on behalf of the Condominium) arising out or relating to the performance of his duties as a member of the Board of Managers or officer except for those arising out of such member's or officers' bad faith or willful misconduct. Each Unit Owner's liability to indemnify a member of the Board of Managers or officer, as provided above, shall be limited to an amount which is in the same proportion to the total liability of such members or officers to be indemnified by all

the Unit Owners hereunder as each such Unit Owner's Common Interest bears to the aggregate Common Interests of all Unit Owners. It is intended that the members of the Board of Managers and officers shall have no personal liability with respect to any contract made by them on behalf of the Condominium except as Unit Owners. It is understood that the Board of Managers, which may consist of principals and/or of employees of the Declarant, may contract or effect any other transaction with any member of the Board of Managers, any Unit Owner, officer or Declarant or any of their affiliates, without incurring any liability for self-dealing, provided that the either (i) any compensation paid to Declarant or its affiliates is, if material, disclosed in the Plan (as hereinafter defined) or (ii) is commercially reasonable.

**Section 16. Executive Committee.** The Board of Managers may, by resolution duly adopted, appoint an executive committee to consist of one or more members of the Board of Managers with at least one of the members of such executive committee being the member of the Board of Managers elected by the Declarant, if any. Such executive committee shall have and may exercise all the powers of the Board of Managers in the management of the business affairs of the Condominium during the intervals between the meetings of the Board of Managers insofar as may be permitted by law.

**Section 17. Control by Declarant**. The Declarant and its designees: (i) shall not be entitled to nominate a majority of the members of the Board from and after the earlier of the following dates: a) the fifth anniversary of the Closing Date under the Plan, and b) the date on which the Declarant and its designees own less than 50% of the outstanding Common Interests in the Condominium, and (ii) may not exercise a veto over expenditures conforming to the budget set forth in Schedule B of the Condominium Offering Plan with respect to the Property promulgated by Declarant ("Plan"), and which are for the period covered by said budget, or over expenditures which are for capital repairs required for the operation and maintenance of the Condominium, or over expenditures which are required to comply with applicable laws or regulations. Upon the earlier of the event(s) stated in clause (i) above, so many serving members of the Board elected by the Declarant or its designees as shall reduce the number of such members to less than a majority of the Board shall resign and such vacancies shall be filled in accordance with the provisions of Section 5(ii) above.

Until the sooner of (i) the date on which the Owners of Unsold Units have a Common Interest in the aggregate of less than twenty-five (25%) percent of the Common Interests of all Units, or (ii) the fifth anniversary of the Closing Date, neither the Board of Managers, nor any officer, nor any Unit Owner, except upon the written consent of the Owners of Unsold Units representing a majority of the Common Interests allocated to all Unsold Units, shall (a) increase the number or change the type of employees described in Schedule B to the Plan; (b) provide for services other than those described in said Schedule B unless the total annual cost of all services to be provided is not greater than the then estimated total cost of the services described in said Schedule B; (c) establish reserves or similar funds to undertake any capital or major improvements or additions except as required by law; (d) change the insurance coverage on the Property from the coverage described in said Schedule B unless the change does not cause an increase in the total annual insurance premiums then due and payable by the Corporation or unless such change is required by the holder of any mortgage on the Property or by the insurance carrier insuring the Property to satisfy coinsurance

requirements; or (e) remove any members of the Board of Managers elected by the owners of Unsold Units except for cause; any such removal shall be in accordance with the provisions of Article II, Section 4. Nothing contained herein shall prevent the Board from making expenditures, and imposing assessments to pay for them (1) to comply with any applicable law or regulation; (2) in order to correct a violation of record; or (3) to comply with an order form an insurance company.

The term "Unsold Unit" as used in this Section 17, refers to each Unit until such Unit has been purchased by a bona fide purchaser for residential occupancy on or after the Closing Date under the Plan or until the owner of such Unit or a person related by blood or marriage to such owner becomes the residential occupant of such Unit. The term "Unsold Unit Owner" refers to an owner of an Unsold Unit.

## Article III

## Unit Owners

**Section 1. Annual Meetings.** Within forty-five (45) days after the date the Declarant conveys title to the first Unit pursuant to the Plan, the first meeting of Unit Owners shall be held. At such meeting the incumbent Board of Managers shall resign and a new Board shall be elected by the Unit Owners as provided in the By-Laws. Thereafter, annual meetings shall be held on approximately the anniversary date of the first meeting of Unit Owners in each succeeding year unless such day shall be a holiday in which event the meeting shall be held on the next succeeding business day. At such meetings the Unit Owners shall elect members of the Board of Managers to fill vacancies or to succeed retiring members of the Board of Managers as provided in Article II of these By-Laws and shall also transact such other business of the Condominium as may properly come before the meeting.

**Section 2. Place of Meeting.** Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

**Section 3. Special Meetings.** It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by not less than twenty five (25%) percent in Common Interest of all the Unit Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice. If the President fails so to call such special meeting, then any Unit Owner may so call such meeting by notice meeting the requirements of Section 4 hereof (except that such notice need not be given by the Secretary).

**Section 4. Notice of Meeting.** It shall be the duty of the Secretary to give a notice to each Unit Owner of record of each annual or special meeting stating the purpose thereof and the time and place where it is to be held. Such notice shall be personally delivered or mailed to the Unit Owner at the address of such Unit Owner at the Property or such other address as such Unit Owner shall have designated by notice in writing delivered to the Secretary at least ten (10) days prior to the giving of such

notice of meeting by the Secretary. The giving of a notice in the manner provided in these By-Laws shall be considered notice properly served.

**Section 5. Quorum of Unit Owners.** The presence in person or by proxy of Unit Owners owning in the aggregate more than fifty (50%) percent of the Common Interests of all Unit Owners (as modified by the provisions of Section 11 of this Article III) shall constitute a quorum at all meetings of the Unit Owners.

**Section 6. Adjournment of Meetings.** If any meetings of Unit Owners cannot be held because a quorum is not present, a Majority in Common Interest of the Unit Owners present either in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours from the time fixed for the original meeting.

**Section 7. Order of Business.** The order of business at all annual meetings of the Unit Owners shall be as follows:

(a) Roll call.

(b) Proof of notice of meeting.

(c) Reading of minutes of preceding meeting.

(d) Reports of officers.

(e) Report of Board of Managers.

(f) Report of committees.

(g) Report of Managing Agent.

(h) Election of inspectors of election.

(i) Election of members of the Board of Managers.

(j) Unfinished business.

(k) New business.

The order of business of all special meetings of the Unit Owners shall conform to the foregoing to the extent practicable.

**Section 8. Voting.**

(a) The Unit Owner of each Unit or a person designated by such Unit Owner to act as proxy on his behalf and who need not be a Unit Owner shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary and shall be revocable at any time by written notice to the Secretary by the Unit Owner so designating. Subject to the provisions of Article II Section 17, and the provisions contained in paragraph (d) below, each Unit Owner shall be entitled to cast one (1) vote

at all meetings of the Unit Owners for each one-hundredth (0.01) of one (1%) percent of the Common Interest applicable to his or its Unit. A fiduciary shall cast the votes appurtenant to any Unit owned in a fiduciary capacity.

(b) When voting for members of the Board of Managers, the voting shall be by ballot and each ballot shall state, among other things, the name of the Unit Owner voting and the Common Interest appurtenant to his Unit and in addition the name of the proxy if such ballot is cast by a proxy.

(c) A Unit Owner shall be entitled to cast as many votes as shall equal the number of votes appurtenant to his Unit for each Member of the Board of Managers to be elected; however no Unit Owner may cumulate his votes. All elections of members of the Board of Managers pursuant to this Subsection (c) shall be determined by a plurality vote, and shall be balloted all at the same time.

**Section 9. Decisions of Unit Owners.** The vote of a Majority in Common Interest of Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except as otherwise provided in the Declaration or these By-Laws.

**Section 10. Majority in Common Interest of Unit Owners.** As used in these By-Laws the term "Majority in Common Interest of Unit Owners" shall mean those Unit Owners having more than fifty (50%) percent of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of Unit Owners determined in accordance with the provisions of Sections 8 and 11 of this Article III.

**Section 11. Exclusion from Computation of Common Interests.** For purposes of Section 5, 8, 9 and 10 of this Article III, the Common Interest of a Unit owned by the Board of Managers or its designee and the votes appurtenant thereto shall be excluded from any computation of the Common Interests of all Unit Owners, Unit Owners present at a meeting, or the total authorized votes of all Unit Owners.

## Article IV

## Officers

**Section 1. Designation.** 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 Board of Managers may appoint an Assistant Treasurer, an Assistant Secretary and such other officer as in its judgment may be necessary. Any single person may hold any combination of offices except that the office of President and Vice President shall be held by different persons.

**Section 2. Election of Officers.** The officers of the Condominium shall be elected annually by the Board of Managers at its annual meetings except upon removal as provided below.

**Section 3. Removal of Officers.** Upon the affirmative vote of a majority of the members of the Board of Managers, an officer may be removed, either with or without

cause, and his successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose.

**Section 4. President.** The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and the Board of Managers. He shall have all of the general powers and duties which are incident to the office of President, including but not limited to the power to appoint committees from amongst the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium. The President shall be a member of the Board of Managers.

**Section 5. 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. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President.

**Section 6. Secretary.** The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

**Section 7. Treasurer.** The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the managing agent, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of Treasurer.

**Section 8. Agreements, Contracts, Deeds, Checks, etc.** All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any officer of the Condominium or by such other person or persons as may be designated from time to time by the Board of Managers.

**Section 9. Compensation of Officers.** No officer shall receive any compensation from the Condominium for acting as an officer of the Condominium.

## Article V

## Operation of the Property

**Section 1. Determination of Common Expenses and Fixing of Common Charges; Assessments.**

(a) Except as otherwise provided in the Declaration and these By-Laws, the terms "Common Expense" and "Common Expenses" shall mean any and all (i) costs

and expenses paid or incurred by the Condominium in connection with repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements (including without limitation accounting, legal, architectural, engineering or other professional or service fees); (ii) other items which are provided in the Declaration or these By-Laws to be Common Expenses; and (iii) such reserves as the Board of Managers may determine to be reasonably necessary for general operating costs and expenses, working capital and/or replacement of the Common Elements.

(b) The Board of Managers shall from time to time, but at least annually, prepare a budget to meet Common Expenses and shall allocate and assess to the Unit Owners pro rata in accordance with the respective Common Interests (except as otherwise provided in the Declaration or these By-Laws), Common Charges to meet Common Expenses. The Board of Managers shall promptly advise all Unit Owners, in writing, of the amount of the Common Charges payable by each of them as determined by the Board of Managers, as aforesaid, and shall furnish to all Unit Owners copies of each budget on which such Common Charges are based. Notwithstanding the foregoing, any and all costs and expenses paid or incurred by the Condominium in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, any Limited Common Elements, shall be allocated and assessed as a Common Expense solely to the Unit Owner or Unit Owners owning the Units, if any, to which such Limited Common Element exclusively services or benefits (individually, a "Benefitted Unit" and, collectively, "Benefitted Units") and, if there is more than one Benefitted Unit, such costs and expenses shall be allocated and assessed to the owners of such Benefitted Units pro rata based upon the ratio that the Common Interests allocated to their respective Benefitted Units bears to the total Common Interests allocated to all such Benefitted Units. Assessments other than and in addition to Common Charges, including without limitation, any other assessments imposed upon Unit Owners for any reason, shall be levied against and paid by Unit Owners in the same manner as provided in these By-laws for Common Charges. Failure to pay any such other assessments shall be treated in the same manner as failure to pay Common Charges. The Board of Managers shall have the authority to enter into a Storage Bin License Agreement with a Unit Owner for a Storage Bin in the Cellar, upon such terms and conditions as the Board of Managers in its discretion shall determine.

