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

CONDOMINIUM OFFERING PLAN

THE 108-110 DUANE STREET CONDOMINIUM

108-110 Duane Street
NEW YORK, NEW YORK 10007

Total Amount of Offering (1):	11 Residential Units:	$27,592,100
	2 Commercial Units:	$ 3,917,000
	Total Offering Price:	$31,509,100
Approximate Reserve Fund (2):		$(746,970)
	Net Offering Price:	$30,762,130

(1) Offering prices are negotiable and may be changed (see Section "Changes in Prices and Units").

(2) The Reserve Fund will be established in accordance with Chapter 8 of Title 26 of the Administrative Code of the City of New York. It is probable that this amount will be changed pursuant to such statute due to work performed by Sponsor, so that the amount to be paid may be less. See the Section of the Plan entitled "Reserve Fund."

Sponsor:

108-110 Duane LLC
299 Broadway
New York, New York 10007

Selling Agent:

Prudential Douglas Elliman
575 Madison Avenue
New York, New York 10022

Date of Acceptance for Filing: May 20, 2011 - NYS Dept. of Law File #: CD10-0198

THIS OFFERING PLAN MAY BE USED FOR 12 MONTHS FROM THE DATE OF ACCEPTANCE FOR FILING UNLESS EXTENDED BY AMENDMENT.

SEE PAGE "i" FOR SPECIAL RISKS TO PURCHASERS

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 SPONSOR. (SEE SPECIAL RISKS SECTION OF THE PLAN.)

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

TABLE OF CONTENTS

PART I

	PAGE
SPECIAL RISKS	(i)
INTRODUCTION	1
CERTAIN DEFINITIONS	7
LOCATION AND AREA INFORMATION	13
PURCHASE PRICES AND RELATED UNIT INFORMATION SCHEDULE A	14
ESTIMATED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION, SCHEDULE B	20
BUDGET FOR INDIVIDUAL ENERGY COSTS, SCHEDULE B-1	20-A
COMPLIANCE WITH REAL PROPERTY LAW SECTION 339 (i)	24
COMMERCIAL UNITS	26
CHANGES IN PRICES AND UNITS	28
ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATIONS	31
RIGHTS OF EXISTING TENANTS	59
OBLIGATIONS OF OWNERS OF UNITS OCCUPIED BY NON-PURCHASING TENANTS	62
INTERIM LEASES	65
PROCEDURE TO PURCHASE	66
ASSIGNMENT OF PURCHASE AGREEMENT	75
EFFECTIVE DATE	76
TERMS OF SALE	78
UNIT CLOSING COSTS AND ADJUSTMENTS	82

RIGHTS AND OBLIGATIONS OF THE SPONSOR..... 86

CONTROL BY THE SPONSOR..... 89

BOARD OF MANAGERS..... 91

RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARDS OF MANAGERS..... 94

REAL ESTATE TAXES..... 109

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM..... 111

REAL ESTATE TAX PROJECTION FOR FIRST YEAR OF OPERATION..... 114

OPINION OF COUNSEL RELATING TO INCOME TAX DEDUCTIONS AND COMPLIANCE WITH REAL PROPERTY LAW 339(i)..... 119

WORKING CAPITAL FUND AND; CLOSING ADJUSTMENTS WITH CONDOMINIUM BOARD..... 126

RESERVE FUND..... 128

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES..... 130

IDENTITY OF PARTIES..... 132

SPONSOR'S PROFIT..... 133

REPORTS TO UNIT OWNERS..... 134

DOCUMENTS ON FILE..... 135

GENERAL..... 136

SPONSOR'S STATEMENT OF BUILDING CONDITION..... 137

TABLE OF CONTENTS

PART II

	PAGE
Document 1 - PURCHASE AND SALE AGREEMENT	Doc 1-1
Document 2 - UNIT POWER OF ATTORNEY	Doc 2-1
Document 3 - FORM OF UNIT DEED	Doc 3-1
Document 4 - DESCRIPTION OF PROPERTY AND SPECIFICATIONS INCLUDING UNIT FLOOR PLANS	Doc 4-1
Document 5 - ASBESTOS REPORT	Doc 5-1
Document 6 - STORAGE ROOM LICENSE AGREEMENT AND ASSIGNMENT	Doc 6-1
Document 7 - DECLARATION OF CONDOMINIUM	Doc 7-1
Exhibits to Declaration:	
A. Description of the Land	Doc 7-19
B. Description of the Units	Doc 7-20
C. Definitions	Doc 7-21
D. By-Laws	Doc 7-27
Document 8 - CERTIFICATIONS	
Sponsor and Principals	Doc 8-1
Sponsor's Architect	Doc 8-3
Sponsor's Expert Concerning Adequacy of Budget	Doc 8-5
Sponsor's Expert Concerning Adequacy of Common Charges Payable by the Commercial Unit Owner(s)	Doc 8-7
Document 9 - RESERVE FUND LAW	Doc 9-1
Document 10 - Application to the Attorney General for a Determination on the Disposition of Down Payments	Doc 10-1
Document 11 - Escrow Agreement Relating to Contract Down Payment	Doc 11-1

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS

1. **No Financing Contingency** Although a Purchaser may obtain financing from a lending institution or any other source, **the obligation to purchase a Residential Unit pursuant to the Purchase Agreement shall not be contingent upon obtaining financing for such purchase**. Neither Sponsor nor the Selling Agent makes any representations as to the terms or availability of any mortgage financing. Prospective Purchasers are, therefore, advised to finalize their financing arrangements before signing a Purchase Agreement. However, prospective Purchasers should be aware that even if a loan commitment is obtained, its term may be fixed, and it could expire before the Closing Date and a Purchaser would have to close without financing or risk losing such Purchaser's Down Payment. (See the Section entitled "Procedure to Purchase" for further details.)

2. **No Advertising of Units** Prior to the closing of title to a Residential Unit, the Purchase Agreement prohibits a Purchaser from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease. Refer to the Purchase Agreement set forth in Part II of the Plan.

3. **Sponsor Control Period/Veto Power** Sponsor will have voting control of the Condominium Board during the period which continues until the later to occur of: (i) closing of Title to more than 75% of the Residential Units or (ii) five (5) years after the First Closing (the "Sponsor Control Period"). During the Sponsor Control Period, the Condominium Board may not take any of the following actions without Sponsor's prior written consent: (i) make any addition, alteration or improvement to the Common Elements or to any Unit, or (ii) assess any General Common Charges, or Residential Common Charges for the creation of, addition to or replacement of all or part of a working capital, reserve, contingency or surplus fund, or (iii) increase or decrease the number, or change the kind of, employees referred to in the Plan, or (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, or (v) borrow money on behalf of the Condominium, or (vi) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (i) through (vi) above, if, and only if, the performance of such function or the carrying out of such an action is necessary (and no other alternative is available) to enable the Condominium Board to comply with Laws, rules or regulations of any governmental authority having jurisdiction over the Condominium (see the Section entitled "Control By Sponsor" for further details).

4. **Commercial Units** Sponsor and any subsequent owner of the Commercial Units have the right to subdivide and combine portions of their respective Units, subject to the provisions of the Declaration and By-Laws. **The Commercial Units may be used for any lawful purposes,** except that a Commercial Unit may not be used (a) for any illegal or pornographic purposes or (b) as a commercial establishment in which are provided sex-related activities consisting of nude or semi-nude live performances, sex clubs, massage parlors, adult book stores, peep shows or (c) as a homeless shelter or (d) as a drug or alcohol rehabilitation facility.. The Residential Unit Owners may not have control over the uses of the Commercial Units except as restricted by the Zoning Resolution of the City of New York and the Declaration and By-Laws. (See "Commercial Units" for further details). **The use of the Commercial Units may generate noise, traffic, fumes or other disturbances over which the Residential Unit Owners will have no control.** The Commercial Units share the cost for certain expenses based upon allocable percentage interest and shares other costs based upon anticipated usage. Please refer to the "Introduction" Section of the Plan under the subsection entitled, "Features of Condominium Ownership" and Schedule B for further details regarding the allocation of Common Expenses.

5. Sponsor's use of Units and Designation of Parties as Sponsor Sponsor reserves the right to sell one or more Residential Units as more fully described in the "Introduction" of the Plan and to designate the purchaser of such blocks of Units as "sponsor" under this Plan and the Declaration. The party so designated as a "sponsor" will have those additional rights and obligations of a "sponsor" as more fully described in the Plan. Pursuant to the Declaration and By-Laws, the Residential Units may be used for residential purposes or other lawful purposes subject to conditions set forth in the Declaration. Sponsor and the owner of any Unsold Residential Unit may use the Residential Units for any purpose permitted by Law and may modify the certificate of occupancy to reflect a change in use. Please refer to the Section of the Plan entitled "Rights and Obligations of Unit Owners and the Boards of Managers" under the Subsection entitled "Use of Units" for further details.

6. Purchasers Payment of Transfer Taxes Purchasers shall be obligated to pay the NYC Real Property Transfer Tax and NYS Real Property Transfer Tax (Deed Stamps) which by law are the primary obligation of a seller. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to such tax. If the purchase price of the Residential Unit is $1,000,000 or more, Purchaser shall also be obligated to pay the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," currently one (1%) percent of the purchase price, which by Law is the primary obligation of the Purchaser. (See the Section entitled "Closing Costs and Adjustments" for further details).

7. Sponsor's Right to Lease Unsold Units and to Withhold Units from Sale Sponsor has no obligation to sell Units. Sponsor currently intends to sell the Units under the terms of the Plan. However, under the terms of this Plan, Sponsor and the owners of the Commercial Units and any Unsold Residential Units have reserved the right to rent or lease any Commercial Unit or the Unsold Residential Unit prior to closing the sale thereof to the Purchaser thereof or any other party, to cease marketing Units for sale at any time, in Sponsor's sole discretion or to use or offer the Commercial Units and the Unsold Residential Units for any lawful purpose, including, without limitation, interval [short term] ownership. Except where otherwise prohibited by Law, certain Residential Units may be occupied under short-term leases. Accordingly, residents of the Condominium may be comprised of both Residential Unit Owners and tenants leasing from Sponsor or other Residential Unit Owners. Accordingly, it is possible that a significant proportion of Residential Unit Owners will not be residents of the Building and that a significant portion of tenants in the Building may not be Residential Unit Owners. As a consequence of the foregoing, a Residential Unit Owner seeking to resell or refinance a Residential Unit may experience difficulty. In addition, residents of the Condominium who are not Unit Owners have no investment in their Residential Units and, therefore, do not share the same economic interests as Unit Owners in the maintenance and care of the Building's facilities and amenities and owner-occupants and non-resident Unit Owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment). Because Sponsor is not limiting the conditions under which it will rent rather than sell units, there is no commitment to sell more units than the fifteen percent (15%) necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium.

8. Lender's Limitations if sales less than 50% Purchasers should note that in the current real estate market, banks and other lenders may be imposing various restrictions requiring that a certain percentage (such as 35% or 50%) 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 an apartment if prospective buyers are unable to obtain a loan due to such minimum sales requirements. Purchasers should further note that pursuant to existing Law and regulation, Sponsor may declare the Plan effective upon selling a minimum of fifteen (15%) percent of the Units offered for sale in the Building. Even if the Plan is declared effective with a minimum number of sales, it is possible that Sponsor may be able to submit the Property to a condominium regime and convey Units with fewer than the minimum number of sales if purchasers counted towards effectiveness do not ultimately purchase a Unit. Please refer to the Section entitled "Effective Date" in Part I of the Plan for further details.

9. Modification to Declaration and By-Laws No amendment, modification, addition or deletion of the Declaration, By-Laws or Rules and Regulations shall be effective in any way, (a) without the prior written consent of the affected Commercial Unit Owners with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of any Commercial Unit or affecting the rights, privileges, easements, licenses or exemptions granted to any Commercial Unit Owner or (b) without the prior written consent of Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be, or otherwise adversely affecting Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be. (See the Section entitled "Rights and Obligations of Unit Owners and the Boards of Managers.")

10. Window Guards It is the responsibility of each Residential Unit Owner to 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 Residential Unit. Except as may otherwise be provided by applicable Law, **it is the responsibility of each Residential Unit Owner to maintain in proper repair (and not remove), the window "stops" in all windows of the Residential Unit which have been installed in lieu of window guards.** Sponsor makes no representations whether Residential Unit Owners will comply with the foregoing obligations. See "Rights and Obligations of Unit Owners and the Board of Managers" for further details.

11. Status of Tenants Prior to Effective Date The Appellate Term in a decision dated November 26, 2008, in a case entitled *MH Residential I, LLC et al. V. Barrett*, held that non-rent regulated tenants whose leases had expired before the date the plan was accepted for filing have no further rights to continue in possession and are therefore not "tenants in occupancy" entitled to protection from eviction under applicable law. The Court further stated, "By the statute's own language, non purchasing tenant status is conferred only on a tenant who is entitled to possession at the same time the plan is declared effective." Leave to appeal *322 West 57th Owner LLC v. Penhurst Productions, Inc.*, to the Appellate Division has been granted. See Section entitled "Rights of Existing Tenants" for further details.

12. Credit Against Amount of Reserve Fund Sponsor intends to reduce the amount of the Reserve Fund it is required to establish by an amount of equal to the cost of Capital Replacements (as defined in the section of the Plan entitled **"Reserve Fund")** that will be made between the time the Plan is first submitted to the Department of Law and the time the Plan is declared effective. The estimated credit is not known at this time, but will not be greater than 1% of the Total Offering Price. The Capital Replacements that Sponsor plans to carry out include refurbishment of the Building's façade

13. Compliance with Lead Paint Law Local Law 1 of 2004, regarding, regarding protection from lead paint hazards, does not apply to Unit Owners in occupancy. It does protect tenants, and owners with tenants with a child 6 years old or younger lives must protect against the possibility that children will be poisoned by peeling

of dangerous lead based paint. Landlords are required to remove or cover apartment walls and other areas where lead based paint is peeling. Under Federal Law, every purchaser shall be notified that the Unit may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning, will be given a right on inspection, and must receive the pamphlet, "Protecting Your family from Lead in Your Home." Painting over lead-based paint surfaces does not suffice for removal or encapsulation. Purchasers contemplating alterations that will penetrate or disturb refinished surfaces (such as ceilings) should consult a qualified consultant or contractor for the recommended protocol to avoid potential lead-based paint dust contamination. For further details, see the Section of the Plan entitled **"Procedure to Purchase"** and **"Exhibit B"** to the **"Purchase Agreement"** in Part II of the Plan.

14. Adjustments in favor of Sponsor. If the result of the closing adjustments made with the Condominium Board is a net credit in favor of Sponsor, the amount of such net credit shall be paid to Sponsor at the time of the First Closing, to the extent available, out of the Working Capital Fund. If, because insufficient funds are available from the Working Capital Fund, Sponsor is not paid the full amount of the net credit to which it is entitled at the time of the First Closing, the unpaid balance of the net credit in favor on Sponsor shall be paid to Sponsor by the Board, without interest, in twelve equal consecutive monthly installments pursuant to the terms of a negotiable promissory note to be executed at the First Closing by the Board, on behalf of all Unit Owners. If it is necessary to execute a note, this may result in an increase in Common Charges payable by Unit Owners. The Board may use amounts in the Working Capital Fund that become available after the execution of any such promissory note to make any payments that become due and payable under such promissory note. For further details, see the Section of the Plan entitled **"Working Capital Fund: Closing Adjustments with Condominium Board.**

15. Sponsor to obtain Permanent Certificate of Occupancy The property presently has a Temporary Certificate of Occupancy [TCO] arising from work done at the premises when additional floors were added to the Building. The Building is Class 3 Non-Fireproof (sub-cellar to 5th floor) and Class IIB combustible (6th, 7th floors, Penthouse and roof). It is the intention of the Sponsor to obtain a permanent Certificate of Occupancy [CO] no later than two (2) years from the date of the First Closing under this Plan at its sole cost and expense. In connection therewith all violations of record will be cured when such permanent Certificate of Occupancy has been obtained.

It has been customary for units in newly constructed and gut rehab co-ops and condos to close after a TCO covering such units has been issued. Sponsor will send closing notices for units covered by TCO's and purchasers will be required to close with a TCO, rather than a permanent CO in place. TCO's are issued for 3 months at a time. The NYC Department of Buildings advises purchasers of houses and apartments, who close with only a TCO in place, to consult with their attorneys and engineers to assure that sufficient funds are escrowed or otherwise secured for sponsor to obtain a permanent or final CO. It is strongly recommended that buyers consult the "DOB Website/Consumers Tips" for its recommendation when buying units in a building that does not have a final Certificate of Occupancy. If Sponsor has not obtained a permanent Certificate of Occupancy for the Property prior to the First Closing, Sponsor shall deposit with Escrow Agent the amount as certified by Sponsor's Architect as reasonably necessary to obtain the permanent CO.

.

.

16. Sponsor's Remedies on Purchaser's Default Under Purchase Agreement. Any Purchaser who defaults under his Purchase Agreement must be given written notice and the opportunity to cure such default within thirty (30) days from the sending of the default notice. If a defaulting Purchaser does not remedy the default within such thirty (30)-day grace period, with **TIME BEING OF THE ESSENCE,** Sponsor will have the right to cancel such defaulting Purchaser's Purchase Agreement and retain as liquidated damages the Down Payment, together with any interest earned thereon, plus the cost of any Special Work in the Unit ordered by Purchaser. Purchaser and Sponsor will thereupon be relieved of all further liabilities and obligations

thereunder and under the Plan. If the Purchase Agreement is canceled, Sponsor has the right to sell the Unit to others as if the Purchase Agreement had never been made, without accounting to the Purchaser for the proceeds of such sale. See the Section of the Plan entitled **"Procedure to Purchase."**

17. Late closing Penalty. If a Purchaser fails for any reason to close title to their Residential Unit on the originally scheduled Closing Date: (a) closing apportionments will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and this Plan, an amount equal to 0.05% of the purchase price of the Unit for each day [or 18% per annum] starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date and (c)pay the service fees of the Seller's attorneys of $250 for each default letter sent to the Purchaser and $250 for each notice sent to the Purchaser to reschedule the closing. .

18. Construction Variances. Each unit should be inspected prior to purchase to ascertain the unit's interior dimensions, layout and physical condition. The total square footage of each Unit is subject to construction variances and may significantly (more than 5%) exceed the useable floor area of each Unit.

19. Sub-Cellar and Cellar. Accessory storage on sub-cellar and cellar levels may not be used for the storage of combustible items as that term is defined in the New York City Building Code. Storage of combustible items may result in violations placed against the building which will be the obligation of the Condo Board to remove. In no event shall any items that would create a sanitary problem or nuisance be stored in such areas, such as food or other perishable item, any flammable or explosive item, or that which would impose a health or safety threat or cause noxious odors. The occupancy of such space for other than storage must be in keeping with the New York City Building Code.

20. Unit Owners Insurance. The Condominium Association's insurance will not cover losses to the furniture, furnishings, personal belongings, fixtures, cabinets, appliances or other improvements or contents of, or within, a Unit, including wall and floor coverings, window treatments and other Decorations. Each Unit Owner will be required to obtain and pay for insurance covering these items. See Article 6.2.7 of the Condominium By-laws.

21. **Risk of Loss.** The risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. The Sponsor, at its sole discretion, reserves the right to either repair or restore such Unit, whereupon Purchaser shall be obligated to close without an abatement in the purchase price, or not repair or restore and grant Purchaser the right to rescind the Purchase Agreement. Not withstanding the above, in the event that Purchaser or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit. Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit and Sponsor shall not be obligated to repair any damages to the Unit and/or, including but not limited to its appliances, fixtures and equipment. See article 2.6 of Purchase Agreement.

22. **Wooden Floors.** The Units will be delivered with wood floors, which should not be washed with water and need to be maintained according to the manufacturer's recommendations. Wood is also subject to changes as a result of humidity as well as chipping, scratching and cracking. Sponsor makes no representation or warranty that the wood floors will maintain their appearance after they are subject to wear

and tear.

23. **Non Resident Superintendent.** At present the building is serviced by a non-resident superintendent as the property has less than 13 residential units. If all of the condominium's units are sold and owner occupied, the condominium association may choose not to have a superintendent. Superintendent services such as maintenance work, cleaning, trash disposal, snow plowing, can be done by the residents of the condominium. If the residents choose to hire a part time superintendent to do these services, they may hire him/her for at least 25 hours per week.

24. **Risk of Loss.** The risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. The Sponsor, at its sole discretion, reserves the right to either repair or restore such Unit, whereupon Purchaser shall be obligated to close without an abatement in the purchase price, or not repair or restore and grant Purchaser the right to rescind the Purchase Agreement. Not withstanding the above, in the event that Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit. Additionally, Purchaser shall be solely responsible for any damage to. or loss or other condition in, the Unit and Sponsor shall not be obligated to repair any damages to the Unit and/or, including but not limited to its appliances, fixtures and equipment

25. **Reservation of Rights with respect to Tenants with Expired Leases.** The Sponsor will serve the Plan on all bona fide tenants in occupancy as of the date the Plan is accepted for filing. The Sponsor will also serve the Plan on all tenants of record under expired non-rent-regulated leases who remain in occupancy as of the date the Plan has been accepted for filing, even if such persons have not been offered new leases or holdover proceedings have been commenced against them. The Sponsor will further accord such persons the same rights to purchase under the Plan and amendments, and the same non-discriminatory inducements, as bona fide tenants in occupancy as of the date that the Plan has been accepted for filing. However, the Sponsor's actions shall not be construed to confer rights on such persons to be considered "non-purchasing tenants" (as defined in Section 352-eeee) except to the extent such rights may be granted under applicable law.

PART I

INTRODUCTION

108-110 Duane, LLC, a New York limited liability company ("Sponsor"), presents this offering plan (the "Plan") for the conversion to condominium ownership of the land together with the building erected thereon known as and having a street address of 108-110 Duane Street, New York, New York. ." The condominium will be known as "The 108-110 Duane Street Condominium" and is herein called the "Condominium" in the Plan.

The condominium will consist of 11 residential units (the "Residential Units") and 4 commercial units (the "Commercial Units"). In addition, the Sponsor is offering the right to use 11 Storage Rooms, by License arrangements ("Licenses"). The Land and the Building are collectively referred to herein as the "Property.

The purpose of the Plan is to set forth in detail all material facts relating to the offering by Sponsor of the 11 Residential Units, 2 Commercial Retail Units and the Storage Licenses. The 2 Commercial Storage Units are not being offered for sale at this time. Sponsor reserves the right to merge or further divide the Commercial Units without amendment to the Plan. Sponsor may from time to time amend or supplement the Plan by filing an amendment with the New York State Department of Law (the "Department of Law") and serving such amendment on Purchasers and Unit Owners.

The Plan is presented in two parts (in one volume) which together constitute the entire Plan. Part I sets forth a general description of the Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of the Plan. Also included in Part II is a detailed physical description of the Property, certifications of Sponsor and Sponsor's architect, certifications of an expert selected by Sponsor concerning the adequacy of the budget for the first year of Condominium operation and certain agreements to which the Condominium will be bound.

In addition, Sponsor has filed exhibits to the Plan with the Department of Law, which are presented as Parts A (Certifications), B (General), C (Engineering) and D (Other Information). The Plan, including all Schedules set forth herein and Parts A, B, C and D of the exhibits, constitutes the entire offer of Sponsor. Copies of the Plan and the exhibits will be available for inspection by prospective Purchasers without charge and for copying at reasonable fees at Sponsor's office and the offices of the Department of Law and may be borrowed from Sponsor upon payment of a two hundred ($200) dollar deposit, which amount will be fully refunded upon either (i) the prompt return of all borrowed materials in good condition or (ii) the execution by the borrower of a Purchase Agreement subsequently accepted by Sponsor. All of these documents are important and should be carefully read by prospective purchasers. Prospective purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase. All capitalized terms used in the Plan shall have the meanings ascribed thereto in the Section entitled "Certain Definitions," unless otherwise indicated.

The Condominium

Sponsor acquired fee title to the Land and building on March 17, 1989 as 108-110 Duane Street Corp., and thereafter transferred title to an LLC Entity, 108-110 Duane, LLC on May 29, 2010. The Building consists of Sub-Cellar, Cellar, First Floor, Floors 2-7 and Penthouse.

As more particularly described herein, the Building will include (a) a Residential Section containing the Residential Units, the Residential Common Elements and the Residential Limited Common Elements and (b) a Commercial Section, which will contain the Commercial Units, and the Commercial Common Elements.

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 hereinafter referred to as the "Condominium Act." The Property will be submitted to the provisions of the Condominium Act by Sponsor's recording of a condominium declaration

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

The Commercial Section will initially include 4 Commercial Units located on the First Floor and the Cellar. The Commercial Units may include retail stores, commercial and professional offices, restaurants, banks, storage space or any other legal uses.

Features of Condominium Ownership

The ownership of a Condominium Unit is similar in many respects to the ownership of a private home. Each Unit Owner owns fee title to such Unit and is entitled to the exclusive possession thereof and the exclusive use of the Limited Common Elements, if any appurtenant to such Unit Owner's Unit subject to certain limitations more particularly described below. A Unit Owner also owns, in common with the owners of all other Units, an undivided interest in (and right to use) the General Common Elements.

Subject to certain conditions contained in the By-Laws, each Unit Owner may mortgage their Unit with such lender and in such amount as the Unit Owner chooses. However, Sponsor makes no representations about the finance-ability of any Unit. Each Unit is separate and is not subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

A Unit Owner may decorate the interior of their Unit in any way desired except as otherwise provided herein, subject to compliance with the By-Laws, the Rules and Regulations and Law, and will be solely responsible for the cost of maintenance and interior repairs to such Unit Owner's Unit after Closing.

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and after the Units have been separately assessed for taxes, no Unit Owner will be responsible for the payment of, nor will such Unit Owner's Unit be subjected to any lien arising from the non-payment of, real estate taxes on other Units. Please refer to the opinion of Phyllis Marie Kamysek, Esq., counsel to Sponsor, set forth in full in Part I of the Plan, for a discussion regarding the deductibility for federal, New York State and New York City income tax purposes, of real estate taxes and the interest paid on a mortgage, if any, on a Residential Unit.

With certain exceptions (for example, Sponsor and the owner of any Unsold Residential Units, or the owners of the Commercial Units are not required to give the Board a right of first refusal with respect to any Unsold Units), any sale or lease of a Residential Unit, will be subject to a right by the Board to acquire or lease such Residential Unit or to produce a third party to acquire or lease such Residential Unit on the same terms as agreed to by the owner of such Residential Unit and the proposed transferee. The Commercial Unit Owners may sell or lease all or any portion of the Commercial Units, without any restriction or limitation imposed pursuant to the Declaration or the By-Laws. For a more complete discussion of the foregoing, see the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers" under the subsection entitled "Sales and Leases of Units."

As more particularly set forth in the By-Laws and in accordance with the Condominium Act, Sections 339-i and -m, the cost of operating and maintaining the Residential Common Elements will be Residential Common Expenses borne entirely by the Residential Unit Owners, the cost of operating and maintaining the Commercial Common Elements will be Commercial Common Expenses borne entirely by the Commercial Unit Owners and the cost of operating and maintaining the General Common Elements will be shared by all Unit Owners. To the extent practicable allocations and assessments of water and common area utilities and services (the "Utilities and Services") which are General Common Expenses will be based upon metered usage of such Utilities and Services or such other methods of allocation as the Condominium Board may determine. The Residential Board will allocate the Residential Common Expenses and the Residential Section's allocable share of General Common Expenses to the Residential Unit Owners in proportion to their respective Residential Common Interests except as otherwise expressly provided in the By-Laws. The Condominium Board cannot change the method of allocation of Common Expenses or increase the number of building employees servicing the Commercial

Units as set forth in Schedule B, without the consent of the Commercial Unit Owners. Please refer to Schedule B, "Projected Budget for First Year of Condominium Operation" and Schedule B-2 "Estimated Energy Costs", Purchasers should note that the amounts budgeted for projected energy usage are based upon estimates made by Sponsor's consulting engineer. However, in view of the current energy situation, and the fact that energy costs have fluctuated greatly, it is not possible to predict whether the budgeted amount will be sufficient to pay for the actual costs incurred in the First Year of Condominium Operation and actual utility costs and Common Charges may be higher than projected in the Budgets.

The cost of improvements, repairs, replacements, alterations and additions to the property will be determined by the Condominium Board and assessed against all Residential and Commercial Unit Owners in proportion to their respective Common Interests. The estimated Common Charges for each Unit for the First Year of Condominium Operation are set forth in Schedule A.

After the closing of title to a Unit, a Unit Owner will be solely responsible for maintaining casualty insurance with respect to the Unit, including its fixtures, equipment and personal property and improvements and betterments situated within and constituting a part of such Unit Owner's Unit, as well as liability insurance with respect to occurrences in or about such Unit Owner's Unit. The By-Laws require that each Unit Owner maintain such insurance coverage. The Condominium Board will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of the By-Laws. All Unit Owners must comply with the terms of the Declaration, By-Laws, Rules and Regulations, Alteration Agreement and any other requirements of the Condominium Board, as the case may be. See the Section entitled "Rights and Obligations of Unit Owners and the Boards of Managers" for a more complete discussion of the foregoing.

There are no limitations on who may purchase Units. Under the New York Real Property Law, a condominium unit may be owned by an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, which is permitted to take title pursuant to New York Law. Sponsor is not obligated to offer or sell any Units and may, if it chooses, withhold one or more Units for future sale. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of any of the Boards, any Unit Owner, or mortgagee, to refuse to approve and execute a Purchase Agreement for any Unit; provided, however, that Sponsor shall not discriminate against any person because of race, creed, color, sex, sexual orientation, disability, marital status, age, ancestry, national origin or other grounds proscribed by Law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both Purchaser and Sponsor, has been exchanged and Sponsor has collected the funds constituting Purchaser's required Down Payment thereunder (see the Section entitled "Procedure to Purchase" for more details). Sponsor will not accept an offer of purchase from an individual younger than eighteen (18) years of age or an incompetent under Law.

Applicable Rent Laws

As of July 31, 2010, 10 of the apartments were occupied, of which 2 apartments were subject to the Rent Stabilization Law of 1969, as amended, and the New York City Rent Stabilization Code (collectively, the "Rent Stabilization Law"); 9 apartments were exempt from such regulations *(i.e.,* not subject to the Rent Stabilization Law or the Rent Control Law); and 1 apartment was vacant. The rent regulatory status of each Unit is set forth in Schedule A.

Pursuant to Section 352-eeee of the GBL, no eviction proceedings will be commenced at any time against a Non-Purchasing Tenant for failure to purchase or for any other reason applicable to expiration of tenancy, provided that such proceedings may be commenced for nonpayment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner of the Residential Unit occupied by such Non-Purchasing Tenant or a similar breach by such Non-Purchasing Tenant of his obligations to the owner of such Residential Unit. Further, a Residential Unit Owner may not commence an action to recover possession of a Residential Unit from such Non-Purchasing Tenant on the grounds that he seeks the Residential Unit for the use and occupancy of himself or his family.

The rentals of Non-Purchasing Tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and Non-Purchasing Tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the Plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses. Complaints concerning such increases may be referred to the New York State Department of Law. Investment Protection Bureau - Real (Estate Financing Section, 120 Broadway, New York, New York 10271.

If the lease of an apartment in the Building that is not rent stabilized or rent controlled expires before the Effective Date, Sponsor will be under no obligation to renew such lease, but if the tenant under such lease is entitled to possession of his apartment on the Effective Date, such tenant will be considered to be a Non-Purchasing Tenant with the right to continue in occupancy at his current rent, subject to increases that are not unconscionable, as provided in the preceding two paragraphs.

It should be noted that in a recent New York County Housing Court decision, 322 West 57th Owner LLC v. Penhurst Productions, Inc., Civil Court of the City of New York, Index No. L&T 63319/06, issued on March 19, 2007, the court held that under the Martin Act, unregulated rental tenants are protected against eviction in a non-eviction condominium conversion plan from the time the offering plan is accepted for filing by the Attorney General's office, rather than from the effective date of the offering plan. These non-rent-regulated tenants were granted protection against eviction although their leases had expired and they were the subject of holdover proceedings brought by the sponsor-landlord. Pursuant to the decision, in extending these protections to tenants whose leases had already expired, the court determined that dismissal of any pending Housing Court proceedings was warranted after the offering plan was accepted for filing by the Attorney General's office. The decision was **reversed** by the Appellate Term of the Supreme Court in a decision dated November 26, 2008. In a case entitled *MH Residential I, LLC et al.* v. *Barrett,* which was decided the same date on substantially the same facts, the Court held that non-rent-regulated tenants whose lease had expired before the date the plan was accepted for filing have no further rights to continue in possession and are therefore not "tenants in occupancy" entitled to protection from eviction under applicable law. The Court further stated, "By the statute's own language, nonpurchasing tenant status is conferred only on a tenant who is entitled to possession at the same time the plan is declared effective." Leave to appeal *322 West 57th Owner LLC v. Penhurst Productions, Inc.* to the Appellate Division has been granted. The Plan is presented as a non-eviction plan in compliance with Section 352-eeee of the General Business Law of the State of New York (the "GBL"), which grants the right to continued occupancy by Non-Purchasing Tenants who are not in default in paying rent or performing other lease obligations where a plan is declared effective by a sponsor under such law.

NO REPRESENTATION OR WARRANTY IS MADE THAT THE EXISTING LAWS WILL REMAIN IN EFFECT OR UNCHANGED OR THAT THE RIGHTS OF NON-PURCHASING TENANTS WITH REGARD TO RENT AND OCCUPANCY RIGHTS UNDER THE APPLICABLE RENT LAWS WILL NOT CHANGE. Notwithstanding the foregoing, the rights granted under the Plan to Purchasers and to Non-Purchasing Tenants may not be abrogated or reduced, notwithstanding any expiration of or amendment to, Section 352-eeee of the GBL. Sec the Sections of the Plan entitled "Rights of Existing Tenants" and "Obligations of Owners of Units Occupied by Non-Purchasing Tenants."

Any tenant who purchases his Unit, like all other condominium unit owners, will no longer be subject to, or have any rights afforded to tenants under Applicable Rent Laws. Any rental by a Unit Owner

Offering of Units for Sale

Sponsor hereby offers to Purchasers for sale under the Plan 11 Residential Units and 2 Commercial Units; the 2 Commercial Units located in the Cellar are not being offered at this time. The prices for each of the Unit offered under the Plan are listed in Schedule A entitled "Purchase Prices and Related Information for the Projected First Year of Condominium Operation." THESE PRICES HAVE

BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY.

In addition, the Sponsor is offering the right to use 11 Storage Rooms, by License arrangements ("Licenses") at the Purchase Prices set forth on Schedule A-2. Prior to the first Unit Closing, Sponsor will build eleven (11) Storage Rooms, to be sold to individual Purchasers of Residential Units. The Storage Rooms are Residential Common Elements.

As set forth in greater detail in the subsection of this Introduction entitled "Applicable Rent Laws," the Plan is offered as a non-eviction plan. No contracts or agreements have been entered into and no deposits have been taken or advances of funds accepted as of the date the Plan has been accepted for filing.

The Building consists of 7 stories with a penthouse, cellar and sub- cellar, and is described on the Building's Temporary certificate of occupancy as a Class "A" multiple dwelling. The Building is more fully discussed in the **"Description of Property and Building Condition"** in Part II of the Plan, which describes the physical condition of the Building. The Property and the Units are being offered and sold in their "as is" condition on the date on which the closing of title occurs, and Sponsor will not have any obligation to make any repairs or improvements, except as expressly provided in the Section of the Plan entitled **"Sponsor's Statement of Building Condition."**

During the Exclusive Purchase Period., i.e., the first ninety (90) days after the Presentation Date of the Plan, each Eligible Tenant will have the exclusive right to purchase their current Unit "as is" with no alterations or improvements for the Price to Eligible Tenants set forth in Schedule A.

There will be no increase in prices to Eligible Tenants during the Exclusive Purchase Period, and Sponsor will not accept Purchase Agreements from non-tenant Purchasers for occupied Units during the Exclusive Purchase Period.

Sponsor intends to sell the Residential Units to Purchasers who are buying for their or their families' personal occupancy. Sponsor reserves the unconditional right, however, to sell Residential Units to investors who intend to rent and not to occupy their Residential Units personally. In addition, Sponsor and any Sponsor Successor may from time to time freely rent any unsold Residential Units in accordance with Applicable Law, without charge or limitation whatsoever and without the consent of the Condominium Board or any other Unit Owner. Sponsor makes no representation that it will endeavor in good faith to sell Residential Units rather than rent them as they become vacant.

The Board does not have the right to approve or disapprove purchasers of Units in the Condominium. Consequently, there is no limit on the number of Unit Owners who may have purchased for investment rather than for personal occupancy and there may always be a substantial percentage of Unit Owners who are non-residents. The Board of Managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law.

The estimated Common Charges for each Unit for the First Year of Condominium Operation are also set forth in Schedule A. At Closing, each Purchaser of a Unit will be required to make a contribution to the Working Capital Fund of two month's common charges.

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

The charges for electricity consumed by each Unit Owner are separately metered and billed directly to such Unit Owner by the utility provider. Water charges and sewer rents, assessed by The City of New York, are on a single water meter and the Residential and Commercial Unit Owners will share in this expense in accordance with the percentages set forth in Schedule B. Schedule A sets forth estimates of the amounts of real estate taxes which will be payable with respect to each Unit. See the Notes to Schedule A with respect to the bases of such estimates.

The Condominium Board shall be responsible for cleaning and maintaining the sidewalks around the Building and the cost of same shall be a General Common Expense. Notwithstanding anything to the contrary set forth above, the Commercial Unit Owners may elect to be responsible for cleaning and maintaining the sidewalks on the North side of the Building.

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

CERTAIN DEFINITIONS

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

"Applicable Law" means all applicable laws, statutes, treaties, rules, codes, ordinances, regulations of any Governmental Authority and, to the extent the Property, any Unit, any Unit owner, Sponsor and/or any Board, as the case may be, is bound thereby or subject thereto, any judgments, decrees, injunctions, writs, orders, notices of violation or like action of any Governmental Authority, court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including Applicable Rent Laws and those pertaining to health, safety or the environment) now or hereafter in effect.

"Applicable Rent Laws" means the Rent Stabilization Law of 1969, as amended, the New York City Rent Stabilization Code, the New York City Rent and Rehabilitation Law and the New York City Rent and Eviction Regulations adopted and promulgated by the New York State Division of Housing and Community Renewal, the Emergency Tenant Protection Act of 1974, and the relevant provisions of the New York General Business Law, to the extent that any or all of them shall apply to the Property or any part thereof; all as may be amended from time to time.

"Board" refers to the Condominium Board of Managers.

"Building" refers to the structure and improvements including above and below grade segments, known as 108-110 Duane Street, New York, New York, in which the Units of the Condominium are located.

"By-Laws" refers to the By-Laws governing the operations of the Condominium, the form of which is set forth in Part II of the Plan.

"City Register's Office" refers to the New York County office of the Register of The City of New York.

"Closing" refers to the time, place and procedure by which fee title to a Unit is conveyed to a Purchaser pursuant to a fully executed Purchase Agreement.

"Closing Date" refers to the date on which Closing occurs.

"Commercial Common Charges" refers to assessments payable by the Commercial Unit Owners for the purpose of meeting (a) Commercial Common Expenses and (b) each Commercial Unit Owner's pro rata share of General Common Expenses.

"Commercial Common Expenses" refers to the costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Commercial Common Elements, as more particularly defined in the Declaration.

"Commercial Common Elements" refers to those Common Elements, which serve or benefit exclusively the Commercial Units and/or the Commercial Unit Owners, as more particularly defined in the Declaration.

"Commercial Limited Common Elements" refers to those Common Elements, which serve or benefit one or more but not all of the Commercial Units and/or the Commercial Unit Owners, as more particularly defined in the Declaration.

"Commercial Section" refers to all Commercial Units, the Commercial Common Elements and the Commercial Limited Common Elements, if any.

"Commercial Unit Owners" refers to the owner or owners of the Commercial Units.

"Commercial Unit" refers to Commercial Units 1, 2, 3 and 4 and to the extent any Commercial Unit is further divided, the Commercial Unit shall refer to all of the Units resulting from the subdivision of the Commercial Unit.

"Common Charges" refers to the aggregate of General Common Charges, Commercial Common Charges and/or Residential Common Charges.

"Common Elements" refers to the General Common Elements, the Residential Common Elements, the Residential Limited Common Elements and the Commercial Common Elements.

"Common Expenses" refers to the General Common Expenses, the Residential Common Expenses, and the Commercial Common Expenses.

"Common Interest" refers to the proportionate undivided interest, expressed as a numerical percentage, in the General Common Elements appertaining to each Unit determined in accordance with the Declaration.

"Condominium" refers to The 108-110 Duane Street Condominium.

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

"Condominium Board" refers to the overall board of managers of the Condominium comprised of representatives of the Residential Board and of the Commercial Board.

"Declaration" refers to the instrument creating the Condominium, as the same may be amended from time to time, the form of which is set forth in Part II of the Plan.

"Department of Law" refers to the New York State Department of Law.

"DHCR" means the New York State Division of Housing and Community Renewal.

"Eligible Tenant" means (a) a bona fide tenant in occupancy of a Residential Unit on the Filing Date; (b) a bona fide tenant of record with the right to renew a lease of a Residential Unit on the Filing Date; or (c) a bona fide tenant who has the right to continued occupancy of a Residential Unit on the Filing Date. A bona fide tenant of record with an unexpired lease of a Residential Unit on the Filing Date shall be presumed to be an Eligible Tenant even if the tenant has sublet the Residential Unit or the Residential Unit is not the tenant's primary residence. Nothing herein, however, shall be construed to deprive an owner of any legal remedy for illegal occupancy. A corporation or other entity that is a bona fide tenant in occupancy of a Residential Unit on the Filing Date shall also be deemed to be an Eligible Tenant. Other than as set forth above, a subtenant is not an Eligible Tenant. A tenant who first leases or rents a Residential Unit after the Plan is presented, a prospective Purchaser who upon signing a Purchase Agreement for a Residential Unit enters into an Interim Lease and the estate of a tenant who dies before signing and returning a Purchase Agreement for a Residential Unit are not Eligible Tenants. An Eligible Tenant who (i) voluntarily surrenders his Residential Unit; (ii) is evicted pursuant to a court order before this Plan is presented or before signing and submitting a Purchase Agreement; or (iii) is a tenant pursuant to a non rent-regulated lease which expires with no right of renewal before signing and submitting a Purchase Agreement before the date this Plan is declared effective shall no longer be an Eligible Tenant.

"Emergency" refers to any situation where the applicable Person, in its reasonable judgment, concludes that a particular action (including, without limitation, the expenditure of funds) is immediately necessary (i) to avoid material damage to all or any material portion of the Building or Property, (ii) to protect any person from harm, or (iii) to avoid the unforeseen and unforeseeable suspension of any necessary material service in or to the Building or the Property, the failure of which service would have a material and adverse effect on the Building or Property.

"Escrow Agent" means Phyllis Marie Kamysek, PLLC, having an office at 305 Broadway, Suite 1201, New York, New York 10007.

"Existing Lease" means and includes any lease or occupancy agreement or the terms of any statutory tenancy in effect with respect to any Residential Unit on the Effective Date and continuing as of the time in question.

"Facilities" means all personal property and fixtures now or hereafter existing in, on or under the Land or the Building and either existing for the common use of two or more Units or Unit Owners or necessary or convenient for the existence, maintenance or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term "Facilities" shall include all equipment, apparatus, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut off valves, other valves, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wire-ways, switches, switchboards, circuit breakers, transformers, fittings, Siamese connections, hoses, plumbing, fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meters assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture, mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mail boxes, carpeting, tiles and floor coverings.

"First Closing," or words of similar import, refers to the date of the first closing of fee title to a Residential Unit to a Purchaser pursuant to the Plan.

"Floor Plans" refers to the floor plans of the Building, as the same may be amended from time to time, which are approved by the Real Property Assessment Department of The City of New York and filed with the City Register's Office.

"General Common Charges" refers to assessments payable to the Condominium Board for the purpose of meeting General Common Expenses, as more particularly defined in the Declaration.

"General Common Elements" refers to the Land and all parts of the Building, including its foundations, roofs and supports, other than the Units, the Residential Common Elements, the Commercial Common Elements and the Limited Common Elements, as more particularly defined in the Declaration.

"General Common Expenses" refers to costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements, as more particularly defined in the Declaration.

"Initial Control Period" means the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than seventy-five percent (75%) of the aggregate Common Interests appertaining to all Units or (ii) the fifth (5th) anniversary of the First Closing.

"Land" refers to the parcel of land described in Exhibit A to the Declaration.

"Law or Laws" refers to laws and ordinances of any or all of the federal, state, city, county and borough governments and rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies or offices thereof, or of any other governmental, public or quasi-public authorities, having jurisdiction over the Property, the Land, the Building, and Unit or any portion of any of the foregoing, any requirements or conditions of any licenses, permits, approvals or certificates issued by any of the foregoing, the direction of any public officer pursuant to law, and the requirements and conditions of any easement, covenant, restriction, condition or other encumbrance that is binding upon the Property or the applicable portion thereof.

"Managing Agent" refers to the managing agent or manager of the Building at the time in question.

"Maintenance or Maintain" refers to the maintenance, repair, reconditioning, refurbishing, reconfiguration, inspection, testing, cleaning, improvement, decorating, painting, installation, alteration, addition, reconstruction, construction, demolition, restoration and replacement as and when necessary or desirable of any portion of the Building.

"Offeree" refers to (a) each Purchaser who has executed and delivered a Purchase Agreement for a Unit and who is not in default thereunder, (b) each Unit Owner, and (c) any other person or entity who, pursuant to Law, is an offeree of the Plan.

"Permitted Encumbrances" refers to those Unit title encumbrances subject to which a Purchaser agrees to take title, as more particularly itemized on Schedule A annexed to the form of Purchase Agreement.

"Permitted Mortgage" refers to a mortgage permitted to be placed upon a Unit or Units pursuant to the provisions of the By-Laws.

"Permitted Mortgagee" refers to the holder of any Permitted Mortgage and shall include, without limitation, such banks and financial institutions as constitute the holders of the construction loan mortgages, if any, given by Sponsor to acquire and construct the Property.

"Plan" refers to this offering plan for the establishment of condominium ownership for the Property, as the same may be amended from time to time.

"Plans and Specifications" refers to the plans and specifications for the Building which (to the extent required by Law) are filed with, and approved by, the Department of Buildings of The City of New York, which plans and specifications may, from time to time, have been amended or changed, or may hereafter be amended or changed in accordance with the provisions of the Plan.

"Price to Eligible Tenants" means the price offered in this Plan or in any duly filed amendment to the Plan exclusively to Eligible Tenants to purchase their respective Residential Units.

"Property" refers to the Land, the Building and the appurtenances thereto.

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

"Purchaser" refers to person(s) or entity(ies) named as Purchaser(s) in a Purchase Agreement, which has been duly executed by such person(s) or entity(ies) and accepted by Sponsor.

"Residential Common Charges" refers to assessments payable by Residential Unit Owners for the purpose of meeting (a) the cost of the Residential Common Expenses and (b) each Residential Unit Owners pro rata share of the General Common Expenses, as more particularly defined in the Declaration.

"Residential Common Elements" refers to those Common Elements, which serve or benefit exclusively the Residential Units and/or the Residential Unit Owners, as more particularly described in the Declaration.

"Residential Common Expenses" refers to the costs and expenses incurred or projected in connection with the operation and Maintenance of the Residential Common Elements or the Residential Limited Common Elements or in connection with any services or facilities exclusively benefitting the Residential Section or the Residential Unit Owners as more particularly defined in the Declaration.

"Residential Common Interest" refers to the proportionate undivided interest, expressed as a numerical percentage, in the Residential Common Elements appertaining to each Residential Unit determined in accordance with the Declaration. The Residential Common Interest is the basis of determining a Unit Owner's liability for a share of the Residential Common Expenses.

"Residential Limited Common Elements" refers to those Common Elements, which serve or benefit exclusively one or more but not all the Residential Units and/or the Residential Unit Owners including, but not limited to the Terraces appurtenant to certain Residential Units, as more particularly defined in the Declaration.

"Residential Section" refers to the Residential Units, the Residential Common Elements and the Residential Limited Common Elements.

"Residential Unit" refers to any Unit designated as a Residential Unit in the Declaration, and all such Residential Units, are, collectively, referred to as the "Residential Units."

"Residential Unit Owner" refers to any owner of a Residential Unit, and all such owners are, collectively, referred to as "Residential Unit Owners."

"Rules and Regulations" refers to the rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A.

"Schedule A" refers to Schedule A, "Purchase Prices and Related Information" for the Projected First Year of Condominium Operation set forth in Part I of the Plan.

"Schedule B" refers to Schedule B, "Projected Budget for First Year of Condominium Operation" set forth in Part I of the Plan.

"Selling Agent" refers to Prudential Douglas Elliman, or any successor selling agent at the time in question.

"Sponsor" refers to 108-110 Duane, LLC, a New York limited liability company and its successors and assigns.

"Sponsor and/or its designee(s)," "Sponsor or a designee, of Sponsor" or similar terms refers to Sponsor and any designee of Sponsor.

"Sponsor Control Period" refers to the period during which members of the Residential Board or Condominium Board elected or designated by Sponsor constitute a majority of the members of said Boards.

"Storage Room" shall mean any Storage Room located in the sub-cellar of the Building and shall include the structural framework and materials out of which the Storage Room is constructed. Each Storage Room shall be deemed to be a Residential Common Element of the Condominium. Any reference in the Plan to owning a Storage Room shall mean that a Residential Unit Owner has entered into a License for a Storage room.

"Terrace(s)" refers to terraces and/or balconies and/or roof gardens and/or deck houses appurtenant to certain Residential Units, and shall include any pavers, decking and drains, hose bibs, electrical outlets, lighting and light fixtures, enclosures and dividers installed as part of the construction of the Building.

"Unavoidable Delays" refers to delays due to strike, lockout, or other labor or industrial disturbance (whether or not on the part of employees or contractors of Sponsor), civil disturbance, future order of any government, court or regulatory body claiming jurisdiction, terrorism, war, act of the public enemy, riot, sabotage, blockade, embargo, shortage of or failure or inability to secure materials or labor by reason of priority or similar regulation or order of any government or regulatory body or lightning, earthquake, fire, storm, hurricane, flood, explosion, act of God or any cause similar to any of the causes hereinabove stated.

"Unit" or "Condominium Unit" refers to either a Residential Unit or a Commercial Unit as more particularly designated in the Declaration and the Floor Plans and all such Units are collectively referred to as "Units.

"Unit Owner" refers to any Residential Unit Owner or Commercial Unit Owner, and all of such Residential Unit Owners and Commercial Unit Owners are collectively referred to as the "Unit Owners."

"Unsold Residential Unit" refers to any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by (i) Sponsor, (ii) any party designated by Sponsor as a "sponsor" under the Plan (iii) any party designated by Sponsor as the owner of an Unsold Residential Unit, (iv) the holder of a Permitted Mortgage given by a Sponsor or (v) the designee of a holder of such a Permitted Mortgage. An unsold Residential Unit shall retain its status and character as an Unsold Residential Unit until: (i) it is no longer owned by Sponsor or any Sponsor Successor; (ii) it is occupied by a Unit Owner or a Family Member of a Unit Owner; or (iii) it is conveyed to a bona fide Purchaser for occupancy by the Purchaser or by a Family Member of the Purchaser. Further, a Residential Unit that is conveyed to Sponsor by a Purchaser who has elected to rescind his purchase of the Unit and receive a refund of the Purchase Price paid for the Residential Unit as provided in the Plan shall thereupon once again become an Unsold Residential Unit.

"Unsold Unit" refers to any Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or its designee; a Unit that is acquired, individually or collectively, by a principal of Sponsor or a group of which Sponsor or one or more of the principals of any of them, is a member; or a Unit that is acquired, individually or collectively, by either the holder of a Permitted Mortgage given by Sponsor or the designee of a holder of such a Permitted Mortgage.

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

LOCATION AND AREA INFORMATION

Location:

The Property is located on the southerly side of Duane Street between Church Street and Broadway in Manhattan's "Tribeca" neighborhood. Within a few blocks of the Property are houses of worship, banks, schools, medical facilities, public transportation and a large variety of retail establishments including specialty food shops, art galleries, antique and furniture stores, clothing stores, boutiques and restaurants.

Zoning:

The Property lies in a C6-2A zoning district. The permitted as of right uses in a C6-2A zoning district are residential, commercial and community facilities.

The property's zoning is suitable for residential and commercial use. Please refer to the Description of the Property in Part II of the Plan for further details. Sponsor makes no representation that the zoning for the Property will not change.

Municipal Services:

Police, fire, medical, water and sanitation services will be provided by the City of New York. The public streets surrounding the Property will be maintained and cleaned of snow by the City of New York.

Transportation:

The surrounding area is well serviced by transportation facilities. Taxi and limousine services are readily available for travel throughout Manhattan. Public transportation (buses and subway) is also readily available. Three major airports, Kennedy International and La Guardia in New York, and Newark International in New Jersey, are located within 15 miles of the Property. The West Side Highway is approximately 2/3 mile west of the Property and the FDR Drive is approximately 1.5 miles east of the Property.

House of Worship:

There are houses of worship of most major denominations within three miles of the Property.

Medical:

Cabrini Medical Center, 227 East 19th Street, (212) 995-6000
Beth Israel Medical Center, 1st Avenue at 16th Street, (212) 420-2000

THIS PAGE INTENTIONALLY LEFT BLANK

Schedule A

PURCHASE PRICE AND UNIT INFORMATION
108-110 DUANE STREET, NEW YORK, NEW YORK

As of July 1, 2011
Projected First Year of Condominium Operation

											MONTHLY		
Unit (1)	Rent Status (2)	Accessory Uses (3)	Bedrooms/ Baths (3)	Unit Sq. Ft (4)	Basement or Terrace Area Sq. Ft (4)	Price To Eligible Tenants in Occupancy (5)	Purchase Price to Non-tenants (5)	Percentage of Condo Common Interest (6)	Residential Percent of Common Interest (6)	Comm'l Percent of Common Interest (6)	Estimated Common Charges (7)	Estimated Real Estate Taxes (8)	Total Estimated Carrying Charges
C-1				2226.00		Not For Sale	Not For Sale	2.594%	x	20.610%	$ 303.30	$ 663.92	$ 967.22
C-2				670.00		Not For Sale	Not For Sale	0.728%	x	5.780%	$ 85.06	$ 186.33	$ 271.39
1 Retail [East Store]				1807.00	1421.00	$ 1,860,000.00	$1,860,000.00	4.582%	x	36.410%	$ 535.82	$ 1,172.92	$ 1,708.74
2 Retail [West Store]				2572.00		$ 2,057,000.00	$2,057,000.00	4.682%	x	37.200%	$ 547.45	$ 1,198.25	$ 1,745.70
3 [second floor]	V		Open Loft	4000.14		$ 3,015,000	$ 3,350,000	11.948%	13.668%	x	$ 1,450.43	$ 2,530.70	$ 3,981.13
4 [3F]	M	L/ST	1/2	1949.00		$ 1,732,500	$ 2,049,000	5.997%	6.861%	x	$ 728.08	$ 1,270.35	$ 1,998.43
5 [3R]	M	ST	2/1	1886.14		$ 1,525,500	$ 1,695,000	5.806%	6.642%	x	$ 704.84	$ 1,229.80	$ 1,934.64
6 [4F]	RS		1/1	1095.46		$ 775,000	$ 825,000	3.372%	3.858%	x	$ 409.41	$ 714.33	$ 1,123.74
7 [4RE]	V		2/1	1347.00		$ 990,000	$ 1,100,000	3.981%	4.554%	x	$ 483.27	$ 843.20	$ 1,326.46
8 [4RW]	M		1/1	1265.00		$ 1,035,000	$ 1,150,000	3.914%	4.477%	x	$ 475.09	$ 828.94	$ 1,304.03
9 [5R]	RS	L/ST	2/1	1746.14		$ 1,305,000	$ 1,450,000	5.197%	5.945%	x	$ 630.88	$ 1,100.75	$ 1,731.62
10 [PH1]	M	T/L	2/2	2531.00	298.00	$ 3,615,000	$ 3,976,500	11.752%	13.445%	x	$ 1,426.77	$ 2,489.41	$ 3,916.18
11 [PH2]	M	T/L	3/2	2853.07	436.00	$ 4,117,000	$ 4,528,700	12.280%	14.048%	x	$ 1,490.76	$ 2,601.06	$ 4,091.82
12 [PH3N]	M	2T,L	3/2	2254.97	1181.00	$ 3,631,000	$ 3,994,100	11.515%	13.173%	x	$ 1,397.91	$ 2,439.05	$ 3,836.95
13 [PH3S]	V	2T, B	3/2	2297.07	1082.00	$ 3,158,000	$ 3,473,800	11.652%	13.329%	x	$ 1,414.46	$ 2,467.93	$ 3,882.39
Total				27603.99	4418.00	$ 28,816,000	$ 31,509,100	100.000%	100.000%	100.000%	$ 11,780.23	$ 21,736.92	$ 33,820.46

ST = Storage
B = Balcony
T = Terrace
L = Library/Study

M= Market
RS = Rent Stabilized
V = vacant

THIS PAGE INTENTIONALLY LEFT BLANK

FOOTNOTES TO SCHEDULE A

(1) Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. The actual layout of a Unit may have been altered. Each Unit should be inspected prior to purchase to determine its useable dimensions, layout and physical condition.

(2) A total of 11 Residential Units and 2 Commercial Units are being offered for sale under this Plan. As of August 1, 2010, 2 of the occupied Residential Units were rent stabilized (i.e., subject to the Rent Stabilization Law), 1 was vacant and the remaining Residential Units are not subject to government regulation as to rentals or continued occupancy. The Commercial Units are not rent stabilized, rent controlled or otherwise subject to governmental regulation as to rentals or continued occupancy.

NO REPRESENTATIONS OR WARRANTY IS MADE THAT THE EXISTING LAWS WILL REMAIN IN EFFECT OR UNCHANGED OR THAT THE RIGHTS OF NON-PURCHASING TENANTS WITH REGARD TO RENT AND OCCUPANCY RIGHTS UNDER THE APPLICABLE RENT LAWS WILL NOT CHANGE. NOTWITHSTANDING THE FOREGOING, THE RIGHTS GRANTED UNDER THE PLAN TO PURCHASERS AND NON-PURCHASING TENANTS MAY NOT BE ABROGATED OR REDUCED, NOTWITHSTANDING ANY EXPIRATION OF, OR AMENDMENT TO SECTION 352-eeee OF THE GBL.

(3) The number of rooms in each Unit set forth in Schedule A has been determined by Sponsor. Partitions (if any) constructed by tenants or other occupants to enclose a sleeping alcove or walls moved or removed by tenants or other occupants (including former tenants or former owners) have not been taken into consideration for purposes of these calculations. The number of rooms set forth on Schedule A may vary from the registration information on file at the DHCR.

(4) Square footages indicated are calculated from dimensions that are measured horizontally from the exterior side of the exterior walls (perimeter columns and perimeter mechanical pipes are not deducted) to the midpoint of the interior walls and partitions separating one Unit from another Unit, or to the midpoint of the interior walls and partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Element or Limited Common Element or to the opposite exterior side of the exterior walls of the Building, as the case may be.

Each Unit consists of the area measured vertically from the top of the floor slab below to the underside of the floor slab above. Floor Plans for each Unit appear as Document Number 4 in Part II of the Plan and Prospective purchasers should refer to the Floor Plans to ascertain the size and layout of any particular Unit. All square footages arc approximate and will vary from Unit to Unit of the same type. It should be noted that such square footages significantly exceed the actual usable floor areas, as to which Sponsor makes no representation. Purchasers are advised to measure their Units if they wish to determine actual the actual usable square footage.

(5) Each Eligible Tenant will have the exclusive right, during the Exclusive Purchase Period, to purchase his Unit for the Price to Eligible Tenants set forth in Schedule A. See the Section of the Plan entitled "Rights of Existing Tenants" for further discussion.

Sponsor has reserved the right to change the Purchase Price of any Unit from time to time in the manner set forth below, provided that the Purchase Prices to Eligible Tenants may not be increased during the Exclusive Purchase Period.

The Purchase Prices set forth in Schedule A will be decreased or increased by a duly filed amendment to the Plan when the change in price is (a) an across-the-board 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. Purchase Prices are negotiable. Accordingly, Sponsor may enter into a Purchase Agreement with a non-occupant Purchaser to sell a particular Unit at prices less than those set forth in Schedule A without filing an amendment beforehand.

In addition to the payment of the Purchase Price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of closing, including, but not limited to, legal fees, title insurance premiums, transfer taxes, mansion tax (if any), contributions to the working capital and reserve funds and recording charges. If Purchaser obtains a mortgage loan, Purchaser will also be responsible for the payment of additional closing costs and expenses relating to such loan. Finally, the apportionment of certain charges relating to the Unit at the time of the Closing of Title, such as taxes, Common Charges and utility costs, will be reflected as adjustments to the Purchase Price. See the Section of the Plan entitled "Unit Closing Costs and Adjustments."

(6) The Common Interest allocated to each Unit is based upon respective floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium. These allocations are made pursuant to the terms of Section 339-i(l)(iv) of the Condominium Act. The aggregate Common Interest of all Units equals one hundred percent (100%).

(7) These estimates were based upon Schedule B. which was prepared for the year July 1, 2011 to June 30, 2012. 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. Because of 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 fuel costs, utilities, maintenance and repairs, labor and other related expenses, will increase in the future.