**Section 2. Insurance.** The Board of Managers shall be required to obtain and maintain, to the extent obtainable at reasonable rates, and to the extent determined by the Board of Managers to be appropriate, the insurance set forth below, and the premiums for such insurance shall be a Common Expense except as otherwise provided in the Rules and Regulations: (1) fire insurance with all risks extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all Units but excluding machinery, appliances, fixtures, furniture, furnishings or other personal property within a Unit), together with all service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interests may appear, in an amount equal to the greater of (i) the then outstanding principal amount under the notes (the "Construction Loan") held by Banco Popular North America, 120 Broadway, New York, New York 10271, or its successors and assigns (the "Construction Lender") or (ii) at least 80% of the full replacement value of the Building (exclusive of foundations and footings), without

deduction for depreciation, and each of such policies of insurance 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; (2) worker's compensation insurance and New York State disability benefits insurance (if applicable); (3) comprehensive general liability coverage; (4) water damage insurance to the extent if any determined by the Board of Managers; (5) fidelity bond for managing agent to the extent if any determined by the Board of Managers; (6) errors and omissions insurance for members of the Board of Managers and officers to the extent if any determined by the Board of Managers; and (7) such other insurance as the Board of Managers may determine (including, without limitation, rent insurance in an amount equal to six months Common Charges, boiler and machinery insurance, plate glass insurance and elevator liability and collision insurance). To the extent not specified above, all such insurance shall be in such amount as the Board of Managers shall from time to time determine to be reasonable. All of such policies shall provide that adjustment of loss shall be made by the Board of Managers and all policies of physical damage insurance shall provide that the proceeds thereof, if $100,000 or less, shall be paid to the Board of Managers, and if in excess of $100,000 shall be paid to the Insurance Trustee, which Insurance Trustee shall, at the option of the Construction Lender, be the Construction Lender, or its successors, assigns or designee for so long as the Construction Loan or any portion thereof is outstanding. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense of the Condominium.

All policies of physical damage insurance shall contain, if obtainable at reasonable rates, waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured or of pro rata reduction of liability, 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 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 ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of casualty insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a casualty insurance company or otherwise of the full replacement value of the Building (exclusive of foundations and footings), without deduction for depreciation, for the purpose of determining the amount of casualty insurance to be obtained pursuant to this Section.

Each Unit Owner may carry supplemental or additional insurance for his own benefit, provided that all such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such supplemental or additional insurance.

The liability insurance coverage required to be obtained by the Board of Managers as set forth above shall cover, to the extent possible, liability claims arising out of the Property, in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the officers, the managing agent, if any, and each Unit Owner. Such public liability coverage shall also cover cross

liability claims of one insured against another. The Board of Managers shall review such limits at least once each year.

Any insurance maintained by the Board of Managers may provide for such deductible amounts as the Board determines from time to time.

**Section 3. Repair 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 Building is destroyed or substantially damaged and 75% or more in Common Interest of all Unit Owners do not, within sixty (60) days from the date of such damage or destruction, duly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Building including the Units but excluding any machinery, appliances, furniture, furnishings (including wall, ceiling and floor decorations and coverings), fixtures or equipment in the Units, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of the applicable 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. In the event the insurance proceeds exceed the cost of repair or restoration, such excess shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among the Unit Owners in proportion to their respective Common Interests after first paying to the Permitted Mortgagees of a Unit and any other holders of liens against the Unit (including the Board of Managers) out of the share of the Owner of such Unit, the amount of any unpaid liens on his Unit, in the order of their priority.

If 75% or more of the Building is destroyed or substantially damaged and 75% or more in Common Interest of all Unit Owners do not within sixty (60) days from the date of such damage or destruction, duly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all of the Unit Owners in proportion to their respective Common Interests, after first paying to the Permitted Mortgagees of a Unit and any other holders of liens against the Unit (including the Board of Managers) out of the share of the owner of such Unit, the amount of any unpaid liens on his Unit, in the order of priority of such liens.

**Section 4. Payment of Common Charges.** The term "Common Charges" shall mean any charge assessed by the Board of Managers against any Unit Owner. A Unit Owner shall be obligated to pay the Common Charges assessed by the Board of Managers against such Unit Owner at such time or times as the Board of Managers shall determine. Unless otherwise determined by the Board of Managers, the Common Charges assessed by the Board of Managers to meet Common Expenses for a fiscal year of the Condominium shall be due and payable in equal monthly installments in advance on the first day of each month during such fiscal year.

**Section 5. Collection of Common Charges.** The Board of Managers shall assess Common Charges against the Unit Owners from time to time, but at least monthly, and in an amount sufficient to cover its cash requirements for such period as it shall determine, but not less than the ensuing month, and shall take prompt action to

collect any Common Charges due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

**Section 6. Default in Payment of Common Charges.** In the event any Unit Owner fails to make payment of any Common Charges or other assessment within fifteen (15) days of its due date (although nothing herein shall be deemed to extend the period within which such Common Charges are to be paid), such Unit Owner shall be obligated to pay (a) a late charge at the rate of $.02 per dollar per month or any part thereof for all such overdue Common Charges, from the due date of such Common Charges until paid, and (b) all costs and expenses, including, without limitation, reasonable attorneys' fees paid or incurred by the Board of Managers and/or another Unit Owner, in any proceeding brought to collect such unpaid Common Charges or in an action to foreclose the lien on such Unit arising from said unpaid Common Charges as provided in Section 339-z of the Condominium Act, in the manner provided in Section 339-aa thereof, or in any other manner permitted by law. All such late charges and costs and expenses shall be added to, and shall constitute, Common Charges payable by such Unit Owner. In addition, the Board of Managers shall have the right to levy against Unit Owners such just and appropriate fines as it deems advisable for noncompliance with any of the provisions of the Declaration, these By-Laws or the Rules and Regulations. All such fines shall be added to and shall constitute Common Charges payable by such Unit Owner.

**Section 7. Foreclosure of Liens for Unpaid Common Charges.** In any action brought to foreclose a lien on a Unit for unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing such charges. In the event the net proceeds received on such foreclosure (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) are insufficient to satisfy the defaulting Unit Owner's obligations, such Unit Owner shall remain liable for the deficiency.

No Unit Owner shall be liable for the payment of any part of the Common Charges against his Unit accruing subsequent to a sale or other conveyance by him of such Unit, together with its Appurtenant Interest, provided that no violation of any provision of the Declaration or these By-Laws then exists with respect to such Unit. Any Unit Owner may, by conveying his Unit and its Appurtenant Interest to the Board of Managers, or its designee, corporate or otherwise, exempt himself from the liability for Common Charges accruing after such conveyance, subject to the terms and conditions of these By-Laws, provided that at the time of such conveyance (a) such Unit is free and clear of liens and encumbrances other than a Permitted Mortgage and the statutory lien for Common Charges and (b) no violation of any provision of the Declaration, these By-Laws or the Rules and Regulations then exists with respect to such Unit. A purchaser of a Unit shall be liable for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by him of such Unit, except as hereinafter provided. A purchaser of a Unit at a foreclosure sale pursuant to a Permitted Mortgage against such Unit shall not be liable, and such Unit shall not be subject to a lien, for the payment of Common Charges, accrued and unpaid against such Unit prior to the acquisition by said purchaser of such Unit. However, the owner of such Unit prior to

the foreclosure sale shall remain liable for the payment of all unpaid Common Charges which accrued prior to such sale.

**Section 8. Statement of Common Charges.** The Board of Managers shall promptly provide any Unit Owner, so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

**Section 9. Maintenance and Repairs.**

(a) Each Unit Owner shall maintain his Unit in good working order and condition, ordinary wear and tear excepted. All maintenance, repairs and replacements in or to any Unit (other than maintenance of and repairs to any Common Elements contained in the Unit), any installations to the exterior of the Building made by any Unit Owner, and any electrical, plumbing, heating and air conditioning fixtures in the Unit (other than those constituting Common Elements), whether structural or nonstructural, ordinary or extraordinary (including, without limitation, painting and decoration of the Unit), shall be performed by the Unit Owner of such Unit, at the Unit Owner's sole cost and expense, except as provided in Section 12 hereof and except as set forth below. All repairs and replacements shall be of a quality or class equal to the original work or construction. Each Unit Owner shall give the Board of Managers prompt notice of any defect in the plumbing, heating and electrical systems in his Unit after actual notice thereof by such Unit Owner. Each Unit Owner shall perform such construction, alterations or improvements to its Unit and the Common Elements as from time to time shall be necessary to render its occupancy of such Unit lawful. The exterior surface of all windows deemed a part of a Unit shall be washed and cleaned by the owner thereof. Prior to the issuance of a permanent certificate of occupancy for the Building following completion of the rehabilitation and construction as described in the Plan, no Unit Owner other than Declarant and its designees shall make any alterations or improvements (by himself or with any of his contractors) to such Unit Owner's Unit, including, without limitation, installation of interior walls or partitions, without the prior written consent of Declarant.

(b) Except as provided in Section 9 above, or as applicable to a Limited Common Element, or as elsewhere provided in these By-laws or in the Declaration, all maintenance of, replacement of and repairs to the exterior walls of the Building and the Common Elements and infill of lot line windows, if required, shall be performed by the Board of Managers and the cost and expense thereof shall be charged as a Common Expense as provided in these By-Laws. In making such repairs or replacements, the Board of Managers or its designee shall make all reasonable efforts (i) to minimize any interference with the Unit Owners' use and enjoyment of and business conducted in their Units and (ii) to conceal in the walls, floors or ceilings, or if not feasible, box in without materially reducing usable areas of the affected Unit or its ceiling height, any pipes or conduits installed by the Board of Managers.

(c) If any maintenance of, replacement of or repairs to the Property or any part thereof are necessitated by the negligence of (i) any Unit Owner, his tenants or visitors or occupants of the Unit, then the entire cost thereof shall be borne by such Unit Owner and shall be assessed by the Board of Managers against such Unit

Owner as a Common Charge or (ii) the Board of Managers, then the entire cost thereof shall be a Common Expense.

(d) Units 3A, 3B, 4A and 4B each have exclusive use of a Balcony adjacent to such Units. Unit 5 has exclusive use of a Balcony and Terrace adjacent to it and Unit 1B has exclusive use of the rear yard. The Rear Yard, Balconies and Terrace are considered Limited Common Elements as defined in the Plan and Declaration. The Board of Managers shall have unlimited access to all areas of the Rear Yard, Balconies and Terrace for the purpose of making inspections and repairs. The Unit Owner who has exclusive use of a Limited Common Element (such as a Rear Yard, Balcony or Terrace) shall be responsible for all repairs or replacements to all surfaces of such Rear Yard, Balcony or Terrace and the Condominium shall be responsible for any work that may be required on the parts of the Limited Common Elements that support such surfaces. Any Unit Owner desiring to make a replacement or repair to a Rear Yard, Balcony or Terrace must first obtain the written consent of the Board of Managers. In addition to the repairs and replacements to the existing condition and materials located on a Rear Yard, Balcony or Terrace, no other improvement or structure may be placed on the Rear Yard, Balconies or Terrace without the prior written approval of the Board of Managers, which approval may be granted or denied for any reason or no reason, and if granted, such approval may be conditioned on such matters as the Board of Managers, in its sole discretion may deem reasonable including conditions with respect to time periods when work is permitted, handling of construction debris, measures to ensure building security during construction, interruption of elevator and other services during construction and liability coverage for contractors during construction. Such conditions may also be imposed with respect to repairs and replacements of the existing conditions and materials on the Rear Yard, Balconies and Terrace. No construction work may be done on any Rear Yard, Balcony or Terrace without a New York City Buildings Department permit. In addition, any construction on a Rear Yard, Balcony or Terrace will require a variance of the New York City Board of Standards and Appeals. No structure can be built on a Rear Yard, Balcony or Terrace "as of right." A Unit Owner shall have no right to apply for a variance without the prior written consent of the Board of Managers which consent may be denied for no reason or any reason. The Property is not a designated Landmark and is not subject Landmark restrictions.