In addition to these estimated charges, each Unit Owner will be responsible for paying: (i) the cost

of hot water, heat and cooking gas, which is separately metered for each Residential Unit and billed directly by Consolidated Edison; (ii) the cost of electricity, which will be separately sub-metered for each Residential Unit and billed directly by the Consolidated Edison; (iii) mortgage payments under any loan or loans obtained to finance the acquisition of his Unit; (iv) the cost of interior repairs to, and the maintenance, painting and decoration of, his Unit (including, without limitation, any equipment, appliances, flooring and windows contained therein); and (v) the cost of any insurance covering (a) furniture, wall coverings, belongings, equipment and other personal property and (b) liability to others for personal or property damage as a result of occurrences in his Unit. Purchasers who executed Storage Room License Agreements will also be responsible for paying a surcharge for the use of Storage Room.

(8) This projection is based upon the real estate taxation history of the Property:

2009/10	**Land**	**Total**
Actual:	$107,523	$702,702
Market Value:		$5,640,000

2010/11	**Land**	**Total**
Actual:	$328,420	$758,917
Market Value:		$6,840,000

The real estate tax projection is based on the following projected assessment:

2011/12	**Land**	**Total**
Actual:	$500,000	$3,000,000
Transitional:	$362,700	$2,007,100

Under present law, if there is an increase in the assessed valuation over the previous year, the new assessed valuation is not billed all at once to the taxpayer. The increase is phased in over five (5) consecutive tax years; 20% is phased in each year, beginning with the first year of the increase. During the initial four (4) years, the partial assessed valuations are termed "transitional" assessed valuations.

The tax assessments of condominium apartment buildings are governed by Section 581 of the Real Property Law. This law requires the tax assessor to disregard the condominium form of ownership in valuing such properties and to value the building in the same manner as similar but non-condominium owned, rental buildings. Thus, while the fact of conversion of the Building to condominium ownership will not automatically cause an increase in assessed value, the assessed valuation may increase in the future in accordance with New York City assessment practices.

The projection is based upon the following assumptions:

(a) The Units will be assessed in direct proportion to each Unit's percentage of Common

Interest;

(b) Separate tax lots will be established by the First Closing.

Property in New York City is reassessed on an annual basis. Although the actual assessed valuation and the tax rate are likely to increase, it is impossible to predict the amount of future increases in assessed valuation or future tax rates. Consequently, Sponsor has included an increase in the projection equal to recent historical increases to account for potential increases in the assessed valuation and the tax rate that may be in effect as of the commencement of the July 2011 tax year.

No warranty can be made as to (a) whether or not there will be a further increase or decrease in the assessed valuation of the Property or the applicable tax rate, or (b) the amount of any such increase or decrease, or (c) whether or not the real estate taxes may be allocated in a different manner *(e.g.,* in proportion to the Units' purchase prices, rather than their Common Interests, in which event owners of Residential Units having the same or similar Common Interests may pay different amounts of real estate taxes and the real estate taxes may differ from those set forth in Schedule A).

If on the date of the First Closing, the Units have not been separately assessed as independent tax lots, then until such time as the Units are separately assessed, the Condominium Board will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest.

After the Units are separately assessed as independent tax lots, each Unit will be taxed separately for real estate tax purposes, and each Unit Owner will be solely responsible for the payment of all real estate taxes on his Unit, but such Unit Owner will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units.

In the opinion of Sponsor's Counsel, the tax laws in effect on the date of this Plan generally permit an individual Residential Unit Owner who itemizes deductions on his tax returns to deduct from income for the purpose of federal, New York State and New York City income taxes, any real estate taxes and certain interest payments paid by such Residential Unit Owner on his Residential Unit. The amount of such income tax deductions, however, may vary in future years because of changes in the interest rate on the Residential Unit Owner's mortgage, if any, or changes in the allocation of constant debt service payments on such mortgage to interest and principal, or because of changes in the assessed value of such Residential Unit, the tax rate or the method of assessing real property. See the Sections of the Plan entitled "Income Tax Deductions to Unit Owners and Tax Status of Condominium" and "Opinion of Counsel" for further discussion.

No warranties or assurances are given that the Governmental Authorities involved will assess the Units in the manner stated above or that the law on which the same is based will not change. Potential purchasers should consult with their financial advisors before purchasing a Unit at this Property.

STORAGE ROOM PRICES

Schedule A -1

THE 108-110 DUANE STREET CONDOMINIUM

ROOM DESIGNATION	PRICE	MONTHLY FEES
Storage Room 1	$50,000.00	$ 100.00
Storage Room 2	$50,000.00	$ 100.00
Storage Room 3	$50,000.00	$ 100.00
Storage Room 4	$50,000.00	$ 100.00
Storage Room 5	$50,000.00	$ 100.00
Storage Room 6	$50,000.00	$ 100.00
Storage Room 7	$50,000.00	$ 100.00
Storage Room 8	$50,000.00	$ 100.00
Storage Room 9	$50,000.00	$ 100.00
Storage Room 10	$50,000.00	$ 100.00
Storage Room 11	$50,000.00	$ 100.00
TOTALS	$550,000.00	$ 1,100.00

Schedule B

108-110 Duane Street, New York, New York

Estimated Budget for the
First Full Year of Condominium Operation
Commencing July 1, 2011

Income:

Residential Common Charges (11 Units):		**$127,342.79** *		
Commercial Common Charges (4 Units):		**$17,659.67**		
Total Annual Common Charges:	**Note 1**	**$145,002.46**	**Monthly**	**$12,083.54**

Expenses:		**Total**	**Residential**	**Commercial**
Wages and Benefits:	Note 2	$ 24,000.00	90% $ 21,600.00	10% $ 2,400.00
Electricity:	Note 3	$ 11,350.00	90% $ 10,215.00	10% $ 1,135.00
Water and Sewer:	Note 4	$ 8,750.00	90% $ 7,875.00	10% $ 875.00
Repairs, Maintenance & Supplies:	Note 5	$ 25,000.00	85% $ 21,250.00	15% $ 3,750.00
Insurance:	Note 6	$ 38,188.46	85% $ 32,460.19	15% $ 5,728.27
Management:	Note 7	$ 12,000.00	90% $ 10,800.00	10% $ 1,200.00
Legal and Accounting:	Note 8	$ 6,000.00	90% $ 5,400.00	10% $ 600.00
Service Contracts:	Note 9	$ 7,714.00	90% $ 6,942.60	10% $ 771.40
Reserve for Contingencies:	Note 10	$ 12,000.00	90% $ 10,800.00	10% $ 1,200.00
Total Expenses:		**$ 145,002.46**	**$ 127,342.79**	**$ 17,659.67**

* When the Storage Rooms have been assigned and those monthly fees paid, the income therefrom [approximately $13,200 annually when all Storage rooms are licensed] will be applied to the Residential Common Charges, as the Storage Rooms are Residential Limited Common Elements.

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

August 12, 2010

GAS & ELECTRICAL ENERGY REPORT

108-110 Duane Street
7-story; 11-Unit Residential Building with Commercial Spaces
New York, NY

It is not possible to predict how closely the estimated figures will reflect the actual expenses for gas and electricity during the first year's operation since such expenses will vary with the occupancy rate, temperature set points in individual units, or fluctuations in fuel cost adjustments, State and City Surcharges and variations in annual climactic conditions. Adjustments have been made for inflation.

The attached are estimations of the energy calculation based on electric utility, water and sewer charges. The following parameters were used to determine same.

1. Indoor design temperature – 72 degrees F.
2. Winter outdoor design temperature – 15 degrees F.
3. Ground temperature – 50 degrees F.
4. Normal heating season of 5000 degrees day per year.
5. The efficiencies of gas fired boiler and hot water heater – 82%.
6. Insulation factors:
   a. Roof "R" value = 19
   b. Exterior Wall "R" value = 18
   c. Glass "R" value = 1.7
7. Each unit will have its' own gas meter for cooking, heating and domestic hot water.
8. Each unit will have its' own electric meter for lighting, appliances, laundry, etc.
9. There will be (1) electric meter for the vestibule, exterior lighting, stair lighting, and cellar for common spaces electric power.

Energy rate structure for electricity use is based on Con Edison Rate EL1 Residential.
Gas rate, as per National Grid

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

108-110 Duane Street
7-story; 11 –unit Residential Building with Commercial Spaces
New York, NY

WATER CHARGE & SEWER RENT

Water and Sewer Charges for the metered building are assessed by the City of New York based on the actual amount of usage. The City of New York currently charges $2.31 per hundred cubic feet of water (approximately 748 gallons). Charges for waste water and storm sewer services are billed at 159% of water charges. There will be one water meter servicing the entire building.

We estimate that daily water consumption will be about 200 gallons per apartment for an annual water consumption of:

11 apartments x 200 gallons x 365 days = 803,000 gallons = 1074HCF
1074 x $5.98 = $6,423.00 per year

Based on current combined water and sewer rates of $5.98 per HCF. This calculation incorporates inflation rates.

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

108-110 Duane Street

GAS USAGE

Typical calculations for units: Units: C3 – retail space 1807 sq. ft.

HEATING COST:
84MBH/hr x 8hrs/day x 30days/months x 7months = 1411 therms/yr
100 MBH/therm

1411therms/yr x $1.50/therm = $2,117.00 yr.

TOTAL GAS COST:	**$2,117.00**
Sales tax @ 4.5%	**$ 95.27**
TOTAL ANNUAL USAGE:	**$2,212.27 or $184.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

108-110 Duane Street

GAS USAGE

Typical calculations for units: Units: C4 – retail space 2572 sq. ft.

HEATING COST:
122MBH/hr x 8hrs/day x 30days/months x 7months = 2050 therms/yr
100MBH/therm

2050therms/yr x $1.50/therm = $3,075.00 yr.

TOTAL GAS USAGE:	**$3,075.00**
Sales Tax @ 4.5%	**$ 138.38**
TOTAL ANNUAL USAGE:	**$3,213.38 or $268.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

GAS USAGE

Typical calculations for units:
Units: 4F
1095.46 sq. ft.

HEATING COST:
53MBH/hr x 8hrs/day x 30days/months x 7months = 890 therms/yr
100 MBH/therm

890therms/yr x $1.50/therm = $1,335.00 yr.

DOMESTIC HOT WATER COST:
40MBH/hr x 3hr/day x 30days/months x 12 months = 432 therms/yr
100MBH/therm

432therms/yr x $1.50/therm = $648.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS COST:	**$2,172.00**
Sales tax @ 4.5%	**$ 97.74**
TOTAL ANNUAL USAGE:	**$2,269.74 or $189.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

GAS USAGE

Typical calculations for units:
Units: 4RE, 4RW
Ranging between 1,265 - 1347 sq. ft.

HEATING COST:
63MBH/hr x 8hrs/day x 30days/months x 7months = 1058 therms/yr
100 MBH/therm

1058therms/yr x $1.50/therm = $1,058.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS COST:	**$2,057.00**
Sales tax @ 4.5%	**$ 92.57**
TOTAL ANNUAL USAGE:	**$2,149.57 or $179.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

GAS USAGE

Typical calculations for units:
Units: 5R
1746 sq. ft.

HEATING COST:
84MBH/hr x 8hrs/day x 30days/months x 7months = 1411 therms/yr
100 MBH/therm

1411therms/yr x $1.50/therm = $1,411.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS COST:	**$2,410.00**
Sales tax @ 4.5%	**$ 108.45**
TOTAL ANNUAL USAGE:	**$2,518.45 or $210.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

GAS USAGE

Typical calculations for units:
Units: 3B, 3F
Ranging between 1886.4 – 1949 sq. ft.

HEATING COST:
92MBH/hr x 8hrs/day x 30days/months x 7months = 1546 therms/yr
100 MBH/therm

1546therms/yr x $1.50/therm = $1,546.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS COST:	**$2,545.00**
Sales tax @ 4.5%	**$ 114.53**
TOTAL ANNUAL USAGE:	**$2,659.53 or $222.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

GAS USAGE

Typical calculations for units:
PH3N, PH3S
Ranging between 2254.07 - 2297.07 sq. ft.

HEATING COST:
109MBH/hr x 8hrs/day x 30days/months x 7months = 1831 therms/yr
100MBH/therm

1831therms/yr x $1.50/therm = $2,747.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS USAGE:	**$3,746.00**
Sales Tax @ 4.5%	**$ 168.57**
TOTAL ANNUAL USAGE:	**$3,914.57 or $326.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

GAS USAGE

Typical calculations for units: PH1 2531 sq. ft.

HEATING COST:
122MBH/hr x 8hrs/day x 30days/months x 7months = 2050 therms/yr
100MBH/therm

2050therms/yr x $1.50/therm = $3,075.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS USAGE:	**$4,074.00**
Sales Tax @ 4.5%	**$ 183.33**
TOTAL ANNUAL USAGE:	**$4,257.33 or $355.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

108-110 Duane Street

GAS USAGE

Typical calculations for units: PH2 2853.07 sq. ft.

HEATING COST:
137MBH/hr x 8hrs/day x 30days/months x 7months = 2302 therms/yr
100MBH/therm

2302therms/yr x $1.50/therm = $3,453.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS USAGE:	**$4,452.00**
Sales Tax @ 4.5%	**$ 200.34**
TOTAL ANNUAL USAGE:	**$4,652.34 or $388.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

GAS USAGE

Typical calculations for units:
Unit: 2 - Open Loft
4000.14 sq. ft.

HEATING COST:
192MBH/hr x 8hrs/day x 30days/months x 7months = 3226 therms/yr
100MBH/therm

3226therms/yr x $1.50/therm = $4,839.00 yr.

DOMESTIC HOT WATER COST:
50MBH/hr x 3hr/day x 30days/months x 12 months = 540 therms/yr
100MBH/therm

540therms/yr x $1.50/therm = $810.00 yr.

COOKING COST:
35MBH/hr x 1hr/day x 30days/months x 12 months = 126 therms/yr
100MBH/therm

126therms/yr x $1.50/therm = $189.00 yr.

TOTAL GAS USAGE:	**$5,838.00**
Sales Tax @ 4.5%	**$ 262.71**
TOTAL ANNUAL USAGE:	**$6,100.71 or $508.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units:
Units: 4F
1095.46 sq. ft. **(no washer/dryer)**

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 3kw x 10hrs/day x 30days = 900 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Winter:	300kw/month x 7 months =	2100kw
Summer:	1200kw/month x 5 months =	6000kw
		8100kw

WINTER/SUMMER:
8100KW/HR X 30c/100 = $2,430.00

Total Winter and Summer: **$2,430.00**
Sales Tax @ 4.5% **$ 109.35**
TOTAL ANNUAL USAGE: **$2,539.35 or $212.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units:
Units: 4RE, 4RW
Ranging between 1,265-1347 sq. ft.

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 4kw x 10hrs/day x 30days = 1200 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	340kw/month x 7 months =	2380kw
Summer:	1540kw/month x 5 months =	7700kw
		10080kw

WINTER/SUMMER:
10080KW/HR X 30c/100 = $3,024.00

Total Winter and Summer: $3,024.00
Sales Tax @ 4.5% $ 136.08
TOTAL ANNUAL USAGE: $3,160.08 or $263.00 per month

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units: Units: 5R 1746 sq. ft. **(no washer/dryer)**

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 4.5kw x 10hrs/day x 30days = 1350 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Winter:	300kw/month x 7 months =	2100kw
Summer:	1650kw/month x 5 months =	8250kw
		10350kw

WINTER/SUMMER:
10350KW/HR X 30c/100 = $ 3,105.00

Total Winter and Summer: **$3,105.00**
Sales Tax @ 4.5% **$ 139.73**
TOTAL ANNUAL USAGE: **$3,244.73 or $270.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units: Units: 3B, 3F Ranging between 1886.4 – 1949 sq. ft.

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 6kw x 10hrs/day x 30days = 1800 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	340kw/month x 7 months =	2380kw
Summer:	2140kw/month x 5 months =	10700kw
		13080kw

WINTER/SUMMER:
13080KW/HR X 30c/100 = $3,924.00

Total Winter and Summer: **$3,924.00**
Sales Tax @ 4.5% **$ 176.58**
TOTAL ANNUAL USAGE: **$4,100.58 or $342.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units: PH3N, PH3S Ranging between 2254.07 - 2297.07 sq. ft.

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 6.5kw x 10hrs/day x 30days = 1950 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	340kw/month x 7 months =	2380kw
Summer:	2290kw/month x 5 months =	11450kw
		13830kw

WINTER/SUMMER:
13830KW/HR X 30c/100 = $4,149.00

Total Winter and Summer: **$4,149.00**
Sales Tax @ 4.5% **$ 186.71**
TOTAL ANNUAL USAGE: **$4,335.71 or $361.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units: PH1 2531 sq. ft.

Lighting: 0.5kw x 2hr/day x 30days = 30 kw/month

A/C Units: 7kw x 10hrs/day x 30days = 2100 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	340kw/month x 7 months =	2380kw
Summer:	2440kw/month x 5 months =	12200kw
		14580kw

WINTER/SUMMER:
14580KW/HR X 30c/100 = $4,374.00

Total Winter and Summer: $4,374.00
Sales Tax @ 4.5% $ 196.83
TOTAL ANNUAL USAGE: $4,570.83 or $381.00 per month

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units: PH2 2853.07 sq. ft.

Lighting: 1kw x 2hr/day x 30days = 60 kw/month

A/C Units: 7.5kw x 10hrs/day x 30days = 2250 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	370kw/month x 7 months =	2590kw
Summer:	2620kw/month x 5 months =	13100kw
		15690kw

WINTER/SUMMER:
15690KW/HR X 30c/100 = $ 4,152.00

Total Winter and Summer: **$4,707.00**
Sales Tax @ 4.5% **$ 211.82**
TOTAL ANNUAL USAGE: **$4,918.82 or $410.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

Typical calculations for units:
Unit: 2 - Open Loft
4000.14 sq. ft.

Lighting: 1.5kw x 2hr/day x 30days = 90 kw/month

A/C Units: 10kw x 10hrs/day x 30days = 3000 kw/month

Refrigerator: 1.5kw x 24hr/day x 30days x ¼ = 270 kw/month

Electric Dryers: 4kw x 10hr/month = 40kw/month

Winter:	400kw/month x 7 months =	2800kw
Summer:	3400kw/month x 5 months =	17000kw
		19800kw

WINTER/SUMMER:
19800KW/HR X 30c/100 = $7,920.00

Total Winter and Summer:	**$7,920.00**
Sales Tax @ 4.5%	**$ 356.40**
TOTAL ANNUAL USAGE:	**$8,276.40 or $690.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

ELECTRICAL USAGE

Typical calculations for units:
Units: C3 – **retail space**
1807 sq. ft.

Lighting: 2kw x 11hr/day x 30days = 660 kw/month

A/C Units: 6kw x 10hrs/day x 30days = 1800 kw/month

Electric Hot Water Heater: 3kw x 1hr/day x 30/days = 900 kw/month

Winter:	1560kw/month x 7 months =	10920kw
Summer:	3360kw/month x 5 months =	16800kw
		27720kw

WINTER/SUMMER:
27720KW/HR X 30c/100 = $8,316.00

Total Winter and Summer: **$8,316.00**
Sales Tax @ 4.5% **$ 374.22**
TOTAL ANNUAL USAGE: **$8,690.22 or $724.00 per month**

*** These costs may vary based on occupancy and use**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

ELECTRICAL USAGE

Typical calculations for units:
Unit: C4 – **retail space**
2572 sq. ft.

Lighting: 2.6kw x 11hr/day x 30days = 858 kw/month

A/C Units: 12kw x 10hrs/day x 30days = 3600 kw/month

Electric Hot Water Heater: 3kw x 1hr/day x 30/days = 900 kw/month

Winter:	1758kw/month x 7 months =	12306kw
Summer:	5358kw/month x 5 months =	26790kw
		39096kw

WINTER/SUMMER:
39096KW/HR X 30c/100 = $11,729.00

Total Winter and Summer: $11,729.00
Sales Tax @ 4.5% $ 527.81
TOTAL ANNUAL USAGE: $12,256.81 or $1,021.00 per month

*** These costs may vary based on occupancy and use**

Klein, Levin Associates

Engineers • Construction Consultants
HVAC • Electrical • Fire Protection Systems

COMMON CHARGES FOR UTILITY COST

ELECTRICAL USAGE:

Lighting Cost:
6000kw/yr @ $.30/kw = $1,800.00 per year.

Elevator:
(1) 20HP
15kw x 6hrs x 30days x .25 x 12months = 8100kw/year
8100kw/yr x $.30/kw = $2,430.00 per year

Booster Pump:
(1) 3HP booster pump
2.2kw x 12hrs x 30days x.75 x 12months = 7128kw/year
7128w/yr x $.30/kw = $2,138.00 per year

Electric Heaters:
(6) 2kw x 5hrs/day x 30days x 5months = 9000kw/year
9000kw x $.30/kw = $2,700.00 per year

Misc. Fans (corridor, elevator, toilets, kitchens)
2kw x 12hrs x 30days x.75 x 12months = 6480kw/year
6480w/yr x $.30/kw = $1,944.00 per year

TOTAL ELECTRICAL USAGE:	**$11,012.00**
Sales Tax @ 4.5%:	**$ 495.54**
TOTAL ANNUAL USAGE:	**$11,507.54 or $959.00 per month**

*** These costs may vary based on occupancy and us**

1839 Ocean Parkway, Brooklyn, New York 11223
TEL: (718) 339-9116 FAX: (718) 998-6362 E-MAIL: bklein@kleinlevin.com; blevin@kleinlevin.com

FOOTNOTES FOR SCHEDULE B

(1) Common Charges - The Condominium's projected expenses for the first year of operation were allocated between the Residential Units and the Commercial Units in accordance with the percentages set forth in Schedule B and the Condominium Declaration. The amounts allocated/apportioned among the Residential and Commercial Units are apportioned to each such unit in proportion to their percentage interest in the respective aggregate common elements for each of such Units (i.e., the combined aggregate of the Commercial common elements and the combined aggregate of the Residential common elements). The Common Charges projected herein are based upon estimated expenses for the twelve (12) month period commencing July 2011. The Sponsor will not declare the plan effective if there are any material changes to Schedule B until the changes are duly disclosed by an amendment to the offering plan.

If the date of commencement of Condominium operation is to be delayed by more than six (6) months from the projected budget in the Offering Plan, the Plan will be amended to include a revised budget disclosing the current projections. If such amended projections exceed the original projections by twenty-five (25%) percent or more, the sponsor will offer all Purchasers the right, within a reasonably defined period of time of not less than fifteen (15) days, to rescind their Purchase Agreements and have their deposits refunded.

(2) Wages and Benefits - The building will continue with its present staff which consists of one part-time non-resident employee who cleans and maintains the common areas, makes minor repairs and removes the trash for residents. The part time individual is not an employee but works as an independent contractor for the building, hence, no employment taxes are included in the budgeted figure. He is not a union member. . Workers compensation insurance is included in the budgeted insurance figure.

(3) Electricity - Includes common area electric to hallways and cellar and sub-cellar, the building's mechanical systems and elevator, but does not include the cost of electric to individual residential and commercial units that will be directly metered. The budgeted amount is based on the actual 2009 electric bills at the premises, with a 10% increase added thereon .All unit owners will be responsible for paying the electricity charges for their respective units, which are directly metered and billed by Con Edison. [See Schedule B-1, Estimated Energy Costs for projected individual unit charges].

(4) Water and Sewer - The budgeted amount is based on the actual 2009 water and sewer bills at the premises, with a 10% increase added thereon. There is one meter for the entire Building, hence the Residential Units will pay 90% of this cost and the Commercial Units will pay 10%.

(5) Repairs, Maintenance & Supplies - Includes normal repairs, maintenance and supplies with respect to common areas of the Building including lighting, lighting for stairways, maintenance and painting of entrances, roof and building structure, and all building supplies. No amount is included for items covered by construction warranties or for the cost of any major capital expenditure in the Building. The budgeted number does not include repairs, painting, maintenance or supplies for individual Units, which are the responsibility of the individual Unit Owners.

(6) Insurance - The budget number is projected on the basis of an estimate of insurance costs provided by Maximus Insurance Agency, Inc. The Residential and Commercial Units each pay for a portion for this coverage as set forth in Schedule B and the Declaration.

Commercial Package Policy Coverage		
Building All Risk:	$10,000,000	
Agreed Amount Replacement Cost		
Business Income	Included	
Boiler & Machinery	Included	
Employee Dishonesty		IncludedDeductible
	$10,000	
Flood:	$ 1,000,000	
Earthquake:	$ 1,000,000	
Crime and Fidelity:	$ 100,000	

Commercial General Liability Insurance
$1,000,000 per occurrence/ $2,000,000 aggregate
$1,000,000 / $2,000,000 Directors & Officers Liability
Umbrella: Included

Workers Compensation Insurance is included in the budgeted figure.

The insurance figures provided are adequate and acceptable to the insurance carrier in order to provide an Agreed Amount Replacement Cost which meets co-insurance requirements. In order to safeguard the investment of its Unit Owners in the event of a substantial or total destruction of the Building, the Condominium should periodically review the amount of casualty insurance for the Building to insure that the amount of coverage equals its then estimated replacement cost.

Unit Owners must obtain insurance at their own cost to cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements, and liability coverage for occurrences within the Unit.

(7) Management Fee - This figure is based on an agreement with Code Red, 299 Broadway, Suite 716, New York, New York 10007 (affiliated with a principal of the Sponsor). Management shall commence upon the conveyance of title by the Sponsor of the first Unit in the Condominium. The Residential and Commercial Units each pay a portion of this expense based on the expected time necessary to manage them. This 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.

(8) Legal and Accounting - All Condominium Unit Owners are entitled to receive, at the Condominium's expense, an annual audited statement prepared by an independent certified public accountant. We have calculated this figure from a quote of $5,000 for the audited financial statements from Schreck and Company, CPA, P.C., and further estimated $1,000 for miscellaneous legal services. The Residential and Commercial Units each pay for a portion for this expense based on the expected time necessary with respect to such units.

(9) Service Contracts - The annual service contracts are expected to be:

(1)	Major Elevator Corp.:	$2,700	$225/elevator per month to maintain the elevator
(2)	Bay Mechanical:	$5,014	Service and Maintenance on UNIT HVAC
		$7,714	Annual Costs

(10) Miscellaneous /Contingencies - Includes exterminating, city permits and filing fees. This figure is also intended to provide for any unanticipated expenses and used at the discretion of the Board of Managers elected by the Unit Owners. The reserve for contingencies has been calculated on the basis of approximately 8% of the sum of all operating expenses to cover unanticipated cost increases and possible omitted items. In the event that the actual first year of operation of the Condominium begins later than the projected commencement date of July 1, 2011 as shown on this schedule, the additional operating costs could substantially exceed this amount. The Reserve for Contingencies does not include a reserve for major capital replacements, for which no provision is made under this budget.

The Mazursky Group, inc.
Real Estate Tax Consultants and Appraisers

May 18, 2011

108-110 Duane Street Corp.
299 Broadway, Suite #716
New York, N.Y. 10007
Attention: Mr. Michael Maidan

Re: 108-110 Duane Street
New York, New York

Dear Sir:

My firm was asked to apportion the percentage of common interest allocated to each unit as shown on Schedule A in the Offering Plan of the above-referenced property. In accordance with Real Property Law Section 339 (i)(1)(iv), the percentage interest in the Common Elements allocated to each unit has been determined upon the floor space subject to the location of such space and additional factors of relative value to other spaces 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 percentages of common interest are as follows:

Unit	Percentage of Common Interest	Residential Percentage of Common Interest	Commercial Percentage of Common Interest
C-2	0.728%	X	5.78%
C-1	2.594%	X	20.61%
1 Retail	4.582%	X	36.41%
2 Retail	4.682%	X	37.20%
3	11.948%	13.668%	X
4 (3F)	5.997%	6.861%	X
5 (3R)	5.806%	6.642%	X
6 (4F)	3.372%	3.858%	X
7 (4RE)	3.981%	4.554%	X

8 (4RW)	3.914%	4.477%	X
9 (5R)	5.197%	5.945%	X
10 (PH1)	11.752%	13.445%	X
11 (PH2)	12.280%	14.048%	X
12 (PH3N)	11.515%	13.173%	X
13 (PH3S)	11.652%	13.329%	X
Total	100.000%	100.000%	100.00%

In our opinion, therefore, the allocation of the percentage of Interest in the common elements in the land and building at the above referenced property, attributable to each unit, conforms to Section 339(i)(1)(iv) of the Real Property Law.

The opinion expressed herein is based upon my many years of experience as an assessor for the City of New York and as a tax consultant and licensed real estate appraiser. I certify that my firm is not owned or controlled by and has no beneficial interest in the sponsor of the Plan.

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

Very truly yours,

Jerome Mazursky

COMMERCIAL UNITS

The Condominium will initially include two (2) Commercial Retail Units which are being offered for sale under this Plan and two (2) Storage Units which are not being offered for sale. It is expected that the present tenant of C-3 will vacate the premises before the unit is sold. If the tenant occupying C-4 does not purchase the unit, a purchaser of such unit will take title subject to the terms of that commercial lease, the terms of which may be reviewed at the office of sponsor's counsel.

The Commercial Units may be used for any lawful purposes, including, without limitation, department and other retail stores, theaters, banks, restaurants and commercial and professional offices, studios and storage space. The Commercial Units are currently occupied under the following lease arrangements:

Tenant		**Lease Expiration Date**
C-3 Retail	Fraternal Business Service, Inc.	[presently a monthly tenancy]
C-4 Retail	Z Tribeca, LLC	August 31, 2014

The Condominium Board will have no right to restrict or limit the method of operation, use or appearance of any Commercial Unit which are permitted by Law. No rules affecting the operation of the Commercial Units may be adopted or modified by the Condominium Board without the consent of the Commercial Unit Owners. Notwithstanding the foregoing, if the insurance premiums for the Condominium are increased as the result of a particular use of a Commercial Unit, the Commercial Unit Owner of said Unit shall be responsible for such increase in premium. All or any part of each Commercial Units may be leased or subleased by the Commercial Unit Owner, all as more fully set forth in the Declaration. The Commercial Units may be sold without prior notice. The Residential Unit Owners, other than Sponsor, will have no interest in the rents, profits or revenues from the rental or use of any of the Commercial Units.

A commercial Unit Owner has certain special rights under the Declaration, including, but not limited to, (i) the right to make certain alterations, additions and improvements to his Commercial Unit and subdivide such Commercial Unit into any number of Commercial Units from time to time without the consent the Condominium Board; (ii) an easement of ingress and egress through certain Common Elements; (ii) an easement for the installation, maintenance, repair and replacement of canopies, awnings and signs and the right to alter the existing facades and any store fronts appurtenant to such Unit without the consent of the Condominium Board; and (iv) an easement for the installation, maintenance, repair and replacement of satellite dishes and similar equipment on the roof of the Building and elsewhere on the Common Elements, other than those portions of the roof that constitute Residential Common Elements or Residential Limited Common Elements, without the consent of the Condominium Board. Each of the foregoing easements, which are more particularly described in the Declaration, shall be exercised in such a manner as to not unreasonably disrupt the use by other Unit Owners of their respective Units. See the Section of the Plan entitled "Rights and Obligations of Unit Owners and Board of Managers."

No representation is made with respect to the continued ownership by Sponsor of all or any portion of the Commercial Units or as to who the tenants or occupants of any portion of the Commercial Units may be, at any time, or as to the uses to which any portion of the Commercial Units may be put at any time (except that the Commercial Units may be used for any lawful purpose), and no assurance is given that such tenants, occupants or uses will not be objectionable to Residential Unit Owners or other parties.

The basis for projecting the share of expenses attributable to the Commercial Units is the Common Interest of such Units except that, as described below and in Schedule B, the Commercial Unit Owners share these costs based upon estimated usage.

According to the opinion of T. George Realty, the Common Charges projected to be payable by the owners of the Commercial Units are adequate to cover the Common Expenses fairly attributable to those Units.

The Declaration and By-Laws authorize the special allocation and apportionment of profit and expenses or specific expense item based on special or exclusive use or availability or exclusive control of particular Units or Common Elements. Any dispute regarding such allocation or apportionment shall be resolved by arbitration in accordance with the By-Laws, which provides for the arbitration to be conducted before one arbitrator in New York City by the American Arbitration Association.

The Commercial Unit Owners have the right to freely sell their respective Units, or to freely lease all or part of the Commercial Units, as the case may be, without having to first offer the same for sale or lease to any Board.

Commercial Unit Owners and their tenants, successors and assigns shall have an easement to erect, maintain, repair and replace from time to time, lights and lighting fixtures on the Common Elements of the Condominium.

The Condominium Board, at the request of Sponsor or a Commercial Unit Owner, will enter into an agreement with any tenant with which Sponsor or a Commercial Unit Owner or its designee has entered into a lease for all or any part of the Commercial Unit. Under the terms of the agreement, the tenant will acknowledge that the lease is subject and subordinate to the Declaration and the Boards will agree that so long as there is no event of default under said lease, as would entitle Sponsor or a Commercial Unit Owner or any successor landlord under the lease to terminate the lease or dispossess the tenant thereunder, the tenant shall not be named or joined in any action or proceeding to foreclose the Board's lien on a Commercial Unit for Common Charges or any other sums of any sort, and the Board shall agree that the lease shall not be terminated nor shall the tenant's use, possession, or enjoyment of the Commercial Unit in question be interfered with, nor shall the leasehold estate granted by the lease be affected in any manner, nor shall any of the rights of the tenant granted under the lease be affected in any manner, in any foreclosure or other action or proceeding instituted under or in connection with such lien or in the exercise of any rights of the Boards, or, in case any Board takes possession of a Commercial Unit pursuant to any provision of the Declaration or By-Laws, or otherwise; provided however that if any Board or any other party succeeds to the interests of Sponsor or a Commercial Unit Owner under the lease the tenant will agree to be bound to such Board or party under all of the terms, covenants and conditions of the lease and the tenant will attorn to such Board or party as its landlord.

The Board will also be required to cooperate with a Commercial Unit Owner in connection with the sale, leasing or mortgaging of a commercial unit. Such cooperation shall include the execution and delivery by the Board, without charge to the Commercial Unit Owner, of such documents as may reasonably or customarily be required in connection with the sale, leasing or mortgaging of a Commercial Unit.

CHANGES IN PRICES AND UNITS

Changes in Price and Terms of Sale

Sponsor reserves the right to change the Purchase Price, the manner of payment thereof and any other term of sale of any Unit, at any time and from time to time, both before and after the recording of the Declaration, without prior notice or prior amendment to the Plan, except as set forth below, and without the consent or approval of the Selling Agent, the Managing Agent, the Condominium Board, any Unit Owner, any mortgagee or any other party.

Changes in the Purchase Prices set forth in Schedule A will be made pursuant to a duly filed amendment to the Plan when such change in price is (a) an across-the-board increase or decrease affecting one or more lines of Units or Unit models, or (b) is to be advertised, or (c) is a price increase for an individual Unit. As set forth in the Footnotes to Schedule A, Purchase Prices are negotiable and, unless it would constitute a prohibited discriminatory inducement, Sponsor may enter into an agreement with an individual Purchaser to sell one or more Units at prices lower than those set forth in Schedule A without filing an amendment.

During the Exclusive Purchase Period, the Purchase Prices to be paid by Eligible Tenants as set forth in Schedule A of the Plan will not be increased.

If Sponsor changes the Purchase Price of one or more Units, the Purchaser of such Unit may pay, or may have paid, more or less than other Purchasers of comparable Units having the same Common Interest. Such a price change, however, will not alter the Common Interest of, or the amount of the Common Charges payable by, the owners of Units.

Changes in Size. Layout and Number of Residential Units

Except to the extent prohibited by law, Sponsor shall have the right, without the vote or consent of the Board, other Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions or improvements to any Unsold Residential Units; (b) change the use (subject to the By-Laws and provided that such use is permitted by law and does not violate the then-existing certificate of occupancy covering such Unsold Residential Unit or any other governmental regulations) or layout of, or number of rooms in, any Unsold Residential Units from time to time; (c) change the size and/or number of Unsold Residential Units by subdividing one or more Unsold Residential Units into two or more separate Residential Units; by combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Residential Units; by converting a Residential Unit or any portion thereof to a Residential Common Element, a Residential Limited Common Element, a Commercial Unit, a Commercial Common Element or a Commercial Limited Common Element; or by altering the boundary walls between any Unsold Residential Units, or otherwise, including incorporating into an Unsold Residential Unit those Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Residential Unit) that exclusively benefit such Unsold Residential Unit; (d) designate a General Common Element, a Residential Common Element, a Residential Limited Common Element, a Commercial Common Element or a Commercial Limited Common Element as part of a newly created Residential Unit, Residential Common Element, Residential Limited Common Element, Commercial Unit, Commercial Common Element or Commercial Limited Common Element, or designate all or part of a Residential Unit as a newly created Commercial Unit, Residential Common Element, Residential Limited Common Element, Commercial Common Element or Commercial Limited Common Element; and (e) if appropriate, reapportion among the Unsold Residential Units affected by such change in size, use or number pursuant to the preceding clauses (b) and (c) their percentage interests in the Common Elements; provided, however, that (i) the percentage interest in the Common Elements of any other Residential Units (other than Unsold Residential Units) shall not be changed by reason thereof unless the owners of such Residential Units shall consent thereto; (ii) Sponsor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom; and (iii) the soundness or structural integrity of any part of the Building or the safety of any Unit Owner, tenant or

other Person shall not be jeopardized by reason thereof. No reapportionment of the interests in the Common Elements appurtenant to any sold Residential Units shall be made by Sponsor unless, in addition to obtaining the consent of the owners of such Residential Units, Sponsor first delivers to the Board a written certification stating that the percentage interests of the respective Units in the Common Elements immediately after such reapportionment, will be based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

Such rights may be exercised by Sponsor from time to time, both before and after the recording of the Declaration, without the consent or approval of the Selling Agent, the Managing Agent, the Board, any Unit Owner, any mortgagee or any other party. Sponsor, however, will first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by Applicable Law. In addition, if a Purchase Agreement for a Residential Unit has been executed by the Purchaser and delivered to and accepted by Sponsor and the Purchaser thereunder is not in default, Sponsor will not materially change the size or layout of such Residential Unit or the percentage of its Common Interest without the written consent of such Purchaser. Further, Sponsor will not cause any material change to be made in the size or any material adverse change to be made in the quality of the Common Elements unless Purchasers who are not then in default under their Purchase Agreements are given the right to rescind their Purchase Agreements and a period of at least fifteen (15) days from the Presentation Date of the amendment in which such right is set forth within which to exercise such right. If a Purchaser exercises such right to rescind his Purchase Agreement as provided above, Sponsor will promptly return any Down Payment that is being held, with interest, if any.

It should be noted that as long as the layout and dimensions of a Residential Unit materially conform to the Floor Plans, subject to minor inaccuracies, a Purchaser will not be excused from purchasing his Residential Unit for such reason and will not have any claim against Sponsor as a result of such deviation.

If Sponsor changes the size or number of Unsold Residential Units, Sponsor may, but need not, increase or decrease the Common Interests appurtenant thereto accordingly. The aggregate amount of the Common Interests of all the Units, however, will always remain at 100%. As a result of any reapportionment of the Common Interests appurtenant to Unsold Residential Units, the amount of the Common Charges and the real estate taxes and assessments payable by the owners of the Unsold Residential Units affected thereby will be increased or decreased proportionately, but the amount of the Common Charges and the real estate taxes and assessments payable by the owners of Units unaffected thereby will not vary.

The Plan and, when applicable, the Declaration will be amended to reflect any change in the size or number of Residential Units or their respective Common Interests, or any material change in the size or quality of the Common Elements; however, the layout and number of rooms in Unsold Residential Units may be changed without prior notice or amendment of this Plan.

Once the Declaration is recorded, any change in (i) the number of Units; (ii) the number of rooms within a Residential Unit; (iii) the size of any Unit resulting from a subdivision or combination or alteration of boundary walls as aforesaid, or otherwise; or (iv) the Common Interest of any Unit, shall be reflected in a duly recorded amendment to the Declaration to the extent required by law. As more particularly provided in the Declaration, Sponsor, as the owner of an Unsold Residential Unit, will have the right itself to so amend the Declaration to effectuate such change, without the Board, any other Unit Owners, any mortgagee or any other party consenting to or executing such amendment. No change in a Unit's Common Interest will be made, however, without the prior written consent of the owner of such Unit having been obtained.

To the extent permitted by Applicable Law, if the size or configuration of a Unit is changed in compliance with the Plan and the Condominium Documents and, in connection therewith, a wall, space or other area forming a part of the Common Elements servicing and benefiting only such Unit is razed or

incorporated in the Unit, then such Common Element shall be deemed for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

Changes to the Commercial Unit

Except to the extent prohibited by law, a Commercial Unit Owner shall have the right, subject to the approval of the Condominium Board, which shall not be unreasonably withheld, but without the vote or consent of the other Unit Owners or the Mortgage Representatives, if any, to: (1) decorate or make alterations, additions or improvements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, in, to and upon the Commercial Unit Owner's Commercial Unit; (2) change the layout or number of rooms in such Commercial Unit from time to time; (3) change such Commercial Unit by subdividing the same into any desired number of Commercial Units [or if permitted by Law, into a Residential Unit], combining any Commercial Unit or altering the boundary walls between any Commercial Unit resulting therefrom; (4) designate a Commercial Common Element or Commercial Limited Common Element as part of a newly created Commercial Unit, or designate all or part of a Commercial Unit as a newly created Commercial Common Element or a Commercial Limited Common Element, (5) reapportion among the newly created Commercial Unit resulting from any subdivision, combination or otherwise, their percentage interests in the Common Elements, which such reapportionment shall be based upon floor space, subject to the location of such space, the 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, and provided further that in no case may such reapportionment result in a greater percentage of Common Interest for the total of the new Commercial Unit than existed for the original Commercial Unit; and (6) change, alter or modify the facade and exterior portion of a Commercial Unit; provided, however, that (i) such Commercial Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board and all other Unit Owners harmless from any liability arising therefrom, (ii) the soundness or structural integrity of any part of the Building or the safety of any Unit Owner, tenant or other Person shall not be jeopardized by reason thereof, and (iii) the percentage interest in the Common Elements of any portion of any Commercial Unit owned by another shall not be changed by reason thereof unless the owner of such Commercial Unit shall consent thereto. Notwithstanding the foregoing, the approval of the Condominium Board shall not be required for any of the foregoing actions with respect to a Commercial Unit that is owned by Sponsor or any Sponsor Successor. No reapportionment of the interests in the Common Elements appurtenant to any Commercial Unit shall be made unless there is first delivered to the Board a written certification stating that the percentage interests of the respective Units in the Common Elements immediately after such reapportionment, will be based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit. Such change in size an/or number shall be reflected in a duly recorded amendment to the Declaration, and any such changes shall be made in compliance with Applicable Law. Under no circumstances will the Common Interest of any Residential Unit be changed as a result of any such subdivision without the consent of all Residential Unit Owners.

108-110 DUANE STREET CORP.

FINANCIAL STATEMENTS - INCOME TAX BASIS

AS OF

DECEMBER 31, 2009

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schreck and Company
Certified Public Accountants, P.C.

108-110 DUANE STREET CORP.
TABLE OF CONTENTS
DECEMBER 31, 2009

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS - INCOME TAX BASIS	
Statement of assets, liabilities and stockholder's deficiency	2
Statement of revenues and expenses	3
Statement of changes in accumulated deficit	4
Notes to financial statements	5-11
SUPPLEMENTARY INFORMATION	
Report of Independent Certified Public Accountants on Supplementary Information	12
Schedule I - Utilities	13
Schedule II - Building maintenance, repairs and services	13
Schedule III - Administrative	13

Schreck and Company
Certified Public Accountants, P.C.

520 Eighth Avenue - 18th Floor
New York, New York 10018

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholder of
108-110 Duane Street Corp.
(a New York corporation)

We have audited the accompanying statement of assets, liabilities and stockholder's deficiency -income tax basis of 108-110 Duane Street Corp. (a New York corporation) as of December 31, 2009, and the related statement of revenues and expenses-income tax basis and statement of changes in accumulated deficit-income tax basis for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 2, these financial statements have been prepared on the basis of accounting the Company uses for federal income tax purposes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and stockholder's deficiency of 108-110 Duane Street Corp. as of December 31, 2009 and the results of its operations for the year then ended in conformity with the income tax basis of accounting in the United States of America as disclosed in Note 2 of the financial statements.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
July 2, 2010

108-110 DUANE STREET CORP.
STATEMENT OF ASSETS, LIABILITIES AND
STOCKHOLDER'S DEFICIENCY-INCOME TAX BASIS
DECEMBER 31, 2009

ASSETS

Real estate, net (Notes 2, 3, 8 and 9)	$4,777,822
Escrow	24,900
Loans receivable, affiliates (Note 4)	2,973,756
Loans receivable, other (Note 5)	105,115
Loans receivable, stockholder (Note 6)	1,099,396
Deferred mortgage costs, net of accumulated amortization of $197,911 (Notes 2 and 7)	217,765
Other assets	15,400
TOTAL ASSETS	$9,214,154

LIABILITIES AND STOCKHOLDER'S DEFICIENCY

Mortgage notes payable (Note 8)		$9,451,570
Mortgage notes payable, others (Note 9)		498,000
Cash overdraft (Note 2)		612
Tenants' security deposits (Note 2)		156,343
Loans payable, others (Note 10)		160,000
Escrow payable		31,522
Total Liabilities		10,298,047
Common stock, no par value		
Authorized, 200 shares Issued and outstanding, 100 shares	$ 10,000	
Accumulated deficit	(1,093,893)	
STOCKHOLDER'S DEFICIENCY		(1,083,893)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIENCY		$ 9,214,154

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
STATEMENT REVENUES AND EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Revenues	
Rental Income	$1,089,821
Operating expenses	
Interest expense	496,757
Real estate taxes	93,045
Utilities	18,317
Building maintenance, repairs and services	73,460
Insurance	35,853
Management fees	52,000
Administrative	10,156
Total operating expenses	779,588
Excess of revenues over expenses from rental operations before other expenses	310,233
Other expenses:	
Depreciation	239,710
Amortization	46,861
Total other expenses	286,571
EXCESS OF REVENUES OVER EXPENSES	$ 23,662

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
STATEMENT OF CHANGES IN ACCUMULATED DEFICIT -
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Accumulated deficit at beginning of year	$(1,117,555)
Excess of revenues over expenses	23,662
Accumulated deficit at end of year	$(1,093,893)

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
NOTES TO FINANCIAL STATEMENTS - INCOME TAX BASIS
DECEMBER 31, 2009

Note 1 - Description of Business

108-110 Duane Street Corp. (the "Company") is a corporation formed pursuant to the laws of the State of New York. The purpose of the Company is to own and operate the 108-110 Duane Street property located in New York.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements have been prepared on the cash method used for income tax purposes in the United States of America. Although income tax rules are used to determine the timing of the reporting revenues and expenses, certain non-taxable revenues and certain non-deductible expenses are reflected in the determination of the accompanying financial statements.

Cash and Cash Equivalents
Cash and cash equivalents consist of a checking account with a financial institution located in New York. The Company considers all highly liquid investments that are both readily convertible into known amounts of cash and have maturities of three months or less and present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. The Company has not experienced any losses in such accounts, and management does not believe that the Company is exposed to any significant credit risk related to cash.

Tenant Security Deposits
Tenants' security deposits consist of amounts due to tenants for rent and other charges, if applicable, and are recorded according to the terms of their leases. Tenants' security deposits do not bear interest. The Company holds tenant security deposits as collateral for tenant accounts receivables.

Real Estate, Net
Real estate is recorded at cost. Depreciation is provided over the estimated useful lives of the assets, utilizing the Modified Accelerated Cost Recovery System (MACRS). Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. When depreciable assets are sold or otherwise retired from service, their cost and related accumulated depreciation will be removed from the accounts and any resulting gain or loss is reflected in the results of operations.

Deferred Costs, Net
Deferred mortgage costs are being amortized over the terms of the mortgages payable.

Note 2 - Summary of Significant Accounting Policies (Continued)

Variable Interest Entities

The Company has various unconsolidated affiliated entities under common control. The Company evaluates these entities in accordance with the Financial Accounting Standards Board ("FASB") Interpretation No. 46 "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51," as amended by FASB Interpretation No. 46R (collectively referred to as "FIN 46"). Pursuant to FIN 46, an enterprise that absorbs a majority of the expected losses or receives a majority of the expected residual returns of a variable interest entity ("VIE") is considered to be the primary beneficiary and must consolidate the VIE. A VIE is an entity with insufficient equity investment or in which the equity investors lack some of the characteristics of a controlling financial interest. These VIEs are not consolidated by the Company because management has determined that the Company is not the primary beneficiary of these VIEs based upon the framework of FIN 46.

Income Taxes

The Company is subject to Federal, New York State and New York City income taxes on the excess of revenues over expenses.

The Company has Federal, New York State and New York City net operating loss carryforwards to 2009 in the amounts of $1,112,183, $1,107,870 and $1,104,970, respectively.

The Company adopted the provisions of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes, (FIN 48) for the year ended December 31, 2009. The impact of adoption was not material to the Company's financial position, results of operations or cash flows. Effective with it adoption of FIN 48, the Company recognizes the financial statement effect of a tax position only when management believes that it is more likely than not, that based on the technical merits, the position will be sustained upon examination.

Concentration of Credit Risk

Statement of Financial Accounting Standards No. 105 indicates that trade accounts receivable potentially expose the Company to concentrations of credit risk.

The Company's customer base consists primarily of various individual and commercial customers located in New York City. Although the Company is directly affected by the well being of these tenants, management does not believe significant credit risk exists at December 31, 2009.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage limit. Cash and cash equivalent accounts did not exceed federally insured limits at December 31, 2009.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurement

On January 1, 2009 the Company adopted the authoritative guidance on fair value measurement for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Adoption of the new guidance did no have a material impact on the Company's financial statements.

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that established the FASB Standards Accounting Codification ("Codification") as the source of authoritative GAAP recognized by the FASB to be applied to all nongovernmental entities. The Codification supersedes all the existing accounting and reporting standards applicable to privately held companies upon its effective date and, subsequently, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The guidance is not intended to change or alter existing GAAP. The guidance became effective for the Company for the year ended December 31, 2009.

The guidance did not have an impact on the Company's financial position, results of operations or cash flows. All references to previous numbering of FASB statements, FASB Staff Positions or Emerging Issues Task Force Abstracts have been removed from the financial statements and accompanying notes.

Subsequent Events

In May 2009, the FASB issued guidance related to subsequent events, which was primarily codified into FASB ASC 855, Subsequent Events. This guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, the guidance sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

ASC 855 is effective for interim or annual periods ending June 15, 2009, and is to be applied prospectively. The Company adopted ASC 855 as of December 31, 2009. The Company has evaluated all events or transactions that occurred after December 31, 2009, up through the date that the financial statements were available to be issued on July 2, 2010.

On May 26, 2010, the Company transferred its real property to 108-110 Duane LLC, a newly formed entity.

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting in the United States of America requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. Accordingly, actual results could differ from those estimates.

Note 3 - Real Estate, net

Real estate, at cost, is comprised of the following:

	Depreciable Period	
Land		$ 185,000
Building and improvements	27.5	6,336,309
Equipment and furniture	7.0	93,056
		6,614,365
Less: accumulated depreciation		(1,836,543)
		$ 4,777,822

Depreciation on property, included in the results of operations, amounted to $239,710 for 2009.

Note 4 - Receivable, Affiliates

Loans receivable, affiliates are unsecured, non-interest bearing and payable upon demand. Loans receivable, affiliates consists of amounts due from the following:

Grand Avenue Building Corp	$2,014,498
Grand Avenue Building II LLC	108,750
511 Grand LLC	265,800
Code Red Ltd.	274,200
West 43nd St Realty LLC	114,233
West 79th Street Realty LLC	196,275
	$2,973,756

Note 5 - Loans Receivable, Other

Loans receivable, other are unsecured, non-interest bearing and payable upon demand. Loans receivable, other consists of amounts due from a non related entity.

Note 6 - Loan Receivable, Stockholder

Loans receivable, stockholder are unsecured, non-interest bearing and payable upon demand.

Note 7 - Deferred Mortgage Costs

Deferred costs consist of the following:

	Amortizable Period 60-360 Months	
Deferred mortgage costs		$ 415,676
Less: Accumulated amortization		(197,911)
		$ 217,765

Amortization of deferred mortgage costs, included in the results of operations, amounted to $46,861 for 2009.

Note 8 - Mortgage Notes Payable

Mortgage notes payable are due in monthly installments totaling $61,432 inclusive of interest at rates ranging from 5.798% to 6.393% per annum with the latest maturing in April, 2038.

Annual maturities of mortgage notes payable are as follows:

Year ending December 31:	
2010	$6,562,000
2011	1,250,217
2012	31,063
2013	33,108
2014	35,287
Subsequent to 2014	1,539,895
Total annual payments	$9,451,570

Mortgage notes payable are secured by real property referred to in Note 3.

On May 26, 2010, the Company transferred its real property to 108-110 Duane LLC. The existing mortgage notes payable on the property were repaid as of that date and a new debt structure was put into effect in the entity.

Note 9 - Mortgage Notes Payable, Others

Mortgage notes payable, others bear interest at rates ranging from 11% to 14% per annum and mature in January 2010

Mortgage notes payable, others are secured by real property referred to in Note 3.

Note 10 - Loans Payable, Others

Loans payable, others are unsecured, non-interest bearing and payable upon demand.

Note 11 - Fair Value Measurements

The Company's fair value measurements are classified into one of three categories as follows based on the measurement inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Note 11 - Fair Value Measurements (Continued)

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals or current market) and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Schreck and Company
Certified Public Accountants, P.C.

520 Eighth Avenue - 18th Floor
New York, New York 10018

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholder of
108-110 Duane Street Corp.
(A New York corporation)

Our report on our audit of the basic financial statements of 108-110 Duane Street Corp. as of December 31, 2009 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules for the property located at 108-110 Duane Street are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
July 2, 2010

108-110 DUANE STREET CORP.
(a New York corporation)
SUPPLEMENTARY SCHEDULES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Schedule I - Utilities:

Electric and gas	$ 11,198
Water and sewer	7,119
	$ 18,317

Schedule II - Building maintenance, repairs and services:

Repairs and maintenance	$ 17,530
Outside services	20,400
Super	24,448
Security and protection	986
Sprinkler	734
Elevator	8,562
Exterminating	800
	$ 73,460

Schedule III - Administrative:

Bank charges	$ 929
Office expenses	2,304
Telephone	1,836
Supplies	393
State and local corporate taxes	3,659
Contributions	500
Other expenses	535
	$ 10,156

See accountants' report on supplementary information.

108-110 DUANE STREET CORP.

FINANCIAL STATEMENTS - INCOME TAX BASIS

AS OF

DECEMBER 31, 2008

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schreck and Company
Certified Public Accountants, P.C.

108-110 DUANE STREET CORP.
TABLE OF CONTENTS
DECEMBER 31, 2008

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS - INCOME TAX BASIS	
Statement of assets, liabilities and stockholder's deficiency	2
Statement of revenues and expenses	3
Statement of changes in accumulated deficit	4
Notes to financial statements	5-9
SUPPLEMENTARY INFORMATION	
Report of Independent Certified Public Accountants on Supplementary Information	10
Schedule I - Utilities	11
Schedule II - Building maintenance, repairs and services	11
Schedule III - Administrative	11

Schreck and Company
Certified Public Accountants, P.C.

520 Eighth Avenue - 18th Floor
New York, New York 10018

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholder of
108-110 Duane Street Corp.
(a New York corporation)

We have audited the accompanying statement of assets, liabilities and stockholder's deficiency -income tax basis of 108-110 Duane Street Corp. (a New York corporation) as of December 31, 2008, and the related statement of revenues and expenses-income tax basis and statement of changes in accumulated deficit-income tax basis for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 2, these financial statements have been prepared on the basis of accounting the Company uses for federal income tax purposes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and stockholder's deficiency of 108-110 Duane Street Corp. as of December 31, 2008 and the results of its operations for the year then ended in conformity with the income tax basis of accounting in the United States of America as disclosed in Note 2 of the financial statements.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
September 8, 2009

108-110 DUANE STREET CORP.
STATEMENT OF ASSETS, LIABILITIES AND
STOCKHOLDER'S DEFICIENCY-INCOME TAX BASIS
DECEMBER 31, 2008

ASSETS

Real estate, net (Notes 2, 3, 8 and 9)	$5,017,532
Escrow	125,724
Loans receivable, affiliates (Note 4)	2,682,106
Loans receivable, other (Note 5)	105,115
Loans receivable, stockholder (Note 6)	1,167,701
Deferred mortgage costs, net of accumulated amortization of $614,754 (Notes 2 and 7)	264,626
Other assets	923
TOTAL ASSETS	$9,363,727

LIABILITIES AND STOCKHOLDER'S DEFICIENCY

Mortgage notes payable (Note 8)		$9,660,566
Mortgage notes payable, others (Note 9)		500,000
Cash overdraft (Note 2)		2,081
Tenants' security deposits (Note 2)		148,635
Loans payable, others (Note 10)		160,000
Total Liabilities		10,471,282
Common stock, no par value		
Authorized, 200 shares Issued and outstanding, 100 shares	$ 10,000	
Accumulated deficit	(1,117,555)	
STOCKHOLDER'S DEFICIENCY		(1,107,555)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIENCY		$ 9,363,727

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
STATEMENT REVENUES AND EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Revenues	
Rental Income	$1,151,011
Operating expenses	
Interest expense	619,626
Real estate taxes	88,054
Utilities	16,639
Building maintenance, repairs and services	71,304
Insurance	36,497
Management fees	52,000
Professional fees	34,100
Licenses and permits	427
Travel and entertainment	881
Administrative	17,757
Total operating expenses	937,285
Excess of revenues over expenses from rental operations before other expenses	213,726
Other expenses:	
Depreciation	242,863
Amortization	75,705
Total other expenses	318,568
EXCESS OF REVENUES OVER EXPENSES	$(104,842)

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
STATEMENT OF CHANGES IN ACCUMULATED DEFICIT -
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Accumulated deficit at beginning of year	$(1,012,713)
Excess of expenses over revenues	(104,842)
Accumulated deficit at end of year	$(1,117,555)

The accompanying notes are an integral part of these financial statements.

108-110 DUANE STREET CORP.
NOTES TO FINANCIAL STATEMENTS - INCOME TAX BASIS
DECEMBER 31, 2008

Note 1 - Description of Business

108-110 Duane Street Corp. (the "Company") is a corporation formed pursuant to the laws of the State of New York. The purpose of the Company is to own and operate the 108-110 Duane Street property located in New York.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements have been prepared on the cash method used for income tax purposes in the United States of America. Although income tax rules are used to determine the timing of the reporting revenues and expenses, certain non-taxable revenues and certain non-deductible expenses are reflected in the determination of the accompanying financial statements.

Cash and Cash Equivalents
Cash and cash equivalents consist of a checking account with a financial institution located in New York. The Company considers all highly liquid investments that are both readily convertible into known amounts of cash and have maturities of three months or less and present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. The Company has not experienced any losses in such accounts, and management does not believe that the Company is exposed to any significant credit risk related to cash.

Tenant Security Deposits
Tenants' security deposits consist of amounts due to tenants for rent and other charges, if applicable, and are recorded according to the terms of their leases. Tenants' security deposits do not bear interest. The Company holds tenant security deposits as collateral for tenant accounts receivables.

Real Estate, Net
Real estate is recorded at cost. Depreciation is provided over the estimated useful lives of the assets, utilizing the Modified Accelerated Cost Recovery System (MACRS). Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. When depreciable assets are sold or otherwise retired from service, their cost and related accumulated depreciation will be removed from the accounts and any resulting gain or loss is reflected in the results of operations.

Deferred Costs, Net
Deferred mortgage costs are being amortized over the terms of the mortgages payable.

Note 2 - Summary of Significant Accounting Policies (Continued)

Variable Interest Entities

The Company has various unconsolidated affiliated entities under common control. The Company evaluates these entities in accordance with the Financial Accounting Standards Board ("FASB") Interpretation No. 46 "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51," as amended by FASB Interpretation No. 46R (collectively referred to as "FIN 46"). Pursuant to FIN 46, an enterprise that absorbs a majority of the expected losses or receives a majority of the expected residual returns of a variable interest entity ("VIE") is considered to be the primary beneficiary and must consolidate the VIE. A VIE is an entity with insufficient equity investment or in which the equity investors lack some of the characteristics of a controlling financial interest. These VIEs are not consolidated by the Company because management has determined that the Company is not the primary beneficiary of these VIEs based upon the framework of FIN 46.

Income Taxes

The Company is subject to Federal, New York State and New York City income taxes on the excess of revenues over expenses.

The Company has Federal, New York State and New York City net operating loss carryforwards to 2008 in the amounts of $1,112,183, $1,107,870 and $1,104,970, respectively.

Concentration of Credit Risk

Statement of Financial Accounting Standards No. 105 indicates that trade accounts receivable potentially expose the Company to concentrations of credit risk.

The Company's customer base consists primarily of various individual and commercial customers located in New York City. Although the Company is directly affected by the well being of these tenants, management does not believe significant credit risk exists at December 31, 2008.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage limit. Cash and cash equivalent accounts did not exceed federally insured limits at December 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting in the United States of America requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. Accordingly, actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events
The Company has evaluated material subsequent events through the date these financial statements were available to be issued on September 8, 2009.

Note 3 - Real Estate, net

Real estate, at cost, is comprised of the following:

	Depreciable Period	
Land		$ 185,000
Building and improvements	27.5	6,336,309
Equipment and furniture	7.0	93,056
		6,614,365
Less: accumulated depreciation		(1,596,833)
		$ 5,017,532

Depreciation on property, included in the results of operations, amounted to $242,863 for 2008.

Note 4 - Loans Receivable, Affiliates

Loans receivable, affiliates are unsecured, non-interest bearing and payable upon demand. Loans receivable, affiliates consists of amounts due from the following:

Grand Avenue Building Corp	$2,052,448
Grand Avenue Building II LLC	49,600
511 Grand LLC	176,300
Code Red Ltd.	219,500
West 43nd St Realty LLC	26,833
West 79th Street Realty LLC	157,425
	$2,682,106

Note 5 - Loans Receivable, Other

Loans receivable, other are unsecured, non-interest bearing and payable upon demand. Loans receivable, other consists of amounts due from a non related entity.

Note 6 - Loan Receivable, Stockholder

Loans receivable, stockholder are unsecured, non-interest bearing and payable upon demand.

Note 7 - Deferred Mortgage Costs

Deferred costs consist of the following:

	Amortizable Period 60-360 Months	
Deferred mortgage costs		$ 879,380
Less: Accumulated amortization		(614,754)
		$ 264,626

Amortization of deferred mortgage costs, included in the results of operations, amounted to $75,705 for 2008.

Note 8 - Mortgage Notes Payable

Mortgage notes payable are due in monthly installments totaling $61,432 inclusive of interest at rates ranging from 5.798% to 6.393% per annum with the latest maturing in April, 2038.

Annual maturities of mortgage notes payable are as follows:

Year ending December 31:	
2009	$6,597,000
2010	54,358
2011	1,250,217
2012	31,063
2013	33,108
Subsequent to 2013	1,694,820
Total annual payments	$9,660,566

Mortgage notes payable are secured by real property referred to in Note 3.

Note 9 - Mortgage Notes Payable, Others

Mortgage notes payable, others bear interest at rates ranging from 11% to 14% per annum and mature in January 2010

Mortgage notes payable, others are secured by real property referred to in Note 3.

Note 10 - Loans Payable, Others

Loans payable, others are unsecured, non-interest bearing and payable upon demand.

Schreck and Company
Certified Public Accountants, P.C.

520 Eighth Avenue - 18th Floor
New York, New York 10018

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholder of
108-110 Duane Street Corp.
(A New York corporation)

Our report on our audit of the basic financial statements of 108-110 Duane Street Corp. as of December 31, 2008 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules for the property located at 108-110 Duane Street are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
September 8, 2009

108-110 DUANE STREET CORP.
(a New York corporation)
SUPPLEMENTARY SCHEDULES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Schedule I - Utilities:

Electric and gas	$ 10,177
Water and sewer	6,462
	$ 16,639

Schedule II - Building maintenance, repairs and services:

Repairs and maintenance	$ 21,281
Outside services	20,400
Super	24,036
Security and protection	100
Sprinkler	406
Elevator	4,454
Exterminating	627
	$ 71,304

Schedule III - Administrative:

Bank charges	$ 8,575
Postage and delivery	355
Office expenses	4,083
Telephone	2,191
Supplies	1,469
State and local corporate taxes	334
Contributions	750
	$ 17,757

See accountants' report on supplementary information.

RIGHTS OF EXISTING TENANTS

THIS PLAN IS A NON-EVICTION PLAN. IT MAY NOT BE AMENDED AT ANY TIME TO PROVIDE THAT IT SHALL BE AN EVICTION PLAN.

All Residential Units offered for sale pursuant to the Plan are subject to Section 352-eeee of the GBL, which is reproduced in full in Part II of the Plan.

Since the Plan is a non-eviction plan, it is not presented subject to the rights of "Eligible Senior Citizens" and "Eligible Disabled Persons" to continued occupancy as afforded by Section 352-eeee of the GBL. Therefore, such rights are not set forth in the Plan.

Exclusive Right to Purchase

Each Eligible Tenant who occupies a Residential Unit in the Building on the date the Plan is accepted for filing, will, during the Exclusive Purchase Period *(i.e.,* the ninety (90)-day period beginning on the Presentation Date of the Plan), have the exclusive right to purchase his Residential Unit for the Price to Eligible Tenants for such Residential Unit set forth on Schedule A. During this period a tenant's Residential Unit will not be shown to third parties unless such Eligible Tenant has, in writing, waived his right to purchase; nor will a Purchase Agreement be executed for such Residential Unit by an outside Purchaser. After the expiration of the Exclusive Purchase Period, Eligible Tenants will no longer have the exclusive right to purchase their Residential Units, which may then be purchased by others. Such Residential Units that are not purchased by Eligible Tenants during the Exclusive Purchase Period may be shown to others in a manner consistent with such Eligible Tenants' rights under their Existing Leases.

Alternatively, during the Exclusive Purchase Period, each Eligible tenant will be able to apply the discount available to his or her Unit (the Purchase Price after the Exclusive Purchase Period less the Purchase Price during the Exclusive Purchase Period) against the Purchase Price after the Exclusive Purchase Period for any vacant Unit and sign a Purchase Agreement to purchase that vacant Unit instead of the one he or she occupies, on a first come, first served basis.

Rentals and the Right to Remain In Occupancy

Non-Purchasing Tenants who reside in Residential Units subject to governmental regulation as to rentals and continued occupancy (that is, the Rent Stabilization Law and the Rent Control Law) prior to the conversion of the property to condominium ownership shall continue to be subject thereto.

Pursuant to Section 352-eeee of the GBL, no eviction proceedings will be commenced at any time against a Non-Purchasing Tenant for failure to purchase or for any other reason applicable to expiration of tenancy, provided that such proceedings may be commenced for nonpayment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner of the Residential Unit occupied by such Non-Purchasing Tenant or a similar breach by such Non-Purchasing Tenant of his obligations to the Unit Owner who owns such Residential Unit. Further, a Residential Unit Owner may not commence an action to recover possession of a Residential Unit from such Non-Purchasing Tenant on the grounds that he seeks the Residential Unit for the use and occupancy of himself or his family.

The rentals of Non-Purchasing Tenants who reside in Residential Units not subject to governmental regulation as to rentals and continued occupancy and Non-Purchasing Tenants who reside in Residential Units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the Plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments in the same community during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses. Complaints concerning such increases may be referred to the New York State Department of Law, Investment Protection Bureau - Real Estate Financing Section, 120 Broadway, 23rd Floor, New York, New York 10271.

If the lease of an apartment in the Building that is not rent stabilized or rent controlled expires before the Effective Date, Sponsor will be under no obligation to renew such lease, but if the tenant under such lease is entitled to possession of his apartment on the Effective Date, such tenant will be considered to be a Non-Purchasing Tenant with the right to continue in occupancy at his current rent, subject to increases that are not unconscionable, as provided in the preceding two paragraphs.

In a recent New York County Housing Court decision, 322 West 57th Owner LLC v. Penhurst Productions. Inc.. Civil Court of the City of New York, Index No. L&T 63319/06, issued on March 19, 2007, the court held that under the Martin Act, unregulated rental tenants are protected against eviction in a non-eviction condominium conversion plan from the time the offering plan is accepted for filing by the Attorney General's office, rather than from the effective date of the offering plan. These non-rent-regulated tenants were granted protection against eviction although their leases had expired and they were the subject of holdover proceedings brought by the sponsor-landlord. Pursuant to the decision, in extending these protections to tenants whose leases had already expired, the court determined that dismissal of any pending Housing Court proceedings was warranted after the offering plan was accepted for filing by the Attorney General's office. This decision was reversed by the Appellate Term of the Supreme Court in a decision dated November 26, 2008. In a case entitled *MH Residential I, LLC et at. v. Barrett,* which was decided the same date on substantially the same facts, the Court held that non-rent-regulated tenants whose leases had expired before the date the plan was accepted for filing have no further rights to continue in possession and are therefore not "tenants in occupancy" entitled to protection from eviction under applicable law. The Court further stated, "By the statute's own language, non-purchasing tenant status is conferred only on a tenant who is entitled to possession at the same time the plan is declared effective." Leave to appeal *322 West 57th Owner LLC* v. *Penhurst Productions, Inc.* to the Appellate Division has been granted. Non-Purchasing Tenants, pursuant to Applicable Rent Laws, may be subject to rent increases as a result of any major capital improvements made by Sponsor, any Board or Unit Owners upon application to and approval by the DHCR.

The rights discussed herein above are based on the laws in effect on the Presentation Date of the Plan. Sponsor makes no representation that these laws will remain in effect or unchanged. Notwithstanding the foregoing, the rights granted to Non-Purchasing Tenants under the Plan may not be abrogated or reduced notwithstanding any expiration of, or amendment to Section 352-eeee of the GBL.

Additional Rights

Section 352-eeee of the GBL further provides that all Residential Units occupied by Non-Purchasing Tenants will be managed by the same managing agent, if any, who manages all other Residential Units in the Building. Non-Purchasing Tenants will be provided all services and facilities required by Applicable Law on a non-discriminatory basis. Sponsor guarantees that all such services and facilities will be provided until such time as Sponsor no longer controls the Condominium Board.

Section 352-eeee of the GBL also provides that it shall be unlawful for any person to engage in any course of conduct, including, but not limited to, the harassment of tenants or the interruption or discontinuance of essential services that substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his Residential Unit or the facilities related thereto. The Department of Law may apply to a court of competent jurisdiction for an order restraining such conduct and, if it deems it appropriate, an order restraining Sponsor from selling the Residential Unit or from proceeding with the Plan, provided that nothing contained in the statute shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

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

If, prior to the expiration of any exclusive period that begins before the First Closing, Sponsor amends the terms and conditions of the offering to be more favorable to tenant Purchasers, an Eligible

Tenant who executed and submitted a Purchase Agreement for the Residential Unit he occupied on the date that the Plan was accepted for filing shall benefit from the more favorable terms and conditions, even though such Purchase Agreement was entered into before Sponsor amended the terms and conditions.

The By-Laws of the Condominium requires that Non-Purchasing Tenants shall be promptly notified of changes in ownership by any purchaser of the Units in which such Non-Purchasing Tenants reside, and the Condominium Board shall retain and make available such information.

Tenants who enter into Purchase Agreements may not assign or transfer them without first obtaining the express written consent of Sponsor. See the Section of the Plan entitled "Assignment of Purchase Agreements" for further discussion.

Section 352-eeee of the GBL sets forth a posting requirement as to the percentage of tenants who have purchased Residential Units. Such requirement is further discussed in the Section of the Plan entitled "Effective Date."

Rights of Eligible Tenants To Purchase Vacant and Occupied Units

No Eligible Tenant will have any exclusive or preferential right to purchase a vacant Residential Unit or a Residential Unit occupied by another. Any exclusive right granted to Eligible Tenants hereunder shall apply only to the purchase by an Eligible Tenant of his own Residential Unit. Sponsor is under no obligation to accept Purchase Agreements from Eligible Tenants for Residential Units occupied by others.

Sponsor intends to sell the Residential Units to Purchasers who are buying for their or their families' personal occupancy. Sponsor reserves the unconditional right, however, to sell Residential Units to investors who intend to rent and not to occupy their Residential Units personally. In addition, Sponsor and any Sponsor Successor may from time to time freely rent any Unsold Residential Units without charge or limitation whatsoever and without the consent of the Board or any other Unit Owner. Sponsor makes no representation that it will endeavor in good faith to sell Residential Units rather than rent them as they become vacant. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, there is no commitment to sell more than the 15% necessary to declare the Plan effective, and Owner-Occupants may never gain effective control and management of the Condominium.

There is a mortgage that currently encumbers the Property and that will encumber the Property at the time of the First Closing. At the closing of title to each Unit, Sponsor will be required to pay the holder of said mortgage a minimum release price in order for the holder of such mortgage to release the Unit from the lien of the mortgage.

OBLIGATIONS OF OWNERS OF UNITS OCCUPIED BY NON-PURCHASING TENANTS

Except for the Residential Units indicated on Schedule A as being not subject to rent regulation, all of the Residential Units occupied by Eligible Tenants are "rent-stabilized" Residential Units subject to the Rent Stabilization Law. A Purchaser of a rent-stabilized Residential Unit that is occupied by a Non-Purchasing Tenant is required under the Rent Stabilization Law to register such Residential Unit with the DHCR and to keep such registration current.

All Eligible Tenants are subject to Section 352-eeee of the GBL, which provides, among other things, that a Non-Purchasing Tenant may not be evicted at any time for failure to purchase or any other reason applicable to expiration of tenancy, provided that eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner of the Residential Unit occupied by such Non-Purchasing Tenant or a similar breach by the Non-Purchasing Tenant of his obligations to the owner of such Residential Unit or any other grounds permitted by Applicable Law or regulation. In addition, no eviction proceedings may be commenced by the owner of such Residential Unit against such Non-Purchasing Tenant on the grounds that the owner of such Residential Unit seeks the Residential Unit for the use and occupancy of himself or his Family Members.

Possession of Occupied Residential Units

Each Purchaser of a Residential Unit occupied by another will purchase subject to: (a) the Existing Lease for such Residential Unit; (b) any existing tenancy or occupancy of such Residential Unit; (c) any right of the existing tenant or occupant to remain in possession of such Residential Unit pursuant to Section 352-eeee of the GBL; (d) Applicable Rent Laws; and (e) all other rights of such tenant or occupant under any other Applicable Law.

NO REPRESENTATION OR WARRANTY IS MADE THAT THE EXISTING LAWS WILL REMAIN IN EFFECT OR UNCHANGED OR THAT THE RIGHTS OF NON-PURCHASING TENANTS WITH REGARD TO RENTALS AND OCCUPANCY RIGHTS UNDER THE APPLICABLE RENT LAWS WILL NOT CHANGE. The rights granted under the Plan to Purchasers and to Non-Purchasing Tenants may not be abrogated or reduced, however, notwithstanding any expiration of, or amendment to, Section 352-eeee of the GBL.

If the tenancy of a tenant is terminated as a result of an uncured default by such tenant in paying the requisite rent or in performing some other lease obligation, then, unless the tenant voluntarily surrenders possession of the Residential Unit, the owner of such Residential Unit may be required (at his own expense) to institute an action or proceeding in court in order to gain possession.

No representation or warranty is made as to the length of time that may elapse before a final court order or judgment of eviction is granted or entered and made effective, that such a court order or judgment will be granted or entered or that possession of a Residential Unit occupied by another will be obtained. Sponsor and the Selling Agent make no statements of any kind as to the Applicable Rent Laws except as expressly set forth in the Plan.

Rights and Duties of Non-Occupant Purchasers

Upon acquiring title to a Residential Unit occupied by another, the Purchaser will become the landlord of the tenant or occupant thereof and the latter will become such Purchaser's tenant or occupant. The relationship between the two parties will be governed primarily by the terms, covenants and conditions contained in the lease or other occupancy agreement then in effect with such tenant or occupant or the statutory and implied covenants, if any, of any month-to-month tenancy. Such Purchaser will be obligated to offer renewal leases and riders if and to the extent required by Applicable Law. Such Purchaser will succeed to, among other things, Sponsor's right to receive the rents reserved in the lease or occupancy agreement or month-to-month tenancy and Sponsor's obligation to perform all of the duties of the landlord under such lease or occupancy agreement or month-to-month tenancy, which duties may include, but may not be limited to, the obligation to maintain, repair and replace any plumbing fixtures, refrigerator, dishwasher, lighting fixtures and other fixtures, equipment and appliances in such Residential

Unit and to paint the Residential Unit periodically. Such Purchaser will be obligated to perform these duties as the landlord of such tenant or occupant even though the rents reserved under the lease or occupying agreement or month-to-month tenancy may be insufficient to pay for the cost of such performance. In addition, such Purchaser will be required to pay all Common Charges and any Special Assessments assessed against him by the Condominium Board and the real estate taxes assessed against the Residential Unit, regardless of whether such Common Charges, Special Assessments and real estate taxes are more or less than the rent payable by the tenant or occupant and regardless of whether such rent is received.

All costs and expenses incurred in connection with the ownership of a Residential Unit occupied by another (including, without limitation, legal fees and litigation expenses for enforcing the lease, occupancy agreement or provisions of any month-to-month tenancy and obtaining possession of the Residential Unit) will be borne entirely by the owner of the Residential Unit.

A Person interested in purchasing a Residential Unit occupied by another is advised to examine any lease or occupancy agreement for such Unit to ascertain the rental, the expiration date and the obligations imposed upon the landlord. These leases or occupancy agreements are on file at the office of Sponsor or the Selling Agent. It is further recommended that such Person consult with his attorney in order to become fully apprised of the effect of the lease or occupancy agreement, as well as Section 352-eeee and all other Applicable Rent Laws with respect to such Residential Unit, on his rights as a Purchaser and on his obligations to any existing tenant or occupant of such Residential Unit.

As previously set forth, Section 352-eeee of the GBL requires that a Purchaser who purchases a Residential Unit occupied by a Non-Purchasing Tenant shall be required to appoint irrevocably the Condominium Board's Managing Agent and its successors or the Condominium Board if no Managing Agent is employed by either the Condominium Board as his agent to provide to the Non-Purchasing Tenant all services and facilities required by Applicable Law on a non-discriminatory basis. The Managing Agent has agreed to undertake that obligation, as specified herein. Sponsor will guarantee the obligation of the Managing Agent to provide all services and facilities that the Managing Agent is required to provide to Non-Purchasing Tenants until such time as Sponsor no longer controls the Condominium Board. While the Purchaser of any Residential Unit occupied by a Non-Purchasing Tenant will be responsible for the due performance of all of the obligations of the landlord under the Non-Purchasing Tenant's lease, occupancy agreement or month-to-month tenancy, the actual performance of such obligations will, in the first instance, be by or at the direction of the Managing Agent for the account of the Purchaser.

Each Purchase Agreement for a Residential Unit occupied by a Non-Purchasing Tenant will be deemed to include an agreement by the Purchaser to make a one (1) time deposit with the Condominium Board's Managing Agent or the Condominium Board if no Managing Agent is employed by the Condominium Board at Closing an amount equal to two (2) months' Common Charges to be used as working capita] pursuant to Applicable Law. Upon notice by such Managing Agent or the Condominium Board, as the case may be, that the deposit has been diminished, the fund will be replenished by the owner of such Residential Unit within thirty (30) days of such notice. The failure of the owner of such Residential Unit to replenish the fund in a timely fashion will result in the Condominium Board's having a lien against the Residential Unit. Interest, if any, earned on the fund shall be the property of the owner of such Residential Unit. The provisions of this paragraph will not apply to Sponsor or any Sponsor Successor. In accordance with Section 339-k of the Real Property Law of the State of New York, in the event a non-occupying unit owner fails to make required payments to the Condominium Association for common charges, assessments, etc., the Condominium Association shall have the right to direct any rental tenant occupying such owner's unit to pay his/her rent directly to the Condominium Association in payment of such defaulting unit owner's condominium charges. See Article 6 of the By-laws of the Condominium. See Article 6.4.6 of the Condominium By-Laws.

Upon the closing of title to a Residential Unit subject to a lease, other occupancy agreement or month-to-month tenancy, Sponsor will deliver to the non-occupant Purchaser the unapplied balance of any security deposit held by Sponsor pursuant to the terms of such lease, occupancy agreement or month-to-month

tenancy. Any such balance must be held by such Purchaser in trust in an interest-bearing account in accordance with the terms of Section 7-103 of the New York General Obligations Law. Upon delivery of the unapplied security deposit, the Purchaser will be required to execute, acknowledge and deliver an agreement to Sponsor, both acknowledging the amount so received and indemnifying Sponsor against all claims and liabilities in connection therewith.

INTERIM LEASES

Sponsor reserves the right to rent or lease vacant Units (including any Units that become vacant after the Presentation Date of the Plan) to Purchasers and non-Purchasers at any time, both before and after the First Closing. Once a Purchase Agreement is accepted for a vacant Residential Unit, however, and for so long as such Purchase Agreement is in effect, such Residential Unit may only be leased to the Purchaser thereof pursuant to a lease (an "Interim Lease") on the terms set forth in this Section of the Plan.

An Interim Lease shall be prepared on a form of lease that will be available for inspection at the office of Sponsor or the Selling Agent and shall contain the default provisions (including failure of the tenant to comply with its obligations under his Purchase Agreement) described below. The term of each such Interim Lease shall expire on the earliest to occur of (i) the date of closing of title to the Residential Unit covered by such Interim Lease, (ii) the date fixed in the Interim Lease for the expiration of the term, (iii) the date upon which the Interim Lease is terminated at the option of Sponsor by reason of a default by the Purchaser-tenant under the Interim Lease or a casualty or condemnation affecting the Unit or (iv) the date upon which the Interim Lease is terminated by the Purchaser-tenant or Sponsor as provided below. An Interim Lease for a rent controlled or rent stabilized apartment in the Building that is entered into before the Declaration is recorded in the Register's Office shall continue to be rent controlled or rent stabilized, as appropriate. The rent payable under the Interim Lease shall be negotiated by the parties but shall in no event exceed the maximum legal rent, if any, permitted under Applicable Rent Laws.

An uncured default by the Purchaser-tenant under the Purchase Agreement will constitute a default under the Interim Lease. An uncured default in the performance or observance of the terms and conditions of the Interim Lease will also constitute a default under the terms of the Purchase Agreement and will permit Sponsor to cancel the Purchase Agreement in accordance with its terms. The Purchaser-tenant will be required to vacate the Residential Unit occupied pursuant to the Interim Lease within thirty (30) days after notice is sent of Sponsor's intent to cancel the Purchase Agreement, provided that the Purchaser-tenant fails to cure any such default within the applicable grace period, if any, with TIME BEING OF THE ESSENCE. Before a default under the Interim Lease may be declared a default under the Purchase Agreement, however, either: (i) Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Purchaser-tenant, or (ii) the Purchaser-tenant must have vacated the Residential Unit occupied pursuant to the Interim Lease.

If the Purchaser-tenant should exercise any right to terminate or rescind the Purchase Agreement or Interim Lease, such termination or rescission will be contingent upon his surrendering possession of the Residential Unit occupied pursuant to the Interim Lease and leaving the same vacant, in good condition and broom clean within thirty (30) days after he elects to terminate or rescind. He must also pay any rent then due and payable under the Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage to his Unit or of any other liability under the Purchase Agreement or Interim Lease.

In no event will any portion of the rental paid under an Interim Lease be credited towards the Purchase Price of the Residential Unit subject to the Interim Lease.

If the Plan is abandoned, a Residential Unit occupied pursuant to an Interim Lease shall be subject to the provisions of any Applicable Rent Laws that may be in effect with respect to such Residential Unit at the time of such abandonment. Additionally, a Purchaser-tenant under an Interim Lease may, if the Plan is abandoned, cancel such lease and vacate the premises upon ninety (90) days' written notice to Sponsor sent to the address set forth on the cover page of this Plan.

PROCEDURE TO PURCHASE

General

A Person wishing to purchase a Residential Unit will be required to execute, in quadruplicate, a Purchase Agreement in the form set forth as Document Number 1 in Part II of the Plan. The Purchase Agreement contains the terms and conditions upon which the Unit will be sold and, before being executed, should be read carefully by the prospective Purchaser and his legal or financial representative.

Purchasers who are Eligible Tenants shall have at least three (3) business days in which to review the Plan and all filed amendments prior to executing a Purchase Agreement, unless fewer than three (3) business days remain in the statutory time period to declare the Plan effective.

Unless a Purchaser who is not an Eligible Tenant has been afforded at least three (3) business days in which to review the Plan and all filed amendments prior to executing a Purchase Agreement, such Purchaser shall have seven (7) days after delivering an executed Purchase Agreement together with the required Down Payment to rescind the Purchase Agreement and have the full Down Payment refunded promptly. Such Purchaser must either personally deliver a written notice of rescission to Sponsor or the Selling Agent within the seven (7)-day period or mail the notice of rescission to Sponsor or the Selling Agent and have the mailing postmarked within the seven (7)-day period.

Federal Regulations on Lead-based Paint.

The United States Department of Housing and Urban Development and the Environmental Protection Agency have adopted **"Lead-Based Paint Regulations"** applicable to most housing built prior to 1978 (called **"Target** Housing**").** Generally, the Regulations concern disclosure of known presence of lead-based paint and lead-based paint hazards in Target Housing. The disclosures are required to be made in contracts of sale or lease (including lease renewals and subleases) of Target Housing. The Regulations apply to all owners of co-operative and condominium units in Target Housing, including Unit Owners of the Building.

In order to comply with the Lead-Based Paint Regulations:

Each prospective Purchaser of a Residential Unit will be given a copy of United States Consumer Product Safety Commission pamphlet entitled **"Protect Your Family From Lead in the Home."**

Each prospective Purchaser of a Residential Unit will be given a 10-day opportunity to conduct a risk assessment or inspection of the Unit he intends to purchase (collectively, "inspection") for the presence of lead-based paint and/or lead-based paint hazards.

Each prospective Purchaser of a Residential Unit will receive and must sign and return to Sponsor, before entering into a Purchase Agreement, a notice of such 10-day opportunity on a form entitled 'Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards," a copy of which is included as an exhibit to the Purchase Agreement set forth in Part II of the Plan (the "Lead-Based Paint Disclosure Form"). The text of the Lead-Based Paint Disclosure Form is the sample disclosure form contained in the Lead-Based Paint Regulations.

Delivery of Purchase Agreement

A prospective Purchaser wishing to purchase a Residential Unit should deliver to the Escrow Agent four (4) copies of the executed Purchase Agreement, four (4) copies of a completed and executed Lead-Based Paint Disclosure Form, and four (4) copies of a completed and executed Affidavit of Good Faith Purchase and Intent to Reside, together with such prospective Purchaser's unendorsed personal check, drawn on a bank to which checks are presented for payment through the New York Clearing House Association, in a sum equal to ten percent (10%) of the Purchase Price (the "Down Payment").

Said check is to be made payable to the order of "Phyllis Marie Kamysek, PLLC, as Escrow Agent for The 108-110 Duane Street Condominium."

Acceptance of Purchase Agreement

Within twenty (20) days after said delivery to the Escrow Agent by the prospective Purchaser of four (4) copies of the executed Purchase Agreement, four (4) copies of a completed and executed Lead-Based Paint Disclosure Form, and four (4) copies of a completed and executed Affidavit of Good Faith Purchase and Intent to Reside, together with the Down Payment, Sponsor shall either accept the Purchase Agreement by returning a fully executed counterpart thereof to the prospective Purchaser or reject the Purchase Agreement and refund the full Down Payment previously tendered. If Sponsor takes no action to accept or reject the Purchase Agreement within said twenty (20)-day period, the Purchase Agreement shall be deemed to have been rejected and the prospective Purchaser shall be entitled to receive immediately a full refund of the Down Payment. Upon such refund being made, neither party will have any further rights, obligations or liabilities hereunder with respect to the other or any other party connected with the Plan. Sponsor has the right, without incurring any liability, to reject any Purchase Agreement (except with respect to a Purchase Agreement reflecting the appropriate Price to Eligible Tenants tendered by an Eligible Tenants within the Exclusive Purchase Period in accordance with the requirements set forth above) without cause or explanation, so long as such rejection is not based upon race, creed, color, national origin, ancestry, sex or other ground prohibited by Applicable Law.

Notwithstanding the provisions of the preceding paragraph, if the prospective Purchaser is an Eligible Tenant, Sponsor shall accept a Purchase Agreement for the Residential Unit occupied by such Eligible Tenant if such Purchase Agreement is tendered by such Eligible Tenant within the Exclusive Purchase Period in accordance with the requirements set forth above, provided that the Purchase Price set forth in such Purchase Agreement is the same as the Purchase Price for such Residential Unit set forth in the Plan. As set forth in the Section of the Plan entitled "Rights of Existing Tenants," Eligible Tenants will have a preferential right to purchase any vacant Residential Unit during the Exclusive Purchase Period on a first come, first served, basis, but not any Residential Unit occupied by another.

Closing of Title

After an amendment declaring the Plan effective or confirming that the Plan has been declared effective has been accepted for filing, Sponsor will fix dates for closing title to all Residential Units for which Purchase Agreements have been executed by serving notice on all Purchasers and tenants stating the date of the First Closing and setting the date of closing of title to each such Residential Unit. Such notice will be served no less than thirty (30) days before the date set for the closing of title to such Residential Unit. A Purchaser who wishes to waive this thirty (30)-day notice requirement may do so in writing. The closing of title to each Residential Unit will occur in accordance with the terms of the applicable Purchase Agreement. See the Sections of the Plan entitled "Terms of Sale" and "Unit Closing Costs And Adjustments" for a more complete discussion of the events that will occur at each such closing of title.

Terms of Purchase Agreement

The following is a summary of certain material provisions of the Purchase Agreement, but it is not intended as a complete statement of these or other important provisions of the same. For a complete statement of these provisions, please refer to the form of Purchase Agreement set forth as Document Number 1 in Part II of the Plan:

(a) Incorporation of Plan

The Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) as well as all amendments to the Plan duly filed by Sponsor (including, but not limited to,

amendments involving any changes, modifications or updating of the estimated Common Charges, the estimated real estate taxes to be paid by the Purchaser, or Schedule B) are incorporated into each Purchase Agreement by reference. Any conflict between the Purchase Agreement and the Plan will be resolved in favor of the Plan. The execution and submission of a Purchase Agreement constitutes the Purchaser's acceptance of the Plan and his agreement to be bound by the terms of the Plan, including all duly filed amendments thereto. Any such amendments shall not excuse the Purchaser from performing the Purchaser's obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the performance of the Purchaser's obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the Purchase Price. Any such amendments may be made by Sponsor without the Purchaser's consent or approval; subject to the Purchaser's right to rescind in the event of a material amendment to the Plan or the Condominium Documents that adversely affects in any material respect the Purchaser's rights, obligations or liabilities under his Purchase Agreement or under the Plan as more specifically set forth in the Section of the Plan entitled "General."

Nothing contained in the Plan, the Purchase Agreement or any modifications thereto shall be deemed to constitute a waiver of the Purchaser's rights or an abrogation of Sponsor's obligations under Article 23-A of the GBL. The Purchase Agreement to be used by Eligible Tenants who purchase during the Exclusive Purchase Period may not be modified except by a duly filed amendment to the Plan.

(b) Payment of Purchase Price

Each Purchaser shall deliver his check made payable to the order of "Phyllis Marie Kamysek, PLLC, as Escrow Agent for The 108-110 Duane Street Condominium" in the amount of the Down Payment, subject to collection, simultaneously with the execution and delivery of the Purchase Agreement. The balance of the Purchase Price shall be paid to Sponsor at the closing.

Except for the Down Payment, which is to be paid as provided above, any payments to be made by the Purchaser under the Purchase Agreement (including, without limitation, the payment of the balance of the Purchase Price), whether to, on behalf of or at the request of Sponsor, must be made by unendorsed certified check, or bank check, drawn in either case on a bank to which checks are presented for payment through the New York Clearing House Association and made payable to the order of Sponsor; except that at the request of Sponsor made at or prior to the closing, the Purchaser will pay the balance of the Purchase Price to such payees as Sponsor directs.

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

(c) No Financing Contingency

Although a Purchaser may obtain financing from any lending institution or other source, the Purchaser's obligation to purchase a Residential Unit pursuant to a Purchase Agreement will not be contingent upon the Purchaser's obtaining such financing, so that a Purchaser will remain obligated under the Purchase Agreement whether or not such Purchaser has been able to obtain financing. Neither Sponsor nor the Selling Agent makes any representation whatsoever as to the terms or availability of any mortgage or other financing. Prospective Purchasers should be aware that even if a loan commitment is obtained, its term may be limited and it could expire before the closing date; and Sponsor shall have no obligation to schedule or conduct any closing prior to the expiration of any loan commitment and shall have no liability as a result of any scheduling or adjournment of closing beyond the expiration of a loan commitment.

Pursuant to existing law and regulation, Sponsor may declare the Plan effective by contracting to sell a minimum of fifteen (15%) percent of the Units in the Building. Even if the Plan is declared effective with a minimum number of Sales, it is possible that Sponsor may be able to convert the Building with fewer than the minimum number of sales, if purchasers counted towards effectiveness do not ultimately purchase a Unit.

Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35%, 50% or 70%) of the 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 arc unable to obtain a loan due to such minimum sales requirements.

(d) Trust Funds

Sponsor shall comply with the escrow and trust fund requirements of Sections 352-e(2-b) and 352-h of the GBL and the Attorney General's Regulations promulgated pursuant thereto, and all funds paid by Purchasers shall be handled in accordance with such statutes and Regulations. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the handling or disposition of Down Payments paid by such Purchasers. Nothing in the preceding sentence, however, will limit the obligation of any Purchaser to pay the fees and expenses of Sponsor's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan) in connection with the purchase or closing of title to the Unit purchased by such Purchaser under the Plan.

Each Down Payment will be placed, within five (5) business days after the date on which the Purchase Agreement has been signed by all necessary parties, in a special escrow account of Phyllis Marie Kamysek, PLLC Esq. (hereinafter the "Escrow Agent"), whose address is 305 Broadway, Suite 1201 New York, New York 10007, and whose telephone number is (212) 571-3896. The sole signatory on such Escrow Account is Phyllis Marie Kamysek Esq. The name of the escrow account is "Phyllis Marie Kamysek, PLLC as Escrow Agent for The 108-110 Duane Street Condominium" (the "Escrow Account"), and such Escrow Account is located at HSBC having an address at 110 West Broadway, New York, New York 10013 (the "Bank"). The Bank is covered by federal bank deposit insurance generally to a maximum of $$250,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limitation, amounts deposited directly by such person and the Down Payment held in escrow for such person by the Escrow Agent).

If a Purchaser orders extras for a Unit that are not included in the Purchase Price, any additional amount shall be payable at the time of execution of the Purchase Agreement and shall be withdrawn from the escrow account as expended. To the extent such funds are withdrawn from escrow, they shall not be refundable regardless of whether or not the Purchaser is otherwise entitled to a refund.

If a Purchaser makes a Down Payment in excess of $250,000 for the purchase of a Unit, or if the amount of such Purchaser's deposits at the Bank and such Down Payment exceed $250,000 , the aggregate of such Down Payment and all other such deposits will generally not be federally insured in excess of $250,000. No representation or guaranty is made by the Escrow Agent or Sponsor that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so.

The Escrow Account will be interest bearing, and any interest earned on the Down Payment shall be delivered to a Purchaser at the closing of title to his Unit or other termination of the Purchase Agreement, unless the Purchaser has defaulted thereunder beyond any applicable grace periods, in which event Sponsor shall be entitled to retain the Liquidated Sum. The interest rate to be earned on the Down Payment will be the rate paid from time to time by the Bank for the same type of account as the

Escrow Account, which was approximately .45% per annum as of June 1, 2009. Interest will begin to accrue when the check for a Down Payment is collected, and provided there is no charge back or debit by the Bank against the amount deposited. Each Purchaser must indicate his social security or its federal taxpayer identification number on the Purchase Agreement. If there is more than one Purchaser, the social security or federal taxpayer identification number of each Purchaser who will be receiving any interest earned on a Down Payment must be noted on the Purchase Agreement. A Purchaser's failure to provide this information with the Purchase Agreement will be deemed a waiver of such Purchaser's right to receive interest on such Down Payment.

All checks for Down Payments under the Plan shall be made payable to the order of "Phyllis Marie Kamysek, PLLC, as Escrow Agent for The 108-110 Duane Street Condominium." Within ten (10) business days after unconditional tender and delivery by a Purchaser to Sponsor or the Escrow Agent of a check for a Down Payment submitted with such Purchaser's Purchase 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 (15) business days after unconditional tender and delivery to Sponsor or the Escrow 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 Sponsor or the Escrow Agent. A Purchaser shall not, however, be entitled either to rescind such Purchaser's Purchase Agreement or to receive a refund of such Purchaser's Down Payment 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. The receipt of the Down Payment by the Escrow Agent and the deposit of the Down Payment in the Escrow Account will not be deemed acceptance of the Purchase Agreement by Sponsor, which acceptance can only occur as provided in the subsection entitled "Acceptance of Purchase Agreement," above.

Before funds are transferred to a new Escrow Account, or if the Escrow Agent is replaced, the Plan will be amended to provided the same disclosure with respect to the new account, the Escrow Agent and the Escrow Agreement as is originally provided. A bond, letter of credit or other security may not be substituted for the Escrow Account, unless a special exemption under exceptional circumstance is first requested by Sponsor and is granted by the Attorney General, following the procedures set forth in the Attorney General's Regulations.

Under no circumstances shall Sponsor apply for release of the Down Payment of a defaulting Purchaser until after consummation of the Plan. Consummation of the Plan does not relieve Sponsor of its obligations pursuant to Section 352-h of the GBL.

The Escrow Agent will hold a Purchaser's Down Payment in escrow until: (a) otherwise directed in one or more writings signed by each of Sponsor and such Purchaser; (b) otherwise directed in a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's Regulations; (c) a judgment or order of a court of competent jurisdiction permits or requires the release of such Down Payment; (d) such Down Payment is paid by the Escrow Agent into a court of competent jurisdiction; (e) such Down Payment is paid to Sponsor as provided below; or (0 such Down Payment is paid to such Purchaser as provided below.

If there is no written agreement between Sponsor and a Purchaser to release the Down Payment paid by such Purchaser, the Escrow Agent will not pay such Down Payment to Sponsor until after ten (10) business days following the date that the Escrow Agent has given such Purchaser written notice that the Escrow Agent intends to pay such Down Payment to Sponsor. Thereafter, such Down Payment may be paid to Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's Regulations, and the Escrow Agent has received, within such ten (10)-business-day period, notice from such Purchaser that such application has been made.

Notwithstanding the foregoing provisions, a Purchaser shall not object, and will be deemed to have agreed, without the need for a written agreement, to the release of the Down Payment to Sponsor if, as and when the closing of title occurs under the Purchaser's Purchase Agreement.

Sponsor will not object to the release to any Purchaser of the Down Payment paid by such Purchaser, provided that such Purchaser has timely rescinded such Purchaser's Purchase Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; nor shall Sponsor object to the release of their Down Payments to all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department Law.

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 Down Payment paid by any Purchaser. Sponsor must avail itself of this procedure if there is a dispute that needs to be resolved between Sponsor and a Purchaser of a Unit under the Plan relating to such Purchaser's Down Payment. A form for this purpose is attached as an exhibit to the Purchase Agreement in Part II of the 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, Sponsor, the Purchaser and the Escrow Agent are required to abide by any interim directive issued by the Attorney General.

If the application permitting release of the Down Payment is granted, the Down Payment and any interest earned thereon will be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

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

If the application seeking the release of the Down Payment is denied, the Escrow Agent will continue to hold the Down Payment and any interest earned thereon until:

(i) both Sponsor and the Purchaser direct payment to a specified party in accordance with a written direction signed by both Sponsor and the Purchaser; or

(ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or

(iii) the Escrow Agent deposits the disputed amount into court.

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

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent shall be absolutely void.

Included in Part II of the Plan is a copy of the escrow agreement between Sponsor and the Escrow Agent (the "Escrow Agreement"), which is subject to the terms of the Attorney General's Regulations. In the event of any conflict between the Escrow Agreement and either any other provision of the Plan or any Purchase Agreement, the terms of the Escrow Agreement shall control.

The Escrow Agent will maintain all records concerning the Escrow Account for seven (7) years after the closing of such account.

The Escrow Agent may from time to time, upon notice to Sponsor and all Purchasers, change the depositary in which the Down Payments are held to another lending institution in New York City without the necessity of amending the Plan.

(e) Events of Default

If a Purchaser (i) defaults in paying the balance of the Purchase Price on the date scheduled by Sponsor for closing title to his Unit, (ii) defaults in performing some other obligation under the Purchase Agreement, or (iii) is or becomes a tenant or occupant of the Building and is evicted for failure to pay rent or to perform some other lease or tenancy obligation (whether by voluntary removal or by court order), Sponsor's sole remedy under the Purchase Agreement is to cancel said Purchase Agreement by sending written notice to such Purchaser and, if such Purchaser shall fail to cure such default within thirty (30) days after the giving of such notice, to retain, as and for liquidated damages, the Liquidated Sum. Any payments received by Sponsor in excess of the Liquidated Sum, together with interest earned on such excess payments, if any, shall be refunded to the Purchaser with reasonable promptness after cancellation; provided, however, that Sponsor shall not be obligated to refund to Purchaser any sums paid by Purchaser for Special Work performed on his Unit THE CURING OF SUCH DEFAULT WITHIN SAID THIRTY (30)-DAY PERIOD IS OF THE ESSENCE OF THE PURCHASE AGREEMENT. THIS MEANS THAT, UPON THE PURCHASER'S FAILURE TO CURE HIS DEFAULT WITHIN SUCH PERIOD, THE PURCHASE AGREEMENT SHALL BE DEEMED CANCELED AND SPONSOR MAY RETAIN THE LIQUIDATED SUM AS DAMAGES. If a Purchaser is or becomes a tenant or occupant of the Building and fails to pay rent or otherwise to comply with his lease or tenancy obligations or vacates or abandons his Unit, then Sponsor may cancel his Purchase Agreement as set forth above whether or not such Purchaser is evicted from the Building by reason thereof If, however, such person is not evicted from the Building by reason of such default, vacating or abandonment,' Sponsor shall return to such Purchaser all monies deposited under his Purchase Agreement' together with the interest earned thereon, if any.

If a Purchase Agreement is canceled, both Sponsor and the Purchaser shall be relieved of all further obligations and liabilities thereunder and under the Plan, and Sponsor shall be free to sell the Unit to another as though such Purchase Agreement had never been made and without accounting to the Purchaser for the proceeds received on such sale.

(f) Units Sold "As Is": Fixtures and Appliances

The Building, including, but not limited to, the Units, is being sold in the condition in which it exists at the time of the signing of the Purchase Agreement, subject to (i) ordinary use, wear and tear and natural deterioration; and (ii) Sponsor's obligation to maintain the Building until the First Closing to the extent indicated in the Section of the Plan entitled "Sponsor's Statement of Building Condition." Sponsor will not be obligated to make repairs, modifications or changes in or to any Unit unless expressly agreed to in writing by the parties.

At the closing, each Residential Unit will contain only those appliances, countertops, cabinets, sinks, vanities, hardware and other fixtures and equipment that are owned by Sponsor and were installed therein as of the date of the Purchase Agreement relating to such Residential Unit. Each Residential Unit is to be sold unfurnished, and there will be no modifications or "extras" unless agreed to in writing by the parties. All funds received by Sponsor for upgrades or extras must initially be placed in the Escrow Account. However, Purchasers should note that such funds may be released from the Escrow Account by the Escrow Agent as long as 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. Any appliances, furnishings, equipment, fixtures or other personal property owned by any tenant or occupant of the Residential Unit or any other Person will not be included in the sale. If, however, a Residential Unit is at the time of closing occupied other than by the Purchaser, and such tenant or other occupant removes a stove or refrigerator belonging to him, then Sponsor will supply a

replacement, which need not be new, but will be in working order and similar in style and quality to the stoves and refrigerators owned by Sponsor that are contained in comparable Residential Units in the Building on the Presentation Date of the Plan.

(g) Access to Unit

Each Purchaser of a Residential Unit that is not occupied by such Purchaser shall be given reasonable access to such Residential Unit prior to the closing (subject to the rights of any tenant or occupant of such Residential Unit) for the limited purpose of inspection and taking measurements. Any Purchaser permitted such access shall release Sponsor and the Selling Agent from any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from any injuries sustained by any person or damage to any property resulting from such access, even if such injury results from the negligence of Sponsor, the Selling Agent or any of their respective agents, employees, contractors or representatives. In addition, any such Purchaser shall indemnify and hold Sponsor and the Selling Agent and their respective agents, employees, contractors and representatives harmless from and against any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from such access, including without limitation reasonable attorneys' fees and expenses.

(h) Delivery of Deed

Upon delivery to Sponsor at the closing of (i) the balance of the Purchase Price, (ii) a Power of Attorney in favor of the Condominium Board, (iii) transfer tax returns in the forms required to be filed with the City and State of New York, (iv) any real estate reporting return or statement required by the Internal Revenue Code or the regulations thereunder, (v) all other documents required by Applicable Law, and (vi) all other documents reasonably required by Sponsor, all of which documents must be executed, and, if required, acknowledged, sworn to or affirmed by the Purchaser. Sponsor will execute, acknowledge and deliver to the Purchaser the Unit Deed (which shall be countersigned and acknowledged by Purchaser), conveying title to the Residential Unit subject only to the Permitted Encumbrances and such other title conditions as consented to by Purchaser, if any.

(i) Existing Tenancies

If at the time of the signing of the Purchase Agreement the Purchaser's Residential Unit is occupied by, or under lease to, one other than such Purchaser, such Purchaser will purchase such Residential Unit subject to the rights of the existing tenant or occupant. The rights of existing residential tenants are more fully described in the Section of the Plan entitled **"Rights of Existing Tenants."** In addition, upon becoming the Unit Owner who owns such Residential Unit, said Purchaser will succeed to and assume all of Sponsor's rights and obligations as the landlord of such tenant or occupant, as more fully set forth in the Section of the Plan entitled **"Obligations of Owners of Units Occupied by Non-Purchasing Tenants."**

(j) Rent Security Deposit

The unapplied rent security deposit, if any, of a tenant who purchases his Residential Unit will be refunded to such tenant, together with any interest earned thereon, within thirty (30) days after the closing of title to the Residential Unit, provided that the tenant is not in default under his lease or tenancy obligations. If an occupied Residential Unit is purchased by someone other than the tenant or occupant, the unapplied security deposit, if any, will be transferred at closing to such Purchaser, who shall, in writing, acknowledge receipt of same at closing and agree to indemnify Sponsor from all liability in connection therewith. In either event Sponsor will have the right to deduct from any tenant's security deposit the amount of any rent due to Sponsor from such tenant or occupant.

(k) Risk of Loss or Damage to Units Prior to Closing

As set forth in more detail in the subsection entitled "Risk of Loss or Damage to Units Prior to Closing" in the Section of the Plan entitled "Terms of Sale," the risk of loss from fire or other casualty remains with Sponsor unless and until the Purchaser becomes the tenant or occupant of a Residential Unit before the closing or legal title to the Residential Unit has been conveyed to the Purchaser.

(l) Broker

The Purchaser shall represent to Sponsor that he has not dealt with any broker in connection with the acquisition of his Residential Unit other than the Selling Agent and the co-broker, if any, identified in the Purchase Agreement and approved and consented to in writing by Sponsor, and the Purchaser shall indemnify Sponsor against the claims of any other broker.

(m) No Lien

Neither the Purchase Agreement nor any monies deposited thereunder shall constitute a lien against the Residential Unit or any other part of the Property.

ASSIGNMENT OF PURCHASE AGREEMENTS

A Purchaser may not assign his Purchase Agreement without first obtaining the express written consent of Sponsor, which consent may be granted or withheld in Sponsor's sole and absolute discretion. Any applications for assignment of a Purchase Agreement will be considered by Sponsor on an objective and non-discriminatory basis. The Plan will not be declared effective based on Purchase Agreements assigned or transferred, except as set forth in the Section of the Plan entitled "Effective Date." Notwithstanding any consent to an assignment of the Purchase Agreement agreed to by Sponsor, no Purchaser shall be released from any liability under his Purchase Agreement by reason of such assignment.

EFFECTIVE DATE

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

The Plan may be declared effective by (i) an amendment to the Plan or (ii) by service on each tenant and each non-tenant Purchaser, by personal delivery or mail, of notice stating that the Plan is declared effective and by submitting an amendment to the Department of Law within five (5) days thereafter confirming that the Plan was declared effective on a specified date. The First Closing shall not occur until the amendment declaring the Plan effective or confirming that the Plan has been declared effective is accepted for filing by the Department of Law.

If the Plan is not declared effective within fifteen (15) months of the Filing Date, the Plan shall be deemed abandoned, void and of no effect. In the event of such abandonment, no new plan for the conversion of the Building will be submitted to the Attorney General for at least twelve (12) months after such abandonment.

The Plan may not be declared effective until written Purchase Agreements have been executed and delivered for at least two (2) of the 11 Residential Units [representing fifteen percent] by Eligible Tenants or bona fide Purchasers who represent that they intend that they or a specified member of their immediate family occupy such Residential Units when they become vacant. As to Eligible Tenants, the Purchase Agreements shall be executed and delivered pursuant to an offering made in good faith without fraud and without discriminatory repurchase agreements or other discriminatory inducements.

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) assigned or transferred (with Sponsor's express written consent), unless (A) the tenant in occupancy has signed the Purchase Agreement and paid the full Down Payment to Sponsor, and (B) the assignee shall provide an affidavit stating that the assignee was not procured by Sponsor, the Selling Agent, or the Managing Agent, and that the assignee intends that he or a specified member of his immediate family personally occupy the dwelling unit; or

(iii) 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

(iv) with any Purchaser who is Sponsor, the Selling Agent or the Managing Agent, or who is a principal of Sponsor, the Selling Agent or the Managing Agent, or is related to Sponsor, the Selling Agent or the Managing Agent or to any principal of Sponsor, the Selling Agent or the Managing Agent by blood, marriage or adoption, or as a business associate, an employee, a shareholder, a member or a limited partner, except that such a Purchaser other than Sponsor or a principal of Sponsor may be included to the extent permissible under the applicable Regulations promulgated by the Department of Law.

In calculating the percentage of Purchase Agreements needed to declare the Plan effective, no more than one Purchase Agreement by a non-tenant Purchaser or by the tenant or tenants of a particular Residential Unit shall be counted. In addition, only one Purchase Agreement from any tenant who leases or occupies more than one Residential Unit shall be counted towards effectiveness.

When Purchase Agreements have been executed and accepted for at least nine (9) [representing eighty percent] of the Residential Units offered under the Plan, Sponsor must declare the Plan effective.

On the thirtieth, sixtieth, eighty-eighth and ninetieth day after the Presentation Date of the Plan, and at least once every thirty days thereafter until the Plan is declared effective or abandoned, as the case may be, and on the second day before the expiration date of any exclusive purchase period provided in an amendment to the Plan, and on such expiration date, Sponsor shall post before noon in a prominent place accessible to all tenants in the Building a written statement, under oath, setting forth the percentage, as of a specified time on the date of such statement, of Units offered under the Plan for which Purchase Agreements have been executed. Such statement shall be filed with the Department of Law.

Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever, provided that the Plan has not been declared effective and the Plan is not required to be declared effective as set forth in paragraph (f), above. After the Plan is declared effective or so required to be declared effective, but before the First Closing, Sponsor may not abandon the Plan except if (i) one or more defects in title exist that cannot reasonably be cured without litigation or cannot be cured for less than one-half of one percent of the total offering amount, (as reasonably estimated by Sponsor); or (ii) there is any substantial damage to or destruction of the Building by fire or other casualty which cannot be cured for less than one-half of one percent of the total offering amount (as reasonably estimated by Sponsor); or (iii) there is a taking of any material portion of the Property by condemnation or eminent domain. The aforementioned sum does not include any attorneys' fees or any title defect, violation or determination of any authority or regulatory association that exists on the Presentation Date of the Plan and that is either known to Sponsor or a matter of public record. Sponsor will not, however, be obligated to cure any defect in title (including, without limitation, liens and violations of record) that are to be cured by, or that result from the acts and omissions of, any tenants of the Building.

If the Plan is abandoned and the Sponsor has accepted purchase agreements, the Sponsor shall promptly submit an amendment to the Office of the Attorney General together with Form RS-3 as promulgated by the Office of the Attorney General. If payments under purchase agreements have been received, such funds will be returned to purchasers within five (5) days after the amendment abandoning the Plan has been accepted for filing. If there are no outstanding purchase Agreements the Sponsor need not submit an amendment but shall submit a form RS-3 to the Attorney General which shall be served simultaneously on all tenants, if any, in the manner specified by Section 23.1(d)(l) of Part 23 of Title 13 NYCRR.

This Plan may not be amended at any time to provide that it shall be an eviction plan.

TERMS OF SALE

Prerequisites to Closing of Title

The closing of title to each of the Residential Units shall take place only after, or concurrently with, the latest of the following events to occur:

The Plan having been declared effective by Sponsor and an amendment to the Plan stating that it has been declared effective having been accepted for filing;

The recording and filing in the Register's Office of the Declaration, By-Laws and Floor Plans in accordance with the Condominium Act or other Applicable Law and such other documents as may be required by Applicable Law in connection with the submission of the Property to condominium ownership pursuant to the Condominium Act;

The release of such Residential Unit and its appurtenant Common Interest from the lien of all mortgages, unless Sponsor has obtained from the holders of all such mortgages an agreement pursuant to which each such mortgage holder has either (i) consented to the formation of the Condominium and acknowledged that its lien will be limited to Unsold Residential Units and Commercial Unit and/or (ii) subordinated the lien of its mortgage to the Declaration;

If the Purchaser of such Residential Unit so requests, the issuance of a title insurance binder insuring fee title to such Unit in the Purchaser, at the Purchaser's expense, subject only to the Permitted Encumbrances and any other title matters subject to which Purchaser consents to take title, which binder will also insure that a valid condominium has been created pursuant to the terms of the Condominium Act (see the Section of the Plan entitled "Unit Closing Costs and Adjustments" for an estimate of the cost to the Purchaser to obtain such title insurance); and

Delivery to the Purchaser, in proper form for recording, of a duly executed bargain and sale deed with covenant against grantor's acts conveying title to such Residential Unit (the "Unit Deed"). A form of the Unit Deed is set forth in Part II of the Plan as Document Number 3.

State of Title

Title to each Residential Unit and its Common Interest will be conveyed at the closing of title to such Residential Unit by Bargain and Sale Deed with Covenants against Grantor's Acts, 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"):

(a) State of facts shown on survey made by Chas. J. Dearing, Surveyor, dated July 5, 1950 and last brought to date by visual examination by Earl B. Lovell, S.P. Belcher, Inc., on December 23, 2009, and any additional state of facts that an accurate survey and inspection made on the date of closing of title to such Unit would show; provided such additional state of facts does not render title unmarketable or prohibit the existence and use of such Residential Unit;

(b) Zoning regulations, ordinances, building restrictions and regulations;

(c) Consents by Sponsor or any former owner of the Property for the erection of any structure or structures on, under or above any street or streets that the Property may abut;

(d) Encroachments of the Building, walls, stoops, steps, balconies, ornamental columns, windows, door caps, keystones, ledges, pilasters, coping, trim and cornices, and any other part thereof, if any, upon any street or highway or upon any adjoining property and similar encroachments upon the Property;

(e) Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building;

(f) The lien of any mortgage, lien or other encumbrance granted, created, or obtained by the Purchaser;

(g) Easements for ingress and egress for construction, installation, operation and maintenance of municipal service facilities and utilities;

(h) Agreements, covenants, restrictions and easements of record;

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

(j) Revocability or rights, if any, to maintain vaults or chutes under any sidewalks or streets;

(k) The lien of any Common Charges and Special Assessments, 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 the Section of the Plan entitled **"Unit Closing Costs and Adjustments";**

(l) Service, labor, concessionaire and maintenance agreements contemplated under the Plan;

(m) Any Interim Lease with the Purchaser for such Residential Unit and any other leases, tenancies and occupancies permitted by the Purchase Agreement for such Residential Unit;

(n) Any Existing Lease for such Residential Unit:

(o) Any lien, notice of pendency or other encumbrance either (i) for which the instrument required to remove said lien, notice of pendency or other encumbrance of record, including but not limited to bonding, is delivered at or prior to the date of closing of title to the Residential Unit, together with the required recording or filing fee, to the proper party or to the Purchaser's title insurance company, or (ii) as to which the Purchaser's title insurance company will insure that the lien, notice of pendency or other encumbrance will not be collected out of or enforced against the Residential Unit;

(p) The lien of any assessment or assessments that 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 in the Section of the Plan entitled "Unit Closing Costs and Adjustments";

(q) Party Wall Agreement recorded in Liber 715 Page 288.

(r) Minor variations between record description and tax map.

(s) Certificate Pursuant to Zoning Lot Subdivision Resolution recorded 3/16/2001 as CRFN 2010000089255.

(t) Zoning Lot Description and Ownership Statement recorded 3/16/2010 as CRFN 2010000089256 (copy attached).

(u) Judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Sponsor or any of its principals, provided Sponsor or any such principals, as the case may be, deliver to the Purchaser or the Purchaser's title insurance company an affidavit showing that

such judgments, bankruptcies or other returns are not against Sponsor or any such principals, as the case may be;

(v) Uniform Commercial Code financing statements or conditional bills of sale, provided that (i) such statements were filed on a date more than five (5) years prior to the closing of title to the Unit, (ii) Sponsor executes and delivers to the Condominium an affidavit setting forth that the property covered thereby is no longer in the Residential Unit or is fully paid for, or (iii) a tenant is the debtor thereunder;

(w) Sidewalk violations and any other violations against the Property that are the obligation of the Board or another Unit Owner to correct.

(x) All of the terms, burdens, easements, covenants, restrictions, conditions and Residential Rules and Regulations set forth in the Declaration, the By-Laws (and the Residential Rules and Regulations made thereunder), the Power of Attorney and the Floor Plans, all as may be amended from time to time; and

(y) The standard exceptions contained in the form of fee title insurance policy then issued by the title insurance company insuring Purchaser's title to the Residential Unit.

Sponsor will not be obligated to bring any action or proceeding or otherwise incur any cost or expense in excess of its obligations under the Plan to cure any inability to deliver title to a Residential Unit in accordance with the Plan and the terms of the Purchase Agreement for such Residential Unit. If Sponsor notifies a Purchaser of its refusal to cure any such inability, then such Purchaser's sole remedy will be either (a) to take such title as Sponsor is able to deliver without abatement in or credit against the Purchase Price for the Residential Unit and without any claim or right of action against Sponsor for damages or otherwise or (b) to terminate his Purchase Agreement and receive a refund of his Down Payment and any interest earned thereon. A Purchaser must notify Sponsor in writing as to which option such Purchaser elects within ten (10) days after the giving of Sponsor's notice of refusal to cure such inability, with **TIME BEING OF THE ESSENCE**. If a Purchaser fails to timely deliver such notice, it will be conclusively deemed that such Purchaser has elected to acquire title to the Unit subject to such inability as set forth in clause (a).

Personal Property

All personal property located within the Residential Unit on the date the Purchase Agreement is signed or located within the Common Elements on the date the Declaration is recorded that is owned by Sponsor is included in the conveyance unless specifically excepted in the Plan. Any appliances, furnishings, equipment, fixtures or other personal property owned by any tenant or occupant of the Residential Unit or any other Person will not be included in the sale. If, however, a Residential Unit is at the time of closing occupied by someone other than the Purchaser, and such tenant or other occupant removes a stove or refrigerator belonging to him, then Sponsor will supply a replacement, which need not be new, but will be in working order and similar in style and quality to the stoves and refrigerators owned by Sponsor that are contained in comparable Residential Units in the Buildings on the Presentation Date of the Plan.

Risk of Loss or Damage to Units Prior to Closing

If the Purchaser is or becomes the tenant or occupant of a Residential Unit before the closing of title thereto and before such closing the Residential Unit is damaged by casualty or otherwise, such Purchaser shall assume the risk of loss and the obligation to repair the damage to the extent not covered by the existing insurance on the building, unless the cause thereof originated outside the Residential Unit and did not result from the acts or omissions of such Purchaser or other occupant of the Residential Unit or such Purchaser's or other occupant's guests, invitees or workmen. Except as set forth in the preceding sentence, all other risk of loss or damage prior to closing is assumed by Sponsor, but Sponsor shall have no obligation or liability to repair or restore the same and shall decide within sixty (60) days of such

casualty as to whether Sponsor will make such repairs or restoration. In the event Sponsor elects to make such repair or restoration, all effort will be made to complete the same as soon as reasonably practical. If Sponsor or (in the event the Declaration has been filed) the Unit Owners do not elect to repair the damage (except for damage that is the Purchaser's obligation to repair as provided above), the Purchase Agreement will be canceled and be of no further force or effect. Thereafter, the Down Payment, together with interest earned thereon, if any, shall be disbursed as discussed in the subsection entitled **"Trust Funds,"** above. If Sponsor (or the Unit Owners, if the Declaration has been filed) elects to repair or replace the loss or damage so as to restore the Unit substantially to its condition immediately preceding such loss or damage, the Purchase Agreement shall continue in full force and effect; in which event the Purchaser shall not have the right to reject title to the Residential Unit or to receive a credit against, or abatement in, the Purchase Price, and Sponsor (or the Unit Owners) shall be entitled to a reasonable period of time to complete such repairs or replacement.

UNIT CLOSING COSTS AND ADJUSTMENTS

As more particularly set forth in the Purchase Agreement, in addition to Purchaser's own legal fees, Purchaser will pay the closing costs set forth below at the time of the closing of title of the Purchaser's Unit. Recording charges, fees and taxes are based on rates in effect on the date of the Plan and are subject to change without notice and a Purchaser will not be relieved of Purchaser's obligation under a Purchase Agreement by reason of any change in such charges, fees or taxes.

(a) Purchaser will pay a contribution to the Working Capital Fund in an amount equal to two (2) month's Common Charges then applicable to each Unit being purchased.

(b) Purchaser will pay the cost for title insurance which will vary depending upon the purchase price of the Unit. The premium as of the date of this Plan for owner's title insurance (and based on the 'bulk rate' for new condominiums) is currently the sum of $402 for the first $35,000 of fee insurance plus from $6.67 to $2.76 for each $1,000 of additional fee insurance or fraction thereof depending on the amount of insurance. The premium for mortgage title insurance (and based on the 'bulk rate' for new condominiums) is currently the sum of $344 for the first $35,000 of coverage plus from $5.55 to $2.31 for each $1,000 of additional mortgage title insurance or fraction thereof depending on the amount of insurance. These rates are subject to change without notice.

(c) Sponsor is using National Granite Title Insurance Agency, Inc, in connection with the filing of the Declaration and in conjunction with this offering. Purchasers may also order title insurance through National Granite should they desire to do so..

(d) Purchaser will pay a fee for recording the deed, Power of Attorney, mortgage, if any and any other document. Each title company establishes its own additional service and surcharges in regard to recording fees to be charged.