**Section 10. Performance of Unit Owners' Obligations and Injunctive Relief.** If any Unit Owner defaults in any of his obligations under the Declaration, these By-Laws or the Rules and Regulations other than the obligation to pay Common Charges, then in such event the Board of Managers may send to such Unit Owner a notice specifying the default. If within thirty (30) days after the service of such notice upon the Unit Owner, such Unit Owner fails to cure such default or, in the case of a default not reasonably susceptible to cure within such period, fails to commence to cure such default within such thirty (30) day period and thereafter prosecute such cure to completion with due diligence, then the Board of Managers or its designee may enter the Unit and cure such default and the Board of Managers shall be entitled to seek injunctive relief against such defaulting Unit Owner. All sums expended and all costs and expenses incurred in connection with the curing of such default together with interest thereon at the rate of 2% per month (but in no event in excess of the maximum rate permitted by law) shall be added to and shall constitute a Common Charge against such Unit Owner.

**Section 11. Additions, Alterations or Improvements by the Board of Managers.** Whenever in the judgment of the Board of Managers the Common Elements or the exterior walls of the Building shall require additions, alterations or improvements costing in excess of $100,000.00 in the aggregate in any fiscal year, then such additions, alterations or improvements shall not be made unless first approved by Unit Owners owning Units having an aggregate Common Interest of in excess of 75% of the Common Interests of all the Units and a Majority of the Mortgage Representatives (as defined in Article VI, Section 15). Any additions, alterations or improvements to the Common Elements costing in the aggregate $100,000.00 or less in any fiscal year may be made by the Board of Managers without the approval of the Unit Owners provided same are reasonably necessary to the operations of the Property as a first class building and to the uses to which it is then subject. The cost and expense of any addition, alteration or improvement to the Common Elements shall, except as otherwise provided in the Declaration and these By-Laws including without limitation the Rules and Regulations thereunder, constitute part of the Common Expenses. In making such additions, alterations and improvements, the Board of Managers or its designee shall make all reasonable efforts (i) to minimize any interference with the Unit Owners' use and enjoyment of and any business conducted in their Units and (ii) to conceal in the walls, floors or ceilings or if not feasible, box in without materially reducing usable areas of the affected Unit or its ceiling height, any pipes or conduits installed by the Board of Managers (other than in the portions of the cellar of the Building which are part of the Common Elements).

**Section 12. Additions, Alterations or Improvements by Unit Owners.** Except as permitted in the Declaration:

(a) No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, without the prior written consent thereto of the Board of Managers, which consent shall not be unreasonably withheld. The Board of Managers shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed addition, alteration or improvement. Any application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit permitted hereunder shall be executed by the Board of Managers, without, however, incurring any liability on the part of the Board of Managers to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

(b) No Unit Owner shall, without obtaining the prior written consent of the Board of Managers construct any additions to the exterior of his Unit (including the exterior walls of the Building encompassing the Unit), make structural changes to any of the Common Elements, or excavate or otherwise alter Common Elements, whether such Common Elements be located in, under or adjacent to the Building.

**Section 13. Right of Access.** A Unit Owner shall give access to his Unit and Storage Bin, if applicable, to the Condominium Board, the manager and/or the managing

agent and/or any other person(s) authorized by the Board of Managers, the manager or the managing agent, for the purpose of (i) making inspections or for the purpose of correcting any condition originating in his Unit or Storage Bin and threatening another Unit or a Common Element, (ii) performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or Storage Bin or elsewhere on the Property, (iii) correcting any condition which violates the provisions of any mortgage covering another Unit or Storage Bin, (iv) removing violations of governmental laws or regulations against any part of the Property, (v) curing any defaults under the Declaration and the By-Laws and (vi) removal of trash from the trash rooms, provided that in each case, except as provided below, the requests for entry are made at least one (1) day in advance. Such right of access shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business in or use of the Unit. In case of removal of trash from the trash rooms and in the case of an emergency, such right of access shall be immediate, without advance notice and may occur whether the Unit Owner is present at the time or not. The foregoing shall not be deemed as prohibiting a Unit Owner from having a representative present when such access is given to the Board of Managers. No Unit Owner shall impede the removal of trash from his trash room by the Condominium Board, the managing agent or any designee of either of the foregoing and the Unit Owner shall have no right to require that he or a representative be present during such trash removal.

**Section 14. Rules and Regulations.** Annexed hereto as Schedule A and made a part hereof are rules and regulations concerning the use of the Units and Common Elements (such rules and regulations as amended from time to time are sometimes herein referred to as the "Rules and Regulations"). Except as provided in the Declaration, the Board of Managers may from time to time amend such Rules and Regulations in such manner as shall be reasonably necessary for the proper operation of the Building, except that (i) a Majority in Common Interest of the Unit Owners may overrule the Board of Managers with respect to any such amendment and (ii) no such amendment may be made without the prior written consent of any (x) a Majority of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed, and (y) the Construction Lender, for so long as it has a lien on any Unit, and (iii) no amendment may be made which may have an adverse affect on the Declarant or its designees, or the Units owned by any of them, unless approved in writing by the Declarant or its designees, as the case may be. Copies of such Rules and Regulations as amended shall be furnished by the Board of Managers to each Unit Owner not less than thirty (30) days prior to the effective date thereof. The terms "amend," "amended" or "amendment," as used in this Section, shall also mean deleting or adopting a rule or regulation.

**Section 15. Real Estate Taxes.** Except as provided below, until the Units are separately assessed for real estate tax purposes, the Board of Managers as agent of the Unit Owners shall promptly pay all real estate taxes levied with respect to the Property as a Common Expense and the Common Charges collected from Unit Owners to meet this Common Expense shall be earmarked for this purpose.

**Section 16. Water Charges and Sewer Rents.** If there are water charges and sewer rents assessed against the Property, then, unless and until such charges are separately billed to each Unit Owner by the appropriate authority, such charges shall promptly be paid by the Board of Managers as a Common Expense. If any of the Units

are separately metered or submetered for water then the owner thereof shall directly pay to the proper authority the water charges and sewer rents computed on the basis of the consumption metered for his Unit and such Unit Owner shall not be responsible for paying water and sewer charges as part of his Common Charges.

**Section 17. Gas.** Gas may be supplied by the public utility company serving the area to each Unit for cooking and/or laundry purposes through separate meters and the owner of such Unit shall be required to pay the bills for gas consumed or used in his Unit. To the extent that gas is supplied to more than one Unit measured by a meter for such Units, the cost of such gas shall be a Common Expense payable by the owners of such Units.

**Section 18. Electricity.** Electricity for the Units shall be supplied by the public utility company serving the area directly to each Unit through a separate meter and the owner of such Unit shall be required to pay the bills for electricity consumed or used in his Unit. If one such meter measures the consumption of electricity in more than one Unit, then all such Units shall pay their pro rata share (as reasonably determined by the Board of Managers) of the consumption of electricity measured by such meter. Except as provided in Section 9 of the Declaration, a Unit Owner shall not exceed the capacity of existing feeders, risers or wiring installations and shall not use any electrical equipment which in the reasonable opinion of the Board of Managers will overload such feeders, risers or installations.

**Section 19. Heating.** The Board of Managers shall not supply heat to the Units. Individual heating units will service each Unit. Fuel (gas) for heat for the Units shall be supplied by the public utility company serving the area directly to each Unit through a separate meter and the owner of such Unit shall be required to pay the bills for gas consumed or used in his Unit.

**Section 20. Vault Charges.** All license fees and all periodic taxes and charges for vaults or other protrusions beyond the Building line assessed against the Property shall be fairly and equitably apportioned by the Board of Managers between or among the Units having the right to use such vault or other protruding space.

**Section 21. Utilities Serving the Common Elements.** The costs and expense of heat, water and sewer, electricity and gas serving or benefiting the Common Elements shall be a Common Expense to be borne by all Unit Owners.

**Section 22. Interruption in Utilities.** The Board of Managers shall have the right to interrupt all utilities for the purposes of dealing with accidents, strikes and repairs, alterations, improvements, and the like. The Board of Managers shall have no liability to any Unit Owner for any such interruption. However, the Board of Managers shall make all reasonable efforts to minimize the extent of such interference.

## Article VI

## Selling, Leasing and Mortgaging of Units

**Section 1. Notice to Board of Managers.** A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of his mortgagee and

shall file a conformed copy of the note and mortgage with the Board of Managers. Subject to the priority of the lien of a Permitted Mortgage with respect to all unpaid sums due under such Permitted Mortgage and such other rights, if any as may appertain to a Permitted Mortgagee under Sections 339-z of the Real Property Law of the State of New York, the rights of any mortgagee of a Unit shall be subordinate to the terms and provisions of the Declaration, By-Laws and Rules and Regulations, including, without limitation, the provisions of Section 9 of the Declaration, and any such mortgage that fails to provide for such subordination shall nonetheless be deemed to provide for such subordination; provided that no revocation or amendment to Section 339-z of the Real Property Law of New York shall affect such lien priority. Although no further instrument shall be required to effectuate such subordination, each mortgagee of a Unit, by accepting such mortgage, agrees to execute and deliver any instruments and documents requested to be executed and delivered by the Board of Managers in connection with the confirmation of such subordination, and, in the event such mortgagee fails to execute and deliver any such instruments or documents, its acceptance of such mortgage shall be deemed to constitute its appointment of the Board of Managers as its true and lawful attorney-in-fact in its name, place and stead to execute and deliver any such instruments and documents, such power being coupled with an interest. A Unit Owner who satisfies a mortgage covering his Unit shall also notify the Board of Managers thereof and shall file a conformed copy of the satisfaction of mortgage with the Board of Managers. The Board of Managers shall maintain the information received pursuant to this Section 1 in a book entitled "Mortgages of Units."

**Section 2. Notice of Default and Unpaid Common Charges.** Whenever so requested in writing by the mortgagee of a Unit, the Board of Managers shall promptly report to such mortgagee any default in the payment of Common Charges or any other default by the Unit Owner of such Unit under the provisions of the Declaration or these By-Laws, which default may to the Board's knowledge then exist. The Board of Managers, when giving notice to a Unit Owner of any such default, shall also send a copy of such notice to each holder of a mortgage covering such Unit whose name and address shall have theretofore been furnished to the Board of Managers.

**Section 3. Performance by Mortgagees.** The Board of Managers shall accept payment of any sum or performance of any obligation by any mortgagee of a Unit Owner required to be paid or performed by such Unit Owner pursuant to the provisions of the Declaration, these By-Laws or the Rules and Regulations with the same force and effect as though paid or performed by such Unit Owner.

**Section 4. Examination of Books.** Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more than once a month.

**Section 5. Selling and Leasing.** Except as provided in Section 10 of this Article VI no Unit Owner may sell or lease his Unit, without complying with the following provisions:

Any such Unit Owner who receives a bona fide offer to (a) purchase his Unit covered by the provisions of this Section 5 ("Offeree Unit") together with its Appurtenant Interest or (b) lease his Offeree Unit (such offer to purchase or lease an Offeree Unit, as the case may be, is called an "Offer", the party making any

such Offer is called an "Offeror" and the owner of the Offeree Unit to whom the Offer is made is called an "Offeree"), which he intends to accept shall give notice by certified or registered mail to the Board of Managers of the receipt of such Offer. Said notice shall also state the name and address of the Offeror, the terms of the proposed transaction (including, but not limited to, the intended closing date in the event of a purchase or the intended occupancy date in the event of a lease) and such other information as the Board of Managers may reasonably require. The giving of such notice to the Board of Managers shall constitute an offer by such Unit Owner to sell (or lease, as the case may be) his Offeree Unit to the Board of Managers, or its designee, on behalf of all other Unit Owners, upon the same terms and conditions as contained in such Offer and shall also constitute a representation and warranty by the Offeree who has received such Offer, to the Board of Managers on behalf of all Unit Owners, that such Offeree believes the Offer to be bona fide in all respects. The Offeree shall submit in writing such further information with respect thereto as the Board of Managers may reasonably request. Not later than fifteen (15) days after receipt of such notice together with such further information as may have been requested, the Board of Managers may elect, by sending written notice to such Offeree before the expiration of said fifteen (15) day period, by certified or registered mail, to purchase such Offeree Unit together with its Appurtenant Interest or to lease such Offeree Unit, as the case may be (or to cause the same to be purchased or leased by its designee), on behalf of all Unit Owners, upon the same terms and conditions as contained in the Offer and as stated in the notice from the Offeree.