(e) If available to Sponsor, and Purchaser obtains a mortgage loan, the Purchaser will pay Sponsor a sum equal to the partial mortgage tax credit to which Purchaser may be entitled pursuant to Section 339-ee(2) of the Condominium Act, which sum will be paid as a reimbursement for the mortgage recording tax previously paid by Sponsor in connection with any existing mortgage(s).

Purchaser will pay the New York City Real Property Transfer Tax ("RPT Tax"), which currently, for the purchase of a single Residential Unit is one (1 %) percent of the purchase price of a Unit of $500,000 or less (1.425% of the purchase price if over $500,000), and the New York State Real Estate Transfer Tax ("NYS Tax"), presently $2.00 for each $500 (or part thereof) of the purchase price of a Unit. For Commercial Units the RPT Tax due upon sale is 1.425% where the purchase price is $500,000 or less and 2.625% where the purchase price is over $500,000. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax.

Therefore, the steps to compute the tax are

I Multiply the purchase price by the sum of the applicable NYC RPT Tax rate [1.425% where the price is greater than $500,000] and the applicable NYS Transfer Tax Rate [.4%] to compute the tentative City and State Transfer tax.

II Add the tentative taxes to the purchase price.

III Multiply (ii) by the NYC RPT Tax rate to determine the NYC RPT Tax payable.

IV Multiply (ii) by the NYS Tax rate to determine the NYS Tax payable.

(g) Under the current policies of the City of New York Department of Finance, where a purchaser purchases two or more Residential Units that have not been physically combined into a single residence

before the transfer, the NYC RPT Tax rate where the combined consideration is $500,000 or less will be 1.425%, while the tax rate where the combined consideration is in excess of $500,000 will be 2.625% (this may be the case even if the Residential Units are transferred to the purchaser pursuant to separate sales contracts with separate closing dates). The City of New York Department of Finance has taken the position that the consideration for the transfer of a Unit under a deed is not aggregated with the consideration for the transfer of other Units under separate deeds for purposes of determining total consideration. There is no guarantee that the City of New York will not change its position with respect to the foregoing or require that each Purchaser's allocable portion of the cost of the Resident Manager's Unit be included in the total consideration.

(h) If the purchase price of the Residential Unit is $1,000,000 or more, Purchaser will pay the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," which is currently one (1 %) percent of the purchase price. This tax will be calculated on the "grossed up" consideration of the Unit.

(i) The legal fees of Sponsor's attorneys in the amount of $2,000.00 will be payable by a purchaser to Phyllis Marie Kamysek, Esq. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys, Phyllis Marie Kamysek, Esq., in connection with the closing of title to Purchaser's Unit: If the Purchaser requests the Closing to occur other than at the offices of Phyllis Marie Kamysek, Esq., or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan. In addition, if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion or substitution of names on the Purchase Agreement, a fee of $1,000, payable in advance, for preparation of an assignment agreement. Purchaser may pay more than one fee pursuant to this paragraph with respect to a single Unit. In addition to an attendance fee in connection with a completed Unit transfer, Sponsor's attorneys shall also be entitled to an attendance fee of $500 if the scheduled closing is adjourned through no fault of Sponsor, the determination of which shall be within the sole discretion of Sponsor's attorneys. In addition, more than one assignment fee shall be payable if Sponsor consents to more than one request.

(j) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording tax, origination, appraisal and closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, the mortgage recording tax for mortgages for Residential Units where the mortgage is under $500,000 is $2.05 for each $100 of principal. The mortgage recording tax for Residential Units for mortgages in the amount of $500,000 or greater is $2.175 for each $100 of principal. The tax is reduced for Residential Units in both instances by $25.00 if the mortgage principal exceeds $10,000. For Commercial Units, the mortgage recording tax for mortgages of less than $500,000 is $2.05 for each $100 of principal and for mortgages of more than $500,000 such tax is $2.175 for each $100 of principal. No representation or warranty is made with respect to the amounts of such closing costs and expenses or the availability or cost of mortgage loans from any sources. As previously stated in paragraph (e) above, if a mortgage tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure solely to the benefit of Sponsor. Accordingly, at Closing, each Purchaser utilizing mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed and Sponsor will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed. In addition, where a Purchaser obtains a mortgage loan, the Purchaser will be responsible for all costs associated therewith, including, without limitation, costs incurred in connection with the mortgage application, bank's attorney, survey, appraisal, credit report and points.

The following Summary illustrates the projected closing costs (based on current rates) for a typical Unit (Residential Unit 2) purchased by a Purchaser at a Purchase Price of $3,350,000, assuming such Purchaser finances fifty (50%) percent (i.e., $1,675,000) of the purchase price:

Fee Insurance	$ 9,176.
Mortgage Insurance	1,223.
NYC Mortgage Tax	32,243.
Record Mortgage Tax & Deed	700.
Searches, Endorsements, etc.	750.
Mansion Tax	34,136.
NYC Transfer Tax	48,608.
NYC Transfer Tax	13,656.
Sponsor Legal Fees	2,000.
Working Capital (2 mo's CC)	2,173.
Total Approximate Closing Costs*	$149,103

* The projected closing costs referred to above are approximate do not include the costs of Purchaser's lender, if any, and are not guaranteed. Purchasers are advised that they are responsible for all mortgage loan closing costs which vary widely among different lenders and also will vary depending on the loan program chosen.

In addition to the above-specified costs and expenses, a mortgage on a Unit may provide that the Unit Owner deposit monthly with the lender one-twelfth (1/12) of the estimated annual real estate taxes and tax assessments which are assessed or to be assessed against the Unit, together with one-twelfth (1/12) of the annual fire and casualty insurance policy premiums for the Unit, or other amounts, and, at Closing, Purchaser may be required to deposit with the lender a multiple of the aggregate of such one month's real estate taxes, tax assessments and insurance premiums, or other amounts, in order that sufficient funds will be available for the lender to pay the same when due and such sums may be due even if a real estate tax escrow is paid to the Condominium Board at Closing.

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

At Closing, adjustments will be made as of midnight of the day preceding the Closing Date between Sponsor and each Purchaser with respect to (a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed) on the basis of the period for which assessed, (b) Residential Common Charges for the month in which title closes and (c) accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering Purchaser's Residential Unit. Sponsor may also collect, on behalf of the Condominium Board, Residential Common Charges for the month following the month in which the Closing occurs.

In the event the Units have not been separately assessed for real estate tax purposes prior to the First Closing: 1. Sponsor may place in escrow in the name of the Board of Managers, an amount equal to the unpaid real estate attributable to the unsold units for the six month period following the first closing and may collect at each unit closing the estimated amount of taxes attributable to such unit for the balance of the six month period. The board of managers will pay the real estate taxes from the escrow account when taxes are due and payable and the funder of the escrow account will be entitled to reimbursement from unit owners to the extent of the actual assessment or 2. Tthe board of managers may advance the real estate taxes as the condominium by-laws include as part of the common expenses, real estate taxes on the property until the units are separately assessed. After assessment the unit owners will be reimbursed for any overpayment of taxes or assessed for an under-payment [see provision 6.4.5 of the condominium by-laws; or 3. the Condominium board may collect at Closing, , real estate taxes due and payable for the immediately prospective tax periods in which the Units will not be separately assessed. The Condominium Board will pay such taxes either to the Finance Administration of The City of New York when due or directly to Sponsor if Sponsor has already paid such real estate taxesEach Unit Owner will pay such real estate tax adjustment based upon a pro rata share in the proportion that such Unit's Common Interest bears to the aggregate Common Interest of Units of all real

estate taxes with respect to the Property for the tax period in which the Closing occurs. (please refer to Schedule A for an estimate of real estate taxes payable during the first year of Condominium operation). . If any Unit Owner fails to pay such Unit Owner's pro rata share as set forth above, the Condominium Board will have a lien on such Unit for non-payment of Common Charges. (See the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers" under the subsection entitled - "Common Charges: Collection and Lien for Non-Payment, Attachment of Rent" for further discussion.) When the Units are separately assessed and separately billed, its Unit Owner will pay such taxes directly to the taxing authority.

If a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and this Plan, an amount equal to 0.05% of the purchase price of the Unit for each day [or 18% per annum] starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date and (c) Purchaser will be required to pay the service fees of the Seller's attorneys of $250 for each default letter sent to the Purchaser and $250 for each notice sent to the Purchaser to reschedule the closing.

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

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Obligations with Respect to the Creation of the Condominium

Sponsor will bear all costs and expenses to be incurred in connection with the creation of the Condominium and the preparation, filing and distribution of the Plan. In addition, Sponsor will pay all selling expenses and brokerage commissions of the Selling Agent or other broker engaged by Sponsor.

The violations of record disclosed in the Section of the Plan entitled "Description of Property and Specifications" and those subsequently occurring prior to the date of the first Closing (except violations that result from the acts or omissions of tenants in their individual Residential Units or violations not affecting health or safety, which there is no obligation to correct) or title defects (other than mortgages and Permitted Encumbrances) affecting the Property at the time of the First Closing, then except as otherwise provided in the Plan, Sponsor will cause the violations or defects to be cured, at its sole cost and expense. The existence of any violations or defects will not constitute an objection to title or excuse any Purchaser from completing payment of the balance due under his Purchase Agreement (without provision for escrow). Other than as set forth herein, Sponsor makes no warranties or representations as to any latent or patent defects or the remaining life of any of the Common Elements or Limited Common Elements.

Sponsor shall procure fire insurance coverage, on behalf of the Condominium, at the Condominium's expense, to be effective at the First Closing, in the amount set forth in the Footnotes to Schedule B.

Immediately following the First Closing, Sponsor will assign to the Condominium Board, and the Condominium Board will, on behalf of all Unit Owners, assume, all assignable service and maintenance contracts and agreements relating to the Property. The Board will indemnify Sponsor against all claims and liability thereunder that relate to matters and events occurring on or after the day upon which the First Closing occurs.

Unsold Residential Units

Title to each Unsold Residential Unit will remain in Sponsor until the Unit is sold and a deed is delivered to the Purchaser. Sponsor reserves the right to procure a Successor Sponsor, which may become the owner of certain or all Unsold Residential Units. From and after the First Closing, Sponsor will be obligated to pay Common Charges, Special Assessments, if any, and real estate taxes and to perform other duties as a Unit Owner with respect to any Unsold Residential Units for as long as same are owned by Sponsor. Sponsor and any Successor Sponsor may from time to time freely rent any Unsold Residential Units. Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Residential Units.

Sponsor intends to sell the Unsold Units that are Residential Units to Purchasers who are buying for their or their families' personal occupancy. Sponsor reserves the unconditional right, however, to sell Residential Units to investors who intend to rent and not to occupy their Units personally. In addition, Sponsor and any Successor Sponsor may from time to time freely rent any Unsold Units without charge or limitation whatsoever and without the consent of the Condominium Board or any other Unit Owner. Sponsor makes no representation that it will endeavor in good faith to sell Residential Units rather than rent them as they become vacant. The mortgage that currently encumbers the Property does not obligate Sponsor to market Units for sale as they become vacant, nor does it provide for a minimum number or percentage of Units that must be under contract before the Plan may be declared effective. At the closing of title to each Unit, Sponsor will be required to pay the holder of said mortgage a minimum release price in order for the holder of such mortgage to release the Unit from the lien of the mortgage.

Risk of Loss or Damage to Units Prior to Closing

As set forth in more detail in the subsection entitled **"Risk of Loss or Damage to Units Prior to Closing"** in the Section of the Plan entitled **"Terms of Sale,"** if a Residential Unit is damaged by fire or other casualty, the risk of loss remains with Sponsor unless and until the Purchaser becomes the tenant or occupant of the Residential Unit before the closing or legal title to the Residential Unit has been conveyed to the Purchaser, but Sponsor shall in no event have any obligation or liability to repair such damage.

General Obligations

Sponsor represents that until it no longer controls the Condominium Board, the Property will be maintained, repaired, cared for and operated in substantially the same condition and manner as it was on the Presentation Date of the Plan, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storm, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which Sponsor is reasonably unable to exercise control. If Sponsor is prevented from so maintaining the Property for any of these reasons other than fire or other casualty, Sponsor will make any repairs subsequent to the First Closing that it was obligated to make prior thereto.

In the event of the dissolution or liquidation of Sponsor, or the transfer to a single transferee of three (3) or more Units of the total number of Units in the Condominium, the principals of Sponsor will provide financially responsible entities or individuals who will assume with respect to those Units the status of and all of the obligations of Sponsor under the Plan and Applicable Law; and in the event of any such liquidation or dissolution of Sponsor, the principals of Sponsor shall guarantee the performance of such obligations.

All representations under the Plan, all obligations pursuant to the GBL, and such additional obligations under the Plan that are to be performed subsequent to the First Closing will survive delivery of a deed to a Residential Unit.

The foregoing sets forth the entire extent of the obligations of Sponsor and no other obligations will be implied, except that nothing contained herein will be deemed to limit the rights of Purchasers under their respective Purchase Agreements. Sponsor makes no representations or warranties other than as set forth in this Section of the Plan. Sponsor will not be liable for any claims or obligated to defend any suits with respect to any Unit arising out of any occurrence taking place on or after the date of the closing of title to such Unit or the leasing thereof to any Purchaser or, with respect to the Common Elements, arising out of any occurrence taking place on or after the date of the closing of title to such Unit, except that Sponsor shall indemnify, defend and hold harmless the Condominium Board and the Unit Owners from and against suits or claims arising out of the acts or omissions of Sponsor or the representations made by Sponsor in the Plan.

Obligations of Sponsor hereunder with respect to the Condominium and the Common Elements will be enforceable only by the Board on behalf of all Unit Owners. In no event will any obligations of Sponsor under this Section of the Plan be enforceable by individual Unit Owners unless the Board fails to take reasonable action to enforce such obligations within ninety (90) days following the giving of written notice of such claim by any Unit Owner to the Condominium Board.

Sponsor intends to meet its financial obligations to the Condominium under the Plan through profits generated from sales of Unsold Residential Units and income generated from the rental of Unsold Residential Units and the Commercial Unit. Sponsor has not furnished any bond or other security for the performance of its obligations under the Plan.

Obligation to obtain a Permanent Certificate of Occupancy.

Sponsor expects to obtain a permanent certificate of occupancy for the Building no later than two (2) years from the date of the First Closing.

CONTROL BY THE SPONSOR

Sponsor will control the Condominium Board until the expiration of the Initial Control Period [as defined in the next section entitled "Board of Managers"]. The By-Laws provide that after the expiration of the Initial Control Period at least one member of the Condominium Board must be a Residential Unit Owner or family member or officer, director, shareholder, partner, principal, member, trustee, employee or beneficiary of a Residential Unit Owner who occupies their Residential Unit or members of such Residential Unit Owners' household who are unrelated to Sponsor or its principals.

Until Sponsor no longer designates a majority of the Board, Sponsor will have control of the maintenance and operation of the Condominium and the services to be provided by the Condominium Board to the Unit Owners and will determine Common Charges and any Special Assessments to be paid by Unit Owners.

Under the By-Laws, Owner-Occupants of Residential Units will be unable to control the Condominium Board until the Initial Control Period has expired; moreover, Owner-Occupants and non-resident owners, including Sponsor, may have inherent conflicts as to how the Residential Units and the General Common Elements should be managed because of their different purposes in owning Residential Units *(i.e.,* for use as a home as opposed to a business or investment).

After the Initial Control Period has elapsed, so long as Sponsor owns at least one (1) Residential Unit, Sponsor will have the right to designate one (1) member of the Condominium Board allocated to the Residential Unit Owners, and, so long as Sponsor owns a Commercial Unit, Sponsor will have the right to designate the member of the Condominium Board allocated to the Commercial Unit Owners.

Within approximately 30 days after the expiration of the Initial Control Period, the appropriate number of Board members designated by Sponsor shall resign and their replacements shall be selected by a majority vote of the remaining members at a regular meeting of the Condominium Board or at a special meeting of the Condominium Board held for such purpose.

For the period ending not more than five (5) years after the Closing of the first Unit or whenever the Unsold Units constitute less than twenty-five percent (25%) of the Common Interests, whichever is sooner,

(a) the Condominium Board may not, without Sponsor's or Sponsor Successor's prior written consent:

(i) make any addition, alteration or improvement to the General Common Elements, unless required by Applicable Law;

(ii) assess any General Common Charges or General Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency or surplus fund in excess of five percent in the aggregate of the estimated General Common Expenses for any one fiscal year of operation, provided the same does not violate Applicable Law, in which event the maximum assessment permitted hereunder shall equal the minimum required by Applicable Law;

(iii) increase the number or change the type of employees of the Condominium from that described in Schedule B;

(iv) enter into any service or maintenance contracts for work, labor or services not covered in Schedule B; or

(v) borrow money on behalf of the Condominium; or

(vi) exercise a right of first refusal to lease or purchase a Residential Unit.

Notwithstanding the foregoing, Sponsor may neither exercise a veto over nor direct any member of the Condominium Board appointed or otherwise chosen by Sponsor to vote against expenditures that: (a) conform to Schedule B and are for the period covered by Schedule B Budget; or (b) are required to comply with Applicable Law, including expenditures necessary to cure any notices of violations; or (c) are necessary to remedy any work order by an insurer that is the responsibility of the Condominium Board to remedy. See also the Section of the Plan entitled "Rights and Obligations of Unit Owners and Board of Managers."

BOARD OF MANAGERS

The affairs of the Condominium shall be governed by a Condominium Board. The duties of the Board are set forth in the By-Laws. The Board shall initially consist of three members: two members designated by Sponsor on behalf of the Residential Unit Owners and one member designated by Sponsor on behalf of the Commercial Unit Owner. The three initial members of the Board who will be designated by Sponsor as of the First Closing are Michael Maidan, Daniel Hilpert and Sabina Schwalbe. Within two years of the date of the First Closing, the Condominium Board will call for the first annual meeting of the Unit Owners for the purpose of electing a new Board in accordance with the relevant provisions of the By-Laws.

At the first annual meeting of the Unit Owners and at each annual meeting thereafter, the incumbent Condominium Board shall resign and the Unit Owners shall elect a new Board consisting of five members. Four (4) members shall be elected by the Residential Unit Owners (Residential Members) and one (1) member shall be elected by the Commercial Unit Owner (Commercial Member).

During the Initial Control Period *(i.e.,* the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (75%) of the aggregate Common Interests appertaining to all Units or (ii) the fifth (5th) anniversary of the First Closing), Sponsor or a Successor Sponsor shall have the right to designate three (3) members of the five-member Condominium Board. After the expiration of the Initial Control Period, for so long as Sponsor or any Successor Sponsor owns at least one (1) Residential Unit, Sponsor or such Successor Sponsor will have the right to designate one (1) Residential Member of the Condominium Board. In addition, so long as Sponsor or any Successor Sponsor owns a Commercial Unit, Sponsor or such Successor Sponsor shall have the right to designate the Commercial Member of the Condominium Board.

Except for Board members designated by Sponsor or any Successor Sponsor, all members of the Board must be either Unit Owners or interested parties *(e.g.,* directors or shareholders of Unit Owners) as described in the By-Laws. After the expiration of the Initial Control Period, a majority of the Board must be Unit Owners or Family Members of Unit Owners and must not be related to Sponsor or any Successor Sponsor or the principals of Sponsor or any Successor Sponsor. No member of the Condominium Board shall continue to serve on the Board if, during such member's term of office, said member shall cease to be a Unit Owner or an interested party.

Regular meetings of the Condominium Board may be held at such lime and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided at least four such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, nationally recognized overnight courier, facsimile or e-mail, at least five business days prior to the day named for such meeting. Special meetings of the Condominium Board may be called by the Board's President or Vice President by giving five business days' prior notice to each member of the Board by personal delivery, mail, facsimile or e-mail, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting.

The terms of each member of the Condominium Board shall expire annually, except that members of the Board shall serve until their respective successors shall be duly elected and qualified. There shall be no limit on the number of successive terms a Board member may serve. All Board members shall serve without compensation for their services in such capacity. Any member of the Board may resign at any time by written notice hand delivered or sent by certified mail, return receipt requested, to the President or Secretary of the Board. Notwithstanding the term of such member's office, such resignation shall take effect at the time specified in such notice of resignation.

A Residential Member may be removed with or without cause by an affirmative vote of Residential Unit Owners having more than 50% of the total authorized votes of all Residential Unit Owners who are present at a meeting of the Unit Owners at which a quorum is present; provided, however, that a Board member designated by Sponsor may only be removed for cause, in which event he shall be replaced by another Sponsor designee. No Residential Member shall continue to serve on the

Board if, during such Residential Member's term of office, said member shall cease to be a Residential Unit Owner or an interested party as described in the By-Laws; provided, however, that this provision respecting Residential Unit ownership and Board membership shall not apply to members of the Board designated by Sponsor or Successor Sponsor.

The number and composition of the Condominium Board may not be changed except in accordance with the procedures described in the By-Laws. The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium. All determinations that affect the Commercial Units in any way shall require the consent of the Commercial Member.

As more fully set forth in the By-Laws, all determinations required to be made by the Condominium Board shall, with certain exceptions, be made by a majority of the votes cast at any meeting at which a quorum is present. Any dispute between the Residential Members and the Commercial Member as to whether any determination requires the consent of the Commercial Member shall be settled by arbitration in the manner provided in the By-Laws.

Annual meetings of the Unit Owners shall be held within approximately 30 days of each anniversary of the first annual meeting. At such meetings, the Residential Unit Owners shall elect the four Residential Members, subject to any rights of Sponsor to designate Board members, the Commercial Unit Owner shall elect or designate the Commercial Member, and there shall also be transacted such other business as may properly come before such meetings. In addition, special meetings of the Unit Owners may be held from time to time pursuant to the By-Laws. The secretary of the Condominium Board shall mail a notice of each annual or special meeting of the Unit Owners to all Unit Owners of record. The notice, which shall be given at least 10 days but not more than 40 days prior to any such meeting, shall state the purpose of the meeting as well as the time and place where it is to be held. Except as otherwise provided in the By-Laws or the Declaration, at all meetings of the Unit Owners, the presence in person or by proxy of Unit Owners owning Units to which are appurtenant, in the aggregate, more than 50% of the Common Interests shall constitute a quorum, and a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Unit Owners.

At all meetings, each Unit Owner (or such Unit Owner's proxy) entitled to vote thereat (including Sponsor and any Successor Sponsors with respect to Unsold Residential Units) shall be entitled to cast one vote for each .001% of Common Interest attributable to such Unit Owner's Unit or Units.

The principal officers of the Condominium Board shall be a president, vice president, secretary and treasurer, all of whom shall be elected by the Board, along with all other officers, annually at the annual meetings of such Board. Except as otherwise provided by the Board, no officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Condominium Board are to be executed by any officer thereof or by such other person or persons as may be designated by the Board.

Except as otherwise provided by the Board for which such officer serves, no officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Condominium Board are to be executed by any officer thereof or by such other person or persons as may be designated by the Board.

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

Generally, subject to certain exceptions concerning, among other things, Sponsor, the Commercial Units, and Unsold Residential Units, and provided that the required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, affecting (a) only the Residential Units or the Residential Unit Owners may be amended, modified, added to or deleted by affirmative vote of at least 66-2/3% in number and in Common Interest of all Residential Unit Owners, (b) only the Commercial Units or the Commercial Unit Owners may be amended, modified, added to or deleted by

affirmative vote of at least 66-2/3% in number and in Common Interest of the Commercial Unit Owners and (c) the General Common Elements or all Unit Owners may be amended, modified, added to or deleted by affirmative vote of at least *66*-2/3% in number and in Common Interest of all Unit Owners; provided, however, that the Common Interest appurtenant to each Unit may not be altered without the written consent of all Unit Owners directly affected thereby. The By-Laws may be amended, modified, added to or deleted by affirmative vote of at least 66-2/3% in number and in Common Interest of all Unit Owners. The Residential Rules and Regulations may be amended by vote of the Condominium Board.

Notwithstanding any provision contained in the By-Laws to the contrary, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Residential Rules and Regulations shall be effective in any way (a) without the prior written consent of the affected Commercial Unit Owner in its sole and absolute discretion, with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration adverse to such Commercial Unit Owner, (b) without the prior written consent of Sponsor and any Successor Sponsor in its sole and absolute discretion with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration adverse to Sponsor or any Successor Sponsor, or (c) without the prior written consent of the holder of any present or future mortgage, pledge, or other lien or security interest covering any Unsold Residential Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration modifying the permitted uses of such Unsold Residential Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit.

It is possible that amendments, modifications, additions or deletions of or to the Declaration, By-Laws and Residential Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of the Commercial Unit, the subdivision of any Commercial Unit into individual commercial condominium units or the offering for sale or lease of all or any portion of the Commercial Unit. In connection therewith, the Declaration and Residential Rules and Regulations may be amended, modified, added to or deleted from by Sponsor and any Sponsor Successor; provided, however, that no change to the foregoing governing documents adverse to the Commercial Unit Owner shall be made without the consent of the Commercial Unit Owner. The provisions resulting from such changes may be similar or dissimilar to those affecting the Residential Units and Residential Unit Owners.

Every contract made by or on behalf of the Condominium Board shall state that (a) it is made only as agent for the Unit Owners, and that the Board members shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to any contract regarding the Condominium, the Residential Units or the Commercial Unit, as the case may be, shall be limited to (i) 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 (ii) to the extent permitted by law, such Unit Owner's interest in such Unit Owner's Unit and its Appurtenant Interest. To the extent permitted by Applicable Law, Board members shall have no liability to Unit Owners, except that a Board member shall be liable for such Board member's own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim arising out of or relating to such Board member's actions in his capacity as a Board member, except those arising out of such Board member's own bad faith or willful misconduct.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS

Sales and Leases of Units

Each Residential Unit Owner may sell his Residential Unit, together with its Appurtenant Interest, or lease its Residential Unit, provided such Unit Owner (the "Offeree Unit Owner") first gives the Condominium Board written notice of such Offeree Unit Owner's intention to sell or lease such Unit accompanied by a fully-executed, original counterpart of the contract of sale for the Unit or lease, as the case may be, and an opportunity for the Board, on behalf of all Unit Owners, to purchase or lease such Unit at the same price or rental and on the same terms as are contained in such contract of sale or lease with such prospective purchaser or lessee, as more specifically provided in Article 8 of the By-Laws. If the Board fails to accept the offer made by the Offeree Unit Owner pursuant to Article 8 of the By-Laws or does not notify the Offeree Unit Owner of its election to purchase or lease the Unit within 30 days after receipt of the notice of such Offeree Unit Owner's intention to sell or lease such Unit and such additional information as the Board may request, the Offeree Unit Owner will have 90 days after the expiration of the 30-day period to consummate the sale or lease in accordance with the terms stated in the contract of sale or lease appended to the notice. After the expiration of the 90-day period, the Offeree Unit Owner will again be required to offer the Residential Unit to the Condominium Board as provided above; provided that the Board shall be entitled to waive, or to permit an extension of, either or both of such periods. The Board may not exercise its option to purchase or lease any Unit without the prior approval of Unit Owners having more than 50% of the total authorized votes of all Unit Owners who are present in person or by proxy at a meeting of the Unit Owners at which a quorum is present. The Offeree Unit Owner shall have the right to vote in any such vote of Unit Owners held for the purpose of determining whether the Board shall exercise its right of first refusal to purchase or lease the Offeree Unit Owner's Unit. Any deed given by an Offeree Unit Owner in connection with such sale shall provide that the acceptance of such deed by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Residential Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be materially modified, amended, or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign the lease or sublet the demised premises or any part thereof without the prior consent in writing of the Board, and that the Board, if permitted by Applicable Law, shall have the power to terminate such lease or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Any such lease shall be for a term of not less than one (1) year.

The form of any such lease shall be the then-current form of apartment lease recommended by the Real Estate Board of New York, Inc., except for such changes therein as provided in the By-Laws, and must expressly provide that such lease may not be amended, modified or extended without the prior written consent of the Condominium Board and that the tenant thereunder may not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Board; and that the Board will have the power to terminate such lease or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

If a Unit is to be purchased by the Condominium Board or its designee on behalf of all Unit Owners, such purchase may be made from the funds deposited in the capital or expense accounts of the Condominium Board. If the funds in such accounts are insufficient to effectuate such purchase, the Board may levy a Special Assessment against each Unit Owner (other than the Offeree Unit Owner) 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 on or a hypothecation of any portion of the Property other than the Unit to be purchased together with its Appurtenant Interest. In addition, if the prospective purchaser was to assume or to take title to the Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the contract of sale, the Board may purchase the Unit and assume or take title thereto subject to such mortgage or mortgages, as the case may be.

The Board may not discriminate against any person because of sex, race, creed, color, national origin, ancestry, sexual orientation or other ground prohibited by Applicable Law in connection with the exercise of its option to purchase or lease any Residential Unit.

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

A Residential Unit Owner, without complying with the foregoing restrictions, may: (i) lease, sell or convey his Unit to a spouse, adult child or grandchild, parent, grandparent, or adult sibling, or any other related or controlled individual or entity, including a domestic partner registered with the City of New York or any other recognized jurisdiction, as more particularly set forth in the By-Laws; (ii) convey his Unit by gift; (iii) devise his Unit by will; or (iv) have his Unit pass by intestacy; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Unit Owner's Unit shall be subject to, the Condominium Board's right of first refusal and the procedures relating thereto, as set forth above and more particularly in Article 8 of the By-Laws.

The foregoing restrictions upon the sale and lease of Residential Units shall not apply to the Condominium Board, Sponsor or a Successor Sponsor or Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure. Such restrictions shall also be inapplicable to the Commercial Units, whether owned by Sponsor or a Successor Sponsor or holder of Unsold Units or by any subsequent owner or by any mortgagee, and, subject to compliance with Applicable Law, the Commercial Unit Owner shall be free to sell, lease, mortgage or otherwise transfer or hypothecate all or any part of the Commercial Units.

A Unit Owner may sell his Unit only if such sale includes the Unit's Appurtenant Interest. A Unit Owner may not convey or lease his Unit unless he has paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed by such Board against such Unit and has satisfied all unpaid liens against such Unit, other than liens of Permitted Mortgages. In addition, the Board may establish reasonable fees for the processing of sale and lease notices, which shall be payable by the selling or leasing Unit Owner, as the case may be, to the Managing Agent.

Notwithstanding anything contained herein to the contrary, prior to the closing of title to a Unit for which a signed Purchase Agreement for a Unit has been submitted to Sponsor under this Plan, the Purchaser may not, under the terms of such Purchase Agreement, list such Unit for resale with any broker or advertise or otherwise offer, promote or publicize the availability of the Unit for sale, without Sponsor's prior written consent.

The Condominium Board shall have the right to impose a reasonable charge to cover its expenses, including payment of any fees due to the Managing Agent or any attorney retained by the Board, in connection with the sale or lease of a Unit. If such charge is adopted, it shall be added to and constitute Common Charges payable by the transferor Unit Owner.

Each Purchaser of a Unit is required to pay with their first month's common charges a contribution to the Working Capital Fund of the condominium, in the amount of two (2) month's common charges then due from the Unit.

No transfer fee or other charge payable to the Condominium Board or the Managing Agent as described above shall be payable in connection with a sale or lease of a Commercial Unit or in connection with a sale or lease of a Residential Unit by Sponsor or any Successor Sponsor or in connection with any other sale or lease with respect to which the Board does not have a right of first refusal.

Use of Units

As more particularly set forth in the By-Laws, and except as expressly provided therein and below, Residential Units may be used for residential purposes only. A Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary or any other entity (including, but

not limited to, the United States government or any instrumentality thereof and foreign governments or any embassy, consulate or other instrumentality thereof), may be occupied only by such individual; or by an officer, director, stockholder, or employee of such corporation; or by a partner or employee of such partnership; or by a member or employee of such limited liability company; or by such fiduciary, if an individual (or by an officer, director, stockholder, or employee of a corporate fiduciary, or by a partner or employee of a partnership fiduciary, or by a member or employee of a limited-liability-company fiduciary), or by the beneficiary of any such fiduciary; or by a principal or employee of such other entity; or by family members or guests of any of the foregoing. A Residential Unit may be used for lawful purposes that are not residential purposes, subject, however, to (1) the terms and conditions of the then-existing certificate of occupancy covering such Residential Unit, (2) applicable governmental laws and regulations, (3) the use of such Residential Unit not adversely affecting the use and enjoyment of neighboring or adjacent Residential Units for residential purposes or imposing undue burdens on any building systems or staff, and (4) the prior written permission of the Condominium Board, which permission shall in no event be granted unless the Board affirmatively finds that the conditions in (1) through (3) above have been met.

Notwithstanding the foregoing, the owner of an Unsold Residential Unit may, without the permission of the Board, (1) grant permission for the use of such Unsold Residential Unit as a professional office or for any other purpose, provided that such use is permitted by law, and does not violate the then-existing certificate of occupancy covering such Residential Unit or any other governmental regulations and (2) use such Unsold Residential Unit as a model unit, sale or promotion office or management office in connection with the sale, rental and/or management of the Units, subject only to compliance with applicable governmental laws and regulations.

A Commercial Unit may be used for any lawful purpose, including, without limitation, as a department or other retail store or outlet, storage facility, theater, bank, restaurant or commercial or professional office or studio; except that no Commercial Unit may be used (1) for any illegal or pornographic purposes or (2) as a commercial establishment in which are provided sex-related activities consisting of nude or semi-nude live performances, sex clubs, massage parlors, adult book stores, peep shows or (3) as a homeless shelter or (4) as a drug or alcohol rehabilitation facility. No sale of any Commercial Unit or lease, sublease or use of all or any portion of any Commercial Unit shall be deemed to adversely affect the Residential Units.

Each Residential Unit Owner shall notify the Managing Agent in writing when a child or children under the age of 11 years lives or resides (even temporarily) in the Residential Unit owned by such Residential Unit Owner. Each Residential Unit Owner shall install at such Residential Unit Owner's expense, the required window guards in all windows of the Residential Unit owned by such Residential Unit Owner. The Residential Unit Owner shall maintain all window guards installed in the Residential Unit and shall not remove them until permitted by Applicable Law and, in any event, without the prior written approval of the Managing Agent.

The current New York City Zoning Resolution permits a person who resides in a Residential Unit to use up to 25% of the floor area of such Unit Owner's Residential Unit (but in no event to exceed 500 square feet) for certain home occupations.

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

Residential Rules and Regulations

No Unit Owner will cause or permit any Hazardous Materials to be used, stored, transported, released, handled, produced or installed in, on or from its Unit or the Property, other than substances used in *de minimis* quantities in household cleaning products and generated, stored, handled and used in compliance with Applicable Law. It will be the obligation of each Unit Owner to comply (at its sole cost

and expense) with all Applicable Law with respect to Hazardous Materials in its Unit or in connection with any Work performed by or on behalf of such Unit Owner at the Property.

The Residential Rules and Regulations are annexed to the By-Laws and contain rules and regulations governing among other things, the conduct of Residential Unit Owners and the their family members and guests in the General Common Elements and Residential Common Elements, including the lobby, entranceway and hallways, restrictions on decorations, limitations on pets, restriction on additional air-conditioning, heating or ventilation equipment, persons required to use service elevators for ingress and egress to the Residential Units, disposal of refuse, restrictions on flammable substances, signage, telecommunications aerials and other receivers, velocipedes, bicycles, scooters, strollers and baby carriages and similar vehicles. The following is a summary of illustrative rules and regulations:

No pets other than dogs, caged birds, cats and fish shall be permitted, kept or harbored in a Residential Unit without the same in each instance having been expressly permitted in writing by the Condominium Board. Although pets are permitted to be kept in Residential Units, each Unit Owner (other than Sponsor or any Successor Sponsor) who keeps any type of pet in his Residential Unit will be required to (a) indemnify and hold harmless the Condominium, all other Unit Owners and the Managing Agent from all claims and expenses resulting from the acts of such pet; and (b) abide by any and all reasonable Residential Rules and Regulations of the Condominium adopted with respect thereto. The Condominium Board shall have the right to restrict the size, weight and number of pets kept in any Residential Unit. In addition, the Board may require that pet owners enter into an agreement with the Board confirming such owners' obligations with respect to their pets and, in any event, the Board may require the removal of a pet that causes a nuisance, health hazard or unsanitary condition. The provisions of this paragraph shall not apply to tenants residing in the building on the date of the Plan to the extent they are inconsistent with the terms of such tenants' lease agreements.

No article (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors, stairways or fire tower landings of the Residential Units, nor shall any fire exit thereof be obstructed in any manner. Nothing shall be hung or shaken from any doors, windows or roofs, or placed upon the window sills of the Residential Units.

The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of the Residential Units shall not be obstructed or used for any other purpose than ingress to and egress from the Residential Units. Neither occupants nor their guests shall play in the entrances, passages, public halls, elevators, vestibules, corridors, stairways or fire towers of the Residential Units or the Commercial Unit.

No window decorations shall be used in or about any Residential Unit, unless otherwise required or permitted by law, except such as shall have been approved in writing by the Condominium Board or the Managing Agent employed by the Condominium Board (or, if there is none, the Managing Agent employed by the Condominium), which approval shall not be unreasonably withheld or delayed.

All refuse from the Units must be deposited by Unit Owners in those areas of the Building provided for that purpose at such times and in such manner as the Condominium Board directs, including, but not limited to, mandatory recycling materials. Nothing may be hung or shaken from any doors, windows or roofs, or placed upon the window sills of the Building, and no Unit Owner may sweep or throw or permit to be swept or thrown, any dirt, debris or other substance therefrom.

There will be no playing or lounging in the entrances, passages, public halls, vestibules, corridors or stairways of the Building, except in recreational or other areas and during such times as designated in the Declaration or by the Condominium Board.

No Residential Unit Owner or any of such Unit Owner's agents, servants, employees, licensees, tenants, sublessees or visitors shall at any time bring into or keep in such Unit Owner's Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be

necessary and appropriate for the permitted uses of such Unit. Unless expressly authorized by the Condominium Board in each instance, not less than eighty (80%) percent of the floor area of each Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting or equally effective noise-reducing material.

Nothing shall be done or kept in any Residential Unit or in the General Common Elements or Limited Common Elements that will increase the rate of insurance of the Building or contents thereof without the prior written consent of the Condominium Board. No Residential Unit Owner shall permit anything to be done or kept in such Unit Owner's Unit or in the General Common Elements or Limited Common Elements that will result in the cancellation of insurance on the Building or that would be in violation of any law. No waste shall be committed in or to the General Common Elements or Limited Common Elements.

Each Unit Owner shall keep such Unit Owner's Unit in a good state of preservation and cleanliness and each Unit Owner shall be obligated to maintain and keep in good order and repair such Unit Owner's own Unit in accordance with the provisions of the By-Laws, including, without limitation, the Residential Rules and Regulations, as well as the rules and regulations of municipal departments or agencies having jurisdiction thereof. The Residential Rules and Regulations may be amended from time to time by the Condominium Board in accordance with the By-Laws, provided that copies thereof are furnished to Unit Owners prior to the time that they become effective (except that no amendment thereof affecting the Commercial Units or Unsold Residential Units may be made unless agreed to by the Commercial Unit Owner or Sponsor and any Successor Sponsor, as the case may be). Further restrictions on the use and leasing of Residential Units are set forth in the By-Laws and Residential Rules and Regulations.

Mortgage of Units by Unit Owners

Each Residential Unit Owner may mortgage his Unit, provided that he first complies with the conditions with respect thereto set forth in the By-Laws. As more fully set forth therein, these conditions include the requirements that (a) the mortgage be substantially in the form of the New York Board of Title Underwriters form of mortgage, or such other form customarily used by lenders making loans secured by individual residential condominium units; (b) the Condominium Board is notified in writing of the making of such mortgage; and (c) the owner making such mortgage first satisfies all unpaid liens against such Unit Owner's Unit, other than Permitted Mortgages. A Commercial Unit Owner shall have the right to mortgage a Commercial Unit without any restriction or limitation.

In certain instances the consent of the Mortgage Representative(s) is necessary in order to amend the Declaration, By-Laws or Residential Rules and Regulations. The By-Laws provide that the holders of mortgages (a) that were initially held by (i) Sponsor, (ii) a bank, trust company, insurance company, real estate investment or mortgage trust or (iii) a governmental or union employee, welfare, pension or retirement fund or system and (b) which satisfy the general conditions for mortgages set forth in the By-Laws may appoint up to three (3) Mortgage Representatives.

Common Charges: Determination and Assessment

Common Expenses will be determined by the Condominium Board and will be borne by the Unit Owners. Common Expenses include, among other things, the costs and expenses (including the payment of wages) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements and certain other expenses, such as premiums for insurance covering the Building, managing agent fees and legal and accounting fees. Common Expenses may include amounts for certain other items as the Condominium Board may deem proper, such as amounts for reserves or in connection with the purchase or lease by the Condominium Board of any Residential Unit. Common Expenses will be allocated among the Residential Units and the Commercial Unit according to the relative benefits received by each type of Unit, as more clearly defined by the specific percentage limits set forth in the By-Laws. The relative allocation of Common Expenses used in the First Year's Budget is demonstrative. Within each type of Unit, Common Expenses will be

allocated among Unit Owners in the proportion that each Unit Owner's Common Interest bears to the total Common Interests of all Units of such type.

Notwithstanding anything to the contrary set forth above, instead of making allocations based on Common Interests, but subject to the limitations in the By-Laws, the Condominium Board may make allocations of General Common Expenses, Residential Common Expenses and Commercial Common Expenses, respectively, in accordance with submetering, contract allocations and usage (both projected and actual) so long as such allocations are reasonable under the circumstances and are in accordance with the provisions of Applicable Law; except that the Condominium Board may not, without the written consent of the Commercial Unit Owner, modify the method of allocation of Common Expenses and assessment of Common Charges used in the First Year Budget, which is presumptively deemed reasonable, or increase the number of building employees servicing the Commercial Unit in such a manner as would increase the Common Charges otherwise payable by the Commercial Unit Owner.

The Common Interest of each Unit is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, views from the Unit, the location of the Unit in the Building, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

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

The Condominium Board will furnish copies of each budget on which Common Charges are based to all Unit Owners and advise such Unit Owners of the amount of Common Charges payable by them. Unless otherwise determined by the Condominium Board, Common Charges will be payable monthly, in advance, on the first day of each month. Each Unit Owner will be solely responsible for the payment of all Common Charges and Special Assessments assessed against him.

Common Charges: Collection and Lien for Non-Payment; Attachment of Rent

In the event any Residential Unit Owner fails to make payment of Common Charges or Special Assessments within 10 days of the date on which they are due (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), such Unit Owner shall be obligated to pay (a) a "late charge" equal to the greater of $150.00 or 4% of such unpaid amount, and (b) interest on such unpaid amounts at the rate of 2% per month (but in no event in excess of the maximum rate permitted by law), computed from the due date, thereof, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Board or by the Managing Agent in any proceeding brought to collect such unpaid Common Charges or Special Assessments or in any action to foreclose the lien on such Unit arising from said unpaid Common Charges or Special Assessments 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," interest and expenses shall be added to and shall constitute Common Charges payable by such Unit Owner. Notwithstanding the foregoing the Condominium Board may establish its own alternate fees for late payments, whether such fees are more or less than the charges set forth herein; provided, however, that such alternate fees do not exceed the maximum rate permitted by law. The Board may establish similar fees for the Commercial Unit Owner, but in no event shall such fees exceed (a) 1% of the unpaid amount as an initial "late charge," and (b) interest on unpaid amounts of 1% per month.

Pursuant to a grant made pursuant to Section 339-z of the Condominium Act, and under the provisions of the By-Laws, the Condominium Board, on behalf of all Unit Owners, will have a lien on each Unit for unpaid Common Charges and Special Assessments, together with interest thereon, assessed against such Unit. All such liens, however, to the extent permitted by Applicable Law, will be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the particular Unit. Any lien for unpaid Common Charges or Special Assessments against a Unit will be effective from and after filing of a verified notice thereof in the Register's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of

such lien is started within such six-year period), whichever shall occur sooner. If unpaid Common Charges or Special Assessments are due, any member of the Condominium Board may file a notice of lien as described above if no notice of lien has been filed within 60 days after the unpaid Common Charges or Special Assessments became due. Upon such payment of the Common Charges or Special Assessments, the Unit Owner will be entitled to an instrument duly executed and acknowledged by the Condominium Board certifying to the fact of payment. The By-Laws provide that such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Condominium Board to recover unpaid Common Charges or Special Assessments without foreclosing such lien. While Sponsor controls the Board, it will cause the Board to file such a lien as provided for in Section 339-aa of the Real Property Law on Units with respect to which Sponsor is more than 30 days in arrears of Common Charges or Special Assessments.

No Unit Owner may exempt himself from liability for such Unit Owner's Common Charges by waiving the use of any of the Common Elements or by the abandonment of such Unit Owner's Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against such Unit Owner's Unit subsequent to a permissible sale, transfer or other conveyance by him of such Unit. In addition, as more specifically set forth in the By-Laws, a Unit Owner may, by conveying such Unit, together with its Appurtenant Interest, to the Condominium Board for no consideration and by complying with certain conditions in connection therewith, exempt himself from Common Charges thereafter accruing.

On a resale of a Unit, the purchaser thereof will be liable for the payment of Common Charges and Special Assessments, including any interest thereon and any fees associated therewith, accrued and unpaid against such Unit prior to such purchaser's acquisition. Prior to the permissible sale, transfer or other conveyance of a Residential Unit, any seller or purchaser of a Residential Unit shall be entitled to a statement from the Condominium Board, setting forth the amount of the unpaid Common Charges and Special Assessments accrued against the Unit, and neither such seller nor such purchaser shall be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid Common Charges or Special Assessments against such Unit accrued prior to such conveyance in excess of the amount set forth in such statement. In the event of a foreclosure by the Board of its lien on a Unit for unpaid Common Charges and Special Assessments, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the Unit Owner will remain liable for the unpaid balance. Notwithstanding anything to the contrary above, however, neither a Permitted Mortgagee acquiring title to a Unit at foreclosure sale nor a purchaser at a foreclosure sale shall be liable, and the Unit shall not be subject to a lien, for the payment of the Common Charges or Special Assessments assessed prior to the acquisition of title to such Unit by such Permitted Mortgagee or purchaser. However, such Permitted Mortgagee or purchaser at a foreclosure sale shall be liable for payment of all Common Charges and Special Assessments after the acquisition of title to such Unit. The Condominium Board will have the right to assess such unpaid balance as a Common Charge among all Residential Unit Owners.

Repairs to and Maintenance of Units and Common Elements

Generally, all painting, decorating, and routine maintenance, repairs and replacements, (a) in or to any Unit (excluding Common Elements included therein except as otherwise provided in the By-Laws), including the interior side of entrance doors and windows thereto, will be made by the owner of such Unit at such Unit Owner's sole cost and expense, (b) in or to the General Common Elements will be made by the Condominium Board, and the cost and expense thereof will be charged to the Unit Owners as a Common Expense, (c) in or to the Residential Common Elements will be made by the Condominium Board, and the cost and expense thereof will be charged to all Residential Unit Owners as a Common Expense, (d) in or to the Residential Limited Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall be charged as a Common Expense to the Residential Unit Owners who benefit from such Residential Limited Common Elements; (e) in or to the Commercial Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall be charged as a Common Expense to all Commercial Unit Owner; and (f) in or to the Commercial Limited

Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall be charged as a Common Expense to the Commercial Unit Owner who benefit from such Commercial Limited Common Elements.

The interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and are to be washed and cleaned by the Residential Unit Owner at such Residential Unit Owner's sole cost and expense. The exterior glass surfaces of all Residential Units windows may, at the option of the Condominium Board, be washed and cleaned by the Condominium Board and the cost thereof shall be charged as a Common Expense to the Residential Unit Owners; otherwise Residential Unit Owners shall be obligated to clean such windows at their own cost and expense. Any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Condominium Board at the sole cost and expense of the owner of such Residential Unit (unless such breakage is caused by the Condominium Board or the negligence of any other Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of Board or such negligent Unit Owner, as the case may be). No replacement of, or modification or alteration to the windows (other than replacement of the window panes) may be made without the written consent of the Condominium Board.

The By-Laws provide that each Unit and all portions of the Common Elements shall be kept in first-class condition (and with respect to any roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or Condominium Board, whichever is responsible for the maintenance thereof. In the event any Unit Owner fails to keep such Unit Owner's 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 subsection entitled "Rights of Access," below. A Residential Unit Owner shall not permit excessive noise, vibrations or odors to emanate from the Unit.

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

Alterations and Improvements of Units and Common Elements

No Residential Unit Owner may make any structural alteration, addition, improvement or repair in or to such Unit Owner's Unit without the prior written approval of the Condominium Board but, as more fully set forth in the By-Laws, this provision does not apply to an Unsold Residential Unit. Except as otherwise permitted in the By-Laws, no Unit Owner may make any alteration, addition, improvement or repair in or to the Common Elements without the prior written approval of the Condominium Board.

Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Residential Unit, the Condominium Board shall have the right to reasonably approve the Unit Owner's contractors and suppliers and may, at its option, require the Unit Owner to execute an agreement in form and substance satisfactory to the Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done. The Board shall also have the right to require a Residential Unit Owner to obtain insurance before making any structural alteration, addition, improvement or repair in or to a Residential Unit. The provisions of this paragraph shall not apply to any structural alteration, addition, improvement or repair in or to a Residential Unit made by Sponsor.

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

Except for Units owned by Sponsor, no application or other document shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Residential Unit, unless approved and executed, if necessary, by the Condominium Board. The Board will not unreasonably refuse to approve and execute, if necessary, any application or other document

required to be filed in connection with approved structural alterations, additions, improvements or repairs, provided that the Board and the Unit Owners shall not be subject to any expense or liability by reason of such approval and execution or, by reason of such addition, alteration or improvement, including, without limitation, liability to any contractor, subcontractor, materialman, architect or engineer, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to an Unsold Residential Unit, provided any alteration to such Unit shall be in accordance with, and only as permitted by, Applicable Law. Under the terms of the By-Laws, Sponsor is authorized on behalf of the Board to execute such applications, permits or other documents as may be required to undertake, perform and complete such work with respect to the Unsold Residential Units, the Commercial Unit and the Common Elements as Sponsor is entitled to perform in accordance with the terms of the Declaration and the By-Laws and to obtain such certificates of completion as may then be required by Applicable Law (collectively, the "Required Documentation"), and the Board, if requested by Sponsor, is obligated to execute the Required Documentation. In addition, the power of attorney to be executed by each Unit Owner upon acquisition of a Unit further grants to Sponsor a power of attorney to execute the Required Documentation.

In the event that any alterations, additions, improvements or repairs made by any Residential Unit Owner materially delay, prevent or adversely affect, or create a significant risk of materially delaying, preventing or adversely affecting, whether directly or indirectly, the issuance of a temporary or permanent certificate of occupancy for such Unit, other Units or the Building, then upon the written request of Sponsor or the Condominium Board, the Unit Owner shall restore the Unit, at such Unit Owner's sole cost and expense, to its original condition. If such Unit Owner fails to commence diligently and continuously restoring the Unit within 15 days of receipt of the written request, then the party requesting such restoration shall be entitled to enter and restore the Unit at the expense of the Unit Owner and to exercise any remedies provided in the By-Laws.

Generally, all alterations or improvements in or to the Common Elements will be made by the Condominium Board and the cost and expense thereof will be charged to the Unit Owners as a Common Expense, allocated as set forth in the By-Laws.

The Commercial Unit Owner, without the consent of the Condominium Board, may make any alteration, addition, improvement or repair in or to any Commercial Unit, the Commercial Common Elements, or the Commercial Limited Elements, provided that the work is performed by the Commercial Unit Owner in compliance with governmental laws and regulations and in accordance with all conditions described in the Declaration and the By-Laws. Sponsor, without the consent of the Condominium Board, may make any alteration, addition, improvement or repair in or to any Unsold Residential Unit or the Common Elements provided that the work is performed by Sponsor in compliance with governmental laws and regulations and in accordance with all conditions described in the Declaration. In addition, Sponsor and the Commercial Unit Owner may erect, maintain, repair and replace, or permit their tenants to erect, maintain, repair or replace, from time to time, one or more signs on the Property for the purpose of advertising the availability of Units for sale or the rental of any Unsold Residential Unit or Commercial Unit or the operation of any business of a tenant or occupant of the Commercial Unit, including, but not limited to, signs on the facade of the Building, on any awnings, canopies or other protrusions from the facade of the Building and in any windows of the Building.

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board, any Managing Agents, the resident manager and other persons authorized by any of the foregoing, will have a right of access to any Unit for the purposes of: making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property; curing defaults by a Unit Owner; correcting any conditions originating in any Unit and threatening another Unit or any Common Element, or correcting any condition that violates the provisions of any Permitted Mortgage covering another Unit; provided that requests for entry for any such access (except in emergency situations) are made not less than twenty-four (24) hours in advance and that any such entry (except in emergency situations) is at a time reasonably convenient to the Unit Owner and the tenants of any Unit.

In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Unit Owner's property, any entry described herein shall not render the Board or its authorized agents liable for damage incurred in connection with the exercise of such right of entry. Sponsor shall have a right of access to any Unit for any purpose upon not less than twenty-four (24) hours notice to the appropriate Unit Owner.

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

Each Unit Owner must strictly comply with the provisions of the Declaration, the By-Laws, and, as to Residential Unit Owners, the Residential Rules and Regulations. Pursuant to Section 339-j of the Condominium Act, failure to comply is grounds for an action for damages or injunctive relief, or both, but such forms of relief shall not be exclusive of other remedies provided by law. The By-Laws, together with the Residential Rules and Regulations, will be recorded with the Declaration in the Register's Office.

Limitations on the Powers of the Condominium Board

For a period ending not more than five (5) years after the closing of the first Unit or whenever the Unsold Residential Units constitute less than twenty-five percent (25%) of the Common Interest, whichever is sooner, Sponsor's prior written consent is required for the Condominium Board to: (a) make any addition, alteration or improvement to the Common Elements, unless required by Applicable Law, (b) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency or surplus fund in excess of five percent (5%) in the aggregate of the estimated Common Expenses for any one fiscal year of operation, provided the same does not violate Applicable Law, in which event the maximum assessment permitted hereunder shall equal the minimum required by Applicable Law, (c) increase the number or change the type of employees of the Condominium, (d) enter into any service or maintenance contracts for work, labor or services nor covered in Schedule 13, (e) borrow money on behalf of the Condominium, or (I) exercise a right of first refusal to lease or purchase a Residential Unit.

Examination of Books and Records

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

Repair or Reconstruction after Fire or Other Casualty

In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will, except as set forth below, arrange for the prompt repair and restoration thereof.

If only the Commercial Unit is destroyed or damaged by fire or other casualty and if the net insurance proceeds are insufficient to cover, or exceed, the cost of repairs and restoration, the Commercial Unit Owner will bear the entire amount of the deficit, or shall receive all of the surplus, as the case may be, in proportion to their respective Common Interests. Similarly, if only the Residential Units are damaged or destroyed by fire or other casualty and the insurance proceeds are insufficient to cover or exceed the cost of repairs and restoration, the deficit or surplus, as the case may be, will be shared entirely by all Residential Unit Owners in proportion to their respective Common Interests. If said damage or destruction by fire or other casualty affects the Commercial Unit, the Residential Units and the General Common Elements, or any combination thereof, then any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners in proportion to their respective Common Interests in the proportion that the cost of repairing the damage or destruction to the Residential Units, Commercial Unit and General Common Elements bears to the total cost of repairing all such damage or destruction. However, the Condominium Hoard shall still have the right to make all arrangements for the prompt repair and restoration of the Commercial Unit to the extent they are affected by such damage or destruction. If said

damage or destruction, however, affects only the General Common Elements, then any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners in proportion to their respective Common Interests. No payment of surplus insurance proceeds shall be made to a Unit Owner until there has first been paid out of such Unit Owner's share of such funds such amounts as may be necessary to reduce unpaid liens on such Unit Owner's Unit, other than mortgages that are not Permitted Mortgages, in the order of priority of such liens.

Unless the Unit Owners have elected not to restore the Building as provided below, damage or destruction to a Unit or a Residential Limited Common Element or Commercial Limited Common Element as a result of fire or other casualty shall be promptly repaired and reconstructed by the owner of the affected Unit(s), unless, with respect to any such Residential Limited Common Element or Commercial Limited Common Element, such repair or reconstruction is the obligation of the Condominium Board under the Declaration and the By-Laws. If such Unit Owner fails to repair or reconstruct such Unit Owner's Unit or any such Residential Limited Common Element or Commercial Limited Common Element the repair of reconstruction of which is the obligation of such Unit Owner, the Board may cause such Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be a charged to such defaulting Unit Owner as a Special Assessment.

If three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Property shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of such Unit Owner's share of such funds such amounts as may be necessary to discharge all unpaid liens on such I 'nit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of the priority of such liens.

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained by the Condominium Board shall be payable to the Board in the event of a loss amounting to $1,000,000 or less. In the event that such proceeds are in excess of $1,000,000, such proceeds shall be payable to the Insurance Trustee pursuant to the provisions of the By-Laws. The Insurance Trustee shall hold all such proceeds in accordance with Section 254(4) of the Real Property Law.

Insurance

The Condominium Board is required to obtain and maintain, in accordance with the provisions of the By-Laws, to the extent obtainable and to the extent determined by the Condominium Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building, together with all service machinery contained therein and covering the interests of the Condominium, the Board and all Unit Owners and their Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings); said policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions hereinafter set forth; (b) loss of income insurance (Common Charges); (c) worker's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) plate glass insurance to the extent, if any, determined by the Board to be necessary; (0 water damage insurance to the extent, if any, determined by the Board to be necessary; (g) elevator liability and collision insurance; (h) fidelity insurance covering the Board and all officers, directors, Managing Agents and employees of the Condominium; (i) directors' and officers' liability insurance; (j) commercial umbrella insurance; and (k) such other insurance as the Board may from time to time determine to be necessary or appropriate.

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

The amount of fire insurance and all risk extended coverage to be maintained until the first meeting of the Condominium Board following the first annual meeting of the Unit Owners shall be in at least the sum set forth in Schedule B.

All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured or (iv) pro rata reduction of liability, and shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insured's, including all Unit Owners and Permitted Mortgagees.

The Condominium Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Property, in such limits as the Board may from time to time determine, covering the Board, the officers thereof, the Managing Agents, the employees of the Board and the Condominium, each Board member and each Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within such Unit Owner's Unit or within the Residential Limited Common Elements or the Commercial Limited Common Elements, if any, appurtenant to such Unit Owner's Unit. The Condominium Board shall review such limits not less than once each year. Until the first meeting of the Condominium Board following the first annual meeting of Unit Owners, such liability insurance shall be in at least the sum set forth in Schedule B with respect to bodily injury and property damage, the combined single limit. The comprehensive general liability insurance discussed in this paragraph shall also cover cross-liability claims of one insured against another.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Board determines. The premiums for all insurance referred to above shall be a Common Expense and shall be borne by the Residential Unit Owners and the Commercial Unit Owner in such proportions between them, with due consideration to their respective risks, liabilities and replacement values, as are equitable (as determined by the respective insurance carrier, agent, broker or other such parties designated by the Condominium Board).

The Condominium Board is not required to obtain or maintain any insurance with respect to any personal property contained in a Unit. Pursuant to the By-Laws, each Unit Owner must, at the Unit Owner's own cost and expense, obtain and keep in full force and effect (a) comprehensive personal liability insurance against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in, upon, or from the Unit or any part thereof, with minimum combined single limits of liability of $1,000,000 for bodily injury or death arising out of any one occurrence, plus at least $2,000,000 umbrella liability coverage. The Condominium Board shall have the right to require Unit Owners, at some future date, to obtain and keep insurance with the forgoing limits of liability or with such limits of liability as the Board deems appropriate at the time the requirement is established.

Liability of the Condominium Board and Unit Owners

Every contract made by or on behalf of the Condominium Board shall state that (a) it is made only as agent for all Unit Owners and the Board members shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to any contract regarding the Condominium shall be limited to (i) 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 (ii) to the extent permitted by law, such Unit Owner's interest in such Unit Owner's Unit and its Appurtenant Interest. To the extent permitted by Applicable Law, Board members shall have no liability to Unit Owners, except that a Board member shall be liable for such Board member's own bad faith or willful

misconduct. AH Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim arising out of or relating to such Board member's actions in his capacity as a Board member, except those arising out of such Board member's own bad faith or willful misconduct. The Board may contract or effect any transaction with any Board member, any Unit Owner, Sponsor or any Successor Sponsor, or any affiliate of any of them without incurring any liability for self-dealing except in cases of bad faith or willful misconduct.

Reports to Unit Owners

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

Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated because of damage or destruction resulting from a fire or other casualty, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least 80% of all Unit Owners both in number and in aggregate Common Interest. Such vote shall not be effective, however, unless written consent is obtained from the Mortgage Representatives, if any. Sponsor shall not vote the aggregate Common Interests appurtenant to its Units for such withdrawal unless at least 80%, both in number and in aggregate Common Interests, of all other Unit Owners so elect for such withdrawal, at which time Sponsor may choose to vote either in favor of or against withdrawal from condominium ownership, as it sees fit.

In the event that such withdrawal is so authorized, but only in such event, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of the 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 out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

Units Acquired by Condominium Board

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

The purchase of any Residential Unit by the Condominium Board or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital or expense accounts of the Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Board may levy a Special Assessment against the Unit Owners in proportion to their respective Common Interests and/or the Board may, in its discretion, finance the acquisition of such Residential Unit; provided, however, that financing may only be obtained when permitted by the By-Laws and that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Residential Unit to be purchased together with its Appurtenant Interests.

Procedure to Review Real Estate Tax Assessments

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

benefits derived therefrom based on their respective Common Interests. In the event any Residential Unit Owner individually seeks to have the assessed valuation of such Unit Owner's Unit reduced by bringing a separate certiorari proceeding, the Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise cooperate with such Residential Unit Owner in pursuing, such reduction, provided that such Residential Unit Owner indemnifies the Board from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings. The Commercial Unit Owner will have the right to commence certiorari proceedings on their own at their sole cost and expense.

Mechanics' Liens

Under the provisions of the Condominium Act, no lien of any nature may arise to be created against the common elements except with the unanimous consent of all Unit Owners affected thereby. Liens may arise or be created against only the individual Units and their respective Common Interests. Labor performed on, or materials supplied to a Unit may not be the basis for a mechanic's lien against the Unit of an Owner not expressly consenting to or requesting such work, except in the case of emergency repairs. No labor performed on, or materials furnished to, the Common Elements shall be the basis of a lien thereon but all Common Charges received by the Condominium Board shall constitute a trust fund for the purposes of paying the costs of labor performed or materials furnished at the request or with the consent of the Condominium Board for the Common Elements.

Easements and Name of Condominium

In order to facilitate the operation and maintenance of the Building and the sale or leasing of Units therein, each of the Units will be subject to certain easements including easements in favor of Sponsor, other Unit Owners and the Board. These easements, which are more particularly set forth in the Declaration, include an easement of support and necessity in favor of all other Units and the Common Elements, and an easement in favor of Unit Owner to use the Common Elements, provided that such easements shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Unit or with the use of the Residential Units for their permitted purposes.

Sponsor and the Commercial Unit Owner shall have an easement to erect, maintain, repair and replace lights and lighting fixtures and to erect maintain and replace satellite communication equipment and similar equipment, as permitted by law, on the roofs and facade of the Property and elsewhere on the Common Elements that shall entitle Sponsor to utilize such easement for its own account or the account of any licensee of Sponsor for the purpose of servicing the Condominium or any other building or area. In addition, Sponsor and any Successor Sponsor and the Commercial Unit Owner shall have an easement to erect, maintain, repair and replace any sign permitted by law on the Property for the purposes of advertising the sale of any Unit, the leasing of space in any Unit and the operation of any business of a tenant or occupant of any Unit.

Sponsor and any Successor Sponsor shall have the right to use the lobby of the Building for the purpose of selling Residential Units.

As set forth in the Declaration, the Condominium and the Building shall be designated and known as "The 108-110 Duane Street Condominium." Any and all rights and interests appurtenant to such name, if they exist, are owned and controlled by Sponsor. Similarly, any and all obligations and liabilities appurtenant to such name shall be the sole responsibility and obligation of Sponsor. For so long as Sponsor owns any Units in the Building, only Sponsor shall have the right to change the name of the Condominium or the Building, and such right may be exercised by Sponsor at any time without the vote or consent of the Board or Unit Owner.

The Declaration and By-Laws

A copy of the Declaration and a copy of the By-Laws are set forth in Part II of the Plan. A prospective purchaser should read the Plan in its entirety, including the Declaration and By-Laws.

REAL ESTATE TAXES

After the Units are separately assessed as independent tax lots, each Unit will be taxed separately for real estate tax purposes, and each Unit Owner will be solely responsible for the payment of all real estate taxes on his Unit, but such Unit Owner will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units.

The projection of the amount of real estate taxes set forth in Schedule A is based upon the real estate taxation history of the Property:

2009/10	**Land**	**Total**
Actual:	$107,523	$702,702
Market Value:		$5,640,000

2010/11	**Land**	**Total**
Actual:	$328,420	$758,917
Market Value:		$6,840,000

Under present law, if there is an increase in the assessed valuation over the previous year, the new assessed valuation is not billed all at once to the taxpayer. The increase is phased in over five consecutive tax years; 20% is phased in each year, beginning with the first year of the increase. During the initial four years, the partial assessed valuations are termed "transitional" assessed valuations.

The tax assessments of condominium apartment buildings are governed by Section 581 of the Real Property Law. This law requires the tax assessor to disregard the condominium form of ownership in valuing such properties and to value the building in the same manner as similar but non-condominium owned, rental buildings. Thus, while the fact of conversion of the Building to condominium ownership will not automatically cause an increase in assessed value, the assessed valuation may increase in the future in accordance with New York City assessment practices.

The projection is based upon the following assumptions:

(a) The Units will be assessed in direct proportion to each Unit's percentage of Common Interest;

(b) Separate tax lots will be established by the First Closing.

Property in New York City is reassessed on an annual basis. Although the actual assessed valuation and the tax rate are likely to increase, it is impossible to predict the amount of future increases in assessed valuation or future tax rates. Consequently, Sponsor has included an increase in the projection equal to recent historical increases to account for potential increases in the assessed valuation and the tax rate that may occur between the end of the 2010/2011 tax year and the end of the first year of condominium operation. Additionally, in calculating the real estate taxes payable with respect to the Commercial Unit, Sponsor has taken into consideration the lower tax rates payable with respect to commercial property in New York City.

No warranty can be made or assurance given as to (a) whether or not there will be a further increase or decrease in the assessed valuation of the Property or the applicable tax rate, or (b) the amount of any such increase or decrease, or (c) whether or not the real estate taxes may be allocated in a different manner *(e.g.,* in proportion to the Units' purchase prices, rather than their Common Interests, in

which event owners of Residential Units having the same or similar Common Interests may pay different amounts of real estate taxes and the real estate taxes may differ from those set forth in Schedule A).

If on the date of the First Closing, the Units have not been separately assessed as independent tax lots, then until such time as the Units are separately assessed, the Condominium Board will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest.

In the opinion of Sponsor's Counsel, the tax laws in effect on the date of this Plan generally permit an individual Residential Unit Owner who itemizes deductions on his tax returns to deduct from income for the purpose of federal, New York State and New York City income taxes, any real estate taxes paid by such Residential Unit Owner on his Residential Unit. The amount of such tax deductions, however, may vary in future years because of changes in the interest rate on the Residential Unit Owner's mortgage, if any, or changes in the allocation of constant debt service payments on such mortgage to interest and principal, or because of changes in the assessed value of such Residential Unit, the tax rate or the method of assessing real property. See the Sections of the Plan entitled "Income Tax Deductions to Unit Owners and Tax Status of Condominium" and "Opinion of Counsel" for further discussion.

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

The following summary is for informational purposes only and is based upon information provided by Sponsor's counsel, Phyllis Marie Kamysek, PLLC, in its opinion set forth in the Section of the Plan entitled "()pinion of Counsel."

Internal Revenue Service Circular 230 Disclosure

Any opinion or advice contained in the Plan with respect to United States federal taxes is not intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. Any such opinion or advice was written to support the promotion or marketing of the transactions or matters addressed in any such opinion or advice. The taxpayer should seek advice based on taxpayer's particular circumstances from an independent tax advisor.

Deductibility of Mortgage Interest and Property Taxes

Each Unit Owner who owns a Residential Unit will own such Residential Unit, together with its appurtenant Common Interest, in fee simple, and each Residential Unit will be a separate tax lot for purposes of local real estate taxes and assessments. Because each such Unit Owner will own his Residential Unit in fee simple, the owner may mortgage such Residential Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

It is the opinion of Phyllis Marie Kamysek, PLLC that, under present law, Residential Unit Owners will, for federal income tax purposes, be entitled to a deduction for mortgage interest and property taxes in the taxable year in which the same are paid or accrued. Further, that, under present law, each Residential Unit Owner will, for New York State income tax purposes, be entitled to the same deduction that is allowed for federal income tax purposes for the mortgage interest and property taxes paid or accrued during the taxable year.

The aforesaid deductions, however, are subject to certain exceptions and limitations, which are more particularly discussed in the income tax opinion set forth in the Section of the Plan entitled "Opinion of Counsel."

Tax Status of the Condominium

Under Section 528 of the Internal Revenue Code, a condominium board of managers may be eligible to elect to be exempt from federal income tax on common charges collected from owners of condominium units.

In order for such an election to be made,

(1) the condominium must be organized and operated to provide for the acquisition, construction, management, maintenance and care of the Property;

(2) 60% or more of the gross income of the board of managers for the taxable year must consist solely of amounts received as membership dues, fees or assessments from owners of units in the condominium;

(3) 90% or more of the net expenditures of the board of managers for the taxable year must be for the acquisition, construction, management, maintenance and care of the property;

(4) no part of the net earnings of the board of managers 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; and

(5) substantially all of the units must be used by individuals as residences.

According to the Treasury Regulations, substantially all of the Units will be treated as used by individuals for residences if at least 85% of the total square footage of all Units is used by individuals for residential purposes.

In its opinion set forth in the Section of the Plan entitled "Opinion of Counsel," Sponsor's counsel states that if the Residential Units are used as contemplated and the Condominium is established in accordance with the Plan, the 85% test set forth in Treasury Regulations may not be satisfied, because the space occupied by the Commercial Units may be slightly greater than 15%. Hence, it is possible that 85% of the Building's total square footage may not be used for residential purposes, no warranty or guaranty is made to such effect.

It is the opinion of Sponsor's counsel, subject to certain qualifications set forth in the income tax opinion set forth in the Section of the Plan entitled "Opinion of Counsel," that if the Residential Units are used as contemplated and the Condominium is established in accordance with the Plan and the Condominium's income and expenses are substantially as set forth in Schedule B. the Condominium Board may not be entitled to elect the benefits of Section 528 during the first year of condominium operation. In such event, the condominium board of managers may not be exempt from federal income tax on common charges collected from owners of condominium units to the extent such charges exceed the operating expenses of the property.

It should be noted that if an election were permitted to be made under Section 528 of the Code, the Board would still be required to pay a tax on 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 over (b) the deductions allowed by the Code that are directly connected with the production of such gross income, calculated with certain modifications provided in Section 528. For the purpose of determining "taxable income," excluded from gross income are amounts received as membership dues, fees or assessments from owners of Units in the Condominium.

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 its tax status 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 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 that are assessed and collected from the Unit Owners, or rental income, if any.

The Internal Revenue Service may contend, however, 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 Board 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 the Board) exceed the current expenses paid or incurred by the Board that are deductible for federal income tax purposes. The Board 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 the Section of the Plan entitled "Opinion of Counsel."

NO WARRANTIES ARE MADE THAT THE INTERNAL REVENUE SERVICE OR THE NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK WILL ALLOW INCOME TAX DEDUCTIONS. **FURTHER NO WARRANTIES OR REPRESENTATIONS ARE MADE THAT THE TAX LAWS UPON WHICH SPONSOR'S COUNSEL BASES ITS OPINION WILL NOT CHANGE, AND IN NO SUCH EVENT WILL SPONSOR, THE SELLING AGENT, SPONSOR'S COUNSEL, THE CONDOMINIUM BOARD, COUNSEL TO THE CONDOMINIUM BOARD OR ANY OTHER PERSON CONNECTED WITH THIS OFFERING BE LIABLE IF FOR ANY REASON IT SHALL BE DETERMINED THAT UNIT OWNERS DO NOT MEET OR AT ANY FUTURE TIME CEASE TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE, THE NEW YORK TAX LAW OR ANY AMENDMENT TO EITHER OF THEM. MOREOVER, NONE OF THE AFORESAID MAKES ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES WITH RESPECT TO THE TAX CONSEQUENCES OF THE OWNERSHIP OF ANY UNIT OFFERED UNDER THE PLAN, EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND NO ONE ELSE HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES OTHER THAN THOSE CONTAINED HER** KIN.

EACH PURCHASER SHOULD CONSULT HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OWNERSHIP.

Real Estate Tax Projection

for

108-110 Duane Street

New York, New York

Prepared for:
108-110 Duane Street Corporation
299 Broadway, Suite #716
New York, N.Y. 10007

August 5, 2010

The Mazursky Group, inc.
Real Estate Tax Consultants and Appraisers

August 5, 2010

108-110 Duane Street Corp.
299 Broadway, Suite #716
New York, N.Y. 10007

Attention: Mr. Michael Maidan

Re: 108-110 Duane Street
New York, New York

I, JEROME MAZURSKY, CERTIFY:

THAT I am a real estate appraiser and have many years of experience in the assessment of real estate for tax purposes both as an Assessor in the Borough of Manhattan and as the Department of Finance's Assistant Commissioner of the Real Property Assessment Division;

THAT I have been retained by the sponsor to estimate for inclusion in an Offering Plan to be submitted to the Attorney General, the assessed valuation and real estate taxes of the above-captioned property after conversion of an 8-story mixed-use building to a condominium;

THAT in estimating the assessed valuation of the property, I am aware of the rental values and offering prices of the units;

THAT I have consulted with personnel in the Property Division of the Department of Finance regarding the current practice in assessing recently renovated condominiums. Specifically, discussions centered around appropriate land and building factors and income projections for properties similar to the subject in type and location.

42 Broadway, Suite 1744, New York, NY 10004 (212) 344-8586

I have discovered the following:

1) The subject property is located at 108-110 Duane Street in the Tribeca area of the borough of Manhattan. It is improved with a primarily residential 7-story building constructed in 1915 and gut-renovated in 2005. A temporary Certificate of Occupancy was issued on April 4, 2008 for eleven (11) residential units and four (4) commercial units. The sponsor is in the process of making cosmetic changes and converting the property into a condominium.

The site has 49.42' frontage on the southerly side of Duane Street and extends 100' in depth. It is rectangularly-shaped and contains approximately 4,939 square feet of ground area. It is identified on the city's tax records as Block 150 Lot 22.

2) The building contains the following approximate square foot areas and uses:

FLOOR	AREA	USE
Sub-Cellar	4,653	Boiler Room, Storage
Cellar	4,653	Mechanical and Meter Rooms, Storage, 2-Commercial Units
1	4,653	Lobby, 2-Commercial Units
2-5	16,660	7 Apartments
6	3,660	1 Apartment, Upper-Level of 5th Floor Apartment
7	3,660	3 Apartments
PH	1,220	Upper-Level of 7th Floor Apartment

3) The property has been incorrectly assessed in Tax Class 2B, which includes primarily residential properties containing seven to ten units. After conversion to a condominium, the residential units will be assessed in Tax Class 2, whereas the commercial units will be assessed in Class 4 under the classification system adopted by the State Legislature in its revision of the Real Property Tax Law (Section 305, Article 1802, and Section 581, applicable to the assessment of cooperative apartments and condominiums.)

Tax Class 2 is comprised of primarily residential rentals, cooperatives and condominiums with more than ten units. Tax Class 4 includes retail and most properties other than residential. The City's assessment policy for properties in Tax Classes 2 and 4 is to value them as income-producing at an assessment ratio of 45% of market value. Increases to assessed values are unlimited, but except for increases resulting from physical changes, are required to be phased-in over a five-year period. The taxable value is the lower of the actual or transitional values.

3) continued

The 2009/10 Class 2 tax rate is $13.241 per $100. The Class 4 rate is $10.426 per $100. I estimate the tax rates for 2010/11, 2011/12, and 2012/13 at $13.50 per $100 for Class 2 and $10.70 per $100 for Class 4.

4) The recent history of assessed valuation for 108-110 Duane Street is as follows:

2009/10	Land	Total
Actual:	$ 107,523	$ 702,702
Market Value:		$ 5,640,000

2010/11	Land	Total
Actual:	$ 328,420	$ 758,917
Market Value:		$ 6,840,000

5) It is my judgment that after conversion to condominium, the assessed valuation of the property will be as follows:

2011/12	Land	Total
Actual:	$ 500,000	$ 3,000,000
Transitional:	$ 362,700	$ 2,007,100

6) Using relative values as a rental building as the criterion, I have estimated that the residential units will be assessed at 82%, and the commercial units at 18% of the total assessed valuation. The tax liability during the first year of operation is estimated at $ 222,186 for the residential units and $38,657 for the commercial units. The calculations are as follows:

First Year of Operation

Residential Units

7/1/11 - 6/30/12

$ 2,007,100 [1] x .82 [2] x .135 [3] = $ 222,186

Commercial Units

7/1/11 - 6/30/12

$ 2,007,100 [1] x .18 [2] x .107 [4] = $ 38,657

1. Estimated 2011/12 Taxable Assessed Value
2. Percentage of value for this type of space
3. Estimated Class 2 Tax Rate
4. Estimated Class 4 Tax Rate

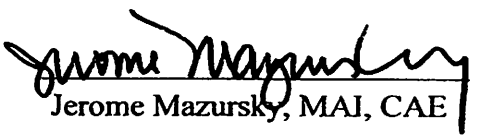
6) continued

Each unit will be given a separate tax lot number. Individual tax liability may be estimated by apportioning the total residential tax among the unit owners in accordance with the percentage of common interest for the space as indicated in Schedule A of the Offering Plan.

7) The co-op/condominium real estate tax abatement law, that over the past few years has had a favorable effect on the real estate tax burden of residential co-op and condominium unit owners, has been extended to June 30, 2012. The Legislature indicated its intention in passing this law was to address the disparity between the tax burden of one to three family homeowners and that of residential co- op and condominium unit owners. If the abatement to this condominium is granted, the law may allow up to a 17.5% abatement of the real estate tax bill of a residential unit owner who will own fewer than four units on the city's taxable status date of January 5, 2012. Excluded from receiving the abatement benefits are co-ops and condominiums that receive tax exemption benefits.

8) This estimate of the assessed valuation has been prepared for inclusion in the Offering Plan, and I consent to its use for this purpose. Although the aforesaid estimate of the Actual Assessed Valuation is a good-faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, when actually made, may be lesser or greater based on our interpretation of the administrative code and the applicable rules and regulations of the City of New York. Although I believe my opinions are well-founded, they are not intended, and should not be construed as warranties as to future assessed valuations of the property under discussion.

In no event will this firm, the Sponsor, the Sponsor's counsel or any other person be liable if the assessed valuation, when actually made, is lesser or greater than that estimated above, or if the administrative code and the applicable rules and regulations of the City of New York are changed in the future, or if the facts as represented prove to be untrue.



Jerome Mazursky, MAI, CAE

PHYLLIS MARIE KAMYSEK, PLLC

ATTORNEYS AT LAW

305 BROADWAY, SUITE 1201
NEW YORK, NEW YORK 10007

PHYLLIS MARIE KAMYSEK*

TEL: (212) 571-3896
FAX: (212) 571-0176

*ADMITTED IN NEW YORK AND NEW JERSEY

OPINION OF COUNSEL RELATING TO INCOME TAX DEDUCTIONS AND REAL PROPERTY LAW 339-i

February 15, 2011

108-110 Duane LLC
108-110 Duane Street Corp.
299 Broadway
New York, New York 10007

Re: The 108-110 Duane Street Condominium
108-110 Duane Street
New York, New York 10007

Gentlemen:

In connection with the offering of condominium units under a plan entitled Condominium Offering Plan for The 108-110 Duane Street Condominium (the "Plan"), 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 Residential Unit Owners. You have also asked for my opinion as to the tax status of the condominium association ("Association").

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

The condominium units will be organized under the laws of the State of New York for the purpose of providing for the management, maintenance and care of the seven story and penthouse residential building located at 108-110 Duane Street, New York, New York. The Building will contain eleven (11) residential units on floors two through penthouse, two (2) commercial units on the ground level, eleven (11) Storage Rooms on the sub-cellar level and two (2) Storage Units on the cellar level.

I have reviewed various documents included as exhibits in the Plan relating to the organization of the Condominium Board of The 108-110 Duane Street Condominium (the "Association"), including the Declaration of Condominium and By-Laws of the Condominium (which are the instruments which will create the Association). I have also reviewed the relevant sections of the Internal Revenue Code of 1986, as amended ("Code"), the New York State Tax Law, the New York City Administrative Code, the

Regulations promulgated thereunder and such other materials as deemed relevant.

Deductions for Mortgage Interest and Real Estate Taxes

I understand that under the Plan each Unit Owner will hold title to his Unit 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 and subject to limitations imposed on the deduction of itemized deductions, interest on a mortgage secured by a Residential Unit paid or accrued by the owner of such Residential Unit who is liable for the interest payment on such mortgage and who uses the Residential 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. This opinion assumes that the mortgage proceeds were used by the Residential Owner to purchase/finance the Residential Unit, that the Residential Unit is the owner's principal residence and that the Residential Unit Owner is an individual.

Except as provided below, residential 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 of 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 Residential Unit, this ceiling is $1,000,000, 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 $1,000,000 limit mentioned above as interest on home equity indebtedness. Special limitations may apply to the deductibility of points and prepaid interest if any.

It is also my opinion under present law that real estate taxes assessed against a Residential Unit Owner's Unit which are paid or accrued by such owner 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 Residential Unit Owner subject to the alternative minimum tax may be less than the amount deductible by a Residential Unit Owner subject to 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.

Tax Exempt Status of Assocation

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 with respect to the Common Charges borne by the Unit Owners, assessed and collected by the Board of Managers ("Condominium Board"). 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 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.

With respect to item (5) above, "substantially all the units" of a condominium management association will be considered as used by individuals for residences if at least eighty-five (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 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.

The qualification of an organization under the provisions of Section 528 is to be determined annually at the close of each taxable year, and it is possible, therefore, that if the Condominium does not qualify in one year, it may nevertheless qualify in one or more future years. In the subject premises, although 11 units will be used as residences, the combined areas of the Commercial and Storage Units may be more than fifteen percent of the total area of the Condominium. Accordingly, it is not possible to determine whether the Association will satisfy this criteria.

If the use of the 11 Residential Units satisfies the requirement set forth in the regulations that substantially all of the units be used for residential purposes and assuming (i) actual gross income and expenditures of the Condominium for its taxable year ending June 30, 2012 (the "first year"), are the same (or are in the same proportions) as the estimated gross income and expenditures for the Condominium's First Year of operations, in accordance with the Terms of the Plan and (ii) there are no changes in the facts and/or the relevant provision so current law, the Condominium may be eligible to elect to be treated as a homeowners association under Section 528 of the Code, commencing i the Condominium's First Year of Operation.

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

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

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

In this connection, published rulings indicate that Common Charges which are assessed by the Condominium Board and designated for use solely to make specified capital improvements and which are maintained in a separate bank account should not constitute gross income to such Board, either because it is deemed to receive and hold such Common Charges as agent for the Unit Owners from which the

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

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

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

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

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

all such tax matters (as well as with respect to the tax matters discussed in this opinion.)

In my opinion, Residential Unit Owners will be entitled to income tax deductions. However, this opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurance can be given that the tax laws upon which this opinion is based will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Managers of the Condominium or any other person be liable if there are changes in the facts relied upon in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service Rulings relied on in rendering this opinion.

Compliance with Real Property Law Section 339-i.

Section 339-i(l) of the New York State Real Property Law requires that the Common Interest of each Unit be based on any one of the following methods of calculation:

(1) the approximate proportion that the fair value of the Unit at the date of the Declaration bears to the then aggregate fair value of all the units;

(2) the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all of the Units, but such proportion shall reflect the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements;

(3) in equal percentages, one for each Unit as of the date of filing the declaration, or in equal percentages within separate classifications of Units as of the date of filing the Declaration;

(4) 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.

Article 11 of the Declaration states that the percentage interest of each Unit in the Common Elements has been calculated in accordance with Section 339-i(l)(iv) and is "based upon floor space, subject to the location of such space and the 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 particular Unit." The Declaration also provides that the aggregate Common Interests of all Units equal one hundred percent (100%).

In connection with this opinion, I have reviewed the opinion of The Mazursky Group, Inc., included in Part I of the Plan, the information provided on Schedule A and the Floor Plans and have assumed the

statements and information contained therein are correct and accurate. I have not reviewed or verified the calculations of floor areas used in determining the sizes of Units or the Limited Common Elements which calculations have been furnished by you.

Based on the foregoing factors and the factual opinion of The Mazrusky Group, Inc., with respect to the allocation of the Common Interest among the Units made by the Sponsor, it is my opinion that the requirements of Section 339-i have been met.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the laws relied upon in rendering this opinion will not change. In no event will 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 herein above should change.

Very truly yours,

Phyllis Marie Kamysek

PMK:jl

WORKING CAPITAL FUND; CLOSING ADJUSTMENTS WITH CONDOMINIUM BOARD

Working Capital Fund

At the closing of title to each Unit such Purchaser shall contribute to the Condominium Board for its working capital a sum equal to two (2) months' Common Charges (the 'Working Capital Fund").

The Working Capital Fund may be held or used for working capital, to make repairs and/or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Condominium Board in its sole discretion. While Sponsor is in control of the Condominium Board, the Working Capital Fund may not be used to reduce projected Common Charges in the Plan.

No representation is made that the Working Capital Fund will be, or is intended to be adequate to ever the expenses of the Condominium for the first or any subsequent year of condominium operation, including, without limitation, the cost of any necessary repairs or replacements. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase Common Charges.

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION AS SET FORTH IN THE PLAN, WITHOUT ANY OBLIGATION ON THE PART OF SPONSOR OR THE SELLING AGENT OR MANAGING AGENT TO MAKE ANY REPAIRS OR IMPROVEMENTS. NO GOVERNMENTAL AGENCY HAS PASSED UPONI THE ADEQUACY OF THE WORKING CAPITAL FUND OR UPON THE PHYSICAL CONDITION OF THE BUILDING.

Closing Adjustments With Condominium Board

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

1. Employees' wages, and all other payments or obligations relative to the employees of the Building;
2. Fees for assignable permits and licenses, if any;
3. Charges for electricity and gas for the Common Elements;
4. Water and sewer charges;
5. Payments under service and maintenance contracts and concession agreements;
6. Real estate taxes on the basis of the fiscal or calendar Year for which assessed (unless separately assessed to individual Units);
7. Cost of supplies on hand at Sponsor's cost; and
8. Premiums for transferable insurance policies, provided coverage of the policies conforms to that set forth in Schedule B.

If any of the foregoing items to be apportioned cannot be adjusted at the First Closing because they are not fully ascertainable, they shall be apportioned and adjusted to the extent reasonably possible at the First Closing, and final adjustment will be made as soon thereafter as the undetermined amounts are ascertained. The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended, shall apply to the apportionments described above, except as otherwise provided herein.

If the result of the closing adjustments made with the Condominium Board is a net credit in favor of Sponsor, the amount of such net credit shall be paid to Sponsor at the time of the First Closing, to the extent available, out of the Working Capital Fund. If, because insufficient funds are available from the Working Capital Fund, Sponsor is not paid the full amount of the net credit to which it is entitled at the time of the First Closing, the unpaid balance of the net credit in favor of Sponsor shall be paid to Sponsor by the Board, without interest, in twelve equal consecutive monthly installments pursuant to the terms of a negotiable promissory note to be executed at the First Closing by the Board, on behalf of all Unit Owners. If it is necessary to execute a note, this may result in an increase in Common Charges payable by Unit Owners. The Board may use amounts in the Working Capital Fund that become available after the execution of any such promissory note to make any payments that become due and payable under such promissory note.

RESERVE FUND

Within thirty (30) days after the First Closing, Sponsor will establish and transfer to the Condominium Board a Reserve Fund in an amount as set forth below. The Reserve Fund is established in order to comply with the requirements of Chapter 8 of Title 26 of the Administrative Code of the City of New York, a copy of which is set forth in Part II of the Plan. The Reserve Fund is required to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of the Building. Consequently, the Reserve Fund may be used to pay for making capital repairs, replacements and improvements not only to the Common Elements and the Residential Units, but also, if and to the extent that such capital repairs, replacements and improvements are necessary for the health and safety of the residents of the Building, to the Commercial Unit. While Sponsor is in control of the Condominium Board, the Reserve Fund may not be used to reduce projected Common Charges in the Plan.

The Reserve Fund will be established in accordance with the following provisions and conditions:

Definitions. The following terms shall have the meanings ascribed with respect to the Reserve Fund:

(a) "Total Price" means the sum of the cost of all Units in the offering at the last price that was offered to tenants in occupancy prior to the Effective Date of this Plan, regardless of the number of sales made.

(b) "Capital Replacement" means (A) a building-wide replacement of a major component of any of the following systems: (1) elevator, (2) heating, ventilation and air conditioning, (3) plumbing, (4) wiring, (5) windows; or, (B) a major structural replacement to the Building; provided, however, that replacements made to cure code violations of record shall not be included.

(c) Amount of Reserve Fund. The Reserve Fund to be established within 30 days after the First Closing shall be in an amount equal to either:

(i) three percent (3%) of the Total Price; or

(ii) (A) three percent (3%) of the actual sales price of all Units sold by Sponsor at the time the Plan is declared effective (provided, however, that if such amount is less than one percent (1%) of the Total Price, then the fund shall be established as a minimum of one percent (1%) of the Total Price); plus (B) supplemental contributions to be made by Sponsor at a rate of three percent (3%) of the actual sales price of Units for each Unit held by Sponsor and sold to bona fide Purchasers subsequent to the Effective Date of the Plan and within five years of the First Closing, notwithstanding that the total amount contributed may exceed three percent (3%) of the Total Price; and provided, further, that if five years from thirty (30) days after the First Closing the total contributions by Sponsor to the Reserve Fund are less than three percent (3%) of the Total Price, Sponsor shall pay the difference between the amount contributed and three percent (3%) of the Total Price. Supplemental contributions shall be made within thirty (30) days of each sale.

Credit Against Amount of Reserve Fund. The amount of the Reserve Fund to be established pursuant to this Section of the Plan may be reduced by an amount equal to the actual cost of Capital Replacements that are begun after the Plan is first submitted to the Department of Law and before the Plan is declared effective; provided, however, that any such Capital Replacements must be set forth in the Plan, or an amendment to the Plan, together with their actual or estimated costs and further provided that such reduction or credit shall not exceed the lesser of the actual cost of the Capital Replacements or one percent (1%) of the Total Price. As set forth in the subsection of the Plan entitled "Capital Repairs, Replacements, and Improvements" in the Section of the Plan entitled "Sponsor's Statement of Building Condition," Sponsor intends to reduce the Reserve Fund by an amount no greater than one percent (1%) of the "Total Price", as defined in the statute. This reduction will be applied to the payment of part of the

cost of work described under the heading of "Capital Replacements" in such subsection, which consists of the cleaning and repair of the exterior of the Building and the Lobby.

Posting of Violations. Within 30 days from the date the Plan is accepted for filing by the Department of Law and until the First Unit Closing, Sponsor will post, and maintain in a prominent place accessible to all tenants, a listing of all violations of record against the building as determined by the Department of Buildings and the Department of Housing Preservation and Development. Newly issued violations shall be posted within 48 hours of issuance.

Report on Physical Condition of Premises. The report prepared by Garth Hayden Architect and included as part of the "Description of Property and Building Condition" contained in Part II of this Plan as Document Number 4 shall be submitted to the Department of Buildings.

Sponsor's Right to Withdraw the Reserve Fund. Sponsor reserves the right to withdraw the Reserve Fund from the offering at any time in the event that Chapter 8 of Title 26 of the Administrative Code of the City of New York is determined to be unconstitutional, illegal or invalid or in the event it is repealed or ceases to become law. If any portion of said chapter ceases to become law, then Sponsor reserves the right to withdraw the provisions of this Section of the Plan related to such partial change. In the event of withdrawal of the Reserve Fund, each person who has previously entered into a Purchase Agreement for a Unit shall have the right for 30 days to rescind his Purchase Agreement and receive a prompt refund of any monies paid. Sponsor's right to withdraw the Reserve Fund shall cease on the date of the First Closing.

Chapter 8 of Title 26 of the Administrative Code of the City of New York also provides for civil and criminal penalties for its violation, and further provides that any waiver of its provisions is void as against public policy.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

It is, at present, contemplated that before the First Closing, the Condominium Board will enter into a management agreement with Code Red Ltd, as managing agent for an initial term of 1 year from the date of the First Closing, subject to the right, among others, of the Condominium Board to cancel the management agreement (i) immediately in the event that the Managing Agent willfully or repeatedly fails to obey lawful instructions or directions of the Condominium Board or the Managing Agent commits any fraudulent or illegal act or materially breaches its fiduciary obligations to the Condominium Board, or (ii) on 30 days' prior written notice for any reason or for no reason. Code Red Ltd., the current and anticipated Managing Agent, is affiliated with Sponsor.

The Managing Agent will receive an annual fee of $12,000 in the first year of its contract The Managing Agent will be entitled to additional fees and commissions for certain special services performed by it. All such fees will be paid by the Condominium Board and will be charged to all Unit Owners as a Common Expense (see Footnotes to Schedule B).

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

(1) billing and collecting Common Charges;

(2) causing the Common Elements to be serviced, maintained, repaired and altered in the manner defined advisable by the Condominium Board, except that the Managing Agent shall not enter into any written contract in the name of the Condominium Board in excess of $2,500.00 for repairs, replacements, alterations, improvements, utilities or services to or of the Property or equipment thereon, without the prior approval of the Condominium Board (other than in case of emergency);

(3) employing, training, supervising, and discharging such employees of the Condominium Board, as are necessary for the operation and management of the Condominium;

(4) maintaining, in full force and effect, all insurance required by the By-Laws, and reasonably required by the Condominium Board;

(5) maintaining records of cost and expenses incurred and income and receipts received in connection with the operation of the Property;

(6) furnishing to the Condominium Board statements of operations of the Property and, if requested by the Condominium Board, an annual budget, setting forth a detailed projection of cash receipts, cash expenditures, working capital and other necessary reserves and capital improvements and expenditures;

(7) attending meetings of the Condominium Board and/or Unit Owners, if requested by the Board; and

(8) paying, out of the Condominium Board's operating account, bills and invoices for the costs and expenses of operating the Condominium.

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

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

If requested by the Condominium Board, the Managing Agent shall bond itself and all employees who handle, deal with or are responsible for monies of the Condominium Board under a fidelity bond in the amount of $50,000.00 for each loss. The cost of the bond will be borne by the Condominium Board and charged to the Unit Owners as a Common Expense. The budget provides for employee dishonesty liability coverage which includes the liability of the Managing Agent..

The Managing Agent shall have no power or right to assign any monies due to it under the management agreement or to delegate any of its obligations or responsibilities thereunder to any other person, firm or corporation without the prior consent of the Condominium Board.

The Managing Agent for the Condominium is required by Section 352-eeee of the General Business Law to be the managing agent of all dwelling units occupied by Non-Purchasing Tenants. The Managing Agent must provide to Non-Purchasing Tenants all services and facilities required by Applicable Law on a non-discriminatory basis. Sponsor guarantees the obligation of the Managing Agent to provide all such services and facilities until such time as Sponsor surrenders control of the Condominium Board.

Other Contractual Agreements

It is anticipated that at the time of the first Unit Closing, the following service contracts will be in effect:

1. Elevator Service Contract: Major Elevator Corp.; contract expires January 1, 2011 and is renewable monthly thereafter.

2. Maintenance of HVAC Units: Bay Mechanical, Inc.; contract expires January 2,, 2011 and may be terminated on any anniversary date.

IDENTITY OF PARTIES

Sponsor

The Sponsor of the Offering Plan is 108-110 Duane, LLC, located at 299 Broadway, New York, New York, 10007. The Sponsor is a New York Limited Liability company organized in New York State on April 29, 2010.

The managing member of the Sponsor is 108-110 Duane Street Corp., whose president and sole principal is Michael Maidan.

Michael Maidan is an active participant carrying out the day to day operations of the Sponsor. Mr. Maidan is an investor, operator and developer of real estate. Mr. Maiden resides in the State of New York and maintains an office at the Sponsor's principle office. Mr. Maidan is presently a principal of the sponsor in a condominium offering recently accepted for filing by the New York State Dept. of Law for premises 91-95 Grand Avenue, Brooklyn, New York and 21 Water Street, Sag Harbor, New York.

Neither the Sponsor nor any principal of Sponsor nor any person owning or controlling ten percent (10%) or more of equity interest of the Sponsor has any prior felony conviction or any prior bankruptcy, conviction, injunction or judgment that may be material to this Plan or has made offering of securities generally during the fifteen (15) years prior to the date of this Plan. 108-110 Duane LLC has not been a sponsor or principal in any other cooperative or condominium development or timeshare offering and does not own ten percent (10%) or more of the unsold units or unsold shares in any condominium or cooperative.

Selling Agent

The Sponsor has engaged Prudential Douglas Elliman, located at 575 Madison Avenue, New York, NY 10019 as the selling agent. Prudential Douglas Elliman is a real estate broker licensed in the State of New York and has experience in the sale and rental of residential, commercial and rental properties.

Architect and General Contractor

The Sponsor's Architect for the project is Garth Hayden, whose office is located at 250 West 57th Street, New York, New York 10107. Mr. Hayden is a registered architect in the State of New York for more than twenty (20) years, and prepared the report which Sponsor has adopted as Sponsor's "Description of Property and Specifications.", Garth Hayden has no financial interest in the Property, the Sponsor or the Selling Agent, or any other party interested in this transaction, except for the fees for services rendered in connection with such report and other architectural services.

Intan Corporation, located at 54 Allen Street, New York, N.Y., 10002, was the firm used by Sponsor to construct the Sixth, Seventh and PH Floors of the property

Counsel to Sponsor

The Sponsor has retained the law firm of Phyllis Marie Kamysek, PLLC, 305 Broadway, Suite 1201, New York, New York 10007, to represent it in the preparation and consummation of the Offering Plan, and is advising the Sponsor in connection with all legal matters incidental thereto. No separate counsel has been retained to represent the Condominium. It is suggested and expected that each Purchaser will consult and be represented by his own counsel in connection with this Offering.

Phyllis Marie Kamysek, PLLC, and/or the members thereof, have no financial interest in the Property, the Sponsor or the Selling Agent, except that they are to be paid a fee for their services.

SPONSOR'S PROFIT

Sponsor is converting the Property to condominium ownership and is offering the Units for sale with the intention and expectation of making a profit.

The exact profit to be realized by Sponsor, however, cannot now be determined and may vary significantly, depending on such variable factors as the Purchase Price at which each Unit is actually sold, future market conditions, the length of time required to sell all of the Units offered under the Plan, losses and disbursements arising out of the obligations assumed or incurred by Sponsor under this Plan, the cost of upgrades and renovations and other contingencies.

REPORTS TO UNIT OWNERS

Pursuant to the By-Laws, it is the obligation of the Condominium Board:

(a) to submit to the Unit Owners and, if so requested, to any Permitted Mortgagee within four months after the end of each fiscal year of the Condominium an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant [see Article 6.6.1.3 of the condominium by-laws];

(b) to give notice of each annual or special meeting of the Unit Owners to all Unit Owners then oi record entitled to vote at such meeting no later than five business days prior to the date fixed for the meeting; and

(c) to prepare and distribute to all Unit Owners, at least annually, a budget setting forth its projection of the Common Expenses for the coming fiscal year of the Condominium not later than ten days prior to the date upon which the first installment of newly determined Common Charges is due.

DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan on file and available for inspection without charge and copying at a reasonable charge at the office of the Selling Agent for a period of six (6) years from the date of the First Closing. Sponsor will deliver to the Condominium Board a copy of all Condominium Documents filed with the appropriate recording office at the time of the First Closing.

The Declaration and the By-Laws will be recorded in the Register's Office prior to or concurrently with the First Closing. In addition, a set of the Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate Governmental Authority as conforming to the official tax lot number for each such Unit, will be filed with the Register's Office when the Declaration is recorded.

GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of a material fact. The Plan does not contain a full summary of all the 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 and, in the case of any such documents executed by or with the written consent of a Purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding against Sponsor that could materially affect this offering, the rights of Purchasers, the Property, the Condominium, or the operation thereof.

To Sponsor's actual knowledge, the Property has not been the subject of any prior cooperative or condominium offering plans.

In accordance with the provisions of the laws of the State of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any person because of sex, race, creed, color, national origin, ancestry, or other ground proscribed by Applicable Law in the sale of the Units offered by Sponsor pursuant to the Plan or in the leasing of any such Units or any other portion of the Building.

As of the date the Plan was accepted for filing, Sponsor had not entered into any contract or agreement, written or oral, for the sale or transfer of any of the Units offered under the Plan, and no funds had been taken by or on behalf of Sponsor in connection with the reservation, sale or transfer of such Units.

Sponsor reserves the right to revise, from time to time, the terms and conditions upon which Units are to be sold and to otherwise revise the Plan, including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers, or prospective Purchasers, without obtaining the consent of such Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided (such as in case of uncured default), nor unilaterally change the Purchase Price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. In the case of a material revision adversely affecting in any material respect the rights, obligations or liabilities of then existing Purchasers or reducing the undertakings or obligations of Sponsor, such Purchasers will be given the right to rescind their Purchase Agreements and be refunded all monies paid thereunder, with interest earned thereon, if any, within 30 days after the Presentation Date of the amendment. However, such rescission, as to a Purchaser who first became a tenant in the Building after the Presentation Date of the Plan, will be conditioned on the cancellation of any Interim Lease and surrender of possession of his Unit within 30 days thereafter.

All statements and representations made in the Plan with respect to items prepared by others have been made by Sponsor in reliance upon the Persons responsible for the preparation of such items and their authority as experts.

Unless the context otherwise requires, words used in the singular in Part F of the Plan include the plural and vice versa, and a reference herein to any one gender, masculine, feminine, or neuter, includes the other two.

No Person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

SPONSOR'S STATEMENT OF BUILDING CONDITION

General

Sponsor adopts the report prepared by Garth Hayden Architect, and included as part of the "Description of Property and Building Condition" contained in Part II of the Plan. Sponsor represents that, to the best of its knowledge, said reports accurately state the description and specification or building condition as of the date they were prepared. Sponsor represents that it has no knowledge of any material defects or need for major repairs to the property except as set forth in the Description of Property and Specifications as of such date.

The use of the Units as described in the Section of the Plan entitled "Rights and Obligations of Unit Owners" and in the Declaration and the By-Laws is authorized by the existing temporary certificate of occupancy for the Building.

Each Unit and the Common Elements are offered in "as is" condition as of the closing of title thereto, subject to Sponsor's obligation to: (a) maintain the Common Elements until the First Closing in substantially the same condition and manner as on the Presentation Date of the Plan, reasonable wear and tear excepted; and (b) cause certain violations of record to be cured as described below.

Prior to obtaining a Permanent Certificate of Occupancy, Sponsor will cause to be cured all violations of record against the portions of the Property comprising the Common Elements (except violations caused by acts or omissions of tenants in their own Units). Prior to the First Closing, Sponsor will also eliminate all dangerous or hazardous conditions of which Sponsor has notice.

Notwithstanding the above, once the Plan is declared effective, Sponsor may nonetheless abandon the Plan on the terms and conditions set forth in the Section of the Plan entitled "Effective Date," and upon such abandonment Sponsor shall have no liability to Purchasers hereunder.

Lead-Based Paint Disclosure

As of the date the Plan was first submitted to the Department of Law, Sponsor has no knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards at the Property. Notwithstanding the foregoing, prospective Purchasers should be advised that the presence of lead-based paint is to be expected in any pre-war building such as the Condominium. Accordingly, prospective Purchasers contemplating alterations that penetrate or disturb the painted surfaces of (heir Units should consult with a qualified consultant or contractor for the recommended protocol to perform the alteration and avoid potential lead dust contamination.

Any knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards that hereafter become known or available to Sponsor will be disclosed to each prospective Purchaser under the Plan as and to the extent required by the Regulations, but need not be disclosed in an amendment to the Plan.

Capital Repairs. Replacements and Improvements

Sponsor intends to undertake certain capital repairs and improvements as part of a renovation program for the Property for which Sponsor intends to reduce the amount of the Reserve Fund The Capital Replacements anticipated are cleaning and restoration of the exterior of the Building, including the exterior walls and lobby refurbishment.

Because the work described above either will begin after the Plan is first submitted to the Department of law or will be begun before the Plan is declared effective, and because Sponsor considerers this work to constitute "Capital Replacements," Sponsor intends to reduce the amount of the Reserve Fund by an amount no greater than one percent (1%) of the Total Offering Price.

PART II

PURCHASE AND SALE AGREEMENT

The 108-110 DUANE STREET CONDOMINIUM
108-110 Duane STREET
NEW YORK, NEW YORK 10007

(A) **Unit Number** **Storage Unit Number** **% of Common Interest**

_____ _____ _____

(B) **PURCHASE PRICE** The Purchase Price of the unit which Purchaser agrees to pay Seller:

$_____ **Unit Purchase Price.** $_____ **("Deposit")**

$_____ **Storage Unit Purchase Price.** $_____ **Balance Due at Closing.**

$_____ **Total Purchase Price.**

(C) **PURCHASER INFORMATION** Purchaser's name [for taking title] and address for notices is:

Name: _____

Address: _____

Social Security #_____ Social Security #_____

(D) **ATTORNEYS:**

Seller's Attorney The Attorney representing the Seller on this transaction is:

Name: Phyllis Marie Kamysek, Esq.,

Address: 305 Broadway, Suite 1201, New York, New York 10007

Phone #: 212-571-3869 Fax#: 212-571-0176 Email: _____

Purchaser's Attorney The Attorney representing the Purchaser on this transaction is:

Name: _____

Address: _____

Phone #:_____ Fax#: _____ Email: _____

(E) **IDENTITY OF PARTICIPATING BROKER**:

The only brokers and salespersons that Purchaser has dealt with on this transaction are:

Prudential Douglas Elliman and: Name: _____

Address: _____

Phone #:_____ Fax#: _____

1) **Agreement to Purchase.** The Seller agrees to sell and convey, and the Purchaser agrees to purchase, the above-described unit together with the above-stated Common Interest appurtenant thereto (collectively, the "Unit") for the Purchase Price stated above, upon and subject to the terms and conditions set forth in this Agreement.

2) **The Plan.** The Purchaser acknowledges having received and read the Plan at least three (3) full business days prior to the Purchaser's signing this Agreement. The Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) and agrees to be bound by the terms and conditions thereof, as well as all amendments to, the Plan duly filed by the Seller (including. without limitation, amendments involving any changes, modifications or updating of the estimated Common Charges, the estimated real estate taxes to be paid by the Purchaser or the section of the Plan entitled "Schedule B: Projected Budget for the First Year of Condominium Operation.") Any such amendments shall not excuse the Purchaser from performing the Purchaser's obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the performance of the Purchaser's obligations thereunder, nor shall they entitle the Purchaser to any offset or credit against the Purchase Price. Any such amendments may be made by the Seller without the Purchaser's consent or approval: subject to the Purchaser's right to rescind in the event of a material amendment to the Plan or the Condominium Documents which adversely affects in any material respect the Purchaser's rights hereunder or under the Plan as more specifically set forth in the Plan. The Plan is hereby incorporated in this Agreement with the same force and effect as if set forth at length. In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan shall govern and be binding. The Purchaser acknowledges having had a full opportunity to examine all documents and investigate all statements made herein and in the Plan.

3) **Definitions.**

(a) Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan, unless the context otherwise requires.

(b) The terms "closing," "closing of title" and words of similar import are used synonymously and mean the settlement of the mutual obligations of the Seller and the Purchaser under this Agreement, including the payment to the Seller of the Purchase Price and the delivery to the Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in this Agreement.

4) **Payment of the Purchase Price.**

(a) The Purchaser shall deliver to the Selling Agent (as such term is defined in the Plan) herewith the Purchaser's check made payable to the order of "Phyllis Marie Kamysek, PLLC," in the amount of the Down Payment, which check shall be accepted subject to collection. The Balance shall be paid to the Seller by the Purchaser at the closing.

(b) Except for the Down Payment, which is to be paid as provided above, any payments to be made by the Purchaser under this Agreement (including, without limitation, the payment of the Balance), whether to, on behalf of or at the request of the Seller, shall be made by unendorsed certified personal check or official cashier's check, in either event made payable to the order of the Seller and drawn on a bank to which checks are presented for payment through the New York Clearing House Association, or at the Seller's option, by wire transfer to an account designated by the Seller; except that at the request of the Seller made at or prior to the closing, the Purchaser shall pay the Balance to such payees as the Seller may direct.

(c) If any check is returned for insufficient funds or any other reason, such return shall be deemed to be a default by the Purchaser under this Agreement and shall entitle the Seller to exercise any of the remedies set forth in Paragraph 14 hereof. Notwithstanding the foregoing, if a check representing payment of the Down Payment is returned for insufficient funds or any other reason, such return shall be deemed to be a non-curable default by the Purchaser and this Agreement shall automatically be deemed cancelled. Upon the cancellation of this Agreement, the

Purchaser and the Seller will be released and discharged of all further liability and obligations hereunder and under the Plan, and the Unit may be sold to another as though this Agreement had never been made, and without any obligation to account to the Purchaser for any of the proceeds of such sale.

5. **No Financing Contingency.** While the Purchaser is free to seek mortgage financing from any lending institution to purchase the Unit, the rights and obligations of the Purchaser hereunder (including without limitation, the obligation of the Purchaser to close on this transaction) are not conditioned upon the Purchaser's ability to obtain financing for the purchase of the Unit. Accordingly, in the event that the Purchaser fails to pay the balance of the Purchase Price when due, because the Purchaser has been unable to obtain mortgage financing (or otherwise), the Purchaser will be deemed to be in default under this Agreement. Any references in this Agreement to any loan to finance this purchase shall not be deemed to imply that this transaction is contingent in any manner on the Purchaser's obtaining financing.

6. **Closing Date and Place.**

(a) The closing of title hereunder shall occur at the offices of the Seller's attorneys or at such other place as the Seller shall designate and at a time and on a date ("Closing Date") designated by the Seller which is not earlier than thirty (30) days after the Plan has been declared effective, unless the Closing Date is adjourned by the Seller. Notwithstanding the foregoing, the Closing Date may be adjourned from time to time as may reasonably be required to comply with the prerequisites to the closing of title described in the section of Plan entitled "Terms of Sale." The closing of title shall not occur until an amendment to the Plan stating that the plan has been declared effective has been accepted for filing by the New York State Department of Law. The Seller shall give the Purchaser notice of the scheduled Closing Date at least thirty (30) days in advance thereof. The Seller shall have the right to adjourn the date of closing of title from time to time by written notice to the Purchaser. If the closing is adjourned by the Seller, then the Seller shall fix a new date and time for closing and shall give the 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.

(b) The term "Closing Date" or "closing of title" or words of similar import, whenever used herein, shall mean the date designated by the Seller on which the deed to the Unit is to be delivered to the Purchaser or any adjourned date fixed by the Seller pursuant to subparagraph (a), above.

(c) The closing of title shall occur only after or concurrently with compliance with the prerequisites to closing of title in the section of the Plan entitled "Terms of Sale: Closing of Title to Units" in Part I of the Plan.

7. **Deed and Power of Attorney.**

(a) On the Closing Date, upon receipt by the Seller of all payments and documents required hereunder, the Seller shall deliver to the Purchaser (except as set forth in subparagraph (c), below) a bargain and sale deed with covenant against grantor's acts in substantially the form as set forth in Part II of the Plan conveying the Unit to the Purchaser as provided in the Plan, subject to the exceptions referred to in the Declaration, the By-Laws, the Plan and the Exhibits. The deed shall be executed and acknowledged by the Seller and shall be in form for recording.

(b) On the Closing Date and simultaneously with the delivery of the deed conveying the Unit to the Purchaser, the Purchaser shall execute and acknowledge a power of attorney to the Condominium Board and the Seller, which shall be prepared by the Seller and shall be substantially in the form set forth in Part II of the Plan. The Purchaser shall pay all recording or other fees in connection with the recording of the power of attorney.

(c) The deed may be delivered by the Seller to the representative of the title company insuring the Purchaser's title (or if no such representative is present, then to the Seller's attorneys or the Purchaser's attorneys). If the deed is delivered to the Seller's attorneys, then it shall be held until picked up by the Purchaser, the Purchaser's attorneys or a representative of the title company insuring the Purchaser's title. The deed shall be marked for return to the Purchaser or the Purchaser's attorneys after recording. The power of attorney may be delivered to the Purchaser's

title company, if any, for recording and shall be marked for return to the Condominium Board or its attorneys after recording.

8. **State of Title.** On the Closing Date the Seller shall convey, and the Purchaser shall accept, title in fee simple to the Unit, free and clear of all encumbrances other than the Permitted Encumbrances set forth in the Plan and such other matters as the Purchaser's title insurance company or any other title company licensed to do business in the State of New York shall be willing, without special or additional premium, to omit as exceptions to coverage or to except with insurance against collection out of or enforcement against the Unit.

9. **Closing Adjustments.**

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

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

(ii) If the Unit is not separately assessed as of the Closing Date, then the real estate taxes and assessments against the Property (if any) shall be apportioned as set forth in footnote 8 of the "Footnotes *to* Schedule A" in Part I of the Plan;

(iii) Common Charges for the month in which title closes;

(iv) Accrued rent and any other charges pursuant to the Existing Lease or Interim Lease, if any, covering the Unit; and

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

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

(c) In the event a mortgage recording tax credit is available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically agreed that such credit shall inure to the benefit of the Seller. Accordingly, at the closing of title, the Purchaser shall be required to pay the full amount of the mortgage recording tax chargeable on the entire amount of mortgage financing the Purchaser has elected to obtain in connection with the purchase of the Unit and the Seller shall be reimbursed to the extent of any mortgage tax credit allowed.

(d) If the Purchaser fails to close on the Closing Date originally specified by the Seller for any reason, then the Purchaser will (a) pay (in addition to all other closing costs) a late fee equal to 0.05% times the unpaid balance of the Purchase Price for each day's delay [or 18% per annum], beginning with the date originally scheduled for the Closing to and including the day immediately preceding the actual Closing Date, (b) reimburse the Seller for the Unit's carrying charges (that is, Common Charges and real estate taxes) during the period of delay and (c) pay the service fees of the Seller's attorneys of $250 for each default letter sent to the Purchaser and $250 for each notice sent to the Purchaser to reschedule the closing. The provisions of this subparagraph (d) shall not be applicable if, through no fault of the Purchaser, the Seller postpones the Closing Date except to the extent that thereafter the Purchaser postpones the closing for any reason or is in default.

(e) Any errors or omissions in computing apportionments at closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

(f) The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided herein.

10. **Closing Costs.** The Purchaser, in addition to the legal fees of the Purchaser's attorneys, if any, and the amount of any net adjustments in favor of the Seller and the other payments required under this Agreement, shall pay at the closing any closing costs specified in the Plan, including, without limitation, any processing fees, closing fees to the Seller's attorneys, the required contribution to the Working Capital Fund in an amount equal to two months' Common Charges and other fees and payments.

11. **Down Payment to be Held in Trust.** The Seller will hold all monies received by it directly or through its agents, employees or the Escrow Agent (as hereinafter defined), from the Purchaser under this Agreement in trust until actually employed in connection with the closing of the transaction as described in the Plan. The Seller will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the New York State Attorney General's regulations promulgated pursuant thereto. The provisions of the Attorney General's regulations concerning escrow and trust funds, in effect on the date hereof, shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement. The Purchaser shall not be obligated to pay any legal or other expense of the Seller in connection with the handling or disposition of the Down Payment paid by the Purchaser. However, nothing in the preceding sentence shall limit the obligation of the Purchaser to pay the fees and expenses of the Seller's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan) in connection with the purchase or closing of title to the Unit to be purchased by the Purchaser hereunder or upon the Purchaser's default.

The Down Payment will be placed, within five (5) business days after the date on which the Purchase Agreement has been signed by all necessary parties, in a special escrow account of Phyllis Marie Kamysek, PLLC (the "Escrow Agent"), whose address is 305 Broadway, Suite 1201, New York, New York 10007 and whose telephone number is (212) 571-3896. The sole authorized signatory on this escrow account is Phyllis Marie Kamysek, Esq. The name of the escrow account is "Phyllis Marie Kamysek, PLLC, as Escrow Agent for The 108-110 Duane Street Condominium" (the "Escrow Account"). The Escrow Account is located at HSBC, having an address at 110 West Broadway, New York, New York 10007 (the "Bank"). The Bank is covered by Federal Bank Deposit Insurance generally to a maximum of $250,000 in the aggregate with respect to all funds deposited by any Person in one or more deposit accounts (including, without limitation, amounts deposited directly by such Person and deposits held in escrow for such Person by the Escrow Agent).

No representation or guaranty is made by the Escrow Agent or the Seller that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so.

The Escrow Account shall be interest-bearing, and any interest earned on the Down Payment shall be delivered to the Purchaser at the closing of title to his Unit or other termination of this Agreement unless the Purchaser has defaulted hereunder beyond any applicable grace periods, in which event the Seller shall be entitled to retain such interest together with the Down Payment thereafter tendered by the Purchaser. The interest rate to be earned on the Down Payment will be the rate paid from time to time by the Bank. Interest will begin to accrue on the Down Payment when the check for such Down Payment is collected, and provided there is no charge back or debit by the Bank against the amount deposited. The Seller and the Escrow Agent shall only be liable for interest earned on the Down Payment to the extent same is received by them from the Bank. No representation is made as to the rate or amount of interest that will be earned on the Down Payment. The Purchaser must indicate his or her social security or its taxpayer identification number on this Agreement and on Internal Revenue Service form W-9 (or in the alternative deliver a duly completed and signed Internal Revenue Service form W-8). If there is more than one Purchaser, the social security or taxpayer identification number of the Purchaser who will be receiving any interest earned on the Down Payment must be noted herein and on Internal Revenue Service form W-9 (or such Purchaser shall deliver a duly completed and signed Internal Revenue Service form W-8). The Purchaser's failure to provide this information will be deemed a waiver of the

Purchaser's right to receive interest on the Down Payment.

The Escrow Agent may from time to time, upon notice to the Seller and the Purchaser, change the depository in which the Down Payment is held to another lending institution located in New York City.

12. **Duties of Escrow Agent.**

(a) Within ten (10) business days after unconditional tender and delivery by the Purchaser to the Selling Agent of a check for the Down Payment, 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 the Purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to the Selling Agent of the Down Payment, then the Purchaser may cancel such purchase and rescind this Agreement so long as such right to rescind is exercised within ninety (90) days after the Purchaser's unconditional tender and delivery of the Down Payment to the Selling Agent. However, the Purchaser shall not be entitled either to rescind this Agreement or to receive a refund of the Down Payment where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely deposited and notice as provided above was timely mailed to the Purchaser in conformity with the Attorney General's regulations. The Purchaser acknowledges that receipt of the Down Payment by the Escrow Agent and deposit in the Escrow Account shall not be deemed acceptance of this Agreement by the Seller, which acceptance can only occur in the manner provided in Paragraph

(b) The Escrow Agent shall hold the Down Payment in escrow until:

(i) otherwise directed in one or more writings signed by the Seller and the 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 Down Payment; or

(iv) the Down Payment is paid by the Escrow Agent into a court of competent jurisdiction; or

(v) the Down Payment is paid to the Seller as provided below in this Paragraph 12; or

(vi) the Down Payment is paid to the Purchaser as provided below in this Paragraph 12.

(c) If there is no written agreement between the Seller and the Purchaser to release the Down Payment, the Escrow Agent will not pay the Down Payment to the Seller until after ten (10) business days following the date that the Escrow Agent has given the Purchaser written notice that the Escrow Agent intends to pay the Down Payment to the Seller. Thereafter, the Down Payment may be paid to the Seller unless the Purchaser has already made application to the Attorney General pursuant to the dispute resolution provisions of the Attorney General regulations and the Escrow Agent has received, within such ten (IO)-business-day period, notice from the Purchaser that such application has been made.

(d) The Seller shall not object to the release of the Down Payment to the Purchaser, provided the Purchaser has not defaulted and has timely and validly rescinded this Agreement in accordance with an offer of rescission contained in the Plan or in an amendment to the Plan or a right to rescind as set forth in this Agreement.

(e) The Down Payment shall be delivered to the Seller at the closing unless disbursed as liquidated damages or returned to the Purchaser as herein provided.

(f) In the event the Plan is abandoned or withdrawn, the Down Payment shall be returned to the Purchaser together with interest, if any, within five (5) days after the Amendment declaring the plan abandoned has been accepted for filing. Except that if at the time the Plan is abandoned or withdrawn the Purchaser is in default hereunder and has failed to cure such default within the applicable grace period (or if this Agreement had previously been canceled by reason of the Purchaser's uncured default), then the Seller shall retain, as and for liquidated damages, the Down Payment, together with any interest earned thereon (hereinafter called the "Liquidated Sum"), and any sums in excess thereof (together with any interest earned thereon) shall be returned to the Purchaser within five (5) days after the date of such abandonment or withdrawal.

(g) The 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 Down Payment. The Seller must avail itself of this procedure if there is a dispute which needs to be resolved between the Seller and the Purchaser relating to the Down Payment and, in the case of the Purchaser, the Purchaser has given notice of objection to the Escrow Agent within the ten (IO)-business-day period described above. A form for this purpose is included in Part II of the Plan. The party applying for a determination must send all other parties a copy of the application.

(h) Included in Part II of the Plan is a copy of the escrow agreement between the Escrow Agent and the Seller which is subject to the terms of the Attorney Escrow Agreement General's regulations (the "Escrow Agreement"). In the event of any conflict between the Escrow Agreement and either any other provision of the Plan or this Agreement, the Escrow Agreement shall control.

(i) The Escrow Agent will maintain all records concerning the Escrow Account for seven (7) years after the closing of the Escrow Account.

13. **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, the 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 the 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 holder of any such mortgage to make advances before they become due in accordance with the schedule of payments. The 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 the Purchaser from completing payment of the Purchase Price or performing all of its other obligations hereunder or be the basis of any claim against, or liability of, the Seller, provided that the Unit is released from, or not subject to, the lien of any such mortgage.

14. **Default by Purchaser.**

(a) Each of the following shall constitute an "Event of Default" hereunder:

(i) The Purchaser's failure to pay the Balance on the Closing Date as provided herein or in the Plan (including, without limitation, if any check made or delivered by the Purchaser hereunder is dishonored);

(ii) The Purchaser's failure to execute (and have his signature acknowledged, sworn to or affirmed before a notary public, as and when required) and deliver to the Seller on the Closing Date the Residential Unit Owner's Power of Attorney, the New York City Real Property Transfer Tax return, the New York State Real Estate Transfer Tax return, the New York City Real Property Transfer Report or any other document required herein or in the

Plan to be executed and delivered by the Purchaser;

(iii) The Purchaser's failure to pay any closing costs or other amounts due and payable pursuant to this Agreement or the Plan; or

(iv) The Purchaser's failure to pay, perform or observe any of the Purchaser's other obligations hereunder or under the Plan.