If the Board of Managers shall timely elect to purchase such Offeree Unit together with its Appurtenant Interest or to lease such Offeree Unit, or to cause the same to be purchased or leased by its designee, title shall close or a lease shall be executed at the office of the attorneys for the Board of Managers, in accordance with the terms of the Offer, within forty-five (45) days after the giving of notice by the Board of Managers of its election to accept the aforesaid Offer, and the Board of Managers shall then be required to perform or cause to be performed all of the terms of the Offer (except as otherwise expressly set forth in this Article VI) including, but not limited to, payment of a Down Payment or advance rentals and security deposits, or closing of title or acceptance of occupancy, as the case may be and such closing of title or the commencement of the term of the lease shall be on the date set forth in the notice to the Board of Managers referred to in this Section 5 of Article VI as the intended closing date or commencement date, as the case may be. If pursuant to such Offer, the Offeror was to assume, or take title to the Offeree Unit subject to, the Offeree's existing mortgage or mortgages, the Board of Managers may purchase the Offeree Unit and assume, or take title to the Offeree Unit subject to, said existing mortgage or mortgages, as the case may be. At the closing, the Offeree, if such Offeree Unit together with its Appurtenant Interest is to be sold, shall convey the same to the Board of Managers or its designee, corporate or otherwise, on behalf of all other Unit Owners, by deed in the form required by Section 339-0 of the Real Property Law of the State of New York with all tax and/or documentary stamps affixed at the expense of such Offeree, who shall also pay all other taxes arising out of such sale. Real estate taxes (including water charges and sewer rents if separately assessed), mortgage interest, if any, and Common Charges shall be

apportioned between the Offeree and the Board of Managers, or its designee, corporate or otherwise, as of the closing date. In the event such Offeree Unit is to be leased, the Offeree shall execute and deliver to the Board of Managers, or its designee, a lease between the Offeree, as landlord, and the Board of Managers, or its designee, as tenant, covering such Offeree Unit, for the rental and term contained in such Offer.

If the Board of Managers, or its designee shall fail to accept such Offer within fifteen (15) days after receipt of notice, as aforesaid, the Offeree shall have an additional ninety (90) days (immediately following such fifteen 15 day period) to accept the Offer by executing and delivering a contract or lease, as the case may be. If the Offeree shall not, within such ninety (90) day period, accept in writing the Offer or if the Offeree shall accept the Offer within such ninety (90) day period but such sale or lease, as the case may be, shall not be consummated on or before the intended closing date or commencement date of the term of the lease, as the case may be, which is set forth in the notice to the Board of Managers referred to in this Section 5 of Article VI, then, should such Offeree thereafter elect to sell or lease such Offeree Unit, as the case may be, the Offeree shall be required to comply again with all the terms and provisions of this Section.

Any deed to an Offeror shall be deemed to provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, these By-Laws and the Rules and Regulations, as the same may be amended from time to time.

Any lease executed in connection with the acceptance by an Offeree of any Offer to lease an Offeree Unit shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, that the tenant shall not assign his interest in such lease or sublet the demised premises or any part thereof without the prior consent in writing of the Board of Managers and that the Board of Managers shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of (i) a default by tenant in the performance of its obligations under such lease or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York.

Any lease executed by the Board of Managers as tenant shall provide that the Board of Managers may enter into a sublease of the premises without the consent of the landlord.

If a Unit Owner is a party to a Storage Bin License Agreement, then upon the sale of the Unit that entitled the Unit Owner to enter into the Storage Bin License Agreement, the Unit Owner may assign the Storage Bin License Agreement to the purchaser in conjunction with the sale. If a Unit is sold without assignment of the Storage Bin License Agreement or if a Unit Owner simply desires to terminate a Storage Bin License Agreement without assigning it, the right to use the Storage Bin reverts to the Board of Managers and the Board of Managers shall be free to enter into a new Storage Bin License Agreement with a

Unit Owner for that Storage Bin. The Board of Managers shall enter into a new Storage Bin License Agreement in any event with each Unit Owner to whom a Storage Bin License Agreement has been assigned. A Unit Owner's right to use a Storage Bin may be sub-licensed in conjunction with a lease of a Unit subject to the usual requirements, set forth above, with respect to such leasing.

Any purported sale or lease of an Offeree Unit in violation of this Section 5 of Article VI shall be voidable at the election of the Board of Managers and if the Board of Managers shall so elect, the Offeree shall be deemed to have authorized and empowered the Board of Managers to institute legal proceedings to evict the purported tenant (in case of an unauthorized leasing), in the name of the said Offeree as the purported landlord. Said Offeree shall reimburse the Board of Managers for all expenses (including, without limitation, attorneys' fees and disbursements) incurred in connection with such proceedings.

**Section 6. Consent of Unit Owners to Purchase or Lease of Offeree Units by Board of Managers.** The Board of Managers shall not exercise any option hereinabove set forth to purchase or lease any Offeree Unit without the prior approval of a Majority in Common Interest of Unit Owners. However, the Board of Managers shall have the right to release or waive such option without the prior approval of a Majority in Common Interest of Unit Owners.

**Section 7. No Severance of Ownership.** No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his Unit without including therein its appurtenant Common Interest, it being the intention to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests without including all such interests shall be deemed and taken to include the interest or interests so omitted even though the latter shall not be expressly mentioned or described therein. No part of the Common Interest appurtenant to any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interest is appurtenant or as part of a sale, conveyance or other disposition of such part of the appurtenant Common Interests of all Units. Nothing in this Section shall prohibit the lease of any Unit without the simultaneous lease of its appurtenant Common Interest.

**Section 8. Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common.** If any Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, as tenants-in-common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired Unit.

**Section 9. Financing of Purchase of Offeree Units by Board of Managers.** The purchase of any Offeree Unit by the Board of Managers or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board of Managers. If the funds in such account are insufficient to effectuate any such purchase, the Board of Managers may levy an assessment against each Unit Owner, in proportion to his respective Common Interest, as a Common Charge, and/or the Board of Managers may, in its discretion, finance the acquisition of such Offeree Unit, provided, however, that no such financing may be secured by an

encumbrance or hypothecation of any portion of the Property other than the Offeree Unit to be purchased together with its Appurtenant Interest.

**Section 10. Exceptions.** The provisions of Section 5 of Article VI shall not apply to (A) any Unit transferred by a Unit Owner by gift, devise, will or intestacy, or (B) any lease, sale or conveyance of any Offeree Unit together with its Appurtenant Interest by (1) the Unit Owner thereof to his spouse, adult children, parents, adult siblings or to any one or more of them or to any affiliate of the Unit Owner thereof; (2) Declarant or any of its designees; (3) the Board of Managers; or (4) the sale, transfer or lease of a Unit by or to a mortgagee or its nominee (including, without limitation, a foreclosure); provided, however, that each succeeding Offeree shall be bound by, and his Offeree Unit subject to, the provision of this Article VI. The term "affiliate", when used with respect to any Unit Owner, means an individual who (or entity which) owns more than 50% of the legal or beneficial interest in such Unit Owner, or any entity in which such Unit Owner owns more than a 50% interest, legal or beneficial.

**Section 11. Gifts and Devises, etc.** Any Unit Owner shall be free to convey or transfer his Unit by gift, or may devise his Unit by will or have his Unit pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and his Unit subject to, the provisions of this Article VI.

**Section 12. Payment of Assessments.** No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges theretofore assessed by said Board against such Unit and until such Unit Owner shall have satisfied all unpaid liens against his Unit, other than any mortgages.

**Section 13. Mortgage of Units.** Each Unit Owner shall have the right to mortgage his Unit without restriction. However, the Unit Owner shall comply with the provisions of Section 1 of this Article VI.

**Section 14. Permitted Mortgage.** The term "Permitted Mortgagee" shall mean a holder of a Permitted Mortgage. The term "Permitted Mortgage" shall mean any first mortgage of record against a Unit. For so long as the Construction Loan or any portion thereof is outstanding, the Construction Loan shall be deemed to be a Permitted Mortgage and the Construction Lender shall be deemed to be a Permitted Mortgagee.

**Section 15. Mortgage Representatives.** The term "Mortgage Representatives" shall mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of "Institutional Mortgages" (defined below) in accordance with the terms of this Article VI, Section 15.

Except as otherwise provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By-Laws, the decision of a majority of Mortgage Representatives, if any, designated pursuant to the terms of this Section 15 of Article VI, shall be deemed binding on the holders of all mortgages encumbering Units.

The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect designate not more than three Mortgage Representatives by giving written notice thereof to the Condominium Board, which Mortgage Representatives shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this Article VI, Section 15, shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by law, no holders of mortgages encumbering Units other than Permitted Mortgagees who hold Institutional Mortgages shall be entitled to participate in the designation of Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

The term "Institutional Lender" shall mean (i) the Construction Lender, for so long as the Construction Loan is a lien on any Unit (ii) a savings bank, savings and loan association, bank or trust company, credit union, insurance company, real estate investment trust, or mortgage trust, or (iii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

## Article VII

## Eminent Domain

**Section 1. Condemnation.** In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers if such award amounts to $100,000.00 or less, and to the Insurance Trustee if such award amounts to more than $100,000.00 If 75% or more in Common interest of all Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers shall arrange for the repair and restoration of such Common Elements, and the Board of Managers, or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. If the net proceeds of any such award are insufficient to cover the cost of any repairs or restorations, the deficit will be a Common Expense. If 75% or more in Common Interest of all Unit Owners do not duly and promptly approve the repair and restoration of such Common Elements, or if there are excess proceeds remaining after such repair or restoration, then in such event the Board of Managers, or the Insurance Trustee, as the case may be, shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article V of these By-Laws. In the event of a partial taking by condemnation or by eminent domain which results in a disproportionate taking of the space of each Unit so that one Unit is left with proportionately less space compared to the other Unit than was the case prior to such taking, then the Common Interests of the Unit Owners shall be equitably adjusted by the Board of Managers.

**Section 2. Awards for Trade Fixtures and Relocation Allowances.** Where all or a part of the Condominium is taken in condemnation or by eminent domain, each Unit Owner shall have the exclusive right to claim all of the award made for trade fixtures installed by such Unit Owner, and any relocation, moving expense or other allowance of a similar nature designed to facilitate relocation of a displaced business concern.

## Article VIII

## Records

**Section 1. Records and Audits.** The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against each Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be rendered by the Board of Managers to all Unit Owners and to all mortgagees of Units who have requested the same, within four (4) months after the end of each fiscal year. The cost of such report shall be paid by the Board of Managers as a Common Expense.

## Article IX

## Miscellaneous

**Section 1. Notices.** All notices hereunder shall be sent by registered or certified mail to the Board of Managers c/o the managing agent, or if there be no managing agent, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time, by notice in writing to all Unit Owners and to all mortgagees of Units. All notices to any Unit Owner shall be sent by registered or certified mail to the Property or to such other address as may have been designated by him from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given or served when sent as provided above as of the date of mailing, except notices of change of address which shall be deemed to have been given when received.

**Section 2. Severability.** If any provision of these By-Laws is invalid or unenforceable against any person, party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law.

**Section 3. Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision hereof.

**Section 4. Gender.** The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

**Section 5. Waiver.** No restriction, condition, obligation or provision contained in these By-Laws including without limitation the Rules and Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

**Section 6. Title to Units.** Title to Units may be taken in the name of an individual, the names of two or more persons as tenants in common, joint tenants or tenants by the entireties, in the name of a corporation, partnership, association, trustee or other legal entity, or any combination of any of the foregoing.

**Section 7. Successors and Assigns.** The rights and/or obligations of the Unit Owners as set forth in these By-Laws and the Declaration shall inure to the benefit of and be binding upon the Board of Managers and the Unit Owners and their successors and assigns.

**Section 8. Insurance Trustee.** The Construction Lender, or its successors, assigns, or designee, at its option, shall be the Insurance Trustee so long as the Construction Lender is the holder of a certain mortgage made by Declarant to such Construction Lender, and thereafter a bank or trust company in the State of New York, designated by the Board of Managers and having a capital surplus and undivided profits of $500,000,000 or more. In the event the Insurance Trustee resigns or is replaced by the Board of Managers, the Board of Managers shall appoint a new Insurance Trustee which shall be a bank or trust company having an office located in the State of New York having a capital surplus and undivided profits of $500,000,000 or more. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense. The Insurance Trustee shall hold all such proceeds in accordance with Section 254(4) of the New York Real Property Law.

**Section 9. Consents.** Wherever in this Declaration or these By-Laws the consent of the Board of Managers is provided, such consent shall be sufficient and effective if given by the Board of Managers and the consent of the Unit Owners shall, unless otherwise provided in the Declaration or these By-Laws, not be required.

## Article X

## Amendments to By-Laws

**Section 1. Amendments to By-Laws.** Except as provided in the Declaration and below, these By-Laws may be amended by the vote of not less than 66-2/3% in

number and in Common Interest of all Unit Owners, at a meeting of the Unit Owners duly held for such purpose, provided, however, that (i) if Declarant or its designees, as the case may be, shall not have voted in favor of such amendment, then such amendment shall not be effective unless reasonably necessary or convenient to the conduct of the affairs of the Condominium and/or operation of the Property and such amendment shall not decrease the rights of the Declarant or its designees or increase the obligations of Declarant or its designees and (ii) such amendment shall not be effective against a holder of a mortgage of record affecting a Unit, unless a Majority of the Mortgage Representatives shall consent thereto in writing which consent shall not be unreasonably withheld or delayed, and, as to any Unit encumbered by the Construction Loan, the Construction Lender consents thereto; however the Construction Lender may grant or withhold its consent as it sees fit) . Notwithstanding anything to the contrary contained herein, without the consent of every Unit Owner affected by such amendment, (a) no provision of these By-Laws (including, without limitation, the Rules and Regulations) relating to the use of Units or appurtenant Common Interests may be amended, (b) no By-Law may be amended which would in any way affect the rights of Declarant or its designees under Section 9 or Section 11 of the Declaration and (c) the provisions of this Article X may not be amended. No amendment to these By-laws with respect to the rights of Unit Owners who have entered into Storage Bin License Agreements may be made without the consent of at least two-third (2/3) of the Unit Owners who are parties to a Storage Bin License Agreement. The terms "amend," amended" or "amendment" as used in these By-Laws shall also be deemed to mean deleting a provision of the By-Laws or adopting a new By-Law.

## Article XI

## Conflicts

These By-Laws (including without limitation the Rules and Regulations) are intended to comply with the requirements of Article 9B of the Real Property Law of the State of New York and all other applicable laws. In case any of these By-Laws or any provision of the Rules and Regulations shall conflict with the provisions of said statute, the Declaration or any other applicable law, then the provisions of said statute, the Declaration or such other applicable law, as the case may be, shall control.

## Article XII

## Arbitration

An arbitration provided for in these By-Laws shall be conducted before one arbitrator in New York City by the American Arbitration Association or any successor organization thereof, in accordance with its rules then in effect and the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. If the American Arbitration Association shall not then be in existence and has no successor, any arbitration hereunder shall be conducted in New York City before one arbitrator appointed, on application of any party, by the Supreme Court of the State of New York, in the County of Kings. Each party to any such arbitration shall bear his own legal fees and expenses and other fees and expenses in prosecuting and/or defending, as the case may be, the arbitration. However the cost of the arbitrator shall be borne by the losing party. All costs and expenses of the Board of Managers in any such arbitration hereunder, including the fees and expenses of counsel and experts, shall be a Common Expense.

## SCHEDULE A OF THE BY-LAWS

## RULES AND REGULATIONS OF THE CONDOMINIUM

a) Each Unit Owner shall keep his unit and Storage Bin, if applicable, in a good state of preservation and cleanliness. He shall not allow anything whatever to fall from the windows or doors of the Building, nor shall he sweep or throw from the Building any dirt or other substance into any of the corridors or halls, elevators, ventilators or elsewhere in the Building. The Unit Owners shall place their refuse in containers in such manner, at such times and in such places as the Board of Managers or its agent may direct. The Unit Owners shall obtain extermination services for the Units at such intervals as shall be necessary to maintain the Units free of rats, mice, roaches and other vermin.

b) Except as otherwise expressly provided in the Declaration, the sidewalks, entrances, corridors, exits and other Common Elements shall not be obstructed or encumbered by refuse or otherwise, or used for any purpose other than ingress or egress to and from the Units and delivering and shipping of merchandise and the like to and from the Units.

c) Employees of the Unit Owners' may not gather or lounge in the Common Elements.

d) Supplies, goods and packages of every kind for the Units are to be delivered in such manner as the Board of Managers or its agent may reasonably prescribe and the said Board of Managers is not responsible for loss of or damage to any such property, including loss or damage that may occur through the carelessness or negligence of the employees of the Building.

e) No disturbing noises or objectionable odors may be produced upon or emanate from any Unit including, without limitation, from any musical instrument, phonograph, radio, television, receiver or similar instrument if the same shall disturb or annoy any other Unit Owner. Corridor doors shall be kept closed at all times except when in actual use for ingress and egress.

f) Unit Owners shall not permit or keep in their Units and Storage Bin, if applicable, any inflammable, combustible or explosive material, chemical or substance, except such products as are required in normal professional and business use.

g) Water closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish bags or other articles be thrown into same. Any damage resulting from misuse of any water closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

h) No vehicle belonging to a Unit Owner or to an employee, or visitor of a Unit Owner shall be parked in such manner as to impede or prevent ready access to

i) any entrance to or exit from the Building or Common Elements by any vehicle of any kind whatsoever.

j) Except as provided in Section 9 of the Declaration, no Unit Owner shall (i) do or permit any act or thing to be done in or to his Unit and Storage Bin, if applicable, which will invalidate or be in conflict with any public liability, fire, casualty or other policy of insurance at any time carried by the Board of Managers with respect to the Property, (ii) keep anything in his Unit and Storage Bin, if applicable, which is prohibited by the Fire Department, Board of Fire Underwriters, fire insurance rating organization or other authority having jurisdiction or (iii) permit a Unit and Storage Bin, if applicable, to be used in any manner (other than the use in effect on the date of the Declaration) which will increase the insurance rate for the Property over that in effect as of the date of the Declaration unless such Unit Owner paid the additional cost thereof as provided below.

Any costs, expenses, fines, penalties or damages which shall be imposed upon the Board of Managers by reason of a Unit Owner's default hereunder or any increase in the premium charged for insurance carried by the Board of Managers resulting from a change in the insurance rate for the Property attributable to a use of the Unit which is different from the use of the Unit in effect on the date of the Declaration, shall be assessed as a Common Charge against the Unit Owner. In any action or proceeding relating to the foregoing, a schedule or "makeup" of rate for the Property issued by the New York Fire Insurance Exchange or other body making fire insurance rates applicable to the Property shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate or rates then applicable to the Property.

Each Unit Owner may carry other insurance for his own benefit, provided that all such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by such Unit Owner.

k) Except as provided in Section 9 of the Declaration, no Unit Owner shall place a load upon any floor of his Unit exceeding the floor load per square foot area which it was designed to carry and which is allowed by law.

l) If any key or keys are entrusted by a Unit Owner or occupant or by any member of his family or by his agent, servant, employee, licensee or visitor to an employee of the Board of Managers, whether for such Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner or occupant, and the Board of Managers shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

m) No Unit Owner shall alter, impair or otherwise affect the Common Elements without the prior written consent of the Board of Managers, except as expressly permitted herein or in the Declaration or the By-Laws.

n) Each Unit Owner shall:

i) obtain and keep in full force and effect any governmental license or permit required for the proper and lawful conduct of any business carried on in his Unit, and shall submit same for inspection by the Board of Managers;

ii) Keep clean at all times the interior and exterior of windows and doors (including in each case, the frames thereof) in his Unit and Storage Bin, if applicable, with all such work to be done in conformity with law;

iii) Promptly replace any and all broken or damaged glass (including in windows) in his Unit and the frames for such glass, regardless of the cause of such damage, including the negligence of the Board of Managers, its agents or employees without waiving any claims which such Unit Owner may have by reason of any of the foregoing;

iv) Not at any time, either directly or indirectly, use any contractors and/or labor and/or materials in connection with alterations or improvements to his Unit, and Storage Bin, if applicable, if the use of such contractors and/or labor and/ or materials would or will create any difficulty with other contractors and/or labor engaged by the Board of Managers and/or the other Unit Owners in the maintenance and/or operation of the Building and/or the other Units;

o) Any amounts assessed against a Unit as Common Charges which are in addition to the regular monthly installments of Common Charges due and payable as provided in the By-Laws shall be paid to the Board of Managers upon demand or if not demanded then with the next monthly installment of Common Charges due and payable as provided in the By-Laws.

p) No servant or employee of the Board of Managers or its managing agent shall be sent out of the Building by any Unit Owner at any time for any purpose.

q) Complaints regarding services or operation of the Building shall be made in writing to the Board of Managers or its managing agent.

r) Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board of Managers, except that, where a consent or approval may not be unreasonably withheld as herein elsewhere provided, then such consent may be added to, amended or repealed as set forth above provided such addition, amendment or repeal is not unreasonably made. A Unit Owner may apply to the Board of Managers for a temporary waiver of one or more of the foregoing Rules. Such temporary waiver may be granted by the Board of Managers, for good cause shown, if, in the Board's judgment, such temporary waiver will not interfere with the purposes for which the Condominium was formed.

s) The fiscal year of the Condominium shall begin on the first day of January in each year or on such other date as the Board of Managers shall establish from time to time.

t) Except as provided in the Declaration no sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed from any Unit on any part of the outside of the Building, hung from windows or placed on window sills in or on any Unit, without the prior written consent of the Board of Managers.

u) No pets other than dogs, cats caged birds and fish (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in a Unit without the consent of the Condominium Board or the Managing Agent. Any Unit Owner who wishes to keep more than two pets in his or her Unit must obtain the prior written consent of the Condominium Board. Each Unit Owner who keeps any type of pet in his Unit will be required to (a) indemnify and hold harmless the Condominium, all Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pet; and (b) abide by any and all reasonable Rules and Regulation of the Condominium adopted with respect thereto. The Condominium Board may require that pet owners enter into an agreement with the Board confirming such owners' obligations with respect to their pets.

v) No awnings, radio or television aerials or other projections shall be attached from any Unit to the outside walls of the Building, and no blinds, shades or screens shall be attached to, hung or used on the exterior of any window or door of any Unit, without the prior written consent of the Board of Managers, which consent shall not be unreasonably withheld or delayed. No blinds, shades, screens, draperies or drapery backing that are visible through the exterior windows shall be hung or used in any Unit without the prior written consent of the Board of Managers.

w) The Garden at the rear of the Premises is part of the Common Elements. No Unit Owner shall be permitted access to the Garden at any time for any reason. The stairs that lead to the Garden are intended strictly to provide access to gardeners, landscapers and maintenance personnel for the upkeep, care, maintenance and repair of the Garden.

TUCHMAN, KORNGOLD, WEISS, LIPPMAN & GELLES, 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
MICHAEL R. LIPPMAN

JENNIFER POLOVETSKY
BRETT J. GOTTLIEB

WALTER R. GELLES
COUNSEL

March 17, 2010

205 Northside LLC
10 Maple Street
Port Washington, New York 11050

Re: 205 North 8th Street
Block 2313, Lot 28, Brooklyn

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. These opinions are presented only for your assistance in preparation of your offering plan.