(b) Upon the occurrence of an Event of Default, the Seller, in its sole discretion, may elect by notice to the Purchaser to cancel this Agreement. If the Seller elects to cancel, the Purchaser shall have thirty (30) days from the giving of the cancellation notice within which the Purchaser must cure the specified default. TIME SHALL BE OF THE ESSENCE to remedy the specified default within the thirty (30)-day period. If the specified default is not timely cured, then (i) the Seller shall have the right to retain, as liquidated damages, the Liquidated Sum; (ii) the Seller shall have the right to sell the Unit to others as though this Agreement had never been made; and (iii) the Purchaser shall not have any further rights against or obligations to the Seller, the Condominium, the Condominium Board or any subsequent purchaser of the Unit. Whether or not the Seller has canceled this Agreement as provided above, if the Seller has not collected the proceeds of any check for any payments due under this Agreement, then the Seller may take such actions at law and in equity as may be required in order to collect such payments and any and all costs of collection, including, without limitation, all attorneys' fees and expenses incurred by the Seller in connection therewith.

(c) Notwithstanding the occurrence of an Event of Default, the Seller may, in its sole discretion, keep this Agreement in effect and proceed to close title without prejudicing the Seller's right to recover from the Purchaser damages, losses, costs, expenses and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and the costs of collection).

15. **Obligation of Tenant to Pay Rent.**

(a) A Purchaser who is or becomes a tenant or occupant of the Unit must continue to pay rent under his Existing Lease or Interim Lease, and the Purchaser specifically waives any right of offset with respect to such rent. In no event shall the Purchaser be released or excused from paying and performing the Purchaser's lease or tenancy obligations, and nothing contained in this Agreement shall limit or be deemed to limit any rights or remedies at law or in equity or under the Purchaser's Existing Lease or Interim Lease, as the case may be, which the Seller, or any other party may have by reason of a default under the Purchaser's Existing Lease or Interim Lease, as the case may be, including without limitation, the Seller's right to collect from the Purchaser all damages, losses, costs, expenses, and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and costs of collection) due to the Purchaser's failure to pay rent or otherwise comply with the Purchaser's lease or tenancy obligations. The right is reserved to the Seller to apply any rent security against rent arrearages or other default and in addition to sue any tenant to the extent such rent security is insufficient.

(b) In no event shall either the Purchaser's failure to pay rent as due or the pendency of eviction proceedings or the vacating or abandonment of the Unit give the Purchaser any rights to any extension under this Agreement.

16. **Termination of Existing Leases of Tenant Purchasers.** If the Purchaser is currently the tenant (a "Tenant Purchaser") under an Existing Lease of the Unit, the Purchaser agrees that the Existing Lease shall be terminated and canceled upon closing of the title to the Unit on the Closing Date. The Seller shall have no obligation to close title with a Tenant Purchaser unless all rent and other charges due under such Tenant Purchaser's Existing Lease have been paid through the Closing Date.

17. **Seller's Inability to Convey Title.** If the Seller is unable to deliver title to the Unit to the Purchaser subject to the Permitted Exceptions set forth in the Plan in accordance with the provisions of this Agreement and the Plan,

the 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 the 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, the Seller may notify the Purchaser at any time of its refusal either to cure or to continue to cure, as the case may be, such inability and if the Purchaser is then not in default hereunder beyond any applicable grace period, then the Purchaser's sole right and remedy shall be either: (a) to 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 the Seller for damages or otherwise); or (b) to terminate this Agreement. If the Purchaser so elects to terminate this Agreement, the Seller shall, within fifteen (15) days after receipt of notice of termination from the Purchaser, return to the Purchaser all sums deposited by the 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 the Purchaser in writing to the Seller within ten (10) days after the giving of the Seller's notice of refusal to cure such inability. If the Purchaser fails to give such notice to the Seller within said ten (10) day period, with TIME BEING OF THE ESSENCE, it shall be conclusively deemed that the Purchaser has elected to acquire title to the Unit subject to such inability as aforesaid.

18. **Sale Subject to Existing Tenancy: Rights and Duties of Non-Occupant Purchasers.** The following provisions are applicable only if, at the time of signing this Purchase Agreement, the Unit is occupied by, or under lease to, one other than the Purchaser.

(a) The Purchaser understands that the Purchaser is purchasing the Unit subject to the rights of the existing tenants thereof, as explained more fully in the Plan under the Section entitled "Rights of Existing Tenants."

(b) The Purchaser acknowledges that no representation or statement has been made (and if made, the Purchaser knows it is unauthorized and has not relied thereon) as to the length of time that may elapse before the Purchaser gains possession of the Unit or that the Purchaser, in fact, will obtain possession of the Unit.

(c) Upon acquiring title to a Unit occupied by another, the Purchaser shall become the landlord of the tenant or occupant thereof and the latter shall become such Purchaser's tenant. The Purchaser alone shall bear the entire costs and expenses of owning the Unit (including but not limited to, any legal *fees* and litigation expenses for enforcing the Existing Lease and obtaining possession of the Unit). The relationship between the two parties will be governed primarily by the terms, covenants and conditions contained in the Existing Lease or the statutory and/or implied covenants of any month-to-month tenancy. Further, the Purchaser will be subject to any rights and duties required pursuant to Section 352-eee of the GBL and the Applicable Rent Laws. The Purchaser will succeed to and assume all of the Seller's rights and obligations as the landlord of such tenant or occupant, including, but not limited to, the Seller's right to receive the rents reserved in the Existing Lease and the Seller's obligation to perform all of the duties of the landlord under such Existing Lease or month-to-month tenancy. Such duties may include, but are not limited to, the obligation to maintain, repair and replace any plumbing fixtures, refrigerator, dishwasher, lighting fixtures and other fixtures, equipment and appliances in his, her or its Unit and to paint the Unit periodically. The Purchaser will be obligated to perform these duties as the landlord of such tenant or occupant even though the rents reserved under the Existing Lease or month-to-month tenancy maybe insufficient to pay the cost of such performance. In addition, the Purchaser will be required to pay all Common Charges assessed against him, regardless of whether such Common Charges are more or less than the rent payable by the tenant or occupant and regardless of whether such rent is received. Various of these rights and duties are summarized in the Plan in the section entitled "Obligations of Owners of Units Occupied by Non-Purchasing Tenants." At closing, the Seller and the Purchaser will sign and deliver to each other an agreement (in form and substance satisfactory to the Seller) in which the Seller assigns to the Purchaser all of its rights as landlord under the then Existing Lease or month-to-month tenancy and the Purchaser assumes full responsibility for, and indemnifies and holds the Seller harmless from and against all obligations under such Existing Lease or month-to-month tenancy to be performed from and after the closing.

(d) The Purchaser shall be required upon obtaining title to the Unit to irrevocably appoint the Condominium Board's Managing Agent, or the Condominium Board if no Managing Agent is employed by the Condominium Board as the Purchaser's agent to provide to the existing tenants of the Unit all services and facilities required under Applicable Law.

(e) The Purchaser agrees to deposit with the Condominium Board's Managing Agent and its successors (or the Condominium Board if no Managing Agent is employed by the Condominium Board) at the closing an amount not less than two-months' common charges and real estate taxes to be used as working capital to furnish services required under the Existing Lease for the Unit and pursuant to Applicable Law. Upon notice from such Managing Agent (or the Condominium Board) that the deposit has been diminished, the fund shall be replenished by the Unit Owner within thirty (30) days of such notice. The failure of the Unit Owner to replenish the hind in a timely fashion will result in the Condominium having a lien against the Unit. Interest, if any, earned on the fund shall be the property of the Unit Owner.

(f) If after the Purchaser signs this Agreement the existing tenant timely exercises such existing tenant's exclusive right to purchase the Unit during the period granted under the Plan or at such later date as may be permitted under Applicable Law (or an administrative or judicial interpretation thereof), then this Agreement will be deemed canceled and within thirty (30) days thereafter, all monies deposited with the Seller shall be returned to the Purchaser, with interest, if any, earned thereon. Upon such refund being made, the Purchaser, the Seller, the Selling Agent, and all other Persons involved in the Plan will be (and hereby are) released and discharged of all liabilities and obligations hereunder and under the Plan.

19. **Real Property Transfer Taxes.** The 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, and, if applicable, the additional New York State Real Estate Transfer Tax known as the "mansion tax"), recording and other fees in connection with this transaction and the recording of the deed. The Purchaser's responsibility to pay real property transfer taxes shall include any increases or additions to such taxes that are due by reason of the fact that the Purchaser is paying such taxes instead of the Seller. The Seller and the Purchaser shall duly execute and swear to, or affirm, any transfer tax return and any other form then required by law, all of which shall be prepared by the Seller.

20. **Internal Revenue Service Reporting Requirement.** 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 provide certain information with respect to the sale of the Unit pursuant to Section 6045 of the Internal Revenue Code, as amended, or any successor provision or any regulations promulgated pursuant thereto. The Purchaser shall cause such "real estate broker" to file a Form 1099-S or other required submission and to comply with all other requirements of Section 6045 of the Internal Revenue 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.

21. **Agreement Subject to Plan Being Declared Effective.** The performance by the 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. If the Plan is abandoned, an amendment will be filed disclosing the abandonment and the Purchaser shall receive a refund in full of the Down Payment together with interest earned thereon, if any (except as provided in Paragraph 14 hereof), within five (5) days of the date the amendment declaring the Plan abandoned has been accepted for filing, 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.

22. **Fixtures, Appliances and Personal Property.**

(a) At closing, the Unit will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air-conditioning units (if any), hardware and other fixtures and equipment currently installed therein and that are owned by the Seller. The Unit is being sold unfurnished. Any appliances, air-conditioning units, furnishings, equipment, fixtures, and other personal property owned by any existing tenant of a Unit are not included in this sale. However, if a Unit is currently occupied by other than the Purchaser and the existing tenant removes a stove or refrigerator belonging to him, then the Seller agrees to supply a replacement, which need not be new, but will be in working order and similar in size and quality to the stoves and refrigerators owned by the Seller that are contained in comparable un-renovated Units in the Building on the Presentation Date of the Plan.

(b) Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to the Purchaser are only approximations of the Unit's dimensions and arrangement, and the Purchaser should not rely thereon.

(c) There shall be no modifications or extras unless agreed to in writing by both the Purchaser and the Seller. All modifications, alterations and additions to the Unit must be approved by the Seller in writing and, if approved, shall be performed by the Seller at the Purchaser's expense (payable at the time of execution of this agreement in the manner to be set forth in an addendum to this Agreement or in a separate agreement, and non-refundable to the extent expended, even if Closing does not take place).

23. **Acceptance of Condition of Property and Unit.**

(a) The signing of this Purchase Agreement by the Purchaser signifies the Purchaser's acceptance of the conditions of the Property, including the Building, the Unit, and all fixtures, machinery, equipment, furnishings, appliances, installations and any other personal property contained therein (hereinafter collectively called "Installations"), in their existing condition, subject to reasonable use, wear and tear and natural deterioration between the date the Purchaser signs this Agreement and delivery of the deed to the Purchaser. The Purchaser acknowledges having read, or having had ample opportunity to read, the Description of Property and Building Condition set forth as Document Number 2 in Part II of the Plan, which sets forth a description of the then-existing physical condition of the Building. The Purchaser understands that the Seller has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit or the Installations except as set forth in the Plan. However, the Seller has agreed in the Plan to maintain the Building in substantially the same condition it is in on the Presentation Date, unless prevented from so doing by reason of acts or events beyond the Seller's control, as more particularly set forth in the Plan.

(b) The Purchaser shall be given a reasonable opportunity to examine the Unit prior to closing and is advised to make a careful examination at such time. Sponsor shall advise Purchaser of any uncured violations on the Unit at the time of execution of the Purchase Agreement that, to Sponsor's knowledge, will become the responsibility of Purchaser.

24. **Lead-Based Paint and/or Lead-Based Paint Hazards.** The Purchaser understands that under applicable Federal regulations (namely, 24 CFR Part 35 and 40 CFR Part 745), before the Purchaser becomes obligated under this Agreement, the Purchaser must be permitted a 10-day period to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead based paint hazards (the "Lead-Based Paint Inspection"), unless the Purchaser elects in writing to waive same. At or prior to signing and submitting this Agreement to the Seller, the Purchaser shall indicate (where appropriate) and sign a certain form entitled "Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards" (the "Lead-Based Paint Disclosure Form") attached to this Agreement as Exhibit B. indicating, among other things, whether the Purchaser has waived the right to conduct the Lead-Based Paint Inspection or has been given

the opportunity to conduct same. The Purchaser hereby repeats and affirms all of the Purchaser's acknowledgments on the Purchaser's signed Lead-Paint Disclosure Form, which by this reference are hereby made a part of this Agreement.

25. **Security Deposit.**

(a) If the Purchaser is or hereafter becomes a tenant of the Unit, the Purchaser's unapplied rent security deposit, if any, shall be refunded to the Purchaser, together with any interest earned thereon, within thirty (30) days following the closing, provided that the Purchaser is not in default under the Purchaser's Existing Lease, Interim Lease or this Agreement.

(b) If the Unit is occupied by other than the Purchaser, then the unapplied security deposit (if any) of the tenant or occupant of the Unit (or the Purchaser's pro rata share thereof) shall be transferred at closing to the Purchaser, who shall, upon receipt, sign and deliver to the Seller an agreement acknowledging the amount received, indemnifying and holding the Seller harmless from and against all liability in connection therewith and agreeing to hold such security deposit as required under the Existing Lease or Interim Lease and Applicable Law. If the existing tenant is in arrears with respect to the payment of rent or other charges, if any, the Purchaser understands that it will be obligated to pay to the Seller any such arrearages out of the first amounts collected by the Purchaser from such tenant. In either event, the Seller will have the right to deduct from any existing tenant's security deposit the amount of any rent arrearage owing to the Seller and to sue the existing tenant to the extent such rent security is insufficient.

26. **Damage to the Unit.**

(a) Unless the Purchaser now occupies the Unit, the Purchaser shall' not be entitled to occupy the Unit until the deed is delivered to the Purchaser at closing, unless the Seller, in its discretion, grants possession of the Unit to the Purchaser under an Interim Lease as provided in the Plan. If the Purchaser is an existing tenant of the Unit or if the Purchaser is given possession of the Unit prior to closing under an Interim Lease or otherwise, then the Purchaser shall be solely responsible for any damage to, or other condition in, the Unit resulting from casualty, the use and occupancy by the Purchaser, the acts or negligence of the Purchaser, the Purchaser's guests, contractors, subcontractors, licensees, agents, employees or other invitees or otherwise and the Seller shall not be obligated to make any repairs to the Unit or its Installations. If the Purchaser is obligated to repair the damage, then the Purchaser's failure to make such repair shall not excuse the Purchaser from paying the Balance and accepting delivery of the deed. Notwithstanding the foregoing, until closing, the Seller shall remain responsible for making those repairs required of it as landlord under any Existing Lease or Interim Lease and, after closing, the Condominium Board shall be responsible for making those repairs required of it under the Condominium Documents.

(b) Except as provided in subparagraph (a), above, all other risk of loss prior to closing shall be assumed by the Seller, but without any obligation or liability of the Seller to repair the damage or restore the Unit. If the Seller or (in the event the Declaration has been filed) the Unit Owners elect, pursuant to the Condominium Documents, to repair or replace the loss or damage, in the event of a fire or other casualty, this Agreement shall continue in full force and effect, the Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement of, the Purchase Price, and the Seller shall be entitled to a reasonable period of time to complete (or to permit the Condominium Board to complete) such repairs or
replacements. The Purchaser shall not be required to pay the Balance unless and until (i) the Unit has been substantially repaired to as near as reasonably possible its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall belong entirely to the Seller (subject, if the Declaration has been filed, to the rights, if any, of the Condominium Board and the other Unit Owners) and if such proceeds are paid to the Purchaser, the Purchaser shall promptly upon receipt turn them over to the Seller.

(c) If the Seller notifies the Purchaser that it does not elect to repair or restore the Unit or (in the

event the Declaration has been filed) if the Unit Owners do not resolve to make such repairs or restore the Unit pursuant to the Condominium Documents, this Agreement will be deemed canceled and of no further force or effect and the Seller will instruct the Escrow Agent to return to the Purchaser all sums deposited hereunder (with interest, if any, earned thereon) whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if the Purchaser is then in default hereunder (beyond any applicable grace period), the Seller will retain the Liquidated Sum pursuant to Paragraph 14, above.

(d) If the Purchaser is a tenant under an Existing Lease, the provisions of this Agreement shall supersede and replace any conflicting provisions in such Existing Lease.

(e) The Purchaser expressly waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this Paragraph 26 shall govern and control in lieu thereof.

27. **No Representations.** Except as set forth in the Plan, the Seller has not made, does not make and is unwilling to make any representations as to the condition, income, expenses, tenants, use, operation or any other matter or thing affecting or relating to the Property or title thereto or the transactions contemplated hereby. The Purchaser acknowledges and represents that, except as expressly set forth in the Plan or in this Agreement, the Seller has not made and the Purchaser has not relied upon any representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by the Seller, whether consisting of or contained in any architect's plans, sales plans, selling brochures, advertisements or otherwise, including, but not limited to, any relating to: (a) 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; (b) the services to be provided to Unit Owners; (c) the estimated Common Charges allocable to the Unit; (d) the right to any income tax deduction for any real estate taxes or mortgage interest paid by the Purchaser; (e) the current or future real estate tax liability, assessment or valuation of the Property or the Unit; (0 the potential qualification of the Property or the Unit for any and all benefits conferred by federal, state or municipal laws, whether for subsidies, special real estate tax treatment, insurance, mortgages, or any other benefits, whether similar of dissimilar to those enumerated; (g) the compliance of the Unit or the Property, in its current or any future state with applicable zoning ordinances and the ability to obtain a variance in respect to any non-compliance, if any, with said zoning ordinances; (h) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Unit or the Property from any source, including but not limited to the state, city or federal government or any Institutional Lender; (i) the current or future use of the Unit or the Property; (j) the current or future condition and operating state of any and all machinery or equipment in the Unit or on the Property and the current or future structural and physical condition of the Unit, the Building or any other improvements to the Property or their suitability for rehabilitation or renovation; (k) the cost of permanently closing up lot-line windows; (1) the state of title to the Unit; (m) the availability of any views from the Unit or from any other portion of the Building now or in the future or the ability of any other owner of real property, wherever situated, to erect a structure on such owner's real property which may obstruct the view from the Unit or from the Property or the ability of any other owner of real property wherever situated to change the height, bulk or density of any existing building or to change the zoning so as to permit a change in the height, bulk or density of a building that may be constructed in the future on such owner's property, and (n) the presence or absence of violations of Applicable Law; the Purchaser having relied solely on its own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of the Seller except as herein or in the Plan specifically set forth. No oral representations 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 the 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 of the Condominium, as shown on the Floor Plans.

28. **Broker.** The Purchaser represents to the Seller that except for any co-broker identified on the first page of this agreement in Section (E), the Purchaser has not dealt with any broker other than the Selling Agent in connection with this transaction. The Purchaser agrees that should any claim be made against the Seller for commissions by anyone other than the Selling Agent or the co-broker identified in this Paragraph 28 based on alleged dealings with the Purchaser

or the Purchaser's representatives, the Purchaser shall (i) give testimony to such effect in any case, action or proceeding by any broker other than the Selling Agent (or such co-broker), and (ii) indemnify and hold the Seller harmless from and against any and all liabilities, claims, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) arising out of or in connection with any claim for commissions or other compensation with respect to this transaction or with respect to the Purchaser.

29. **Assignment.** The Seller may assign this Agreement without limitation. The Purchaser shall not have the right to assign this Agreement without the prior written consent of the Seller which may be granted or withheld in the Seller's sole and absolute discretion.

30. **Purchaser's Representations.** The Purchaser represents to the Seller and the Condominium as follows:

(a) If the Purchaser is an individual, the Purchaser is over 18 years of age and resides in the State of New York.

(b) If the Purchaser is an entity, it is legally authorized to acquire the Unit and has an office for the conduct of its business in New York.

(c) The Purchaser is not purchasing as an accommodation to, or for the account or benefit of, the Seller or its principals.

31. **Possession of Unit and Purchaser's Work.** Except pursuant to an existing Lease or an Interim Lease, the Purchaser shall not be entitled to have access to the Unit prior to the closing of title thereto without obtaining the Seller's prior written consent. Unless otherwise agreed in writing by the Seller, such access shall be for the limited purpose of inspection and taking measurements. If the Purchaser is permitted such access, the Purchaser shall release the Seller from any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from any injuries sustained by any person or damage to any property resulting from such access, even if such injury results from the negligence of the Seller, the Selling Agent, or any of their respective agents, employees, contractors or representatives. In addition, the Purchaser shall indemnify and hold the Seller, the Selling Agent and their respective agents, employees, contractors and representatives harmless from and against any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from such access, including without limitation reasonable attorneys' fees and expenses.

32. **Liability of Seller.**

(a) The Seller shall not have any liability to the Purchaser or others with respect to any of the Seller's obligations under this Agreement, under the Plan, or otherwise in excess of the net proceeds paid to the Seller from the sale of the Units after payment of, or reserve for, any liabilities, costs or expenses of the Seller arising out of the promulgation of the Plan, the offering of the Units for sale and the consummation of the transactions contemplated in the Plan.

(b) The Seller shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed, or hindered by an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lock-out, action of labor unions or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of the Seller. The Seller's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused.

33. **Acceptance of Agreement.**

(a) If the Purchaser is an existing tenant of the Unit, this Agreement will be accepted by the Seller

on condition that: (i) the Purchaser signs and returns this Agreement, together with the requisite Down Payment, within ninety (90) days from the Presentation Date of the Plan; (ii) the Purchase Price is in accordance with the price for the Unit set forth in the Plan; and (iii) the Purchaser has the exclusive right to purchase the Unit under the Plan.

(b) If the Purchaser is not an existing tenant of the Unit or the conditions set forth in subparagraph (a), above, have not been met, the submission to the Seller of this Agreement shall not constitute a binding obligation on either the Purchaser or the Seller. No such binding obligation will arise until this Agreement is executed by both the Purchaser and the Seller (or the Seller's duly authorized agent) and one fully executed copy has been delivered to the Purchaser and two fully executed copies have been delivered to the Seller, together with the Lead-Based Paint Disclosure Form in accordance with subparagraph (c), below. If within twenty (20) days after the Selling Agent receives this Agreement signed by the Purchaser a copy of this Agreement signed by the Seller of its authorized agent is not sent or delivered to the Purchaser, then it will be deemed rejected and of no force or effect, and all monies paid by the Purchaser shall be refunded, without interest, within ten (10) days thereafter. Upon such refund being made, neither party will have any further rights, obligations or liabilities hereunder with respect to the other or any other party connected with the Plan. This Agreement may not be rejected by reason of the Purchaser's sex, race, creed, color, national origin, ancestry or other ground proscribed by law. The Seller has the right, without incurring any liability, to reject this Agreement without cause or explanation to the Purchaser.

(c) Notwithstanding anything to the contrary contained in subparagraph (a), above, the Seller shall have no obligation to accept this Agreement unless at the time this Agreement is submitted to the Seller, the Purchaser also delivers to the Seller the Lead-Based Paint Disclosure Form fully completed and signed by the Purchaser in triplicate.

34. **Notices.** Notices hereunder shall be in writing and shall be either (i) personally delivered (with receipt acknowledged) or (ii) mailed by registered or certified mail, return receipt requested (or, with respect to notices given pursuant to Paragraph 12(a), by regular, first-class mail) or (iii) sent by overnight courier (with receipt acknowledged) or (iv) sent by facsimile transmission, if available; provided and so long as a copy of such notice is sent the same day by any of the methods set forth in clauses (i), (ii) or (iii)), to the parties as follows: to the Purchaser and their attorney at their respective addresses and facsimile number (if any) first stated in this Agreement and to the Seller at c/o 108-110 Duane, L.L.C., 299 Broadway, Suite 716, New York, New York 10007 (facsimile number, with copies in like manner to Phyllis Marie Kamysek, PLLC, 305 Broadway, Suite 1201, New York, New York 10007. Any of the parties noted in this Paragraph 34 may change his, her or its address or facsimile number for purposes of this Paragraph 34 by giving notice thereof to the other parties in the manner provided above. Phyllis Marie Kamysek, PLLC may give notices on behalf of the Seller. Notices shall be deemed given on the same day if personally delivered or sent by facsimile transmission, the next business day if sent by overnight courier or five (5) days after mailing if sent by registered or certified mail, return receipt requested (or, with respect to notices given pursuant to Paragraph 12(a), by regular, first-class mail). Notwithstanding the foregoing, no notice of change of address shall be deemed given until actually received.

35. **Joint Purchasers.** The term "Purchaser" shall be read as "Purchasers" if there is more than one purchaser, in which case the obligations of the Purchasers shall be joint and several.

36. **Survival of Seller's and Purchaser's Obligations.** All of the obligations of the 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 the 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 the Purchaser under this Agreement shall survive delivery of the deed and the closing of title hereunder, whether or not specifically so stated in any particular provision.

37. **Further Assurances.** The Purchaser shall execute, acknowledge and deliver to the Seller such instruments, and take such other actions, in addition to the instruments and actions specifically provided for herein, as

the Seller may reasonably request, or the Attorney General's office may request, including, but not limited to, responding truthfully to any questionnaire, or take any steps in order to effectuate the provisions of this Agreement or any transaction contemplated herein or to confirm any of the obligations or representations of the Purchaser hereunder or any right to be created or transferred hereunder or pursuant to any such transaction.

38. **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 Applicable Law.

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

40. **Prohibition Against Advertising.** Prior to the closing of title, the Purchaser agrees not to list the Unit for resale or rental with any broker or to advertise or otherwise offer, promote or publicize the availability of the Unit for sale or lease, without the Seller's prior written consent, which consent may be withheld or delayed for any reason or no reason.

41. **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.

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

43. **No Recordation.** This Agreement shall not be recorded by the Purchaser without the Seller's prior written consent. Any purported recordation thereof by the Purchaser shall be void and constitute an Event of Default by the Purchaser hereunder.

44. **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. The Purchaser acknowledges and agrees that the Plan may be amended by the Seller from time to time as provided in the Plan and that this Agreement may be amended by the Seller to conform to the provisions of any such amendment by delivering to the Purchaser a notice thereof, subject however to any rights which the Purchaser may have to rescind this Agreement as provided in the Plan.

45. **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. The term "including" shall be deemed to mean "including, without limitation," whether or not so stated in the text.

46. **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.

47. **Successors and Assigns.** Without limiting the provisions of Paragraph 29, the provisions of this Agreement shall bind the Purchaser and its heirs, legal representatives, successors and assigns and inure to the benefit of the Purchaser's heirs, legal representatives and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

48. **No Oral Changes.** This Agreement cannot be changed or terminated orally. Any changes or additional provisions must be set forth in a rider attached hereof at the time of execution hereof, in a separate written agreement signed by the parties.

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

SELLER: 108-110 Duane LLC

By: _____
Name: Title:

PURCHASER(S):

Name: _____

Name: _____

EXHIBIT A TO PURCHASE AGREEMENT

LEGAL DESCRIPTION

ALL THAT CERTAIN plot, piece or parcel of land situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

SCHEDULE A

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Duane Street, distant 231 feet 5 inches westerly from the southerly corner of Broadway and Duane Street, said point of beginning being in the center of a party wall between buildings on the premises herein described and the premises known as 106 Duane Street;

RUNNING THENCE southerly, on a line forming an angle on its westerly side of 89° 48' 40" with the southerly side of Duane Street, through the center of a party wall and in continuation thereof, a distance of 100 feet 3 5/8 inches;

THENCE westerly, on a line forming an angle on its northerly side of 89° 31' 00" with the last described line, a distance of 48 feet 10 3/8 inches to a point in the northerly prolongation of the center line of a party wall between the premises 70 Reade Street and 68 Reade Street;

THENCE northerly, in prolongation of said center line and maybe through a party wall forming an angle on its easterly side of 90° 33' 30" with the last described line, a distance of 99 feet 8 5/8 inches to the southerly side of Duane Street at a point 280 feet 4 7/8 inches westerly from the corner formed by the intersection of the westerly side of Broadway with the southerly side of Duane Street; and

THENCE easterly along the said southerly side of Duane Street, 48 feet 11 7/8 inches to the point or place of BEGINNING.

EXHIBIT B TO PURCHASE AGREEMENT

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

SELLER'S DISCLOSURE (initial)

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) (_] Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

(ii) [X] Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing. (b) Records and reports available to the seller (check (i) or (ii) below):

(i) (J Seller has provided the purchaser with all available records and reports pertaining to lead based paint and/or lead-based paint hazards in the housing (list documents below):

(ii) (X] Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

PURCHASER'S ACKNOWLEDGMENT (initial)

(c) [X] ____ Purchaser has received copies of all information listed above.

(d) [X] ____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home.*

(e) [X] ____ Purchaser has (check (i) or (ii) below):

(i) (X) received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) [__] waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

AGENTS/BROKER'S ACKNOWLEDGMENT (initial)

(0 [X] ____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

CERTIFICATION OF ACCURACY

The following parries have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller: _____ Date: _____ Seller: _____ Date: _____

Purchaser: _____ Date: _____ Purchaser: _____ Date: _____

Agent: _____ Date: _____ Agent: _____ Date: _____

EXHIBIT C TO PURCHASE AGREEMENT

AFFIDAVIT OF GOOD FAITH PURCHASE

AND INTENT TO RESIDE

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

_____, being duly sworn, deposes and says:

The undersigned, being the prospective purchaser ("Purchaser") of Unit _____ at The 108-110 Duane Street Condominium (the "Apartment"), states that the purchase is being made in good faith pursuant to the terms set forth in the condominium offering plan for The 108-110 Duane Street Condominium, as the same may be amended from time to time (the "Plan") and, if the undersigned is a tenant in occupancy of the Apartment on the filing date of the Plan, without fraud or duress, and with no discriminatory repurchase agreement or other discriminatory inducement.

If the undersigned is not the present tenant of the Apartment, the undersigned further represents that:

(i) the Apartment is being purchased for personal occupancy by _____ _____ ("Proposed Occupant");

(ii) if the Proposed Occupant is not Purchaser, the Proposed Occupant is a member of Purchaser's immediate family, to wit Purchaser's _____ ;

(iii) the Proposed Occupant will begin residing in the Apartment no later than the Closing Date or, if the Apartment is presently occupied by someone else, as soon thereafter as the Apartment becomes vacant.

Purchaser: _____.

Subscribed and sworn to before me
this _____ day of _____, 201_.

Notary Public

POWER OF ATTORNEY

OF

THE 108-110 DUANE STREET CONDOMINIUM

THIS PAGE INTENTIONALLY LEFT BLANK

UNIT POWER OF ATTORNEY

Terms used in this Power of Attorney which are used (a) in the declaration (the "Declaration") submitted by 108-110 Duane, LLC ("Declarant") establishing a plan for condominium ownership of the premises known as The 108-110 Duane Street Condominium and by the street number 108-110 Duane Street, New York, New York 10007 under Article 9-B of the Real Property Law of the State of New York, dated_____,20__, and recorded in the Kings County Office of the Register of The City of New York on _____,20__, in CFRN_____, or (b) in the By-Laws of The 108-110 Duane Street Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned,_____,the owner of the Condominium Unit (the "Unit") in The 108-110 Duane Street Condominium which is (are) designated and described as Residential Unit No._____ in the Declaration and also designated as Tax Lot_____, in Block _____ of Section ___ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) following due authorization by a Majority of Residential Unit Owners, to acquire or lease any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner desiring to sell, convey, transfer, assign, surrender or lease the same, (b) to acquire any Residential Unit, together with its Appurtenant Interests, from any Owner who elects to surrender the same pursuant to the By-Laws, and (c) following due authorization by a Majority of Residential Unit Owners, to acquire any Residential Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, all on such terms and at such price or rental, as the case may be, as said attorneys-in-fact shall deem proper, in the name of the Residential Board or its designee, corporate or otherwise, on behalf of all Unit Owners, and, after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto)any such Unit so acquired by them, or to sublease any Residential Unit so leased by them without the necessity of further authorization by the Residential Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present, (2) upon determination by the Board, to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to Units, including retaining counsel and taking any other actions which the Board deems necessary or appropriate, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Common Elements which the Condominium Board, deem necessary or appropriate to comply with any 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 General Common Elements or the Residential Section as the case may be, (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Residential Section which the Residential Board deems necessary or appropriate or (c) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the General Common Elements which the Condominium Board deems necessary or appropriate.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned, do(es) hereby nominate, constitute and appoint the Declarant, true and lawful attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, on behalf of all Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, to execute an amendment to the Declaration, By-Laws and the Rules and Regulations of the Condominium or any permits, applications or documents required to undertake, perform or complete work to the Unsold Units or Common Elements by Declarant or obtain an amended certificate of occupancy therefor, or any of said documents when such amendment (i) shall be required to reflect any changes in Unsold Residential Units, Commercial Units and/or the reapportionment of the Common Interests of the aforesaid Units resulting therefrom made by Declarant in accordance with the Declaration or (ii) shall be required by an (x) Institutional Lender designated by Declarant to make a mortgage loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by Declarant to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of this paragraph shall not (a) change the Common Interest of the Undersigned's Unit, (b) require a material or physical modification to the undersigned's Unit, or (c) adversely affect the priority or validity of the lien of any purchase money mortgage held by an Institutional Lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (a) or (b) of this paragraph) or the holder of such mortgage (in the event described in subdivision (c) of this paragraph) shall consent thereto by joining in the execution of such amendment.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the____ day of_____, 2010.

_____

_____

UNIFORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

State of New York)
County of New York) ss.:

On the _____day of _____in the year 2010 before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____

THIS PAGE INTENTIONALLY LEFT BLANK

RESIDENTIAL UNIT DEED

OF

THE 108-110 DUANE STREET CONDOMINIUM

THIS PAGE INTENTIONALLY LEFT BLANK

RESIDENTIAL UNIT DEED

THIS INDENTURE, made the ____ day of _____, 20__, between 108-110 Duane, LLC, a New York Limited Partnership, having an office at 299 Broadway, New York, New York (the "Grantor") and _____ (the "Grantee"), having an address at _____.

W I T N E S S E T H:

That the Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit (the "Unit") in the premises known as The 108-110 Duane Street Condominium and by the street number 108-110 Duane Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as Residential Unit No. ____ in the declaration ("Declaration") establishing a plan for condominium ownership of said premises under Article 9B of the Real Property Law of the State of New York (the "Condominium Act"), dated _____, 20__, and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on _____, as CRFN _____, and also designated as Tax Lot(s) 22 in Block 150 of Section ____ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of said building, certified by _____, on _____, 20__, and filed in the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____ also filed in the City Register's Office on _____, 20__, as Condominium Map No._____. The premises within which the Unit is (are) located are more particularly described in Schedule A attached hereto and made a part hereof. All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or in the by-laws of The 108-110 Duane Street Condominium. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

Together with an undivided _____percentage interest in the General Common Elements (as such term is defined in the Declaration):

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein.

Subject also to such other liens, agreements, covenants, easements, restrictions and other matters as pertain to the Unit and/or to the Property as more particularly described in Schedule B attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same unto the Grantee and the heirs or successors and assigns of the Grantee forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration

or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision which is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Declaration regarding such invalidity shall control.

Except as otherwise specifically permitted by the Residential Board or provided in the Declaration or the By-Laws, the Residential Unit is intended for residential use only.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, expect as aforesaid.

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 rights 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 purposes.

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date below.

Date: _____
(To be inserted after execution
by Sponsor)

108-110 Duane, LLC

By:_____
Name:
Title:

_____
Grantee

_____
Grantee

UNIFORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

State of New York)
County of New York) ss.:

On the _____ day of _____ in the year 2010 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

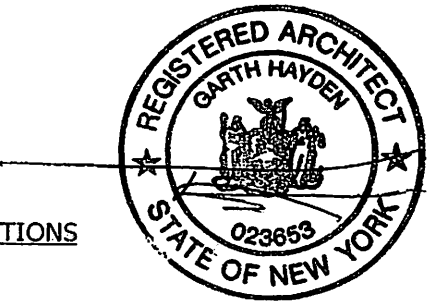
_____
Signature and Office of individual
taking acknowledgment

THIS PAGE INTENTIONALLY LEFT BLANK

Garth Hayden Architect

architecture
planning
interior design

March 23, 2011



DESCRIPTION OF PROPERTY AND BUILDING CONDITIONS

108 Duane Street, New York, NY

Block: 150
Lot : 22
Zoning District: C6-2A map 12a
Community Board: 1

1. INTRODUCTION:

This report was prepared for inclusion in the condominium offering plan. The report is based on the following:

A: Visual inspection of the existing apartments, common areas, and commercial units, was conducted on June 23, 2010
B: Field measurements of the existing apartment, common areas and commercial units.
C: Review of the Contract drawings and amendments thereto as filed with the Department of Buildings and used for the alteration work and enlargement of the structure, see list of drawings on page Three (3) of this report.
D: Inspection of available records at the Department of Buildings
E: Information provided by the sponsor and /or representatives.

This report provides a general description of the property, interior spaces and mechanical equipment and a summary of the general condition.

This report is not the Architect guarantee or warranty of the existing conditions observed or the equipment installed.

250 West 57th Street, New York N.Y. 10107 • 212/957-9570

2. BUILDING CLASSIFICATION AND USE:

Original structure erected circa 1900, Five Story with Sub- Cellar and Cellar

The structure was altered under Alteration 781/27, Certificate of occupancy 12568 dated May 17, 1927 listed the structure as Storage and Factory.

The building was converted to commercial and residential use under article 7-B MDL
It was completed on 7/15/81. Certificate of Occupancy No. 821240.

Alteration 102606805 was filed to alter the Fifth floor and for the addition of the Sixth ,Seventh floor and Penthouse. Temporary Certificate of occupancy 102606805-T-1 was issued on September 24 2004.Temporary CO number 1026068o5T007 was issued on 6/2/10.

Alteration 102404399 was filed for work relating to the installation of Sprinkler and Standpipe systems.

Final Amended Certificate of Occupancy will be obtained upon completion of the alteration application.

Construction Classification:
Class 3 Non Fireproof (sub-cellar to 5th floor) and Class IIB combustible (6th, 7th floor penthouse and roof).

Occupancy Classification:
Residential use group 2
Commercial use group 6

This report was prepared based on the Contract Documents listed on page 3.

ARCHITECTURAL
BD-1 GENERAL NOTES ZONING SITE PLAN
BD-2 ELEVATIONS SECTIONS LEGENDS
BD-3 FLOOR PLANS SUB-CELLAR CELLAR/ Amended to A-103.00
BD-4 FLOOR PLANS FIRST FLOOR SECOND FLOOR/ Amended to A-104.00*
BD-5 FLOOR PLAN THIRD FLOOR FOURTH FLOOR
BD-5A FLOOR PLAMS THIRD FLOOR
BD-6 FLOOR PLANS 5TH FLOOR/ Amended to A-106.00
BD-7 FLOOR PLAN 6TH FLOOR
BD-8 FLOOR PLAN 7TH FLOOR/ Amended to A-108.00
BD-9 / Amended to A-109.00
BD-10 FLOOR PLANS PH ROOF PLAN
BD-11 DIA. PLUMBING SECTION
* A-100 filed for interior partitions at first and second floor

STRUCTURAL
S001 STRUCTURAL NOTES
S101 6TH FLOOR FRAMING
S102 7TH FLOOR FRAMING
S103 8TH FLOOR FRAMING
S104 PENTHOUSE ROOF FRAMING
S201 TYPICAL DETAILS
S202 MISCELLANEOUS SECTIONS

FIRE PROTECTION
SP-1 SPRINKLER/ STANDPIPE PLANS
SP-2 SPRINKLER/ STANDPIPE NOTES AND RISER DIAGRAM

3. BUILDING SITE LOCATION / GENERAL DESCRITION:

The building is located on the South Side of Duane Street distant 175'-51/8" East of the intersection of Church Street and Duane Street.
Beginning at a point on the South Side of Duane Street 175'-51/8" East of Church Street Running EAST 48'-117/8" South 100'-35/8", West 48'-103/8", North 99'-85/8".

A: STREET DESCRIPTION / lighting:
The North façade fronts on Duane Street one way narrow street running East/ west. The street is public and owned by the city.
Paving is typical asphalt, with steel curb.

There is street lighting; no fire hydrant is fronting on the site.

B: SIDEWALK:
Approved type sidewalk is installed along the site frontage. No repair required.

C: LANDSCAPING:
Two 4" min caliper street trees at the building street front will be installed

D: BUILDING AND USE:
There is one (1) building occupying the site. The building is classified as mixed use, Residential Multiple Dwellings and Commercial Occupancy.

4. BUILDING SIZE, FLOOR HEIGHTS AND AREA:

The building contains a sub-cellar, cellar and Floors One through Seven and Penthouse
The average building height of the main roof is 85'-0" above grade.

The lowest level of the building is the Sub- cellar, Ceiling Height approximately: 8'-7"
Cellar ceiling height is approx. : 9'-8"

The first floor clear ceiling height is approx		12'-4"
The typical floor (2-5) ceiling height 1s approx.		10'-0"
Sixth floor	approx	14'-0"
Seventh floor	approx	9'-0"
Penthouse	approx.	10'-6"

The approximate gross area is as follows:

Sub-cellar	4,653 SF + Vault area (approx. 329 SF)
Cellar	4,653 SF + Vault area(approx. 537 SF)
First floor	4,653 SF
Typical Floor (2-5)	4,165. SF
Sixth Floor	3,660 SF
Seventh Floor	3,660 SF
Penthouse	1,220 SF

5. OCCUPANCY:

The building will contain 11 storage rooms at the sub-cellar level, Two (2) accessory storage units at the cellar level, two (2) retail units /offices located at the ground and first floors and Eleven (11) residential units on floors 2 through penthouse:

Sub-cellar : Accessory storage [11 storage rooms being built]
Cellar : Two (2) Accessory storage rooms and retail storage----------
First Floor : Two (2) retail units/ office
Second Floor: One (1) class "A" apartment
Third Floor : Two (2) Class "A" apartments
Fourth Floor : Three (3) Class "A" apartments
Fifth Floor : One (1) Class "A" apartment and One (1) ½ duplex apartment
Sixth Floor : One (1) Class "A" apartment and One (1) ½ duplex apartment
Seventh : Two (2) ½ duplex class "A" apartments
Penthouse : Two (2) ½ duplex class "A" apartments

6. UTILITIES:

A: Water:
Domestic water is supplied by 2 inch water service from the city water main in Duane Street. Service enters the building in the cellar to the master shut-off located in a vault below the sidewalk.
Domestic water pressure booster pump 70 Pounds per Square Inch (70 lbs psi) is installed
One water meter is installed.

Fire protection water sprinkler and standpipe is supplied by a 4 inch fire service from the city water main in Duane Street. The 4 inch service enters the building in the basement and connects to separate sprinkler riser and a separate riser for the standpipe.
The fire protection water is distributed throughout the building utilizing street pressure.

B: Sewer:
The sanitary system is discharged from the building via a combined sanitary and storm sewer in Duane Street

C: Natural Gas:
A 3 inch gas service is supplied by Con Edison from Duane Street
There is one meter for cooking and heating and hot water connected to each residential unit.
Separate meters supplied by Con Edison are provided for the commercial units.

D: Electric:
The electric service is supplied by Con Edison, rated at 208/120 volts,
Three (3) separate 600 amp service switches are installed. The main electric service enters the building under ground from Duane Street and terminates in the main electric switchboard. Each apartment is individually metered by Con Edison. The building service (mechanical equipment, elevators, etc.) is metered separately by Con Edison.

7. Plumbing and Drainage:

A:Domestic Water System:
Potable water is supplied via New York City public water system. The building is supplied by one (1) zone of cold water, hot water and hot water circulation. Hot water IS provided by 50 gallon capacity hot water tank located at each apartment.

B: Fire Protection System:
Standpipes: The building is provided with one 4" sprinkler riser and standpipe riser , which services all floors and is located in the stairway. The sprinkler and standpipe system is supplied by street pressure.

Two Siamese connections sprinkler and standpipe are provided at Duane Street front building wall.

Domestic water pressure is maintained by a consistent pressure booster system.

C: Sanitary sewage system/ Disposal:
sanitary sewage is conveyed by gravity via vented soil and waste branches, stacks and house drains.
Sewage disposal: one combined sanitary/ storm sewer, connected to street municipal sewer on Duane Street.

8. HEATING:

Space heating is provided by individual gas fired hot air furnace installed in mechanical closets at each individual residential and commercial unit. Hot air is distributed via mechanical ducts and separate registers.
hot water is provided via a conventional tank-type hot water heater, gas fired and/or electric with a capacity of 40 to 50 gallons in each residential and commercial unit.
The heating capacities of the individual unit at the apartments are based on maintaining 68 degree F space temperatures when the outdoor temperature is 14 degree F.

Fuel: Natural Gas, only. Provided by Con Edison.

9: AIR CONDITIONING:

Air conditioning for all units (except unit 4Fand unit 5R) is provided by individual heating and cooling units installed at each apartment and at each commercial space.
Roof mounted air compressors are provided above the roof over the penthouse.
Cooling capacities are based on ASHRAE and ARI conditions of 89 degree F DB/73 degree F WB outside air, 78 degree F DB/63 degree F WB inside air.
Cold air is distributed via mechanical ducts and separate registers.

Unit 4 (3F)	HVAC Split System	Ducane – MC32485004	MEA# 276-87-E
Unit 5 (3R)	HVAC Split System	N/A	MEA# 291-31-E
Unit 6 (4RE)	Existing under Alt 101359138		
Unit 7 (4RE)	Existing under Alt 101359138		
Unit 8 (4RW)	Existing under Alt 101359138		
Unit 9 (5R)	HVAC Split System	Luxaire AC	MEA# 171-81-E
	HVAC Split System	Fujitsu AOU12R1	MEA# 108-96-E
Unit 10(PH1)	HVAC Spilt System	York Stellar H4CE090A2	MEA# 229-19E
Unit 11 (PH2)	HVAC Spilt System	York Stellar H4CE090A2	MEA# 229-19E
Unit 12 (PH3N)	Package Unit	York DEG D7CG090M090068	MEA#8-92-E VOL II
Unit 13 (PH3S)	Package Unit	York DEG D7CG090M090068	MEA#8-92-E VOL II

10. VENTILATION:

Residential bathrooms are provided with mechanical vents, exhausting minimum 50 CFM per room. Non-residential bathrooms are mechanically vented, exhausting minimum 40 CFM for each water closet or urinal.

First floor and public hall at the residential floors is provided with natural ventilation.

Electro/mechanical equipment, refuse room and storage areas are ventilated as required to protect equipment or as generally dictated by applicable health or life safety codes.

It shall be noted that the proper operation of the various exhaust systems is dependent upon the availability of make-up air introduced from the outdoors through an open window in the residential condominium unit or tempered ventilation air provided via a central air handling system.

11. ELECTRIC SYSTEM:

Electric service is provided by Con Edison and consist of three (3) 600 amps service switches. Two of which serve the dwelling units while the remaining one serves the first and second floor, public area light and power the elevator.

The main electrical switchboard consists of switches with current-limiting fuses. The switchboard contains a metered section distributing power to the building services, mechanical equipment, fans, pumps, elevators, back of house lighting and power, residential common elements of the building, etc, and to separate meters for each unit.

The typical apartment electric panel contains separate individual circuits, including air condition, appliance circuit and general lighting circuits as required by the electric code.

Convenience appliance outlets is ground fault type. Each apartment's electrical usage shall be individually metered by Con Edison.

Circuits are provided in each residential unit with the capacity to handle all anticipated loads within the unit.

The equipment will be rated to comply with NEC-2002 and takes into account all equipment provided in residential units such as washing machines, clothes dryers, dishwashers, microwaves, etc.

Capacity provided each Residential Unit is in accordance with Code requirements at 100 Amperes @ 120/208V, single phase, three wire. Number of circuits per Residential unit panel boards

Switched incandescent or fluorescent light fixtures are provided in all bathrooms, walk-in closets, foyers and kitchens. Switched receptacles are provided in living rooms and bedrooms to meet National Electrical Code. Ground fault receptacles are provided in powder rooms, bathrooms and kitchens. The PTAC units in each Residential unit are wired directly to the Unit's electric panel. Residential units with terraces are provided with an exterior light fixture(s) and a waterproof G.F.I. (ground fault interrupted) electrical receptacle. Convenience receptacles are provided to meet requirements of the National electric Code 2002.

Hard wired smoke detector and Carbon Monoxide detector are installed in each apartment as per NYC Building Code.

12 STRUCTURAL SYSTEM

The building frame is approximately 100 years old and consists of Five Story non fire proof type construction.
A: Exterior walls:
East and West exterior walls of the original five story building are constructed of 12" masonry party walls with the property line running through the center line of the walls.
North and south walls are brick.

The Building must comply with local law 11/98. No report was filed, no local law violations exist. The Architect's report and Technical Report (TR6) cycle 7-A Shall be filed with the Department of Buildings within the next few months.

Local Law 10/11 of 1908 applies and will be due within 5 years from issuance of the Permanent Certificate of Occupancy

The East and West exterior walls enclosing floors Six, Seven and Penthouse constructed as addition under the alteration application are constructed of load bearing reinforced masonry.
The North wall of the upper added stories (6,7 and ph) fronting on Duane Street is constructed of brick
The south wall of the upper added stories (6,7 and ph) is constructed of steel studs and exterior gypsum board type assembly.

B: Structural columns and beams:

The first floor exterior building columns are cast iron
Interior Columns in the original frame are 12" wood columns.
Fifth floor interior columns are steel

The added floors (6th,7th and penthouse) are constructed of steel beams steel columns and posts.

C: FLOOR:

The building sub-floor is wood throughout the original building and the added floors.
Wood joists and beams frame the floors of the original structure.
Metal joists and steel beams frame the floors of the added floors.

13: ELEVATORS, STAIRWAYS, Fire Escapes:

Elevator:
The building contains one passenger elevator with overhead traction, 1500 pound capacity, serving floors sub-cellar to sixth floor, door is bi-fold sliding, and the machine room is located on the building roof.
The elevator cab is supplied by CEC Elevator Corp., floor is rubber tiles, walls are wood grain laminate, and ceiling is stainless steel panel with halogen downlights. Condition is good, no repairs required.

Stairs
The building contains one enclosed stair 3'-0" wide constructed of metal concrete filled, the enclosure is gypsum wall board. Condition is good, no repairs required.

Fire escapes:
Two (2) separate fire escapes serving as a second means of egress from the residential units are located at the building front façade .The fire escapes appear stable. Dust proof paint is needed for maintenance.

14: SUB-SOIL CONDITIONS

No unusual water conditions such as flooding, ponding, or wetness were observed in the area, and no standing water was apparent on the surface.

15: BUILDING EXTERIOR

The exterior wall fronting on Duane Street and the rear wall facing South are non load bearing constructed of brick with metal furring studs with gypsum wall board. Condition is good, no repairs required.

16: WINDOWS

The windows of the North and South facades consist of full width units of clear anodized aluminum frame casement type and, a typical window dimension is approximately 3'-6" wide by 5'-0" high. The front windows above the fifth floor are aluminum frame at the exterior and wood at the interior.
Window sills are constructed of masonry or stud walls furred-out with metal studs and gypsum wall board. Lintels are steel. Condition is good, no repairs required.
There are no lot line windows.

17: EXTERIOR DOORS

The residential main entrance doors at the first floor are solid core stained wood with glass panels; doors to the commercial space are similar. Condition is good, no repairs required.

Patio doors leading to roof terraces are wood French door type with insulated glass. Total 13 sets of French door leading to roof terraces.

18: ROOF & ROOF STRUCTURE/TERRACES

The main roof above the Seventh floor is accessed by building stairs.
The roof surface is built-up roofing.
The roof terraces at the sixth and seventh floors are provided with fire retarded wood decks, terraces at the sixth floor are separated by an 8 foot high wood fence.
There are 6 terraces in total between the 5th floor and the penthouse. See chart on pg 13.

Roof over the penthouse is built-up roofing with steel dunnage supporting a/c compressors.

19: PARAPETS

The Front parapet is brick up to 3'-6" in height, rear and side parapets are constructed of 3'-6" high masonry walls. Penthouse parapet is 3'-6" high aluminum open railing.

20: BULKHEAD & CHIMNEY

The roof bulkhead encloses the building stair. The roof over stair bulkhead is composite roofing with asphalt base and metal cap.
Chimney: the building does not contain a central boiler or chimney.

21: SKYLIGHTS

20 sf plain glass ventilation skylight is installed above the interior stairs bulkhead. Construction documents do not include specifications for the skylight, the manufacturer, etc., and this information is not available from a visual inspection.

22: INTERCOM, DOOR SIGNAL AND SECURITY SYSTEM

Intercom and buzzer system connected to a security monitor located at each dwelling unit is provided.

23: PUBLIC AREA LIGHTING

All public halls, lobby stairs are provided with incandescent type lighting consisting of suspended pendants, recessed lights and/or and surface mounted light fixtures.

24: INTERIOR STAIR

One interior 3'-0" wide wood stair serves the original floors cellar through the fifth floor. Interior stair serving the upper floors is 3'-0" wide throughout and consist of concrete filled metal pan treads, steel stringers with metal railings

Interior stair serving the seventh floor duplex apartments are wood with closed risers, spiral stair on the fifth floor duplex apartment is metal with open risers and wood treads.
All interior egress and accessory stairs are in good condition. No work required

25: omit

26: omit

27: INTERIOR DOORS & FRAMES

Interior apartment doors are wood with metal frames; marble saddles are installed at Bathroom thresholds. Condition is good, no repairs required.

Apartment entry doors are self-closing hollow metal rated doors with viewers and chimes; all frames are metal.
Doors to stairs are hollow metal doors fire proof self-closing with metal frames.
All self-closing hollow metal doors must be labeled. Condition is good, no repairs required.

28: LAUNDRY FACILITY

All apartments (except unit 4F) are provided with stackable type washer and dryer. Unit 5R is provided with "side by side" washer/ dryer. W/D hookup is not provided for unit 4F.
Some tenants replaced washer/dryer units with those of their own choosing. Sponsor makes no representations about the working condition of washer/dryer units located in tenanted apartments.

29: FIRE PROTECTION SYSTEM

The entire building is wet sprinklered and is provided with standpipe system.

30:REFUSE DISPOSAL

Refuse collection at the sidewalk is provided by the Department of Sanitation.

31: EXTERMINATION & JANITORIAL SERVICES

Extermination services are provided as required by law.

32: GARAGE/PARKING AREA

No parking facilities or parking garage is provided for this building.

33: QUALITY ASSURANCE/QUALITY CONTROL

Intan Corporation located at 54 Allen Street, New York, NY 10002, NY tel. (212) 941-0315 is the firm entrusted with the construction process of the Sixth, Seventh and penthouse floor additions and quality control of this project.

34: FUTURE DEVELOPMENT

No future development is anticipated.

35: ASBESTOS REPORT

Asbestos report (non asbestos project) is filed. Copy of the Asbestos Investigator license attached.

36: CONDOMINIUM UNITS

The Condominium contains Two (2) commercial storage units located at the cellar level, Two (2) Retail type units at the first floor (one of which has accessory basement storage) and Eleven (11) residential units. The building contains two vaults below the sidewalk that are in a fair condition

Dimensions of units are approximate and are located horizontally to the outside face of masonry walls of building, approximately to the unit side of walls and partitions.
Dimensions shall be to the centerline when partitions are dividing the public space from the private space or are dividing separate units.

The approximate net square feet per unit is as follows:

Unit	Floor	Area in SQ.F	Use	ROOF TERRACE
Unit c-1	Cellar	2,226	Retail storage	
Unit c-2	Cellar	670	Retail storage	
UNIT 1 Retail	First floor Cellar	1,807 1,421 total 3,228.00	Retail Storage	
UNIT 2 Retail	First floor	2,572.00	Retail	
UNIT 3	Second floor	4,000.14	Open Loft (1) Bath	
UNIT 4 (3F)	Third floor	1,949.00	(1)Bedroom (2) Bath	
UNIT 5 (3R)	Third floor	1,886.14	(2)Bedroom (1) Bath	
UNIT 6 (4F)	Fourth floor	1,095.46	(1) Bedroom (1) Bath	
UNIT 7 (4RE)	Fourth floor	1,347.00	(2)Bedroom (1) Bath	
UNIT 8 (4RW)	Fourth floor	1,265.00	(1)Bedroom (1) Bath	
UNIT 9 (5R)	Fifth floor	1,746.14	(2)Bedroom (1) Bath	
Unit 10(PH1)	Fifth floor (LL) Sixth floor (UL)	1,897 634 total 2,531.00	(2)Bedroom (2) Bath	298 SF
Unit 11(PH2)	Sixth floor	2,853.00	(3)Bedroom (2) Bath	436 SF
Unit 12(PH3N)	Seventh floor(LL) Penthouse (UL)	1,636 618.97 total 2,254.97	(3)Bedroom (2) Bath	R.T.1=1,093, R.T. 2 =88
Unit 13 (PH3S)	Seventh floor (LL) Penthouse (UL)	1,691.07 606.00 total 2,297.07	(3)Bedroom (2 1/2)Bath	R. T.1=179 R. T. 2 =907 BALCONY 96

Sponsor is building 11 Storage Rooms on the Sub-cellar level, to be sold to the Residential Unit Owners as part of the offering.

NOTES
All gypsum board surfaces are painted wood base painted
All bathrooms floors ceramic tiles

PUBLIC AREAS

FLOOR	BASE	WALLS	CEILING	REMARKS
FIRST FLOOR ENTRY RESIDENTIAL LOBBY				
Granite	Granite	Wood panel Gypsum board	Gypsum Board	Recessed light Mail boxes
CELLAR PUBLIC CORRIDOR				
Ceramic tile	tile	Concrete Block Painted	Gypsum Board Painted	Lights surface Mounted
CELLAR: GAS, ELECTRIC, WATER AND SPRINKLER ROOMS				
Concrete		Concrete Block	Concrete	Paint
REFUSE ROOM				
Concrete	tile	Concrete Block	Concrete	Ceiling light

TYPICAL APARTMENTS
STUDIO ONE AND TWO BEDROOM APARTMENTS (Third to Seventh Floor and Penthouse).

ROOM	FLOOR	BASE	WALLS	CEILINGS	REMARKS
Foyer	Oak	Wood	Gyp. Bd.	Gyp. Bd.	Intercom
Living Rm	Oak*	Wood	Gyp. Bd.	Gyp. Bd.	
Bedroom	Oak*	Wood	Gyp. Bd.	Gyp. Bd.	
Bathroom	Cer. Tile	Cer. Tile	Gyp. Bd.	Gyp. Bd.	
Powder Rm	Cer. Tile	Cer. Tile	Gyp. Bd.	Gyp. Bd.	
Kitchen	Oak/CT	Wood/CT	Gyp. Bd.	Gyp. Bd.	

CT= Ceramic tile.

* Wood floor installed at floors 5, 6, 7 and PH is Brazilian Cherry.

KITCHEN APPLIANCE Floor 2-4

Dishwasher GE Profile_Dishwasher, GE Profile
Refrigerator, GE Profile
Stove: GE
Sink, Stainless Steel, 24", Cabinets ,Wood

Condition of appliances is good, no repairs required.

KITCHEN APPLIANCE Floor 5-7
Dishwasher: Frigidaire
Refrigerator, Jen air
Stove: Wolf industrial w/ vent hood
Sink, Stainless Steel, 24", Cabinets, Wood.
Condition of appliances is good, no repairs required.

37: Violations:

Two (2) open ECB violations are in the process of being removed.
One open DOB violation is in the process of being removed.

38: Energy Conservation Code:
To the best of my knowledge, belief and professional judgment, these plans and specifications are in compliance with the Energy Conservation Construction Code of New York State. The envelope system meets the 2006 IECC requirements in COMcheck version 3.6.0 and complies with the mandatory requirements in requirements checklist.

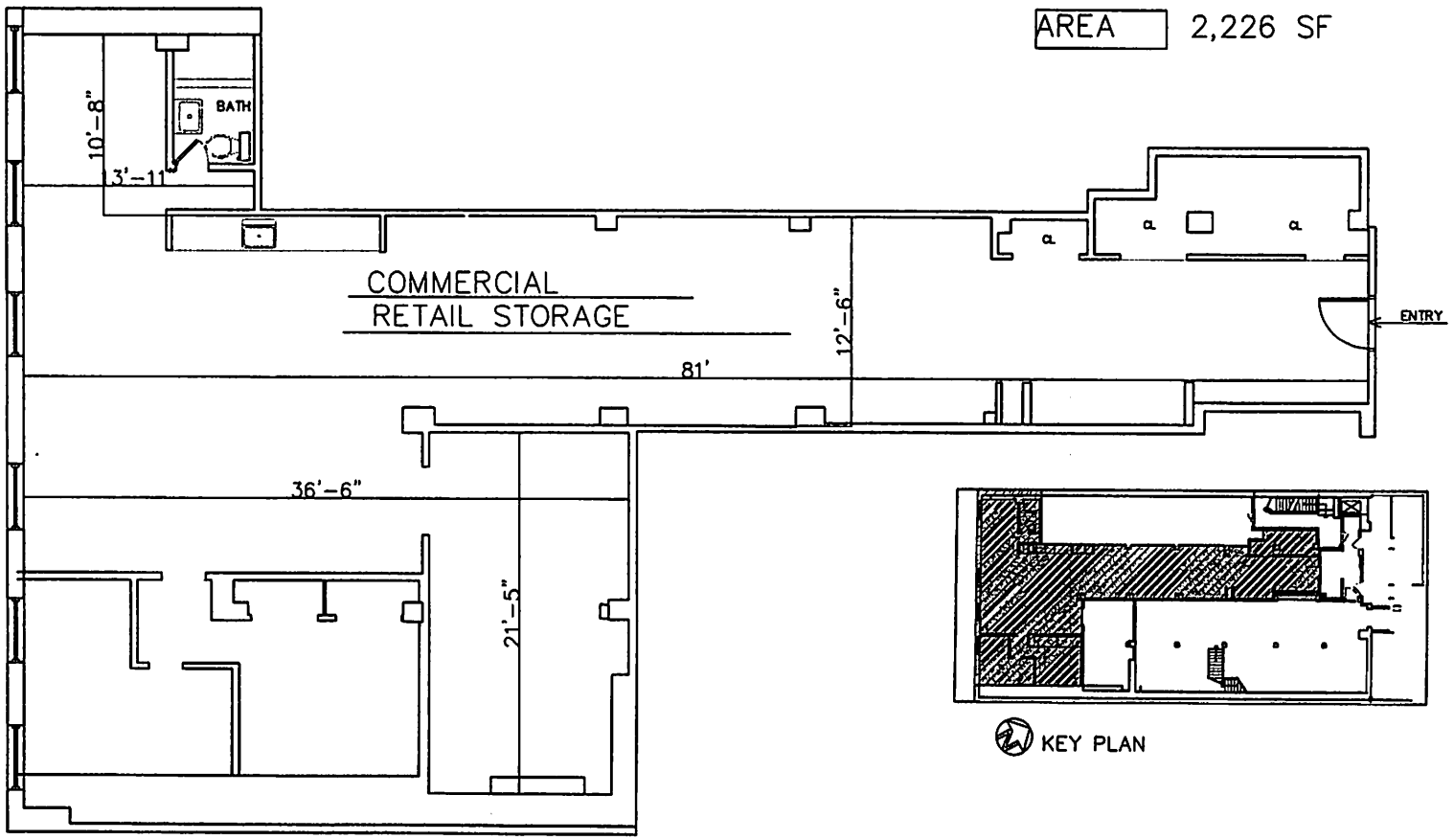
39: The Reserve Fund:
The Reserve Fund will not be known until the closing of the condominium, based on tenant prices and sponsor deductions for capital improvements done after filing of the red herring. Hence, it is not possible to predict the final figure of the Reserve Fund or the estimated repairs that can be foreseen in the next three (3) years.

110 DUANE STREET
NEW YORK, NY

COMMERCIAL
C-1

FLOOR CELLAR

AREA 2,226 SF



KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1'-0"

Garth Hayden Architect
architecture planning interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/957-9570

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Document 4
16

110 DUANE STREET

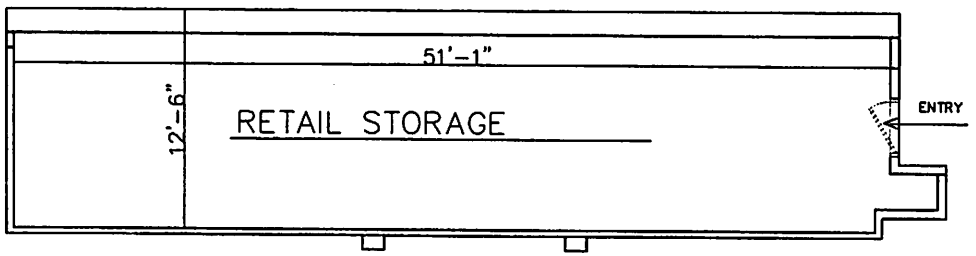
NEW YORK, NY

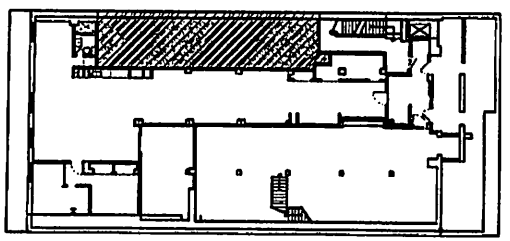
COMMERCIAL

UNIT C-2

FLOOR CELLAR

AREA 670 SF





KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/957-9570

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

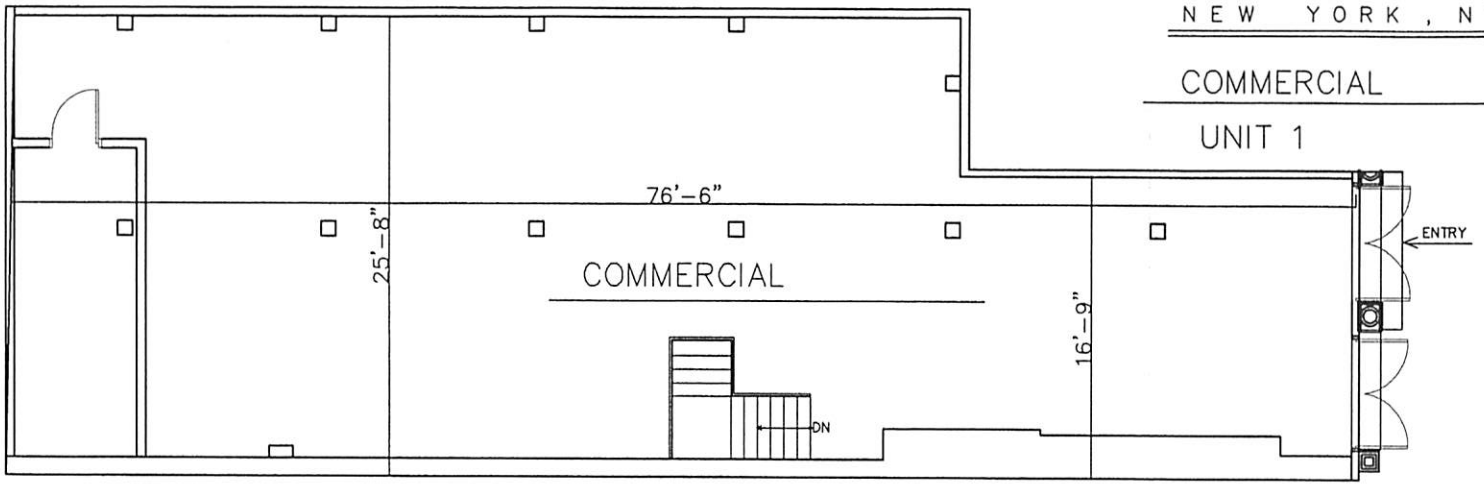
Document 4
17

110 DUANE STREET

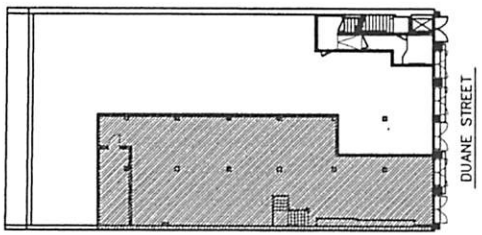
NEW YORK, NY

COMMERCIAL

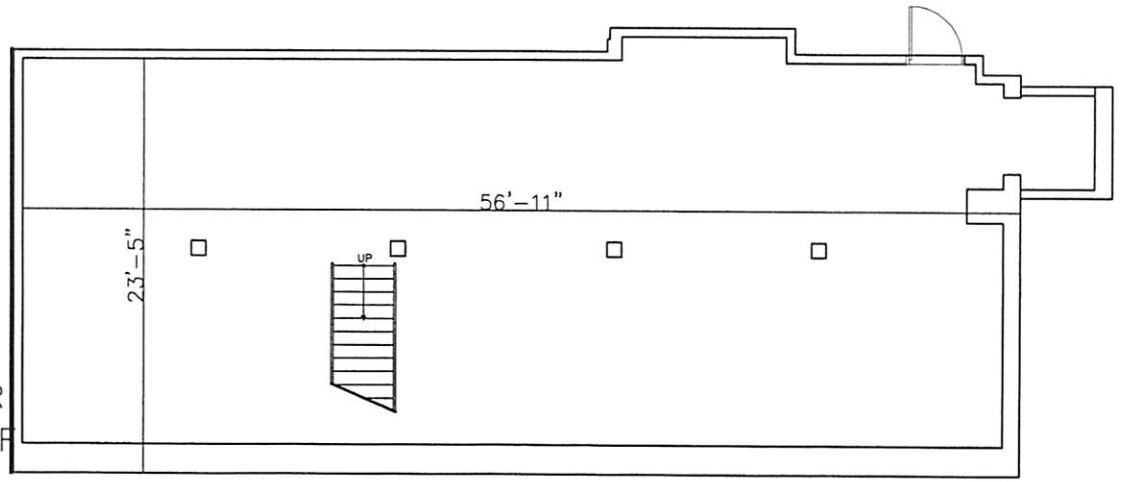
UNIT 1



FIRST FLOOR(UPPER LEVEL)



KEY PLAN



CELLAR (LOWER LEVEL)

FLOOR FIRST FLOOR & CELLAR

AREA: UPPER LEVEL: 1,807 SF

LOWER LEVEL: 1,421 SF

TOTAL 3,228 SF

1' 2' 3' 4' 5' 10'

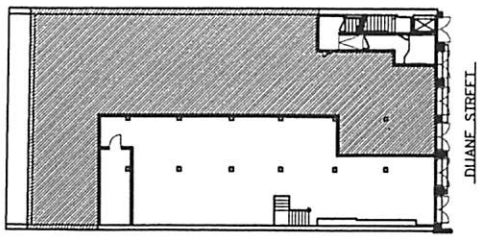
SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect

architecture
planning
interior design

250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570



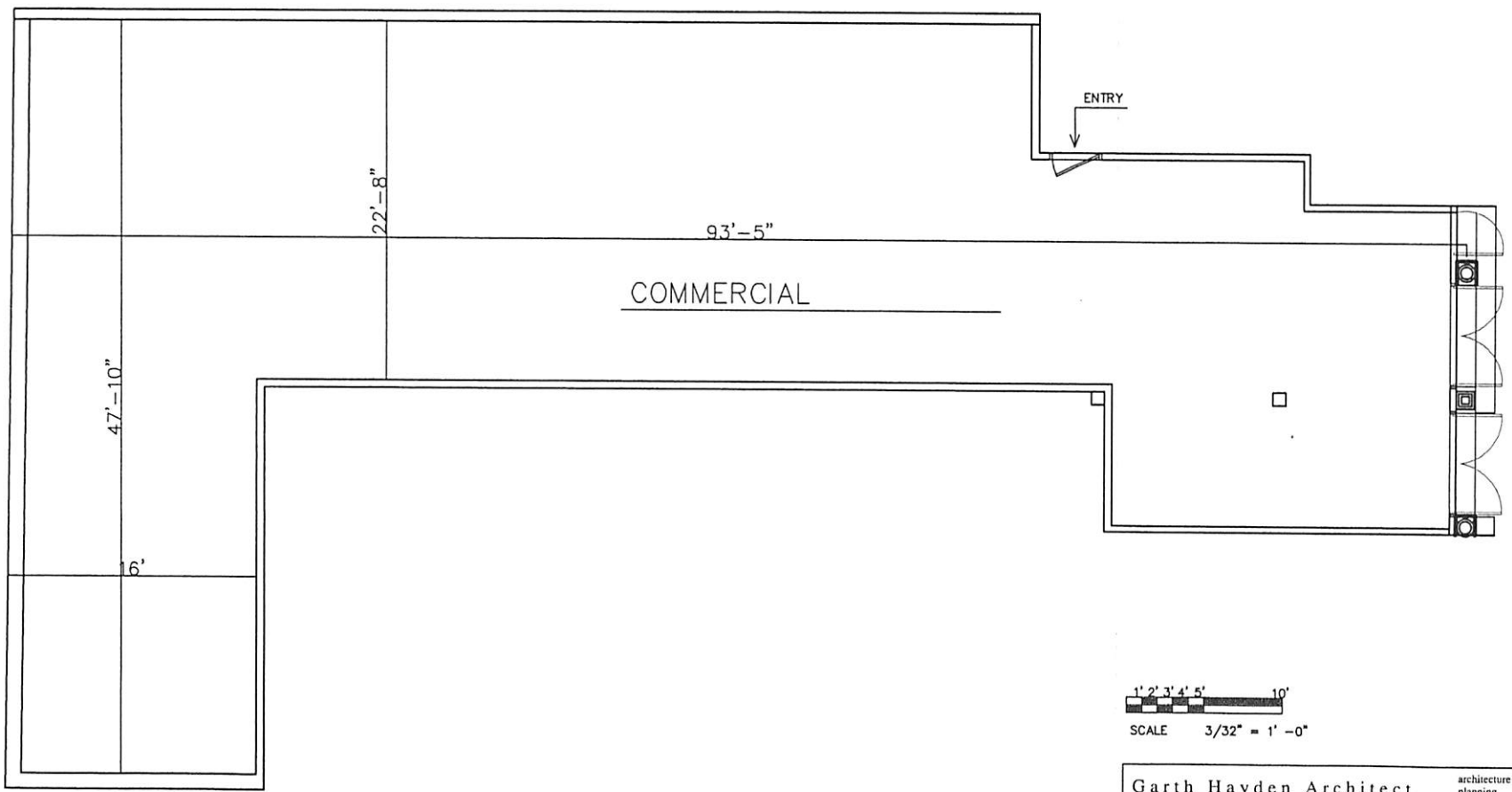
KEY PLAN

110 DUANE STREET

NEW YORK, NY

COMMERCIAL
UNIT 2

FLOOR	1ST FLOOR
AREA:	2,572 SF

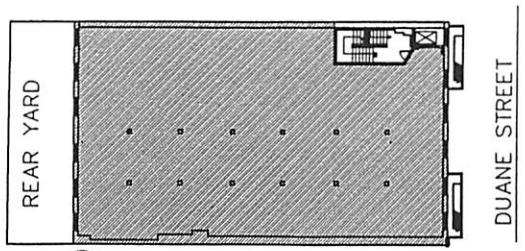


1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1'-0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570



KEY PLAN

110 DUANE STREET

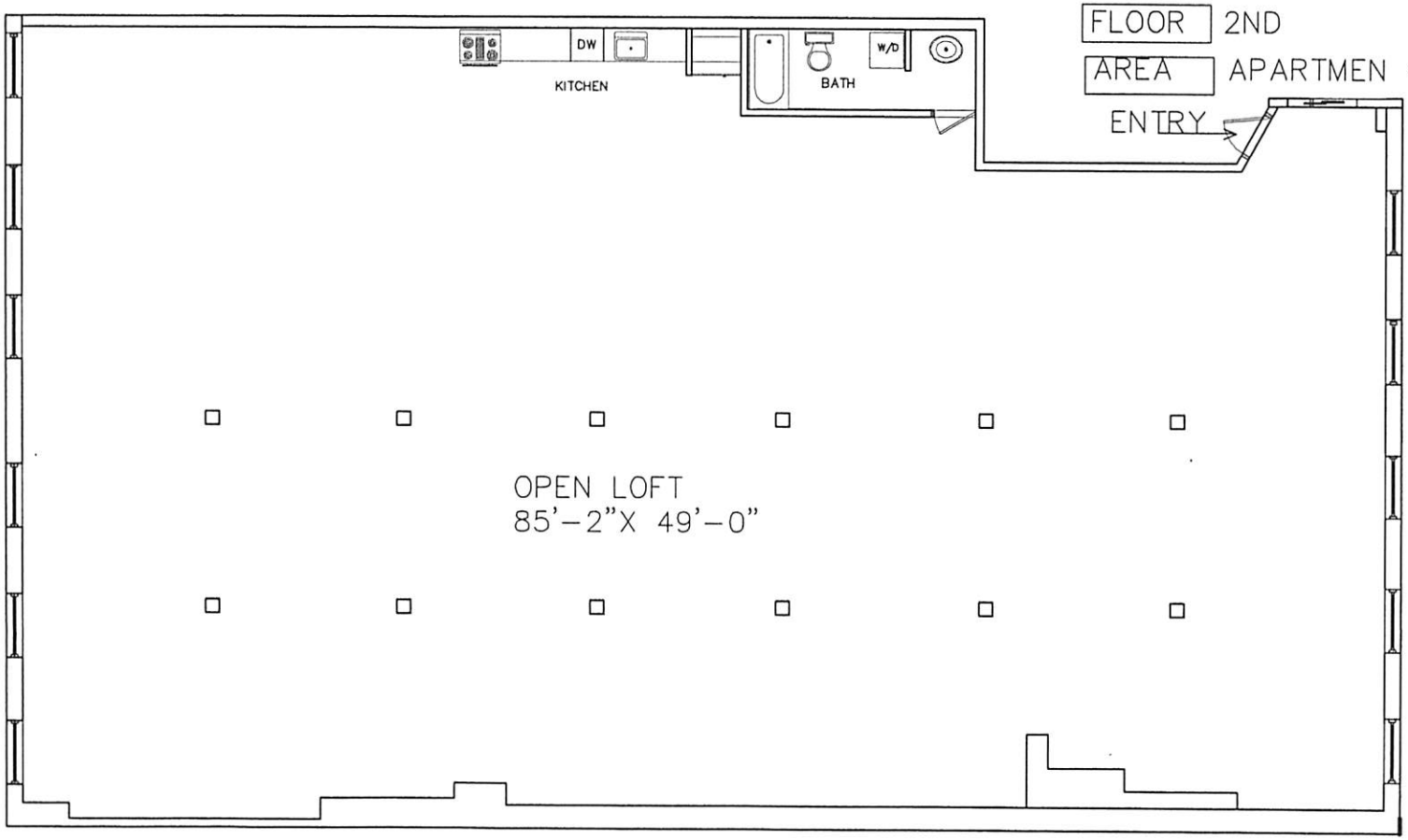
NEW YORK, NY

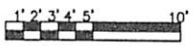
UNIT 3

OPEN LOFT
ONE BATHROOM

FLOOR 2ND

AREA APARTMEN 4,000.14 SF

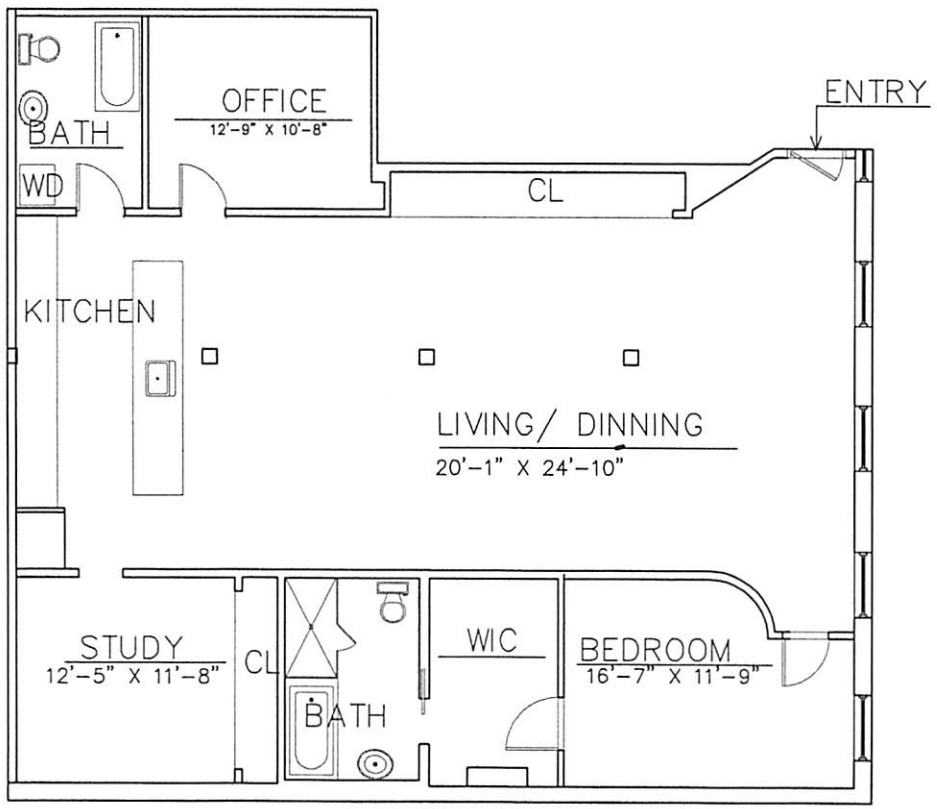




SCALE 3/32" = 1'-0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/957-9570

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.



110 DUANE STREET

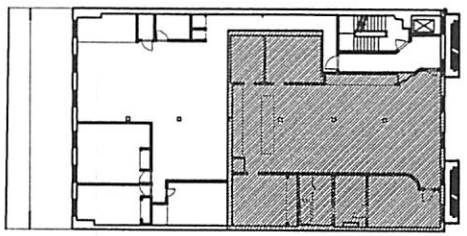
NEW YORK, NY

UNIT 4 (3F)

ONE BEDROOM
TWO BATHROOM

FLOOR 3RD FLOOR

AREA APARTMENT = 1,949 SF



KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

110 DUANE STREET

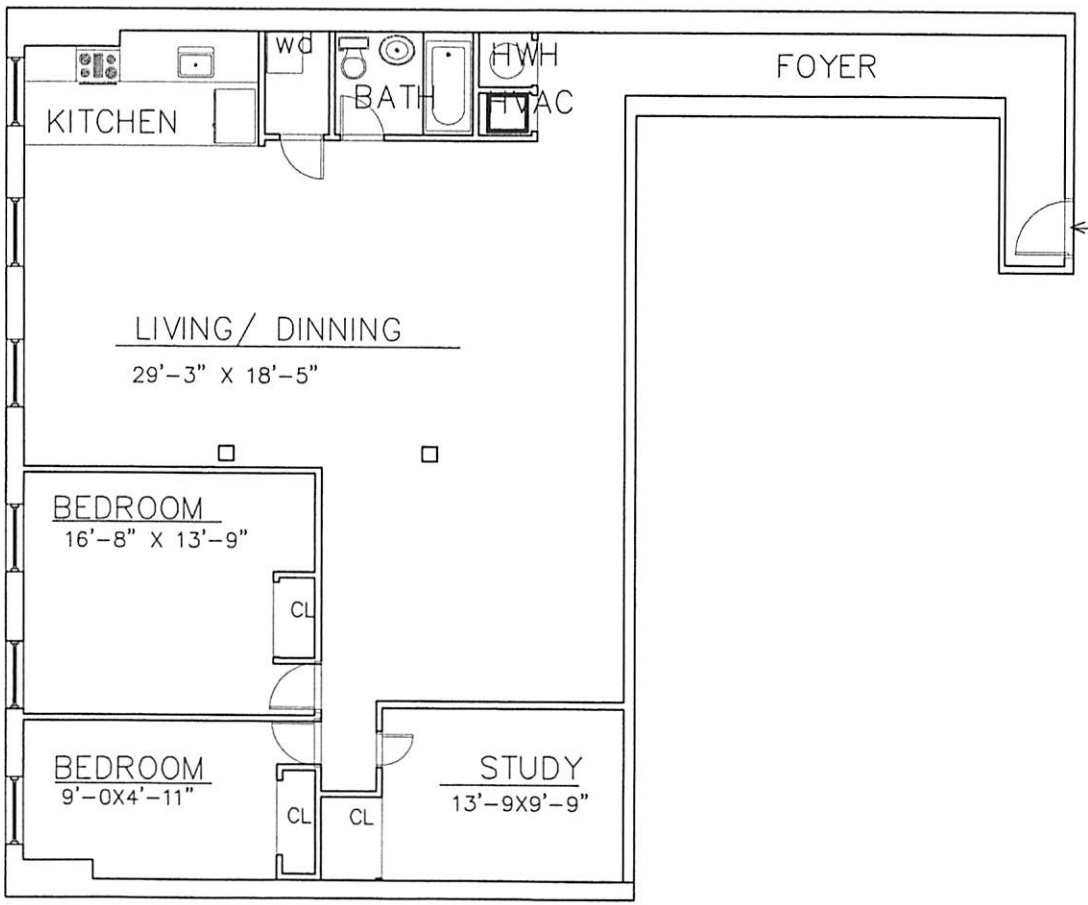
NEW YORK , NY

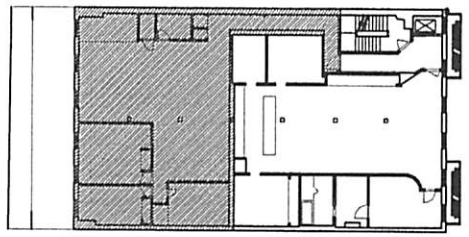
UNIT 5 (3R)

TWO BEDROOM
ONE BATHROOM

FLOOR 3RD FLOOR

AREA: APARTMENT 1,886.14 SF





KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

110 DUANE STREET

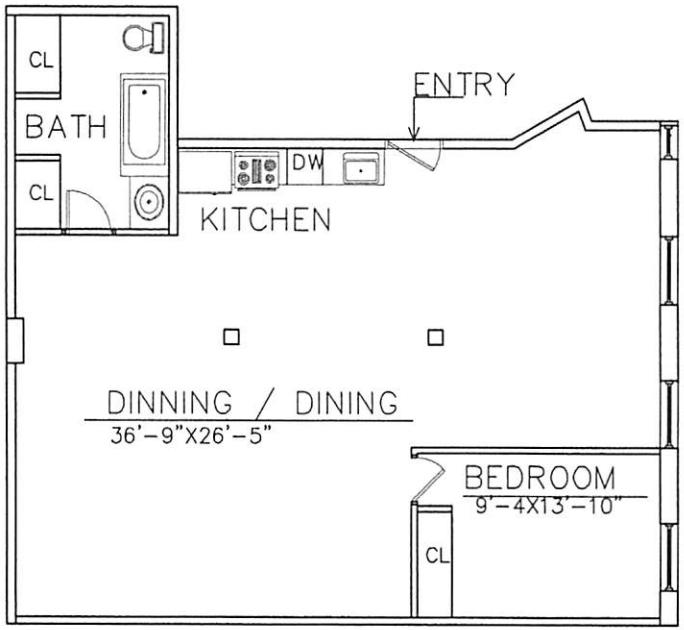
NEW YORK, NY

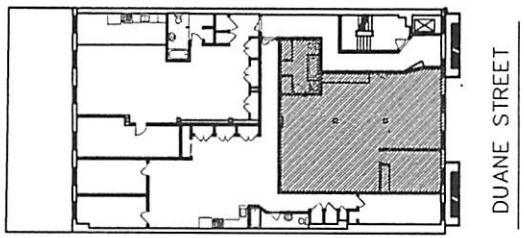
UNIT 6 (4F)

ONE BEDROOM
ONE BATHROOM

FLOOR 4TH FLOOR

AREA: APARTMENT 1095.46SF





KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

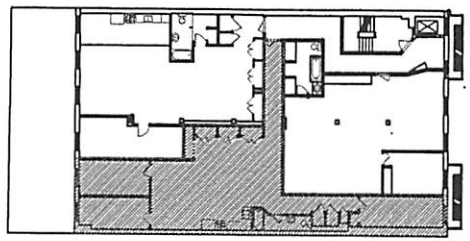
110 DUANE STREET

NEW YORK , NY

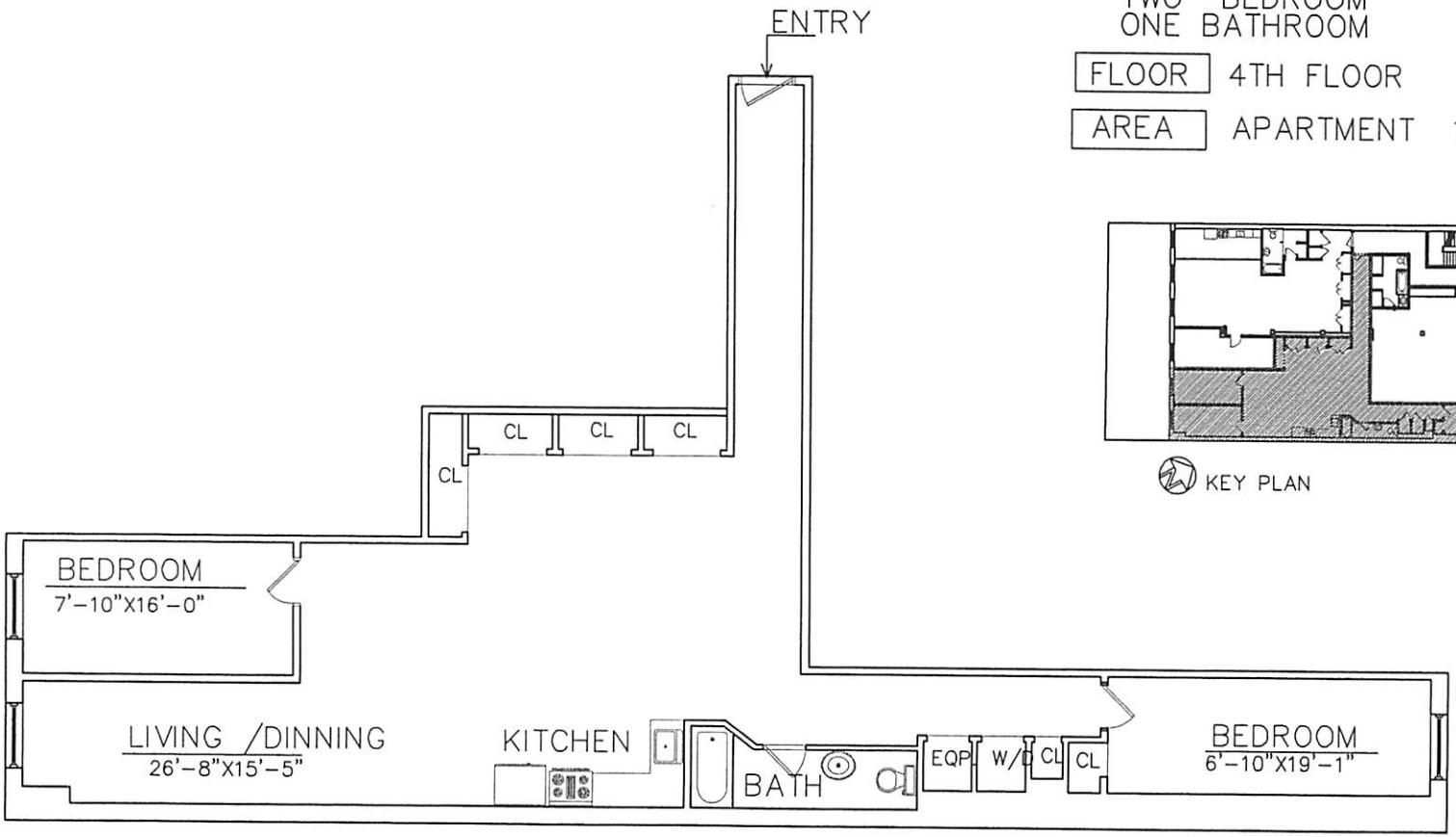
UNIT 7 (4RE)
TWO BEDROOM
ONE BATHROOM

FLOOR 4TH FLOOR

AREA APARTMENT 1,347 SF



KEY PLAN



1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

110 DUANE STREET

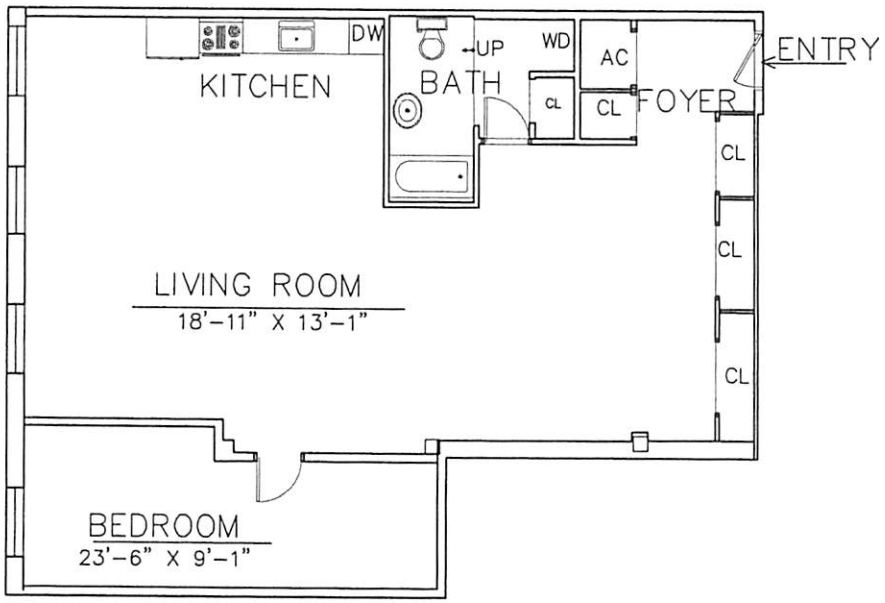
NEW YORK, NY

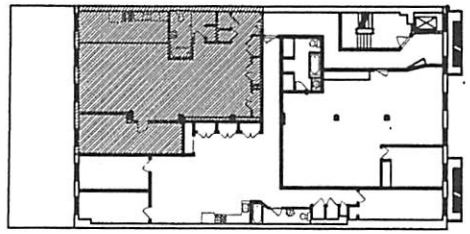
UNIT 8 (4RW)

ONE BEDROOM
ONE BATHROOM

FLOOR 4TH FLOOR

AREA APARTMENT 1,265 SF





KEY PLAN

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

Document 4
25

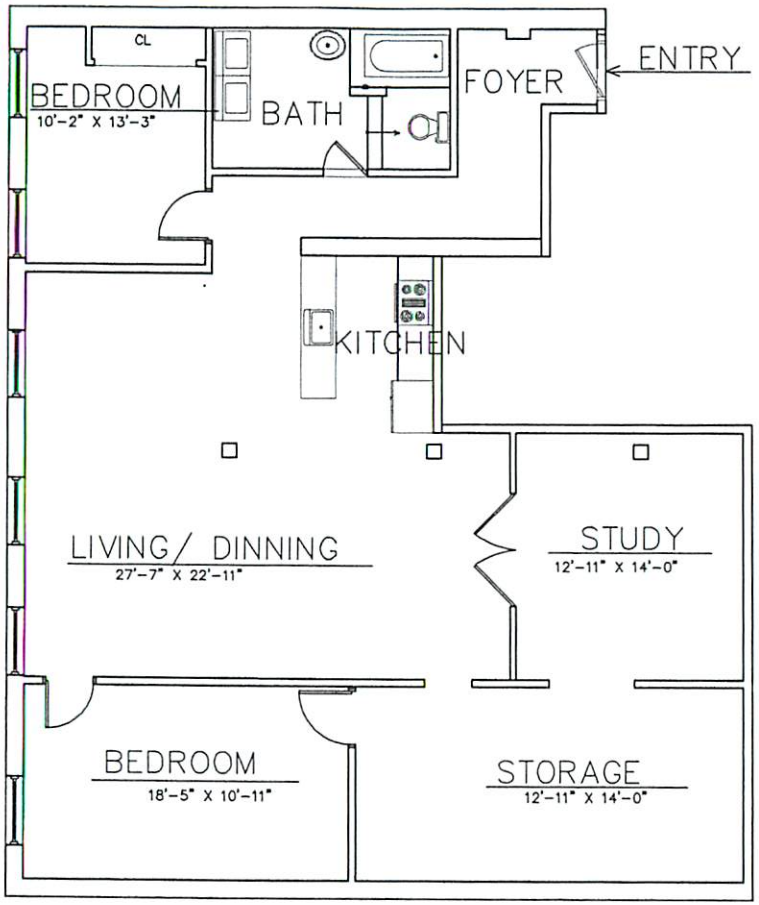
110 DUANE STREET

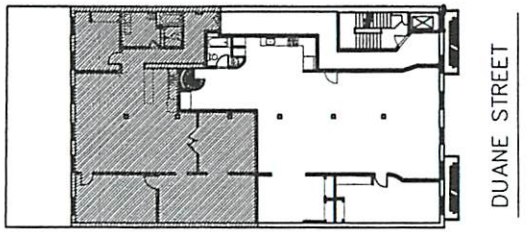
NEW YORK , NY

UNIT 9 (5R)

TWO BEDROOM
ONE BATHROOM

FLOOR	5TH FLOOR
AREA	APARTMENT 1,746.14 SF





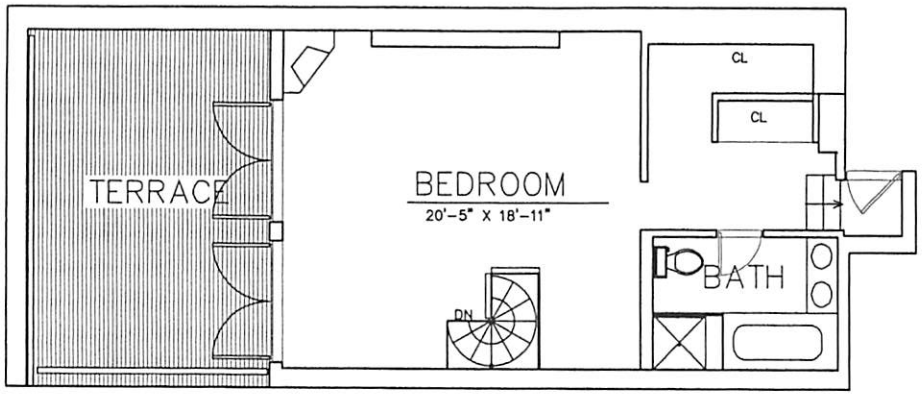
KEY PLAN

1' 2' 3' 4' 5' 10'

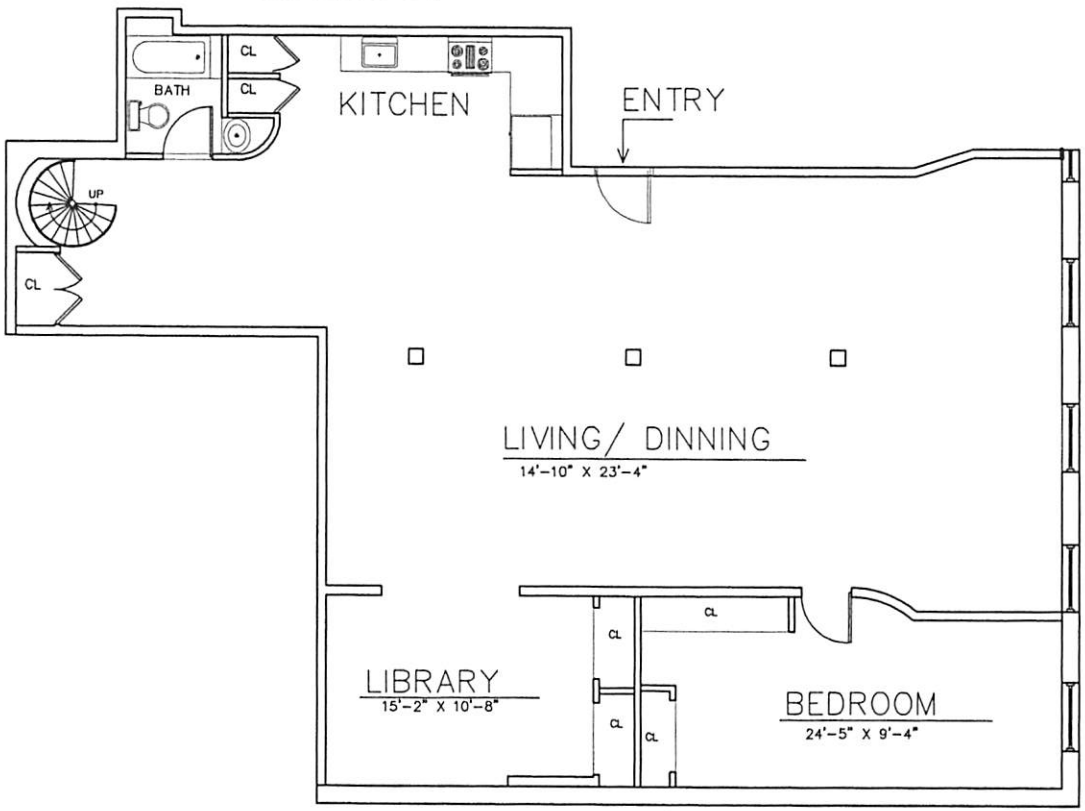
SCALE 3/32" = 1' -0"

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570



SIXTH FLOOR (UPPER LEVEL)



FIFTH FLOOR (LOWER LEVEL)

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

110 DUANE STREET

NEW YORK, NY

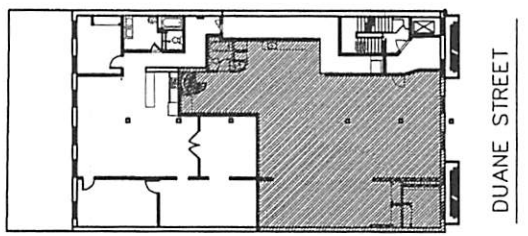
UNIT 10 (PENTHOUSE 1)

TWO BEDROOM
TWO BATHROOM

FLOOR 5TH FLOOR & SIXTH FLOOR

AREA: LOWER LEVEL =1,897 SF
UPPER LEVEL = 634
TOTAL 2,531 SF

ROOF TERRACE 298 SF



KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

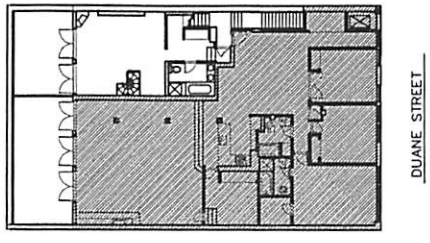
Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

110 DUANE STREET
NEW YORK, NY
UNIT 11 (PENTHOUSE 2)

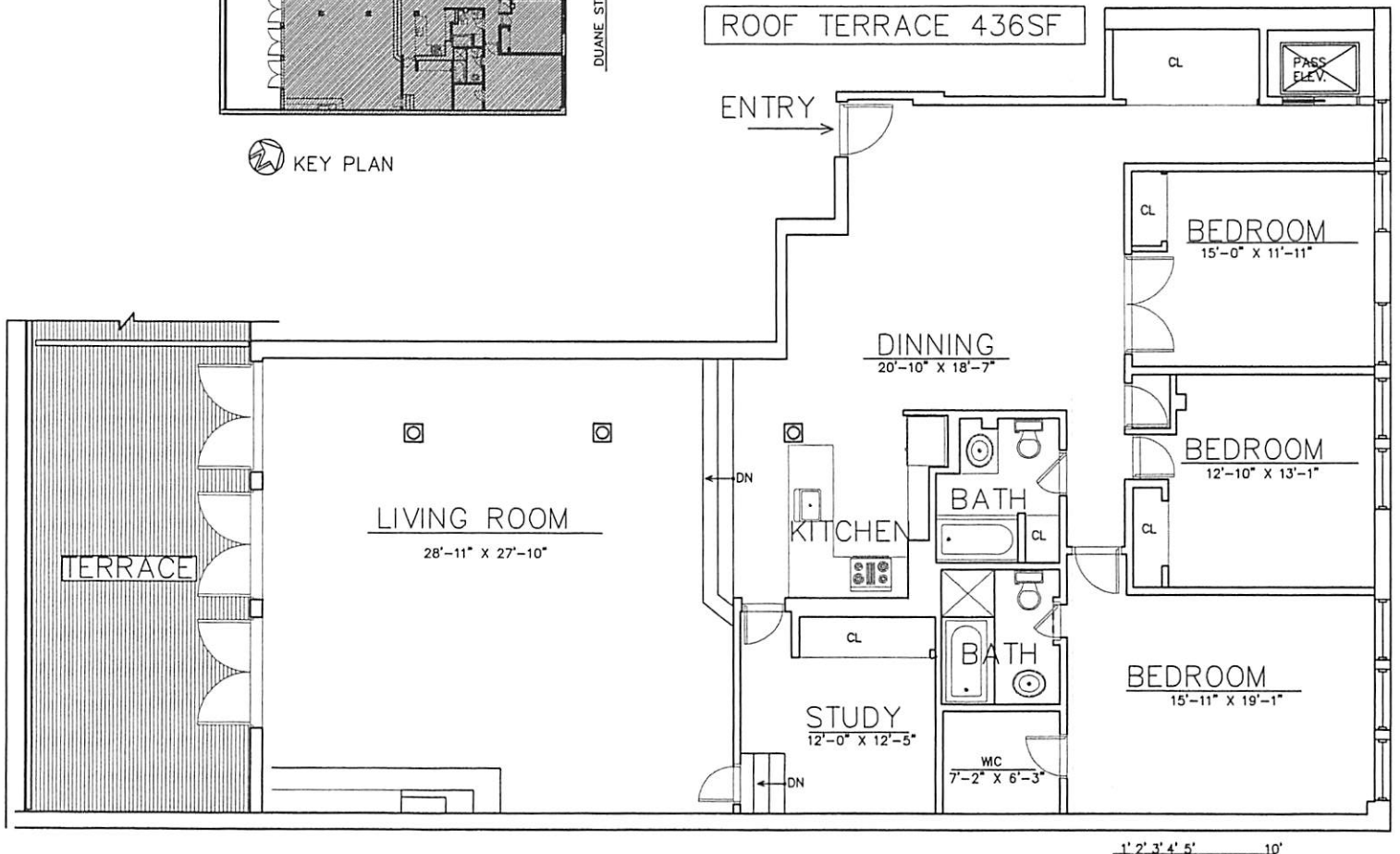
THREE BEDROOM
TWO BATHROOM

FLOOR 6TH FLOOR

AREA APARTMENT 2,853.07 SF



KEY PLAN



1' 2' 3' 4' 5' 10'

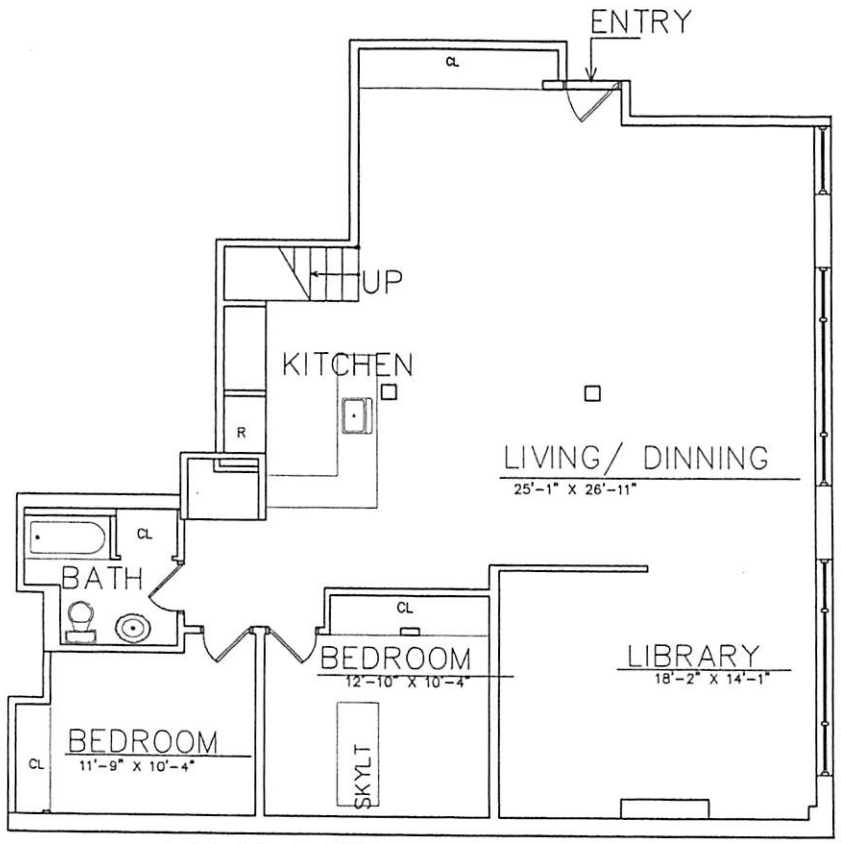
SCALE 3/32" = 1' -0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

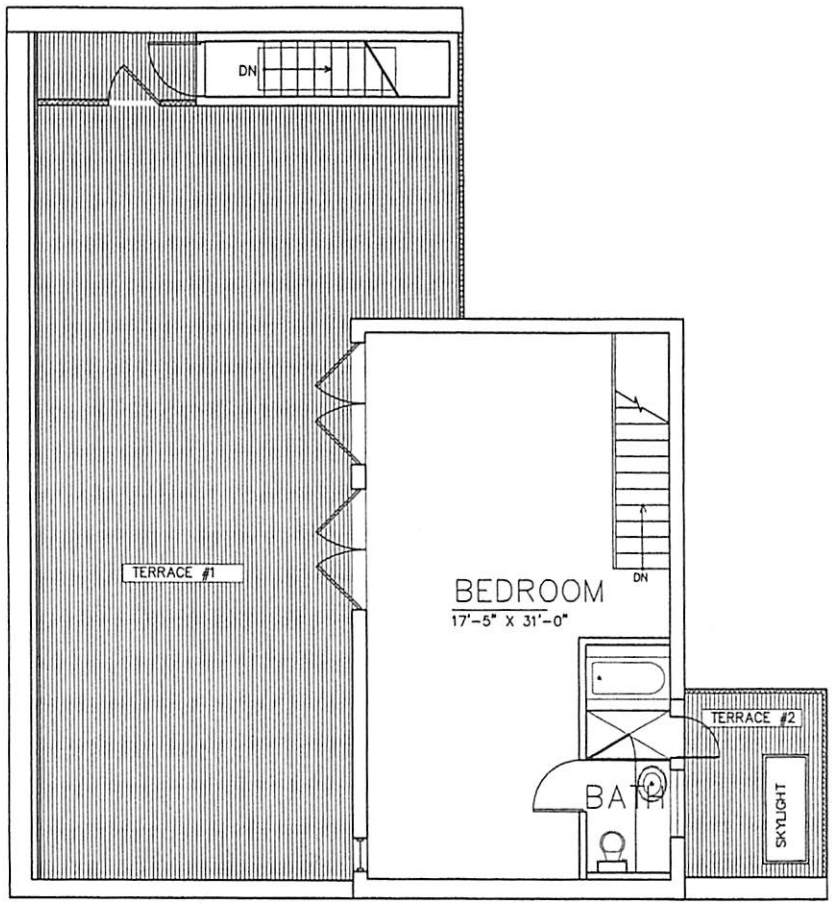
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

110 DUANE STREET

NEW YORK , NY



LOWER LEVEL



UPPER LEVEL

UNIT 12 (PENTHOUSE 3 NORTH)

THREE BEDROOM
TWO BATHROOM

FLOOR 7TH FLOOR AND PENTHOUSE

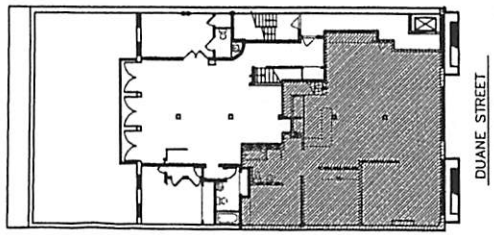
AREA

LOWER LEVEL (7TH FLR)	1,636 SF
UPPER LEVEL (PENTHOUSE)	618.97 SF
TOTAL	2,254.97 SF

OUTDOOR AREA

ROOF TERRACE #1	1,093 SF
ROOF TERRACE #2	88 SF
TOTLAL	1,181 SF

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.



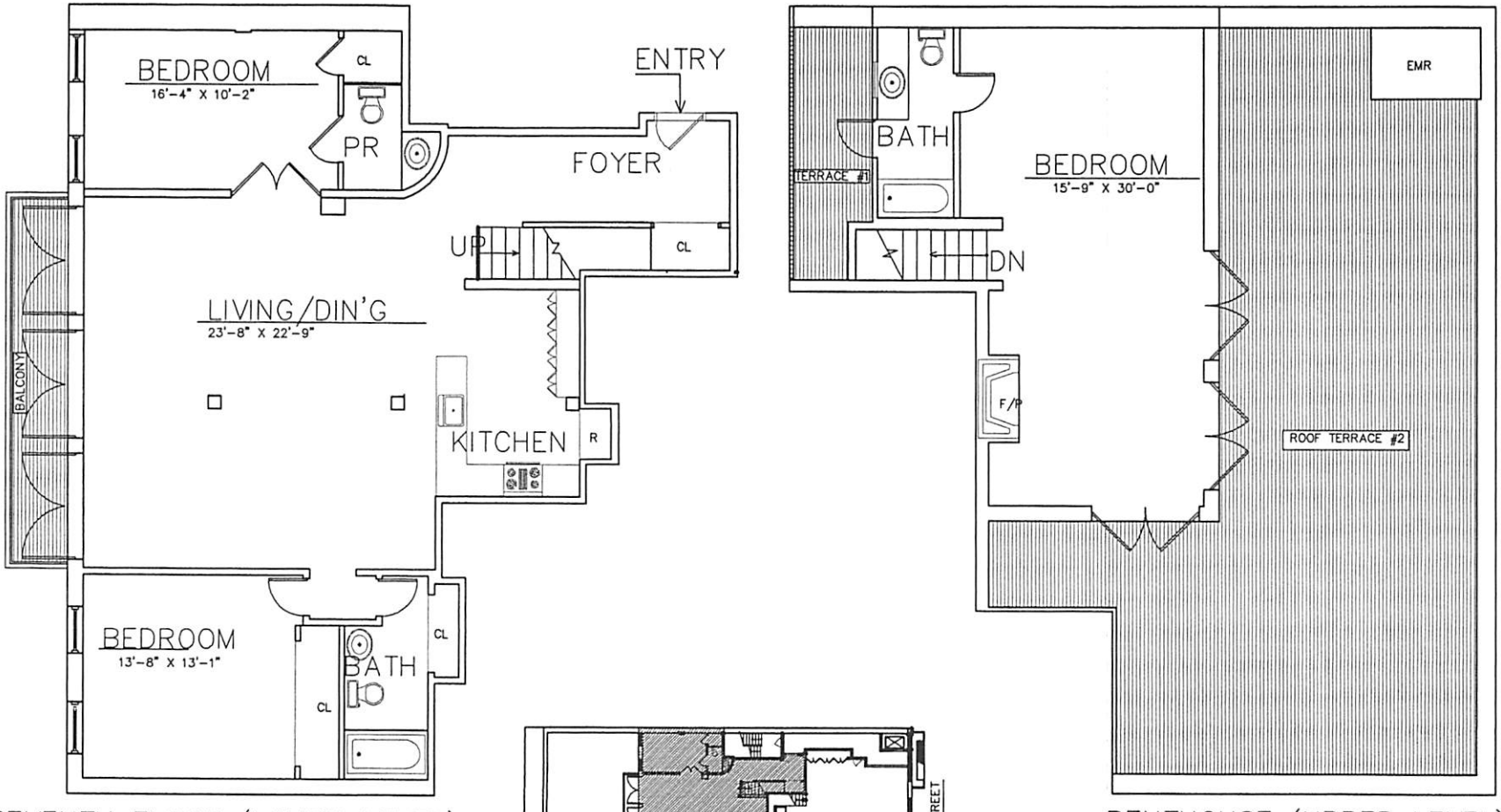
KEY PLAN

1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

110 DUANE STREET
NEW YORK, NY

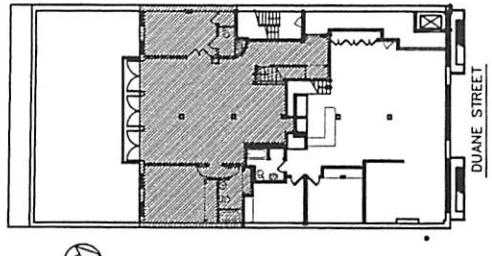


SEVENTH FLOOR (LOWER LEVEL)

PENTHOUSE (UPPER LEVEL)

UNIT 13 (PENTHOUSE 3 SOUTH)

THREE BEDROOM
TWO & A HALF BATHROOM



KEY PLAN

FLOOR SEVENTH FLOOR AND PENTHOUSE

AREA:
LOWER LEVEL (7TH FLR) 1,691.07 SF
UPPER LEVEL (PENTHOUSE) 606.00 SF
TOTLAL = 2,297.07 SF

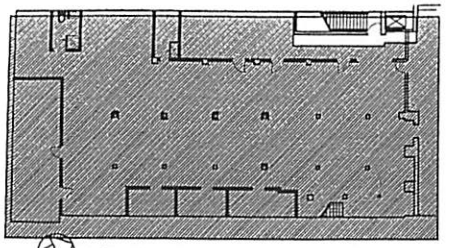
OUTDOOR AREA
BALCONY (7TH FLR) 96 SF
ROOF TERRACE #1 79 SF
ROOF TERRACE #2 907 SF
TOTLAL 1,082 SF

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

1' 2' 3' 4' 5' 10'
SCALE 3/32" = 1' -0"

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

Document 4
30

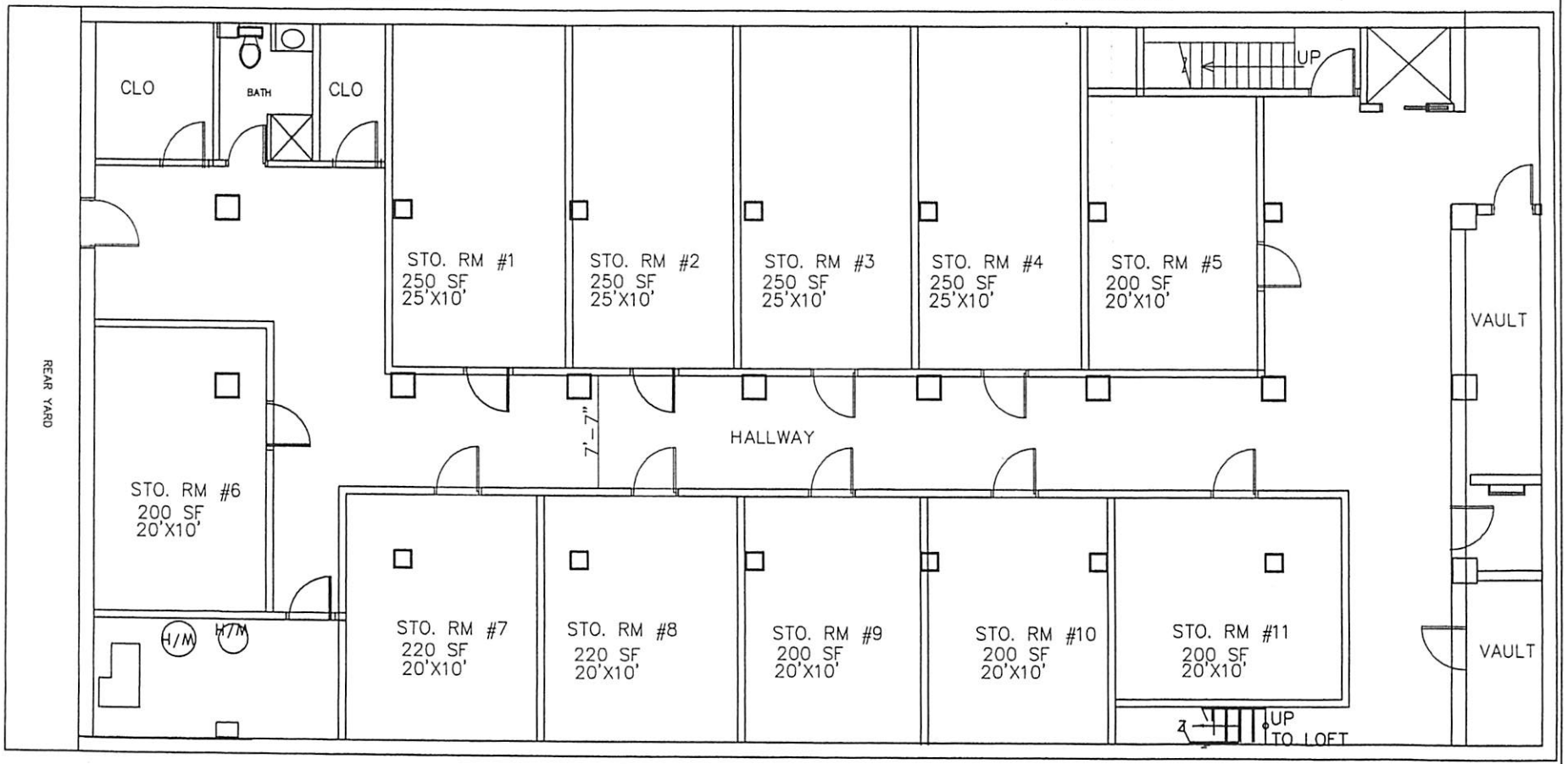


KEY PLAN

110 DUANE STREET

NEW YORK, NY

SUB-CELLAR
STORAGE



1' 2' 3' 4' 5' 10'

SCALE 3/32" = 1' -0"

PAGE 16

Garth Hayden Architect
architecture
planning
interior design
250 West 57th Street, , New York , N.Y. 10107 . 212/ 957-9570

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION TOLERANCE.

THIS PAGE INTENTIONALLY LEFT BLANK

John Zurita,PE
Licensed asbestos Investigator

Tel: 917-292-7263
718-428-2467

Michael Maidan 8/6/10

RE: 108 Duane Street
New York, NY 10007

An asbestos inspection was performed for the above referenced property on 8/3/10.

The inspection involved the sub cellar, cellar, 1st to 7th floor including the Penthouse and roof.

A total of 6 roof and 30 sheetrock samples were taken throughout the entire building.

There were no signs of ACM (Asbestos Containing Material) present according to the lab results.

Four original copies of the asbestos report were sent to the Architect Garth Hayden.

Asbestos Inspection & Lab analysis.

John Zurita
53-31 210th Street
Bayside, NY 11364



Thank you.

John Zurita, PE

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS ASSESSMENT REPORT

FOR OFFICIAL USE ONLY

1. _____ NYC Buildings Dept. Application #

ACP 5 Fee $_____

2. Premise No. 108 Street Name Duane Street Borough Manhattan Zip 10007

3. AKA 108 -110 Duane Street Type of Facility ResidentialCommercial Bin 1001645 Block 150 Lot 22

4. Building Owner 108-110 Duane Street Corp. Address 108 Duane Street

5. City Manhattan State NY Zip 10007 Contact Person Michael Maidan

6. Tel. # 212-227-0180 Fax # 212-227-0182 Email misham36@nyc.rr.com

7. Description of the Entire Scope of Work
An asbestos inspection was performed in the interior of the building for all the floors including cellar, subcellar, penthouse and roof.