You have requested our opinion concerning the real property assessment to be levied upon the captioned premises as well as the taxes for the budget year for the first year of condominium operation which you have advised us will be the period July 1, 2011 through June 30, 2012. You have also asked us to provide our estimate for the real estate taxes for the first full budget year after completion of construction. You have advised us that the project will consist of the building of a new six story multiple dwelling with containing nine residential units.

In order to prepare this letter and the opinion set forth herein, you have supplied us with certain information upon which we have relied. You have supplied us with your estimated construction costs, estimated square footage and a description of the project and proposed floor plans. You have further advised us that construction commenced on September 19, 2006 and that you anticipate construction will be completed by May of 2010.

We have also considered the recent tax assessment history of the property, the cost of the new project, the potential income for the new structure (if operated as a rental), comparable properties in the Borough of Brooklyn which have been newly constructed or undergone renovation as well as market conditions in the general area.

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 tax roll containing the tentative 2010/2011 assessed value was published on January 15, 2010. The tentative assessment roll showed the following values:

| Tax Class | Actual Assessed Value |
|---|---|
| 2 | $182,012 |

In predicting the future assessed value, 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 estimate of the cost of the construction will be a factor.

3. The potential capitalized net income of the property if operated as a rental.

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 units will be designated as a tax class 2C property and will pay on the class 2 tax rate. The current 2009/10 class 2 tax rate has been set at $13.241 for each $100 of assessed valuation. The 2010/2011 tax rate will be set later this year.

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 (such as the construction of your building) 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 2011/2012 tax year due to the new construction will not be subject to the 8% and 30% limitations.

On June 11, 2008, Governor Paterson signed legislation extending property tax abatements for homeowners in New York City cooperatives and condominiums through June 30, 2012 at the rate of 25% for buildings with average assessments of $15,000 or less per unit, and 17.5% where assessments are higher. The law does not apply to buildings which receive 421-a tax exemptions. As set forth later in this letter, it is anticipated that this building will receive 421-a tax exemption benefits and therefore unit owners may not take advantage of this tax benefit. It is unknown at this time if this law will be renewed as to be in effect when the 421-a tax benefits have expired. Therefore, in predicting the taxes on this building we have not given any consideration to this tax benefit.

Owners of residential condominium apartments in the City of New York may be eligible for New York State Tax Relief (STAR). STAR is the New York State School Tax Relief Program, which provides a tax reduction benefit for all New Yorkers who own their home and use it as their primary residence. The Department of Finance administers STAR for property owners in the five boroughs of New York City. There are two levels of benefits: Basic STAR for most homeowners and Enhanced STAR for qualified senior citizens. However, STAR benefits are not available to buildings which have 421-a tax exemption benefits. Once again, as set forth later in this letter, it is anticipated that this building will receive 421-a tax exemption benefits and therefore unit owners may not take advantage of this tax benefit. It is unknown at this time if this law will be in effect when the 421-a tax benefits have expired. Therefore, in predicting the taxes on this building we have not given any consideration to this tax benefit.

We caution you that there is not presently an official apportionment of the assessment for the 2010/2011 tax year and you should include in your offering plan a provision to unofficially apportion the tax liability among the units consistent with this letter until such time as an official apportionment of the assessed value is made and becomes effective.

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

will follow the common interest percentages set forth in the condominium declaration. We offer no opinion as to which is the correct methodology to make this allocation.

Therefore assuming the class 2 tax rate increases to $13.50 for 2011/2012, we make the following projections of the real estate taxes prior to any tax exemptions or abatements for the budget year July 1, 2011 to June 30, 2012:

| Assessed Value | Tax Rate | Tax |
|---|---|---|
| $450,000 | .135 | $60,750 |

Total Residential Unit first budget year tax prior to 421a exemption $60,750

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 and 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 requested our opinion as to whether or not the proposed new multiple dwelling qualifies for the benefits of the 421-a tax exemption. 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 commenced on September 19, 2006 and you expect construction to be completed by May of 2010. 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. This restriction will not apply in this project since the building is fully residential.

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

> "Commence" shall mean:(a)(1) the later to occur of (i) the date upon which a new metal or concrete structure to be incorporated into the multiple dwelling that shall perform a load bearing function for such multiple dwelling is installed; or (ii) the date upon which a building or alteration permit for the multiple dwelling (based upon architectural, plumbing and structural plans approved by the Department of Buildings) was issued by such department ; or (2) if a project includes new residential construction and the concurrent conversion, alteration or improvement of a pre-existing building or structure, the later to occur of (i) the date upon which the actual construction of the conversion, alteration or improvement of the pre-existing building or structure begins; or (ii) the date upon which an alteration permit for the multiple dwelling (based upon architectural, plumbing and structural plans approved by the Department of Buildings) on which the actual construction of the conversion, alteration or improvement takes place, was issued by such department;"

As a part of the 421-a application, such certification must be provided to HPD. You have advised us that your architect shall provide such certification

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 by May of 2010, as long as work is completed by December 26, 2010, there will be no loss of 421-a tax exemption benefits. However, the first of the fifteen 421-a tax years will be deemed to be the 2010/2011 tax year.

In order to be eligible for 421-a tax exemption benefits, there are certain preconditions which must be met. The major precondition is the "Site Eligibility Requirement". 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, underutilized 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 commenced work in September of 2006, the operative date would be September of 2003. The records of the New York City Department of Finance indicate that this property was vacant on the operative date. Section 6-02(f) of the 421-a regulations grant eligibility to properties which were vacant on the operative date.

421-a tax exemption benefits are available only to new multiple dwellings which will not 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. Local Law 107 of 2005 requires that all 421-a projects use Energy Star appliances, water heaters and boilers. Regulations now in effect mandate that you comply with these Energy Star requirements in order to obtain 421-a eligibility.

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. There are a number of recent changes in the 421-a law. In order to be eligible for 421-a tax exemption benefits without the restrictions of the new law, the project must commence prior to December 26, 2007. This project has met that requirement.

There are various other minor technical requirements for obtaining 421-a tax exemption benefits. Without listing these requirements in minute detail, we believe that based upon information given to us by you, these other requirements will be met.

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 15 years as set forth below:

| Year | Percent of Increased Assessed Valuation Which is Exempt |
|---|---|
| 1-11 | 100% |
| 12 | 80% |
| 13 | 60% |
| 14 | 40% |
| 15 | 20% |
| 16 | 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. You have advised us the work commenced with the installation of new foundation and footings in September of 2006 which is during the 2006/2007 tax year, therefore the mini-tax will be determined by multiplying the 2005/2006 assessed value by the current tax rate. For 2005/2006, the taxable assessed value was $18,009. Assuming the residential tax rate is 13.50 for each $100 of assessed valuation, the initial annual mini-tax for the condominium units would be set at $2,431.

Based upon the information you have given to us and assuming the application is processed in a timely manner by HPD, we expect that the 421-a tax exemption benefits to be in effect before the tax bills are issued for the 2011/2012 tax year. In the event a unit owner acquires title to a unit prior to the 421-a benefits are put into effect, that unit owner may receive a refund if there is a delay in processing the 421-a benefits and the benefits are retroactively entered into the records of the New York City Department of Finance. The calculations set forth below assume the benefits are in effect commencing with the initial budget year.

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.

Our firm has an extensive practice in real estate tax review matters and in J-51 and 421-a tax exemption/ tax abatement applications, and we currently represent the owners of approximately 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.

Based upon our previous experience with such proceedings, we have issued the within letter which the specific understanding that although we believe the condominium units will be eligible for 421-a real estate tax benefits, our opinion is not a guarantee that such benefits will be available. In no event will we, as Sponsor's real estate tax counsel, be liable if there are changes in the facts on which we have relied in issuing this opinion, or if there are changes in the applicable statutes, rules and regulations of the City of New York, decisional laws or administrative agency rulings, interpretations and policies on which we have relied which cause this opinion to be inaccurate. Interested parties should be aware that the estimate of the 2011/2012 real estate tax assessment and taxes cover a period into the future. Neither we nor any person can guarantee what the real estate taxes will be at any future date. As stated above, changes in law or policies of government agencies may radically change the opinions expressed herein.

The opinion expressed herein is that of the undersigned, and does not purport to express the opinion of the New York City Department of Finance or any city or government agency. The Department's opinion may result in substantially different total taxes for the initial and subsequent budget years than set forth herein. We consent to the inclusion of this letter in the offering plan.

Very truly yours,

TUCHMAN, KORNGOLD, WEISS, LIPPMAN & GELLES, LLP.

By: Paul J. Korngold

## ESCROW AGREEMENT

AGREEMENT made this 22nd day of March, 2010, between 205 Northside LLC ("SPONSOR") as SPONSOR of the offering plan to the extent described below, and LAWRENCE F. DIGIOVANNA, ESQ. ("ESCROW AGENT"), as ESCROW AGENT.

WHEREAS, SPONSOR is the sponsor of a condominium offering plan for the sale of Condominium Units in a condominium to be known as THE BEDFORD CONDOMINIUM located at 205 North 8th Street, Brooklyn, New York 11211 (the "Premises") (such plan being called the "Plan"); and

WHEREAS, ESCROW AGENT 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 by purchasers on account of the purchase price of units in such Condominium (collectively, "Units" and each a "Unit") under the Plan, together with all accrued interest thereon (collectively the "Deposits"), 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.

SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers on account of the purchase price of Units under the Plan. The escrow account has been opened with Citibank, N.A., 7501 Third Avenue, Brooklyn, New York 11209.

The name of the account is "Lawrence F. DiGiovanna, Esq. Attorney Trust Account."

Members of the ESCROW AGENT are the sole signatories on such account (the "escrow account").

The escrow account shall be an IOLA type interest-bearing account with all interest being paid to the IOLA Fund. Neither Sponsor nor any Purchaser shall be entitled to interest on any escrow deposit.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

All Deposits received by ESCROW AGENT from each prospective purchaser of a Unit under the Plan, on account of the purchase price thereunder, prior to closing of such Unit, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of "Lawrence F. DiGiovanna, Esq. as escrow agent." Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly after receipt by ESCROW AGENT of such instrument following any attempts to deposit it; but, in any event, following such unsuccessful attempts to deposit it, ESCROW AGENT shall mail or otherwise send such instrument to such prospective purchaser within five business days of such receipt of such instrument by ESCROW AGENT. In the event of such return of such instrument, then such instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

For purposes of this Section 2.2, an unconditional tender and delivery of a Down Payment shall be deemed to have been made if a Down Payment is delivered together with a Purchase Agreement in the form agreed to by SPONSOR without any request for a change in such form or the terms of such Purchase Agreement. Within 10 business days after unconditional tender and delivery to the Selling Agent of the Down Payment required to be submitted by a purchaser on account of the purchase of a unit under the Plan, together with the Purchase Agreement for the purchase of such unit, ESCROW AGENT shall notify such purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. Subject to the provisions of the next sentence, if such purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to the Selling Agent of such Down Payment, then such purchaser may cancel the purchase and rescind such purchaser's Purchase Agreement so long as such right to rescind is exercised within ninety (90) days after such purchaser's unconditional tender and delivery of such Down Payment to the Selling Agent, if any, or such purchaser may apply to the Attorney General for relief. However, a purchaser shall not be entitled either to rescind such purchaser's Purchase Agreement or to receive a refund of such purchaser's Deposit where proof satisfactory to the Attorney General is submitted establishing that such Deposit was timely deposited and notice as provided above was timely mailed to such purchaser in accordance with all regulations of the Attorney General.

3. RELEASE OF FUNDS.

"Consummation of the Plan" shall mean the first closing of title for the sale of a Unit under the Plan and in accordance with its requirements.

ESCROW AGENT shall continue to hold a purchaser's Deposit in escrow until: (a) otherwise directed in one or more writings signed (whether on the same or separate counterparts) by each of SPONSOR and such purchaser, or (b) otherwise directed in a determination of the Attorney General, pursuant to the dispute resolution procedures contained in the Attorney General's regulations, or (c) a judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit, or (d) such Deposit is paid by ESCROW AGENT into a court of competent jurisdiction, or (e) such Deposit is paid to SPONSOR as provided below, or (f) such Deposit is paid to such purchaser as provided below.

SPONSOR shall not object to the release of the Deposit of any purchaser to such purchaser, provided such purchaser has not defaulted and has timely and validly rescinded such purchaser's Purchase Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

If there is no written agreement between SPONSOR and a purchaser to release the Deposit paid by such purchaser, ESCROW AGENT shall not pay such Deposit to SPONSOR until after 10 business days following the date that ESCROW AGENT has given such purchaser written notice that ESCROW AGENT intends to pay to SPONSOR such Deposit. Thereafter, such Deposit may be paid to SPONSOR unless such purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received, within such 10 business day period, notice from such purchaser that such application has been made.

4. RECORD KEEPING.

ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

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.

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 RIGHTS AND OBLIGATIONS OF ESCROW AGENT.

ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

A fiduciary relationship, pursuant to this Agreement, shall exist between ESCROW AGENT and purchasers who have paid Deposits which are held by ESCROW AGENT, and ESCROW AGENT acknowledges such fiduciary obligations.

ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein. If there is any conflict or inconsistency between the provisions of this Agreement and either the Plan or any Purchase Agreement (as defined in the Plan), the provisions of this Agreement shall be controlling.

If conflicting demands are made or notices are served upon ESCROW AGENT with respect to this Agreement, or if ESCROW AGENT shall hold a good faith belief that the rights of a claimant to any Deposit are not absolutely clear, the signatories hereto agree that ESCROW AGENT may refuse to comply with any such claim or demand and, except as hereinafter set forth in this Agreement, may withhold and stop all further proceedings in the performance of this Agreement so long as such disagreement shall continue. In so doing, ESCROW AGENT shall not be or become liable for damages or interest to any of the signatories hereto or to any other person for its failure to comply with such conflicting or adverse demands or notices. ESCROW AGENT may continue to so refrain and so refuse to act until (i) the rights of the adverse claimants have been finally adjudicated in a court having and assuming jurisdiction of the parties and/or the Deposit, as the case may be, or (ii) all differences, with respect to any Deposit, shall have been resolved by mutual agreement of SPONSOR and the purchaser who paid such Deposit, and ESCROW AGENT shall have been notified thereof in writing signed by both of said parties. In the alternative, ESCROW AGENT may, but shall not be obligated to, file a suit in interpleader for a declaratory judgment for the purpose of having the respective rights of the claimants adjudicated, and/or may deposit any Deposit with a court of competent jurisdiction, in which event SPONSOR agrees to pay all costs, expenses and attorneys' fees incurred by ESCROW AGENT in connection therewith. If ESCROW AGENT shall deposit any Deposit with such court, the ESCROW AGENT shall be fully released and discharged from any and all further duties and obligations hereunder with respect to such Deposit.

ESCROW AGENT shall not be responsible for any interest on any Deposit except for such as is actually received by ESCROW AGENT.

SPONSOR hereby agrees to indemnify ESCROW AGENT from, and to hold it harmless against, any loss, liability or expense (including, without limitation, attorneys' fees and expenses) incurred without gross negligence, willful default, or bad faith on the part of ESCROW AGENT, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim or liability.

In any action or proceeding, ESCROW AGENT may represent SPONSOR, even if such action or proceeding relates to or involves any Deposit, at the same time as ESCROW AGENT is holding such Deposit pursuant to this Agreement.

6. RESPONSIBILITIES OF SPONSOR.

SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver to ESCROW AGENT each Deposit on account of the sale of a unit under the Plan which has been received by SPONSOR or such agents prior to closing of the sale of such unit within one business day of receipt thereof.

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 to the Plan with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor ESCROW AGENT; or

(c) All Deposits held by ESCROW AGENT have been paid by ESCROW AGENT from the escrow account as provided in this Agreement.

7.2 ESCROW AGENT shall not be responsible for any delay between either i) any such cancellation by SPONSOR of the designation of ESCROW AGENT or ii) the resignation of ESCROW AGENT, and, in either such case, the date on which an amendment to the Plan appointing a successor ESCROW AGENT has been filed by the Department of Law and notice thereof has been given to ESCROW AGENT. Once any such cancellation of the designation of ESCROW AGENT has been given to ESCROW AGENT, or once ESCROW AGENT has given to SPONSOR notice of resignation as ESCROW AGENT, then in either case ESCROW AGENT shall not be obligated to accept thereafter any new Deposits in the escrow account.

7.3 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1(a) or (b) above, ESCROW AGENT shall deliver any and all Deposits held by it in escrow to the new successor ESCROW AGENT set forth in such amendment to the Plan, provided ESCROW AGENT has received a copy of such amendment.

8. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from the Deposits nor from any interest accruing thereon (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) and that compensation to ESCROW AGENT, if any, shall not be deducted from the Deposits (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) by any financial institution under any circumstance. SPONSOR shall reimburse to ESCROW AGENT any fees or charges incurred in connection with the establishment and maintenance of the escrow account.

11. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

13. NOTICE.

All notices and communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or sent by regular, certified or registered mail, with or without return receipt requested, postage prepaid, addressed as follows:

To SPONSOR: 205 Northside LLC
10 Maple Street
Port Washington, New York 11050

To ESCROW AGENT: Lawrence F. DiGiovanna, Esq.
357 Bay Ridge Parkway
Brooklyn, New York 11209

or at such other address as any of the above may have furnished, as the address of such party, to the other parties in a notice given in accordance with the provisions of this Section. All notices sent in accordance with this Section shall be deemed given upon personal delivery or five days after the date of mailing, as the case may be.

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the day and year first written above.

**ESCROW AGENT:**

_____

**LAWRENCE F. DIGIOVANNA, ESQ.**

**SPONSOR:**

**205 Northside LLC**

**By:**_____
**Name: Lawrence Pinner**
**Title: Manager**

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

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: THE BEDFORD CONDOMINIUM
Address of Building: 205 North 8th Street
Brooklyn, New York 11205
Name of Project: The BEDFORD Condominium

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:

(a) Name
of Applicant _____

(b) Address
of Applicant _____

(c) Name, Address, and Telephone Number
of Applicant's Attorney (if any) _____
_____
_____

(d) This is an application for

[ ]return of Down Payment.
[ ] forfeiture of Down Payment.
[ ] other: _____
_____

(e) The project is [ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

(f) The project is structured as

[ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a time share.

[ ] other: _____

(g) Name and Address
of Sponsor: _____
_____

(h) Name and Address
of Escrow Agent: _____
_____

(i) If Down Payments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address
of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

(j) If Down Payments have been secured by bonds:

(a) Name and address of
bond issuer or surety: _____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____
_____
_____
_____

(k) If Down Payments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:
_____
_____
_____

(b) Date of expiration of the letter of credit, if known:
_____

(l) 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) Down payments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

(m) Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of Down Payment(s): _____

(d) Total amount of Down Payment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

_____

_____

(n) State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

(o) 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: _____

MCKINNEY'S CONSOLIDATED LAWS OF NEW YORK ANNOTATED-GENERAL BUSINESS LAW CHAPTER 20 OF THE CONSOLIDATED LAWS-ARTICLE 36-B--WARRANTIES ON SALE OF NEW HOMES

HOUSING MERCHANT IMPLIED WARRANTY LAW

§ 777. Definitions

4 PAGES

As used in this article, the following terms shall have the following meanings:

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

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

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

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

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

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

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

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

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

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

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

CREDIT(S) (Added L.1988, c. 709, § 1.) <GENERAL BUSINESS LAW> <Laws 1909, Chapter 25>

§ 777-a. Housing merchant implied warranty

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

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

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

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

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

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

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

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

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

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

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after

the entry of judgment in an action for damages under paragraph b of this subdivision.

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

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

CREDIT(S) (Added L.1988, c. 709, § 1.) <GENERAL BUSINESS LAW> <Laws 1909, Chapter 25>

§ 777-b. Exclusion or modification of warranties

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

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

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

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

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

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

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

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

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

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

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive

the passing of title but may exclude any or all subsequent owners;

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

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

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

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

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

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

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

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

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

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

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

CREDIT(S)

(Added L.1988, c. 709, § 1.) <GENERAL BUSINESS LAW> <Laws 1909, Chapter 25>

4 end

## STORAGE BIN LICENSE AGREEMENT

**AGREEMENT** made this day of , 200_, (this "**Agreement**") by and between the Board of Managers of The Bedford Condominium ("**Licensor**"), having an office at 205 North 8th Street, Brooklyn, New York, New York 11205 and _____, having an address at 205 North 8th Street, Unit ____ , Brooklyn, New York 11205 (the "**Licensee**").

## RECITALS

**WHEREAS**, pursuant to the condominium declaration and by-laws for the condominium known as the Bedford Condominium (the "**Condominium"**) dated _____, recorded on _____ at CRFN _____ as same may be amended from time to time (collectively the "**Declaration**") for the property having the Street address 205 North 8th Street, Brooklyn, New York 11205 (the "**Property**") the Property was submitted to the NYS Condominium Act; and

**WHEREAS**, in accordance with the terms of the Declaration, Licensor is responsible for administration of the Condominium, including, without limitation the "Storage Bins" located in the cellar of the Property; and

**WHEREAS**, Licensee owns or simultaneously with the execution of this Agreement is acquiring a Unit (the "**Unit**" [more than one Unit collectively, the "**Units**"]) in the Condominium; and

**WHEREAS**, Licensee desires the right to the exclusive use of the space in Storage Bin No. _____ and the Storage Bin itself (collectively, the "**Bin Space**") on the terms and conditions of this Agreement; and

**WHEREAS**, capitalized terms used in this License Agreement and not defined herein shall have the meanings given to them in the Declaration.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. *License Fee.* There shall be no License Fee unless same is levied by the Board of Managers. In the event that the Board of Managers shall determine to levy a License Fee, it shall be payable on the 1st day of each month during the Term of this Agreement, a license fee (the "**License Fee**"). The License Fee shall be deemed an assessment by Licensor and failure to pay same shall entitle Licensor to the same rights and remedies as Licensor then has under the Declaration for non-payment of Common Charges or other assessments. The License Fee shall be in the amount of $_____ per month, commencing on the first day of the month following the date of this License and continuing through _____, 201_. Thereafter, Licensor may increase the License Fee annually, in its sole discretion.

2. *Use of Bin Space:* Access *to Bin Space.*

(a) Subject to and in accordance with the terms and conditions of this Agreement, Licensor hereby grants to Licensee, its successors and assigns and Licensee hereby accepts from Licensor, an exclusive license to use the Bin Space during the Term hereof (the" **License***")* for

storage of Licensee's personal property and the property of permitted occupants of the Unit (collectively, the *"**Permitted Users**").*

(b) Licensee shall not store or permit anyone else to store in the Bin Space any (i) animals or food, (ii) inflammable, combustible, explosive or other dangerous items, (iii) items which have an objectionable odor or which may spoil or decay or (iv) valuable items.

(c ) Licensee shall not (i) interfere with the use of Storage Bins by any other Unit Owner or resident of the Condominium, (ii) store any property outside of the Bin Space, (iii) allow any other person to use the Bin Space except in accordance with the terms of this Agreement, or (i,) deface or damage the Bin Space, the Building or Licensor's equipment. Notwithstanding anything to the contrary contained in this Agreement, Licensee may install racks, shelving or other facilities within the Bin Space, provided that such installation does not damage the structural integrity of Licensee's Storage Bin or any other Storage Bin. Licensee shall, however, at Licensor's request and at Licensee's sole expense, remove any such installation upon the expiration of the Term or earlier termination of this Agreement.

(d) Licensee shall keep the Bin Space locked with a lock procured by Licensee at Licensee's expense, and shall provide Licensor with a duplicate key. Licensee acknowledges that it is Licensee's responsibility to safeguard the keys and Licensee is fully responsible for whoever has possession of the keys. Licensor shall be entitled to use the duplicate key in its possession to access the Bin Space only in the case of emergency as described below, or to make repairs that Licensor in its reasonable judgment, deems necessary.

(e) Licensee shall have access to the Bin Space 24 hours a day, seven days a week, subject to the right of Licensor, in its reasonable judgment, to restrict late night access for security reasons.

3. *Term.* The term of this License (the *"**Term**")* shall commence on the date first set forth above, and shall continue until the earlier of (i) the date Licensor no longer owns a Unit in the Condominium, subject to the provisions of Section 4 of this Agreement, (ii) the date on which Licensee gives Licensor written notice of termination, or (iii) the date this Agreement is terminated by Licensor due to Licensee's default or otherwise, as provided herein.

4. *Sale or Lease of Unit; Assignment/Sublicense of this Agreement.*

(a) The License granted hereunder shall automatically terminate on the date that Licensee no longer owns the Unit (or any of the Units, as applicable), unless, however, Licensee assigns this License to the approved purchaser or other transferee of the Unit (or any of the Units, as applicable) (the *"**Transferee**"),* and Transferee assumes same, in accordance with the provisions of this Agreement.

(b) Specifically, if Licensor has waived its right of first refusal with respect to the sale or other conveyance of the Unit (or Units, as applicable), or if Licensor has exercised its right of first refusal, in either case as set forth in the By-laws of the Condominium, and if the assignment of this License to the purchaser was a condition of the applicable sale or other conveyance of the Unit(s), then Licensee may assign this License to the Transferee as part of the sale or other conveyance. Upon execution of an assignment and assumption of this Agreement, Licensee shall provide a fully executed original counterpart of same to Licensor, in form and substance acceptable to Licensor, within ten (10) days of execution thereof.

(c) If Licensee desires to lease the Unit(s), and if Licensor has waived its right of first refusal (or has exercised such right) in connection with the proposed lease, then Licensee may sub-license this License to the tenant to whom the Unit(s) is/are being leased. Upon execution of a sub-license of this Agreement, Licensee shall provide a fully executed original counterpart of same to Licensor, in form and substance acceptable to Licensor, within ten (10) days of execution thereof.

5. *Property in Bin Space Upon Expiration of Term.* In the event this Agreement expires or is terminated, Licensee shall vacate and surrender possession of the Bin Space, broom clean, in the condition as existed on the date of commencement of this Agreement. Licensee's obligations to observe or perform this covenant shall survive the expiration or other termination of this Agreement. Any property not removed from the Bin Space at the expiration or other termination of this Agreement shall be considered abandoned and may, at Licensor's option, be retained as Licensor's property or disposed of at Licensee's sole cost and expense, in either case without any liability by Licensor to Licensee or anyone else.

6. *Indemnity.* Licensee shall indemnify and save harmless Licensor and Licensor's agents against and from any and all liability, loss, damage and expense (including, without limitation, attorney fees and expenses) arising from injury to person or property occasioned by Licensee's negligence or failure of Licensee to comply with any provision in this Agreement, or due wholly or in part to any act, default or omission of the Licensee, any Permitted Users or of any other person using the Bin Space, or by Licensor, its agents, servants or contractors when acting as agent for the Licensee. The provisions of this Paragraph 6 shall survive the expiration or other termination of, or the sub-license of, this Agreement.

7. *Risk of Loss.* Neither Licensor nor its agents or employees shall be liable for any damage to or theft or other loss of any property stored in the Bin Space, unless due to the negligence of Licensor. Licensee understands that Licensor intends to leave the storage area in which the Bin Space is located unattended and accordingly, Licensee stores property in the Bin Space at Licensee's own risk, including, without limitation, the possibility that the Bin Space may be damp or have water infiltration. Licensor undertakes only to act as a licensor, and under no circumstances shall Licensor or its agents be deemed to act as Licensee's bailee.

8. *As Is.* Licensee represents that it has made a thorough inspection of the Bin Space and agrees to take same in its condition "as is" as of the commencement of this Agreement. Licensee shall, throughout the Term of this Agreement, take good care of the Bin Space. Licensee shall repair all damage to the Building and the Bin Space caused by the moving of property, furniture or equipment in and out of the Bin Space, or otherwise.

9. *Services by Licensor.* Licensor shall not provide any services to the Bin Space or to Licensee in connection with storage of property in the Bin Space, except lighting on the floor on which the Bin Space is located and elevator service to that floor and periodic cleaning of the storage area in which the Bin Space is located. Licensee shall keep the interior of the Bin Space clean.

10. *Changes to Be in Writing.* This Agreement may not be modified except by a writing signed by the party to be charged.

11. *Licensee's Default.* If Licensee shall default in fulfilling any of its covenants or obligations hereunder, in addition to any other rights and remedies available to Licensor under the Declaration or otherwise, Licensor may (i) deny access to the Bin Space until Licensee cures such default, or (ii) terminate this Agreement by the giving of written notice to Licensee, whereupon this Agreement shall terminate on the date set forth in such notice.

12. *Compliance with Laws.* Licensee shall, at all times, use the Bin Space and permit the Bin Space to be used only in a manner which is in full compliance with all present and future laws, orders, rules and regulations of all state, federal, municipal and local governments, departments, commissions and boards (including the New York Board of Fire Underwriters or any similar body) asserting jurisdiction therefor, or any direction of any public officer pursuant to law, including, without limitation, the police and fire departments of the City of New York, which may require the removal or destruction of items stored in the Bin Space. Licensee, its servants, employees, agents, visitors and licensees shall observe faithfully and comply strictly with the Condominium Documents and any and all rules and regulations for the Building as Licensor, the Board of Managers, or either of their agents may from time to time adopt.

13. *Access in Emergency.* Licensor or its agents shall have the right (but not the obligation), without liability to Licensor, to open the Bin Space in an emergency in order to protect the health and safety of Building residents and their property, and at other reasonable times, to inspect and examine the same and to make such repairs, replacements and improvements as Licensor shall deem necessary or desirable to the Bin Space or any portion of the Building, all without any liability to Licensee whatsoever as a result thereof.

14. *No Waiver.* The failure of Licensor to seek redress for violation of, or to insist upon the strict performance of any covenant or condition of this Agreement or of any of the rules or regulations adopted by Licensor, shall not be deemed a waiver of such right and shall not prevent a subsequent act which would have originally constituted a violation from having all the force and effort of an original violation.

15. *Assignment.* Notwithstanding anything to the contrary set forth herein, in the event Licensee desires to assign this Agreement, such assignment shall comply with the then requirements of Licensor to effectuate such assignment, including, without limitation, the obligation of the assignee to enter into a new license agreement directly with Licensor.

16. *Definitions.* All capitalized terms used in this Agreement and not defined herein shall have the same meanings ascribed to them in the Declaration.

17. *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the heirs, executors, successors and assigns of Licensor and Licensee.

**IN WITNESS WHEREOF** the undersigned have executed this Agreement as of the day and year first above written.

**LICENSOR:**
BOARD OF MANAGERS
THE BEDFORD CONDOMINIUM

By: _____
Name:
Title:

**LICENSEE:**

_____

March 22, 2010

NYS Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, New York 10217

**Re: Condominium Conversion**
**The Bedford Condominium**
**205 North 8th Street**
**Brooklyn, New York 11211**

Gentlemen:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Office of 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;

(vii) not contain any representation or statement which is false, where I/we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

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

**205 NORTHSIDE, LLC**
**Sponsor**

**By:** _____
**Lawrence Pinner**
**Manager**

**Sponsor's Principals:**

_____
**LAWRENCE PINNER**

**Sworn to before me by Lawrence Pinner this 22nd day of March, 2010.**

_____
**Notary Public**

STEPHEN D. CHIAINO
Notary Public, State of New York
No. 02CH5060824
Qualified in Kings County 2010
Commission Expires May 28, ____

_____
**ANTHONY GALLINA**

**Sworn to before me by Anthony Gallina this ___ day of March, 2010.**

_____
**Notary Public**

STEPHEN D. CHIAINO
Notary Public, State of New York
No. 02CH5060824
Qualified in Kings County 2010
Commission Expires May 28, ____

_____
**DAVID BENZAKEN**

**Sworn to before me by David Benzaken this 22nd day of March, 2010.**

_____
**Notary Public**

STEPHEN D. CHIAINO
Notary Public, State of New York
No. 02CH5060824
Qualified in Kings County 2010
Commission Expires May 28, ____

# CLARENCE E. WEIGOLD, JR.
# ARCHITECT

**16 Wildwood Gardens, 2E**
**Part Washington, New York 11050**
**(516) 661-0251**


NYS Department of Law
Real Estate Financing Bureau
120 Broadway-23rd Floor
New York, New York 10271

Re: The Bedford Condominium
205 North 8th Street
Brooklyn, New York 11211

Gentlemen and Ladies:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me to prepare a report describing the construction of the property (the "Report"). I visually inspected existing portions of the renovated property on March 1, 2010 and I examined the building plans and specifications that were prepared by Pinner Associates dated 7/27/07 and prepared the Report dated March 17, 2010.

I am are 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 Office of the Attorney General 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 as it will exist upon completion of construction, provided that 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;

(vii) does not contain any representation or statement which is false, where I:

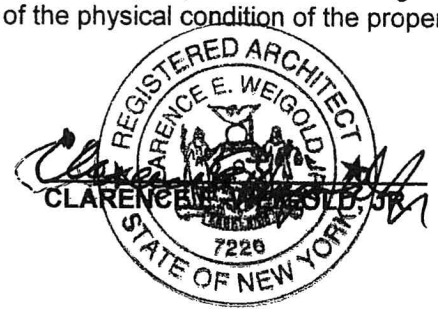
(a) knew the truth;

(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 are not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or 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.

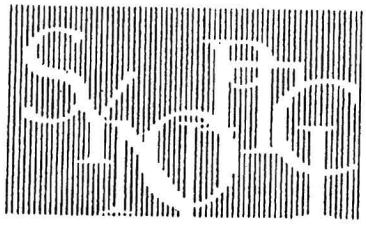



CLARENCE E. WEIGOLD, JR.

**Sworn to before me this**
**12 day of March, 2010.**

**Notary Public**

ANTHONY J. FOLLIERI
NOTARY PUBLIC, State of New York
No. 01FO6182732
Qualified in Westchester County
Commission Expires January 28, 2012



SYNOPTIC MANAGEMENT CORP.
PROPERTIES INVESTMENT CONSULTING
LICENSED REAL ESTATE BROKERS

March 19, 2010

NYS Department of Law
Investor Protection Bureau
120 Broadway-23rd Floor
New York, NY 10271

Re: The Bedford
205 North 8th Street
Brooklyn, New York

Dear Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained our firm to review or prepare Schedules B and B-1 containing projections of income and expenses for the first year of condominium operation. Synoptic Management Corp. has been engaged in the management of residential real estate for the past 30 years, manages approximately 25 cooperative and condominium buildings and is licensed as a real estate broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Office of the Attorney General in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedules and investigated the facts set forth in the Schedules and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

(i) set 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 first year of condominium operation;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

136 West 92nd Street • Suite 1-A • New York, NY 10025 -7510
Tel: 212 362 5679 • Fax: 212 875 9375 • Email: synoptic@nyc.rr.com

(v) do not contain any fraud, deception, concealment, or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

SYNOPTIC MANAGEMENT CORP.

By: _____
Name & Title
David Steinberg
President

Sworn to before me this
19th day of March, 2010

_____
Notary Public

RAFAEL SOWINANGOEN
Notary Public - State of New York
No. 01SO6118309
Qualified in Queens County
My Commission Expires November 8, 2012