8. I, John Zurita (Name of Certified Asbestos Investigator), have conducted an asbestos investigation on 8/3/10 (Date) in accordance with Sections 1-16 and 1-28 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

☑ a. premise (or portions thereof) affected by the work is free of asbestos containing material (ACM).

☐ b. premise (or portions thereof) affected by the work contains 10 square feet or less or 25 linear feet or less of ACM. Specify locations in section 9: Note: This material must be abated as a minor project in accordance with relevant provisions of the DEP Asbestos Rules.

☐ c. asbestos is present in the area and will not be disturbed during construction activity. Specify the quantity and area where asbestos is present. Specify amount: _____sq.ft _____linear ft. Specify locations (attach additional documents as necessary):

9. RESULTS OF ASBESTOS BUILDING SURVEY:

FLOOR (including cellar and basement)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room #, boiler room, lobby, etc.)	ALL MATERIALS ASSUMED TO CONTAIN ACM AND/OR SAMPLED	NUMBER OF SAMPLES ANALYZED	ASBESTOS PRESENT YES	ASBESTOS PRESENT NO	ASSUMED ACM
Roof	Entire	Membrane/flashing	6	○	◉	
Cellar	Entire Cellar & Sub cellar	Sheetrock	7	○	◉	
1-3 Fl.	Entire	Sheetrock	9	○	◉	
4-5 Fl	Entire	Sheetrock	11	○	◉	
6-7 Fl	Entire	Sheetrock	3	○	◉	
				○	○	
				○	○	

10. Analytical Laboratory Niche Analysis, Inc.

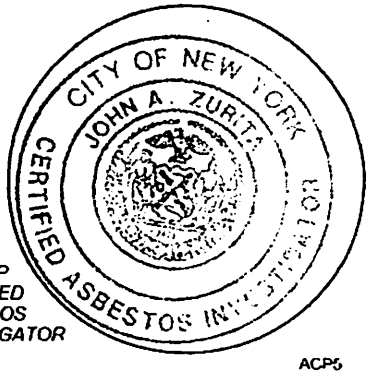
11. ELAP # 11236 (NYS DOH CERTIFICATION) Date(s) Samples Analyzed 8/9/10

12. **I hereby declare the information provided herein is true and complete.**

_____ (DEP Certified Asbestos Investigator's Signature) 8/9/10 (Date) 118107 (Certificate Number) 6/13/12 (Expiration Date)

Tel. # 917-292-7263 Fax # _____ email: jzurita@verizon.net

The investigator shall assume that some or all of the areas investigated contain ACM, and for each area that is not assumed to contain ACM, collect and submit for analysis bulk samples in accordance with §§1-36, 1-37 and 1-44 of the DEP Asbestos Rules and EPA publications 560/5-85-024 and 560/5-85-030a and 40 CFR Part 763.86.



SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

ACP5
10/09

DOCUMENT NUMBER 6

STORAGE ROOM LICENSE AGREEMENT

AGREEMENT made as of this day of , 201_ ("Agreement") by and between the Board of Managers of The 108-110 Duane Street Condominium on behalf of all Unit Owners, with an office at 299 Broadway, New York, New York 10007 (the "Board" or "Licensor"), and 108-110 Duane LLC, having an office at 299 Broadway, Suite 716, New York, New York 10007 ("Sponsor").

WHEREAS, The 108-110 Duane Street Condominium (the "Condominium") is governed by a certain Declaration of Condominium dated , 201 , recorded in the Office of the Register of the City of New York on , 201 , as CRFN , as the same has been or may be amended from time to time (the "Declaration"), the By-Laws of the Condominium, as the same have been or may be amended from time to time (the "By-Laws") and the Residential Rules and Regulations of the Condominium, as the same have been or may be amended from time to time (the "Residential Rules and Regulations") (the Declaration, the By-Laws and the Residential Rules and Regulations are collectively referred to herein as the "Condominium Documents"); and

WHEREAS, in the sub-cellar of the Building identified on the Floor Plans set forth in the Plan (as hereinafter defined), there are Residential Common Elements in which Storage Rooms (the "Storage Rooms") have been installed for use by permitted Residential Unit Owners; and

WHEREAS, Sponsor promulgated the offering plan for the establishment of the Condominium (the "Plan"), is the declarant under the Declaration and, as of the date hereof, owns all Residential Units in the Condominium; and

WHEREAS, Sponsor desires the right to the exclusive use to all Storage Rooms, and the right to assign an individual Storage Room license to any owner of a Residential Unit in the Condominium;

NOW THEREFORE, in consideration of the sum $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Licensor hereby grants to Sponsor, a license (the "License") for the exclusive use of all Storage Rooms located in the sub-cellar and Sponsor hereby accepts such License from Licensor for a term commencing on the date hereof.

2. Licensor agrees that Sponsor may freely assign the License to any Storage Room to a Residential Unit Owner at any time in Sponsor's sole discretion without the consent of the Board or any other party, using the form assignment annexed hereto, and the License shall remain in full force and effect when held by Sponsor, such Residential Unit Owner, or the successors and assigns of either (collectively, "Licensee"), subject to the provisions of this Agreement.

3. Licensor and Sponsor both agree that upon assignment of a Storage Room to a residential unit, a monthly fee in the amount of $100.00 shall be paid to the Condominium. The foregoing provision regarding monthly fees shall not apply to Sponsor or Sponsor's Successor.

4. The Individual Storage Room may be used only for the storage of personal effects of Licensee, and in no event shall any food or other perishable item, or any flammable or explosive item, be stored in the Individual Storage Room.

5. Subject to any additional rights of Sponsor under the Plan or the Condominium Documents, Licensee shall not (a) store any property in the Storage Room outside of the Individual Storage Room; or (b) allow any other person to use the License except in accordance with the terms hereof.

6. This License may be assigned by Licensee at any time without the consent of the Board or any other party, provided the assignee (i) is a Residential Unit Owner at the Condominium, (ii) assumes the obligations hereunder in the form annexed hereto, and (iii) notification of the assignment is delivered in writing to the Board in compliance with its requirements as the same may be reasonably modified from time to time. Unless it is held by Sponsor, this License shall automatically terminate at such time as Licensee no longer owns a Residential Unit in the Condominium, unless this License is assigned to and assumed by another Residential Unit Owner. If this License is held by Sponsor or Sponsor's successor in interest, only Sponsor or Sponsor's successor in interest may terminate at any time.

7. The Board shall inform any potential assignee of this License upon request, regardless of whether or not, and to what extent, the existing Licensee is in arrears with respect to the payment of Monthly Fees.

8. Neither Licensor nor its agents or employees or any Condominium Unit Owners shall be liable for any theft or damage to any property stored in the Individual Storage Room.

9. The terms of this Agreement are subject to the terms of the Condominium Documents. Nothing contained herein shall be construed as limiting the rights and obligations of the parties under the Condominium Documents. Any conflict between the provisions of this Agreement and the Condominium Documents shall be resolved in favor of the Condominium Documents.

10. The failure of Licensee (other than Sponsor or Sponsor's Successor) to pay Monthly Fees for a period of sixty (60) days shall constitute a default hereunder; Licensor shall give Licensee fifteen (15) days' written notice and the right to cure the default.

11. The Board may establish reasonable late charges for the failure to timely pay Monthly Fees on or before the tenth (10th) day of each month.

12. If Licensee (other than Sponsor or Sponsor's successor in interest) defaults in its obligations hereunder or under the Condominium Documents, the Board may, in addition to the rights and remedies set forth in the Condominium Documents, (i) deny access to and use of the Individual Storage Room until Licensee cures such default or (ii) terminate this Agreement upon written notice to Licensee.

13. The Board or its agents shall have the right, but not the obligation, to enter the Individual Storage Room in an emergency at any time, and, at other reasonable times upon prior notice to Licensee, to inspect and examine the Individual Storage Room and to make such repairs

replacements and improvements as the Board shall deem necessary, or to remove any contents of the Individual Storage Room that the Board deems to be prohibited, unsafe or unsanitary.

14. This Agreement shall constitute a License only and shall not be construed under any circumstances to be a sale of the Individual Storage Room or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between Licensor and Licensee with respect to this Agreement.

15. Licensee shall indemnify and hold Licensor and their respective officers, agents and employees, harmless from and against any and all liabilities, claims, penalties and judgments, together with any related costs and expenses, including reasonable legal fees, asserted against or sustained by any of them in connection with any act, omission, or negligence of Licensee or Licensee's family, employees, agents, guests and invitees in connection with this License.

16. Licensee shall be obligated to reimburse Licensor for any legal fees and disbursements incurred by Licensor in defending the rights of Licensor under this Agreement or, in the event Licensee defaults under this Agreement beyond any applicable grace period, enforcing Licensee's obligations hereunder.

17. Neither this Agreement nor any provision hereof may be waived, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, amendment, discharge or termination is sought and then only to the extent set forth in such instrument.

18. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Agreement, which alone fully and completely expresses their agreement and that this Agreement supersedes any and all such understandings and agreements with respect to the subject matter hereof.

19. If any provision of this Agreement is invalid or unenforceable as against any party or under certain circumstances, the remainder of this Agreement and the applicability of such provision to other parties or circumstances shall not be affected thereby. Each provision of this Agreement, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by Law.

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

21. Any failure by Licensor to insist upon strict performance by Licensee of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches which may occur, and Licensor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Licensee of any and all of the provisions of this Agreement to be performed by Licensee.

22. This Storage Room License Agreement must be attached as an Exhibit to the Assignment instrument on each occasion that the Storage Room License is assigned.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

LICENSOR:
BOARD OF MANAGERS OF THE 108-110 DUANE STREET CONDOMINIUM

By: _____
Name and Title:

LICENSEE:
108-110 Duane LLC

By: _____
Michael Maidan, Managing Member

ASSIGNMENT AND ASSUMPTION OF STORAGE LICENSE

This ASSIGNMENT AND ASSUMPTION OF STORAGE LICENSE (this "Assignment"), dated as of the day of , 201 , is executed by and between 108-110 Duane, LLC ("Assignor"), having an address at 299 Broadway, Suite 716, New York, New York and ("Assignee"), having an address at . For and in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest as Licensee in that certain Storage License Agreement (the "License Agreement"), dated , for an Individual Storage Room in the area identified as Storage Room #_____, between the Board of Managers of The 108-110 Duane Street Condominium (the "Licensor") and Assignor, attached hereto as Exhibit A. Assignee hereby confirms receipt of the License Agreement, assumes all of the rights and obligations of Assignor as Licensee under the License Agreement and agrees to properly perform all of the obligations of Licensee under the Condominium Documents, as that term is defined in the License Agreement.

Assignee agrees to indemnify, defend and hold harmless Assignor from any loss, cost, claim, liability, expense or demand of whatever nature arising or accruing under the License Agreement or as a consequence of the wrongful acts or omissions of the Assignee thereunder on or after the date hereof. Assignor agrees to indemnify, defend and hold harmless Assignee from any loss, cost, claim, liability, expense or demand of whatever nature arising or accruing under the License Agreement or as a consequence of the wrongful acts or omissions of the Assignor thereunder prior to the date hereof.

This Assignment shall inure to the benefit of and be building upon and enforceable against Assignor and Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, this Assignment has been executed by Assignor and Assignee as of the date first above written.

ASSIGNOR: 108-110 Duane LLC

By:_____
Name: Title:

ASSIGNEE:

By:_____
Name:

THIS PAGE INTENTIONALLY LEFT BLANK

DOCUMENT NUMBER 7

DECLARATION
Establishing a Plan for Condominium Ownership
of the Premises known as

108-110 Duane Street
New York, New York 10007

Pursuant to Article 9-B of the Real Property Law of the State of New York

Name: The 108-110 Duane Street Condominium

Declarant:

108-110 Duane LLC

Date of Declaration:

The land affected by the within instrument lies in
Section __, Block 150 f/k/a Lot 22

on the Tax Map of the Borough of Manhattan, City of New York,

Prepared by:

PHYLLIS MARIE KAMYSEK, PLLC

305 Broadway, Suite 1201
New York, New York 10007

THIS PAGE INTENTIONALLY LEFT BLANK

INDEX TO DECLARATION

ARTICLE 1 DEFINITIONS 3
ARTICLE 2 SUBMISSION OF THE PROPERTY AND NAME OF THE CONDOMINIUM 3
ARTICLE 3 THE LAND 3
ARTICLE 4 THE BUILDING 4
ARTICLE 5 THE UNITS 4
ARTICLE 6 COMMON ELEMENTS 5
ARTICLE 7 USE OF BUILDING AND UNITS 7
ARTICLE 8 CHANGES TO THE RESIDENTIAL SECTION 8
ARTICLE 9 CHANGES TO THE COMMERCIAL SECTION 8
ARTICLE 10 PERSON TO RECEIVE SERVICE 9
ARTICLE 11 DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS 9
ARTICLE 12 ENCROACHMENTS 9
ARTICLE 13 ACCESS TO COMMON ELEMENTS 10
ARTICLE 14 EASEMENTS 10
ARTICLE 15 POWER OF ATTORNEY 12
ARTICLE 16 ACQUISITION OF UNITS BY BOARD 13
ARTICLE 17 COVENANTS RUNNING WITH THE LAND 13
ARTICLE 18 AMENDMENTS OF DECLARATION 14
ARTICLE 19 TERMINATION OF CONDOMINIUM 15
ARTICLE 20 WAIVER 16
ARTICLE 21 CAPTIONS 16
ARTICLE 22 CERTAIN REFERENCES 16
ARTICLE 23 SEVERABILITY 16
ARTICLE 24 COVENANT OF FURTHER ASSURANCES 17
ARTICLE 25 SUCCESSORS AND ASSIGNS 17
ARTICLE 26 CONSENTS 18
ARTICLE 27 STORAGE LICENSES 18
ARTICLE 28 INCORPORATION BY REFERENCE 18

EXHIBITS
A. Description of the Land 19
B. Description of the Units 20
C. Definitions 21
D. By-Laws 27

DECLARATION
OF
THE 108-110 DUANE STREET CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

108-110 Duane LLC, a New York limited liability company, having an office at 299 Broadway, New York, New York 10007, does hereby declare as follows:

ARTICLE 1
DEFINITIONS

All capitalized terms used in this Declaration that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. All capitalized terms used in this Declaration that are not otherwise defined in the Articles hereof will have the meanings set forth in Exhibit C annexed hereto, unless the context in which they are used shall otherwise require. All capitalized terms that are not separately defined herein or in Exhibit C annexed hereto shall have the meanings given to those terms in the By-Laws. Each of the said capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tenses.

ARTICLE 2
SUBMISSION OF THE PROPERTY AND NAME OF THE CONDOMINIUM

2.1 Declarant hereby submits the Land and Building, all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith (collectively, the "Property") to the provisions of the Condominium Act, and pursuant thereto does hereby establish a condominium to be known as " The 108-110 Duane Street Condominium."

2.2 Attached to this Declaration as Exhibit D and made a part hereof are the By-Laws of the Condominium, which set forth detailed provisions governing the operation, use and occupancy of the Condominium (said By-Laws, as they may be amended from time to time, are hereinafter referred to as the "By-Laws").

2.3 The Condominium and the Building shall be designated and known as "The 108-110 Duane Street Condominium." Declarant shall own and control all rights and interests, and shall be responsible for all obligations and liabilities, appurtenant to the name of the Condominium and the Building. For so long as Declarant owns any Units in the Building, only Declarant shall have the right to change or assign the name of the Condominium and the Building.

ARTICLE 3
THE LAND

The Land is all that certain tract, plot, piece and parcel of land situate, lying and being in the Borough of Manhattan, in the City, County and State of New York, and more particularly described in Exhibit A annexed hereto and made a part hereof. The Land is owned by Declarant in fee simple absolute and has an area of approximately 26,664 square feet.

ARTICLE 4
THE BUILDING

The Building comprises seven (7) structural floors and one (1) penthouse above grade and a cellar and sub-cellar below grade. The total height of the Building is approximately 85 feet from the sidewalk to the main roof. The Building is classified as a Class 3 non fireproof (sub-cellar to 5th floor) and Class IIB combustible (6th, 7th floor, penthouse and roof). The Building contains eleven (11) Residential Units and Two (2) Commercial Retail Units and Two (2) Commercial Storage Units. The Residential Units are located on the second through seventh floors and the penthouse level, and the Commercial Units occupy a portion of the first floor and cellar.

ARTICLE 5
THE UNITS

5.1 The Residential Units, together with the Residential Common Elements and the Residential Limited Common Elements, are collectively referred to as the "Residential Section. The Commercial Units together with the Commercial Common Elements and the Commercial Limited Common Elements, if any, are collectively referred to as the "Commercial Section." The owners of the Residential Units are herein collectively called "Residential Unit Owners" and each, individually, is called a "Residential Unit Owner." The owners of the Commercial Units herein are collectively called the "Commercial Unit Owners" unless the context otherwise requires, "Commercial Unit Owner(s)" if there is more than one Commercial Unit Owner and "Commercial Unit Owners" if there are more than one Commercial Unit Owner. All such owners shall be subject to the provisions of Article 25 hereof. Residential Unit Owners and the Commercial Unit Owner(s) are herein collectively called "Unit Owners" and each, individually is called a "Unit Owner."

5.2 Exhibit B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: (i) its designation number; (ii) its tax lot number; (iii) its approximate area; (iv) the number of bedrooms and bathrooms contained therein (for Residential Units only) (v) the portions of the Common Elements to which such Unit has immediate access; and (vi) the Common Interest of such Unit. The precise location of each Unit within the Building is shown on the Floor Plans.

5.3 Each Unit is measured horizontally from the exterior side of the exterior walls perimeter columns and perimeter mechanical pipes are not deducted) to the midpoint of the interior wall and partitions separating one Unit from another Unit, or to the midpoint of the interior walls and partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Element or Limited Common Element or to the opposite exterior side of the exterior walls of the Building, as the case may be. Each Unit consists of the area measured vertically from the top of the floor slab below to the underside of the floor slab above.

5.4 Each Unit includes, and each Unit Owner shall be responsible for, the following facilities (if and to the extent installed or servicing such Unit): (a) the entrance doors and all interior doors (including their frames, hinges, levers, pulls, knobs, locks and saddles); (b) all interior partitions; (c) all skylights (including frames, panes, glass, latches and mechanisms), if any, and interior sills; (d) all windows, interior window sills, blinds, shades and treatments; (e) kitchen and bathroom appliances, plumbing fixtures, cabinets and countertops; (f) all finishes and coverings of the Unit's walls (e.g., plaster, paint, tiles, fabric, wood paneling, baseboards and moldings), floors (e.g., wood flooring, tiles and carpeting) and ceilings (e.g., plaster and paint); (g) smoke detectors and carbon monoxide detectors; and (h) all individual plumbing, electric, gas, heating, ventilating, air conditioning, hot water, telephone, telecommunications, data, television, intercom, lighting, sprinkler, security and other individual mechanical systems and the portions of any Building-wide systems that serve exclusively such Unit, whether exposed to view or concealed behind walls or partitions (including, without limitation, pipes; electrical wiring, outlets, switches, circuit breakers, meters and sub-meters; sprinkler heads; jacks; and ventilation fans) and all fixtures, equipment and appliances that exclusively serve such Unit. Each duplex, Residential Unit shall include

any interior staircases, landings and stairs to the extent located within such Unit and serving or benefiting only that Unit.

5.5 The Commercial Units will include all stairs, if any, and all related Facilities exclusively serving the Commercial Units and windows (including panes, casements and frames) exclusively opening into the Commercial Units.

ARTICLE 6
COMMON ELEMENTS

6.1 The Common Elements consist of the entire Property, including the Land and all parts of the Building and improvements thereto, other than the Units. The Common Elements include, but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building and Facilities that are for the common use of the Units and the Unit Owners or that are necessary or convenient for the existence, maintenance or safety of the Property.

6.2 The Common Elements will remain undivided, and no Unit Owner or other Person shall bring or shall have the right to bring any action for partition or division thereof, except as may be specifically provided for herein and in the By-Laws.

6.3 The Common Elements consist of the General Common Elements, which are described in Section 6.4 below, and the Limited Common Elements, which are described in Section 6.5 below.

6.4 The "General Common Elements" consist of the Land and those rooms, areas, corridors and other parts of the Property (other than the Units), as well as those Facilities therein either currently or hereinafter existing for the common use of all of the Units or Unit Owners, to the exclusion of none, or that are necessary for, or convenient to, the existence, maintenance, management, operation, or safety of the Property. Without intention to limit the generality of the foregoing in any respect, the General Common Elements include the following:

6.4.1 the Land, rear yard, together with all easements, rights, and privileges appurtenant thereto;

6.4.2 all foundations, footings, columns, beams, supports, exterior walls, interior load-bearing walls, girders, joists, floor slabs, roofs and ceilings in, on or under the Building (except to the extent any of the same are included as part of a Unit or as part of any of the Limited Common Elements);

6.4.3 the rooms and Facilities located as follows: electric room, meter room, pump room as located on the cellar and sub-cellar level; and the related Facilities;

6.4.4 any other Facilities in the Building that serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of all of the Property and are not a part of any Unit or any Limited Common Elements.

6.5 The Limited Common Elements consist of those Common Elements that serve or benefit exclusively (a) all of the Residential Units or all of the Residential Unit Owners (in which event they are called "Residential Common Elements"), (b) one or more but not all of the Residential Units or one or more but not all of the Residential Unit Owners (in which event they are called "Residential Limited Common Elements"), (c) the Commercial Units or the Commercial Unit Owner(s) (in which event they are called "Commercial Common Elements"), or (d) one or more but not all of the Commercial Units or one or more but not all of the Commercial Unit Owners (in which event they are called "Commercial Limited Common Elements"). Without limiting the generality of the foregoing:

6.5.1 the Residential Common Elements include the following:

i. electric meters and panels, electric closets, feeders, risers and Facilities, and gas meters serving exclusively the Residential Section;

ii. kitchen, bathroom and dryer exhaust ducts, dumbwaiter shafts, if any, supply lines for heating, water pressure reducing valve system, and all other Facilities in the floor and ceilings serving or benefiting exclusively the Residential Section;

iii. the elevator and shaft, pit, bulkhead, Facilities and machine room, the lobby and mail boxes;

iv. ductwork, and all other HVAC and electric and similar Facilities serving or benefiting exclusively the Residential Section;

v. CATV risers and other telecommunications cables and all other Facilities located on the Property serving or benefiting exclusively the Residential Section;

vi. all passages, hallways, stairs and corridors, all mechanical space and all other rooms, areas, spaces and other parts of the Building that are not part of any Unit or any Residential Limited Common Element and that serve or benefit exclusively the Residential Units or the Residential Unit Owners;

vii. staircases and their landings and stairs from the landing on the cellar to the roof;

viii. all other Facilities (excluding Facilities that are part of Residential Units or the Residential Limited Common Elements) exclusively serving or benefiting the Residential Section, or that are necessary or convenient for the existence, maintenance, operation or safety of the Residential Section, to the exclusion of the Commercial Section and the General Common Elements;

6.5.2 the Residential Limited Common Elements include the following:

i. terraces and balconies;

ii. Storage Rooms located in the sub-cellar that are designated for the exclusive use and benefit of individual Residential Unit Owners;

iii. condenser units located in the rear yard of the property that are designated for the exclusive use and benefit of individual Residential Unit Owners.

6.5.3 the Commercial Common Elements include the following:

i. electric meters, gas meters and other utility meters (if any) exclusively serving or available for the exclusive use of the Commercial Section;

ii. ductwork, and all other HVAC and electric and similar Facilities serving or benefiting exclusively the Commercial Section;

iii. all passages, hallways, stairs and corridors, all mechanical space and all other rooms, areas, spaces and other parts of the Building that are not part

of any Unit or any Commercial Limited Common Element (if any) and that serve or benefit exclusively the Commercial Units or the Commercial Unit Owner(s);

iv. all other Facilities (excluding Facilities-that are part of the Commercial Units or the Commercial Limited Common Elements, if any) exclusively serving or benefiting the Commercial Section or that are necessary or convenient for the existence, maintenance, operation or safety of the Commercial Section, to the exclusion of the Residential Section and the General Common Elements.

ARTICLE 7
USE OF BUILDING AND UNITS

7.1 As more particularly set forth in the By-Laws, and except as expressly provided therein and below, Residential Units may be used for residential purposes only. A Residential Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary or any other entity (including, but not limited to, the United States government or any instrumentality thereof and foreign governments or any embassy, consulate or other instrumentality thereof), may be occupied only by such individual; or by an officer, director, stockholder, or employee of such corporation; or by a partner or employee of such partnership; or by a member or employee of such limited liability company; or by such fiduciary, if an individual (or by an officer, director, stockholder, or employee of a corporate fiduciary, or by a partner or employee of a partnership fiduciary, or by a member or employee of a limited-liability-company fiduciary), or by the beneficiary of any such fiduciary; or by a principal or employee of any such other entity; or by Family Members or guests of any of the foregoing. A Residential Unit may also be used for any other lawful purposes, subject, however, to (1) the terms and conditions of the then-existing certificate of occupancy covering such Residential Unit, (2) Applicable Law, (3) the use of such Residential Unit not adversely affecting the use and enjoyment of neighboring or adjacent Residential Units for residential purposes or imposing undue burdens on any building systems or staff, and (4) the prior written permission of the Condominium Board, which permission shall in no event be granted unless the Condominium Board affirmatively finds that the conditions in clauses (1) through (3) above have been met. Residential Units may only be leased in accordance with the By-Laws and the Rules and Regulations.

7.2 Notwithstanding the foregoing or anything contained in the By-Laws or the Rules and Regulations to the contrary, the owner of an Unsold Residential Unit may, without the permission of the Condominium Board, (1) grant permission for the use of such Unsold Residential Unit as a professional office or for any other purpose, provided that such use is permitted by law and does not violate the then-existing certificate of occupancy covering such Residential Unit or any other governmental regulations and (2) use such Unsold Residential Unit as a model unit, management office or sales and/or promotion office in connection with the sale or rental of the Units, subject only to compliance with Applicable Law.

7.3 A Commercial Unit may be used for any lawful purpose including, without limitation, as a department or other retail store or outlet, storage facility, theater, bank, restaurant or commercial or professional office or studio; except that a Commercial Unit may not be used (a) for any illegal or pornographic purposes or (b) as a commercial establishment in which are provided sex-related activities consisting of nude or semi-nude live performances, sex clubs, massage parlors, adult book stores, peep shows or (c) as a homeless shelter or (d) as a drug or alcohol rehabilitation facility. No sale of a Commercial Unit or lease or sublease of all or any Commercial Unit shall be deemed to adversely affect the Residential Section.

ARTICLE 8
CHANGES TO THE RESIDENTIAL SECTION

Except to the extent prohibited by law, Declarant shall have the right, without the vote or consent of the Board, other Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions or improvements to any Unsold Residential Units; (b) change the use or layout of, or number of rooms in, any Unsold Residential Units from time to time; (c) change the size and/or number of Unsold Residential Units by subdividing one or more Unsold Residential Units into two or more separate Residential Units; by combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Residential Units; by converting a Residential Unit or any portion thereof to a Residential Common Element, a Residential Limited Common Element, a Commercial Unit, a Commercial Common Element or a Commercial Limited Common Element; or by altering the boundary walls between any Unsold Residential Units, or otherwise, including incorporating into an Unsold Residential Unit those Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Residential Unit) that exclusively benefit such Unsold Residential Unit; (d) designate a General Common Element, a Residential Common Element, a Residential Limited Common Element, a Commercial Common Element or a Commercial Limited Common Element as part of a newly created Residential Unit, Residential Common Element, Residential Limited Common Element, Commercial Unit, Commercial Common Element or Commercial Limited Common Element, or designate all or part of a Residential Unit as a newly created Commercial Unit, Residential Common Element, Residential Limited Common Element, Commercial Common Element or Commercial Limited Common Element; and (e) if appropriate, reapportion among the Unsold Residential Units affected by such change in size, use or number pursuant to the preceding clauses (b) and (c) their percentage interests in the Common Elements; provided, however, that (i) the percentage interest in the Common Elements of any other Residential Units (other than Unsold Residential Units) shall not be changed by reason thereof unless the owners of such Residential Units shall consent thereto; (ii) Declarant shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board and all other Unit Owners harmless from any liability arising therefrom; and (iii) the soundness or structural integrity of any part of the Building or the safety of any Unit Owner, tenant or other Person shall not be jeopardized by reason thereof. The provisions of this Article 8 may not be added to, amended, modified or deleted without the prior written consent of Declarant for so long as Declarant owns any Residential Units.

ARTICLE 9
CHANGES TO THE COMMERCIAL SECTION

Except to the extent prohibited by law, Commercial Unit Owner(s) shall have the right, subject to the consent of any other Commercial Unit Owner, which consent may not be unreasonably withheld or delayed, but without the vote or consent of the other Unit Owners or the Mortgage Representatives, if any, to: (1) decorate or make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Commercial Unit Owner's Commercial Unit and the Commercial Limited Common Elements, if any, appurtenant thereto; (2) change the layout or number of rooms in a Commercial Unit from time to time; (3) change such Commercial Unit by subdividing the same into any desired number of Commercial Units, combining any Commercial Units or altering the boundary walls between any Commercial Units resulting therefrom; (4) designate a Commercial Common Element or Commercial Limited Common Element as part of a newly created Commercial Unit, or designate all or part of a Commercial Unit as a newly created Commercial Common Element or a Commercial Limited Common Element, (5) reapportion among the newly created Commercial Units resulting from any subdivision, combination or otherwise, their percentage interests in the Common Elements, which such reapportionment shall be based upon floor space, subject to the location of such space, the 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, and provided further that in no case may such reapportionment result in a greater percentage of Common Interest for the total of the new Commercial Units than existed for the original Commercial Unit; and (6) change, alter or modify the facade and exterior portion of a Commercial Unit;

provided, however, that (i) the Commercial Unit Owner(s) shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom, (ii) the soundness or structural integrity of any part of the Building or the safety of any Unit Owner, tenant or other Person shall not be jeopardized by reason thereof, and (iii) the percentage interest in the Common Elements of any portion of any Commercial Unit owned by another shall not be changed by reason thereof unless the owner of such Commercial Unit shall consent thereto. Notwithstanding the foregoing, the approval of the Condominium Board shall not be required for any of the foregoing actions with respect to any Commercial Unit that is owned by Declarant. The provisions of this Article 9 may not be added to, amended, modified or deleted without the prior written consent of Declarant for so long as Declarant owns any Commercial Units.

ARTICLE 10
PERSON TO RECEIVE SERVICE

The Secretary of State of the State of New York is hereby designated to receive service of process in any action that may be brought against the Condominium or the Board. The Secretary of State shall mail a copy of such process to the managing agent, which shall initially be Code Red LTD, 299 Broadway, New York, New York 10007. Service of process may also be received by the President of the Condominium.

ARTICLE 11
DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

11.1 The percentage interest of each Unit in the Common Elements has been based upon floor space, subject to the location of such space and the 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 particular Unit.

11.2 The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that such Residential Unit bears to the Com Interests of all Residential Units.

11.3 The percentage interest of each Commercial Unit in the Commercial Common Elements is apportioned in the same proportion that such Commercial Unit bears to the Common Interests of all Commercial Units.

11.4 The aggregate amount of the Common Interests of all of the Units at all times shall remain at 100% notwithstanding any changes to the Residential Section pursuant to Article 8 hereof or changes to the Commercial Section pursuant to Article 9 hereof.

ARTICLE 12
ENCROACHMENTS

If (a) any portion of the Common Elements encroaches upon any Unit or upon any Common Element, (b) any Unit encroaches upon any other Unit or upon any portion of Common Elements or (c) any such encroachments shall hereafter occur as a result of (i) settling or shifting of the Building, (ii) any alteration, repair or restoration of the Common Elements made by or with the consent (when required by the By-Laws) of the Condominium Board made by Declarant or the Commercial Unit Owner(s) in accordance with this Declaration, By-Laws or (iii) any alteration, repair or restoration of the Building (or any portion thereof) any Unit or Common Element after damage by fire or other casualty or any taking

condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements; then, in any such event, a valid easement shall exist for the maintenance of the same as long as the Building shall stand.

ARTICLE 13
ACCESS TO COMMON ELEMENTS

Each Unit Owner shall have an easement in common with all other Unit Owners to use any of the Common Elements located in the Building provided that such use exists on the date hereof. Common Elements that may be subject to such an easement include those located in any of the Units or elsewhere on the Property that serve another Unit Owner's Unit, including an easement to connect to existing utilities, including, but not limited to, utilities for gas, electricity and ventilation. In addition, the Condominium Board or its agents, to the extent the Board is permitted by the By-Laws to act for such purposes, shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair and replace the Common Elements contained therein and elsewhere on the Property. All easements and rights of access described in this Article 13 shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Section or with the use of the Residential Units for their permitted purposes. Such entries shall be permitted on not less than twenty-four (24) hours' notice, except that no notice will be necessary in the case of an "emergency" (i.e., a condition requiring repair or replacement immediately necessary for the preservation or safety of the Building or for the safety of occupants of the Building, or other Persons, or required to avoid any damage to the Building or the suspension of any necessary service in the Building).

ARTICLE 14
EASEMENTS

14.1 Except as set forth in this Declaration, each Residential Unit Owner shall have, in common with all other Residential Unit Owners, an easement for the use of the Residential Common Elements and any Facilities located therein and, in common with all Unit Owners, an easement for the use of the General Common Elements and any Facilities located therein; including, but not limited to, such easement as shall be necessary to operate, maintain, repair, rebuild, restore and replace, as necessary, such Residential Unit Owner's Unit. The Commercial Section and the Residential Section shall be subject to such easement.

14.2 Except as set forth in this Declaration, the Commercial Unit Owner(s) shall have, in common with all other Commercial Unit Owners, if any, an easement for the use of the Commercial Common Elements and any Facilities located therein and, in common with all Unit Owners, an easement for the use of the General Common Elements and any Facilities located therein, including, but not limited to, such easement as shall be necessary to operate, maintain, repair, rebuild, restore and replace, as necessary, the Commercial Unit Owner's Unit. The Commercial Section and the Residential Section shall be subject to such easement.

14.3 Unit Owners and all other persons in the Building shall have an easement for ingress and egress through the Residential Section and the Commercial Section, as the case may be, and for the use of any Common Element, to the extent necessitated by an emergency, including but not limited to, an easement by and for the benefit of the Commercial Unit Owner(s) for emergency access through and over the stairs in the Building.

14.4 The Condominium Board, the Managing Agent, the superintendent and/or any other Person authorized by any of the foregoing shall have and each Unit shall be subject to, an easement (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace the General Common Elements, the Residential Common Elements or Residential Limited Common Elements, the Commercial

Common Elements or the Commercial Limited Common Elements, if any, located in, over, under, through or upon any Unit or any other Common Elements or elsewhere on the Property and (b) to maintain any encroachment on any Unit or Common Elements resulting from the repair, alteration, rebuilding, restoration or replacement of the General Common Elements; provided that access to any Unit or the Common Elements in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Section or with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than twenty-four (24) hours' notice, except that no notice will be necessary in the case of an emergency.

14.5 Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

14.6 Declarant, with respect to any Unsold Residential Unit, and the Commercial Unit Owner(s) with respect to the Commercial Units, and their successors and assigns, shall, to the extent permitted by law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs, canopies, flags or awnings or other protrusions on the Property for the purposes of advertising (i) the sale or lease of any Unsold Residential Unit; (ii) the sale or lease of a Commercial Unit; and (iii) the operation of any business of a tenant or occupant of all or any portion of a Commercial Unit or of any Unsold Residential Unit, as the case may be. Declarant and the Commercial Unit Owner(s) shall have an easement and the right to change the facade of the Building and alter, replace, restore, renovate, remodel and reconstruct the existing facade of the Building, provided that such penetration does not materially weaken the structural soundness of the Building. Notwithstanding the foregoing, the rights of the Commercial Unit Owner(s) under this Section 14 are granted only with respect to that portion of the Property on the exterior of the Building directly abutting the Commercial Units owned by the Commercial Unit Owner(s); and any signs (including, but not limited to, illuminated signs), canopies, flags or awnings or other protrusions may be placed on such portion of the Property by the Commercial Unit Owner(s) and any alteration, replacement, restoration, renovation, remodeling and reconstruction of the existing facade of the Building at such portion of the Property may be made by the Commercial Unit Owner(s) only with the prior approval of the Condominium Board, which may not be unreasonably withheld, conditioned or delayed; except that any refusal of the Condominium Board to approve an unexposed neon sign or a flashing sign shall be deemed reasonable. Notwithstanding the foregoing, no such approval of the Condominium Board shall be required with respect to any Commercial Unit that is owned by Declarant.

14.7 Declarant and the Condominium Board shall have the right to grant such additional electric, gas, ventilation or other easements for utilities, support or otherwise or relocate any easements in any portion of the Property, as Declarant or the Condominium Board, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof, or to complete the Building as described in the Plan or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that the Condominium Board shall not grant such additional easements within the Commercial Unit without the consent of the Commercial Unit Owner(s) and provided further that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Unit or with the use of the Residential Units for their permitted purposes, and shall not result in the imposition of any mechanic's lien against any of the Units. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such manner as shall not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Unit or with the use of the Residential Units for their permitted purposes.

14.8 Declarant, Sponsor Successor(s) and the Commercial Unit Owner(s) shall have, and the Units and Common Elements shall be subject to, an easement, (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace satellite dishes, or any other equipment and the conduits and other Facilities relating thereto, on the roofs or facade of the Building or in the rear yard and elsewhere on the Common Elements, other than those portions of the roof or rear yard, if any, that constitute

Residential Common Elements or Residential Limited Common Elements and to retain any and all income derived therefrom, and (b) to maintain any encroachment on any Unit, or any Common Elements or elsewhere on the Property resulting from the installation, operation, maintenance, repair, alteration, rebuilding, restoration or replacement thereof. The Condominium shall not be entitled to any portion of any fees, compensation or other profits received by Declarant or its assignees or licensees or the Commercial Unit Owner(s) for the use of the aforesaid easements or equipment. Any satellite dishes or other facilities placed upon the roof and the facade of the Building and elsewhere on the Common Elements by Declarant or its assignees or licensees or the Commercial Unit Owner(s) shall be the exclusive property of Declarant or its assignees or licensees or the Commercial Unit Owner(s), and neither the Condominium nor any other Unit Owners shall have any rights with respect thereto. Notwithstanding the foregoing, additional utilities or the relocation of existing utilities may not be installed in a Commercial Unit without the consent of the Commercial Unit Owner(s), and access to any Unit or Common Element in furtherance of such easement shall be exercised in a manner that will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Unit or with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than twenty-four (24) hours' notice, except that no notice will be necessary in the case of an emergency.

14.9 Each Commercial Unit Owner shall have, in common with all other Commercial Unit Owners, if any, an easement to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace any flues on certain portions of the facade of the building consistent with all legal requirements.

14.10 Declarant shall have the right to use the lobby of the Building for purposes of selling individual Units.

ARTICLE 15
POWER OF ATTORNEY

15.1 Each Unit Owner shall grant to the Persons who shall from time to time constitute the Condominium Board an irrevocable power of attorney, coupled with an interest (in such form and content as the Condominium Board shall determine, but substantially in the form of the Unit Owner's Power of Attorney contained in Part II of the Plan), following due authorization (if required) from the Unit Owners, (a) to acquire or lease any Unit, together with its Appurtenant Interest, whose owner desires to sell, convey, transfer, assign, lease or surrender the same, or that becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental, as the case may be, as the attorneys-in-fact deem proper, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, and after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not to vote the interest appurtenant thereto) any such Unit so acquired, or to sublease any Unit so leased, without the necessity of further authorization by the Unit Owners, on such terms as the attorneys-in-fact may determine, (b) to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments, including retaining counsel and taking any other actions that the Condominium Board deems necessary or appropriate and (c) to execute, acknowledge and deliver (i) any declaration or other instrument affecting any Common Elements that the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of any Common Elements; and (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting any Common Elements that the Board deems necessary or appropriate.

15.2 Each Unit Owner shall grant to the Declarant a power of attorney to amend the Condominium Declaration and to effectuate the rights granted to Declarant under the Declaration and By-Laws.

ARTICLE 16
ACQUISITION OF UNITS BY BOARD

If (a) any Unit Owner, pursuant to the provisions of Section 339-x of the Condominium Act, surrenders his Unit, together with its Appurtenant Interest, (b) the Condominium Board, pursuant to Article 8 of the By-Laws, acquires a Unit, together with its Appurtenant Interest, or leases a Unit, or (c) the Condominium Board purchases, at a foreclosure or other similar sale, a Unit, together with its Appurtenant Interest, then, in any such event, title to any such Unit, together with its Appurtenant Interest, or the leasehold estate in any such Unit, as the case may be, shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective interests in the Common Elements.

ARTICLE 17
COVENANTS RUNNING WITH THE LAND

17.1 All provisions of this Declaration, the By-Laws and the Rules and Regulations that are annexed hereto and made a part hereof, including, without limitation, the provisions of this Article 17, shall to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions hereof and thereof shall be binding upon and inure to the benefit of the owner of all or any part thereof, or interest therein, and such owner's heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in or for the benefit of the general public or any other party. All present and future owners, tenants, subtenants, licensees, and other occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any Person having at any time any interest or estate in such Unit as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease or use and occupancy agreement thereof.

17.2 If any provision of this Declaration or the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act but shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other Applicable Law to the extent permitted under such Applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is not included in this Declaration or the By-Laws, then such provision shall be deemed included as part of this Declaration or the By-Laws, as the case may be, for the purposes of submitting the Property to the provisions of the Condominium Act.

17.3 Subject to Section 17.2, if this Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Property, and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under Applicable Law to the extent

permitted under such Applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

ARTICLE 18
AMENDMENTS OF DECLARATION

18.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or any Unsold Residential Units or Commercial Unit or the Commercial Unit Owner(s), (a) any provision of this Declaration benefiting, protecting or otherwise affecting only the Residential Units or the Residential Unit Owner(s) may be added to, amended, modified or deleted by the affirmative vote of at least 66-2/3% in number and in Common Interest of all Residential Unit Owners taken in accordance with the provisions of the By-Laws, (b) any provision of this Declaration benefiting, protecting or otherwise affecting only the Commercial Unit or the Commercial Unit Owner(s) may be added to, amended, modified or deleted by the affirmative vote at least 66-2/3% in number and in Common Interest of all Commercial Unit Owners taken in accordance with the provisions of the By-Laws, and (c) any provision of this Declaration benefiting, protecting or otherwise affecting the General Common Elements of all Unit Owners may be added to, amended, modified or deleted by the vote of at least 66-2/3% in number and in Common Interest of all Unit Owners taken in accordance with the provisions of the By-Laws: provided, however, that the Common Interest appurtenant to any Commercial Unit shall not be altered without the written consent of all Unit Owners directly affected. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or any Unsold Residential Units or the Commercial Unit Owner or Owner(s), no amendment, modification, addition or deletion pursuant to the provisions of clause (a) or (b) above shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. In addition, no such amendment, modification, addition or deletion shall be effective until recorded in the Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or any Unsold Residential Units or the Commercial Unit or the Commercial Unit Owner(s), any such amendment, modification, addition or deletion shall be executed by the Condominium Board as attorney-in-fact for the Unit Owners coupled with an interest, which Condominium Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact. Subject to the foregoing provisions of this Section 18.1 and the rights of Declarant under Articles 7, 8, 9, 12, 14, 15 and 19, and the Commercial Unit Owner(s) and the Condominium Board under Articles 7, 9, 12, 13 and 14 of this Declaration, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Residential rules and regulations shall be effective in any way (a) without the prior written consent of the affected Commercial Unit Owner in its sole and absolute discretion, with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration adverse to such Commercial Unit Owner, (b) without the prior written consent of Declarant or any Sponsor Successor in its sole and absolute discretion with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration adverse to Declarant or any Sponsor Successor, or (c) without the prior written consent of the holder of any present or future mortgage, pledge or security interest covering any Unsold Residential Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration modifying permitted uses of such Unsold Residential Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit.

18.2 Notwithstanding Section 18.1 above, if the number of rooms in an Unsold Residential Unit is changed such that an amendment to the Floor Plans is required, or the use, size and/or number of Unsold Residential Units is changed (whether as a result of a subdivision or combination of Unsold Residential Units or alteration of boundary walls between Unsold Residential Units, or otherwise) and the appurtenant percentage interests of Units in the Common Elements are reapportioned as a result thereof, all in accordance with Article 8 hereof, then Declarant shall have the right to execute, or (upon its request) to require any other Unit Owner or the Condominium Board to execute, and record in the Register's Office and elsewhere, if required by law, an amendment to this Declaration (together with such other documents as Declarant deems appropriate to effectuate the same) reflecting such change in the number of rooms in

an Unsold Residential Unit or in the use, size and/or number of Unsold Residential Units (whether as a result of said subdivision, combination, alteration or otherwise) and the reapportionment of the percentage interests of Units in the Common Elements resulting therefrom, all without the approval of the Condominium Board, the Unit Owners or the Mortgage Representatives, if any. Nothing contained in this Section 18.2 shall be construed to mean that the Common Interest appurtenant to any Unit not subject to any change may be reapportioned without the written consent of the owner of such Unit.

18.3 If (a) the number of rooms in the Commercial Units or the size of a Commercial Unit is changed and the percentage interest in the Common Elements appurtenant to a Commercial Unit belonging to the Owner causing such change is reapportioned among any newly created Commercial or Residential Units resulting from any subdivision of the Commercial Unit, any combining of any Commercial Units resulting from a subdivision, or any alteration of the boundary walls between or among any newly created Commercial and/or Residential Units, or otherwise, or (b) a Commercial Common Element or Commercial Limited Common Element is designated as part of a newly created Commercial Unit or Residential Unit, or part of the Commercial Unit is designated as a newly created Commercial or Residential Common Element or a Commercial or Residential Limited Common Element, all in accordance with Article 9 hereof, then the Condominium Board (or the Commercial Unit Owner causing any such change) shall have the right to execute, or to require upon request the Unit Owner to execute, and record in the Register's Office, and elsewhere, if required by law, an amendment to this Declaration, together with such other documents as the Commercial Unit Owner(s) deems appropriate to effectuate the same reflecting (i) such change in the number of rooms in or size of the Commercial Unit; (ii) the subdivision of the Commercial Unit into separate Commercial or Residential condominium units; (iii) any newly created Commercial or Residential condominium units resulting from a subdivision; (iv) the alteration of boundary walls between or among any newly created commercial or residential condominium units, or otherwise; (v) the reapportionment of the percentage interests in the Common Elements among such newly created commercial or residential condominium units; (vi) such designation of a Commercial or Residential Common Element or Commercial or Residential Limited Common Element as part of a newly created commercial or residential condominium unit; (vii) or such designation of part of the Commercial Unit as a newly created Commercial or Residential Common Element or Commercial or Residential Limited Common Element; all without the approval of the Condominium Board, the Unit Owners or the Mortgage Representatives, if any. Nothing contained in this Section 18.3 shall be construed to mean that the Common Interest appurtenant to any Unit not subject to any change may be reapportioned without the written consent of the Owner of such Unit.

18.4 Amendments, modifications, additions or deletions of or to this Declaration, the By-Laws and the Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of the Commercial Units or with the subdivision or alteration of the Commercial Units, or with the subdivision, combination or alteration of any newly created Commercial Units and/or the offering for sale or lease of all or any portion of a Commercial Unit; and in connection therewith the Declarant or a Sponsor Successor (or, when permitted, the Commercial Unit Owner(s) after any subdivision) may, subject to the requirements of applicable law, cause this Declaration, and the Rules and Regulations to be so amended, modified, added to or deleted from, and the resulting provisions thereof may be similar or dissimilar to those affecting the Residential Section and Residential Unit Owners. However, no change in the foregoing documents or the By-Laws shall be made without the consent of the Commercial Unit Owner(s).

18.5 The provisions of Sections 18.1 and 18.2 or 18.3 may not be modified, amended, added to or deleted, in whole or in part, without the consent of Declarant, and the provisions of Sections 18.1, and 18.4 may not be modified, amended, added to or deleted, in whole or in part, without the consent of the Condominium Board.

ARTICLE 19
TERMINATION OF CONDOMINIUM

The Condominium shall continue and the Property shall not be subject to an action for partition

(unless terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws) until such time as withdrawal of the Property from the provisions of the Condominium Act is authorized by a vote of at least 80% of all Unit Owners, both in number and in aggregate Common Interests. No such vote shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed. The Declarant shall not vote the aggregate Common Interests appurtenant to its Units for such withdrawal unless at least 80%, both in number and in aggregate Common Interests, of all other Unit Owners so elect for such withdrawal, at which time the Declarant may choose to vote either in favor of or against withdrawal from condominium ownership, as it sees fit. In the event that such withdrawal is so authorized, but only in such event, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of the 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 out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

ARTICLE 20
WAIVER

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE 21
CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

ARTICLE 22
CERTAIN REFERENCES

22.1 A reference in this Declaration 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.

22.2 The terms "herein," "hereof or "hereunder" or similar terms used in this Declaration refer to this entire Declaration and not to the particular provision in which the terms are used, unless the context otherwise requires.

22.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

ARTICLE 23
SEVERABILITY

Subject to the provisions of Sections 17.2 and 17.3, if any provision of this Declaration is invalid or unenforceable as against any Person or under certain circumstances, the remainder of this Declaration and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of this Declaration shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law.

ARTICLE 24
COVENANT OF FURTHER ASSURANCES

24.1 Any party which is subject to the terms of this Declaration, whether such party is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member or officer of the Condominium Board or otherwise, shall, upon prior reasonable written request at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action as such other party may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

24.2 If any Unit Owner or any other party who is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or deliver any instrument, or to take any action that such Unit Owner or other party is required to execute, acknowledge and deliver or to take pursuant to this Declaration, then the Condominium Board is hereby authorized as attorney-in-fact for such Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the name

24.3 of such Unit Owner or other party and such document or action shall be binding on such unit Owner or other party.

24.4 24.3 If any Unit Owner, the Condominium Board or any other party which is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or deliver any instrument, or to take any action which such Unit Owner, the Condominium Board or other party is required to execute, acknowledge and deliver pursuant to this Declaration at the request of Declarant or its designees, as the case may be, then Declarant or its designees, as the case may be, is hereby authorized, as attorney-in-fact for such Unit Owner, the Condominium Board or other party, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action in the name of such Unit Owner, the Condominium Board or other party and such document or action shall be binding on such Unit Owner, the Condominium Board or other party, as the case may be.

ARTICLE 25
SUCCESSORS AND ASSIGNS

Except as set forth herein or in the By-Laws to the contrary, the rights and/or obligations of Declarant as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant, or, with the consent of Declarant, any transferee of some or all of the Unsold Residential Units then owned by Declarant. Successors and assigns shall not include purchasers of one or more Residential Units for use or occupancy. The rights and/or obligations of the Commercial Unit Owner(s) as set forth herein shall inure to the benefit of and be binding upon any successors or assigns of the Commercial Unit Owner(s), whether or not they purchase for use or occupancy. In the event there shall be more than one Commercial Unit Owner, and any act, obligation or determination affects more than one Commercial Unit Owner, the rights of the affected Commercial Unit Owners may be exercised only by a majority of the affected Commercial Unit Owners in Common Interest, regardless of the number of Units owned by any Commercial Unit Owner. Subject to the foregoing, Declarant and/or the Commercial Unit Owner(s), as the case may be, shall have the right, at any time, in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

ARTICLE 26
CONSENTS

Whenever the consent, approval, satisfaction or permission of Declarant or its successors and assigns is required under this Declaration or the By-Laws, such consent, approval, satisfaction or permission will not be required when Declarant, its successors and assigns no longer owns any Unsold Residential or Commercial Units.

ARTICLE 27
STORAGE LICENSES

Certain space in the cellar of the Building, known as Storage Rooms, will be the subject of licenses granted by the Board to Declarant, subject to Storage License Agreements. Such Storage Licenses will in turn be assigned by Declarant to certain Residential Unit Owners on a discretionary basis. A Storage License will entitle the holder to the exclusive use of a Storage Room, and will require monthly fees to be paid to the Condominium Board, as set by each Storage License Agreement. No Residential Unit Owner shall sell or transfer a Storage License except to another Residential Unit Owner. The foregoing provision shall be inapplicable to the Declarant. If a Residential Unit Owner enters into a contract to sell his Residential Unit, such contract shall be deemed to include any Storage License owned by such Residential Unit Owner and the right of first refusal set forth in Article 8 shall be deemed to apply to such Storage License. However, the right of first refusal shall not apply to any sale or lease of a Storage License sold or leased by one Residential Unit Owner to another Residential Unit Owner independently of such Residential Unit Owner's Unit.

ARTICLE 28
INCORPORATION BY REFERENCE

The terms, covenants, conditions, descriptions and other information contained in (i) the property description annexed hereto as Exhibit A; (ii) the description of the Units annexed hereto as Exhibit B; (iii) the definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; and (v) the Floor Plans, are each incorporated herein by this reference and made a part of this Declaration as if set forth at length in the text hereof.

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed as of the _____ day of _____, 2011.

108-110 Duane LLC

By:_____

Name:
Title:

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

On the _____ day of _____ 20____, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) are subscribed to the within instrument and acknowledged to me that (he) (she) (they) executed the same in (his) (her) (their) capacity, and that by (his) (her) (their) signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

EXHIBIT A
DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Duane Street, distant 231 feet 5 inches westerly from the southerly corner of Broadway and Duane Street, said point of beginning being in the center of a party wall between buildings on the premises herein described and the premises known as 106 Duane Street;

RUNNING THENCE southerly, on a line forming an angle on its westerly side of 89° 48' 40" with the southerly side of Duane Street, through the center of a party wall and in continuation thereof, a distance of 100 feet 3 5/8 inches;

THENCE westerly, on a line forming an angle on its northerly side of 89° 31' 00" with the last described line, a distance of 48 feet 10 3/8 inches to a point in the northerly prolongation of the center line of a party wall between the premises 70 Reade Street and 68 Reade Street;

THENCE northerly, in prolongation of said center line and maybe through a party wall forming an angle on its easterly side of 90° 33' 30" with the last described line, a distance of 99 feet 8 5/8 inches to the southerly side of Duane Street at a point 280 feet 4 7/8 inches westerly from the corner formed by the intersection of the westerly side of Broadway with the southerly side of Duane Street; and

THENCE easterly along the said southerly side of Duane Street, 48 feet 11 7/8 inches to the point or place of BEGINNING.

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT B TO THE DECLARATION

THE 108-110 DUANE STREET CONDOMINIUM
DESCRIPTION OF UNITS

Unit Designation	Tax Lot #	Bedrooms/ Baths	Approximate Area	Limited Common Elements Approximate Area	Percentage of Condo Common Interest	Residential Percent of Common Interest	Comm'l Percent of Common Interest
C-1			2226.00		2.594%	x	20.610%
C-2			670.00		0.728%	x	5.780%
1 Retail [East Store]			1807.00	Cellar 1421	4.582%	x	36.410%
2 Retail [West Store]			2572.00		4.682%	x	37.200%
3 [second floor]		Open Loft	4000.14		11.948%	13.668%	x
4 [3F]		1/2	1949.00		5.997%	6.861%	x
5 [3R]		2/1	1886.14		5.806%	6.642%	x
6 [4F]		1/1	1095.46		3.372%	3.858%	x
7 [4RE]		2/1	1347.00		3.981%	4.554%	x
8 [4RW]		1/1	1265.00		3.914%	4.477%	x
9 [5R]		2/1	1746.14		5.197%	5.945%	x
10 [PH1]		2/2	2531.00	Terrace 298	11.752%	13.445%	x
11 [PH2]		3/2	2853.07	Terrace 436	12.280%	14.048%	x
12 [PH3N]		3/2	2254.97	Terrace 1181	11.515%	13.173%	x
13 [PH3S]		3/2	2297.07	Terrace 1082	11.652%	13.329%	x
					100.000%	100.000%	100.000%

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT C
DEFINITIONS

For convenience of presentation, definitions of certain of the terms used in the Declaration are set forth below:

"Affiliate" means any Person who is a Family Member or who controls, is controlled by, or is under common control with the named Person or a Family Member of the named Person., subject to the definition in Article 8, Subsection 8.6.8 of the By-Laws, which shall apply to that Article.

"Applicable Law" means all applicable laws, statutes, treaties, rules, codes, ordinances, regulations of any Governmental Authority and, to the extent the Property, any Unit, any Unit Owner, Declarant and/or the Board, as the case may be, is bound thereby or subject thereto, any judgments, decrees, injunctions, writs, orders, notices of violation or like action of any Governmental Authority, court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including Applicable Rent Laws and those pertaining to health, safety or the environment) now or hereafter in effect.

"Applicable Rent Laws" means the Rent Stabilization Law of 1969, as amended, the New York City Rent Stabilization Code, the New York City Rent and Rehabilitation Law and the New York City Rent and Eviction Regulations adopted and promulgated by the New York State Division of Housing and Community Renewal, the Emergency Tenant Protection Act of 1974, and the relevant provisions of the New York General Business Law, to the extent that any or all of them shall apply to the Property or any part thereof; all as may be amended from time to time.

"Appurtenant Interest" means, (a) with respect to a Residential Unit, the undivided interest of the Unit Owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Residential Units or Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners or Unit Owners, as the case may be; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) of this clause (a), above; and (iv) any other assets of the Condominium; and (b) with respect to a Commercial Unit, the undivided interest of the Unit Owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Commercial Units or Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Commercial Unit Owners or Unit Owners, as the case may be; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) of this clause (b), above; and (iv) any other assets of the Condominium.

"Arbitration" shall have the meaning ascribed to such term in Section 2.2.1 of the By-Laws.

"Building" means the structure and improvements, including above- and below-grade segments, known as 108-110 Duane Street, New York, New York 10007, in which the Units are located.

"By-Laws" shall have the meaning ascribed to such term in Section 2.2 of the Declaration.

"Claim" or "Claims" means any claims, counterclaims, suits, actions or proceedings and any other liabilities, losses, damages, penalties, charges, costs and expenses and attorneys' fees and expenses incurred in connection with any of the foregoing.

"Commercial Common Charges" means assessments payable to the Condominium Board by a Commercial Unit Owner for the purpose of meeting (a) Commercial Common Expenses and (b) the Commercial Unit Owner's share of General Common Expenses.

"Commercial Common Elements" shall have the meaning ascribed to such term in Section 6.5 of the Declaration.

"Commercial Common Expenses" means the costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Commercial Common Elements or the Commercial Limited Common Elements, if any (to the extent such costs and expenses are not the obligation of the Commercial Unit Owners owning the Commercial Units to which such Commercial Limited Common Elements are appurtenant) or in connection with any services or facilities exclusively benefiting the Commercial Section or all of the Commercial Unit Owners.

"Commercial Common Interest" means, with respect to a Commercial Unit, the number, expressed as a percentage, obtained by dividing the Common Interest appertaining to such Commercial Unit by the aggregate Common Interests appertaining to all Commercial Units.

"Commercial Limited Common Elements" shall have the meaning ascribed to such term in the Declaration.

"Commercial Section" shall have the meaning ascribed to such term in the Declaration.

"Commercial Unit" means any Unit designated as a Commercial Unit in the Declaration.

"Commercial Unit Owner" shall have the meaning ascribed to such term in the Declaration.

"Common Charges" means General Common Charges, Commercial Common Charges and Residential Common Charges.

"Common Elements" means all parts of the Property other than the Units; the Common Elements consist of the General Common Elements and the Limited Common Elements.

"Common Expenses" means the General Common Expenses, the Residential Common Expenses and the Commercial Common Expenses.

"Common Interest" means the undivided interest in the Common Elements appurtenant to a Unit, expressed as a percentage.

"Condominium" means The 108-110 Duane Street Condominium.

"Condominium Act", means the provisions of 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 Board" means the Board of Managers, which is the governing body of the Condominium, whose members shall be selected pursuant to the terms of Articles 2 and 3 of the By-Laws. The Condominium Board shall sometimes be referred to herein as the "Board."

"Declarant" means (a) 108-110 Duane LLC, a New York limited liability company, and/or (b) any Sponsor Successor, as the context may require.

"Declaration" means this declaration as executed by 108-110 Duane LLC, for the purpose of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof, as the same may be amended from time to time.

"Facilities" means all personal property and Fixtures now or hereafter existing in, on or under the Land or the Building and either existing for the common use of two or more Units or Unit Owners or necessary or convenient for the existence, maintenance or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term "Facilities" shall include all equipment, apparatus, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors,

pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut off valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, Siamese connections, hoses, plumbing, fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture, mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mailboxes, carpeting, tiles, floor coverings, draperies, shades, window coverings, wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

"Family Members" means, with respect to any natural person, such person's spouse, domestic partner, parents, grandparents, children, grandchildren and siblings (in each case, including by adoption).

"First Closing," or words of similar import, means the date on which fee title to a Residential Unit is first conveyed to a Purchaser pursuant to the Plan.

"Floor Plans" means the floor plans of the Building certified by Garth Hayden, Architect, and intended to be filed in the Register's Office simultaneously with the recording of the Declaration, together with any amendments and supplements thereto.

"General Common Charges" means assessments payable to the Condominium Board by the Unit Owners for the purpose of meeting General Common Expenses.

"General Common Elements" shall have the meaning ascribed to such term in Section 6.4 of the Declaration.

"General Common Expenses" means costs and expenses incurred or projected and attributable to the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements or in connection with any services or facilities benefiting both the Residential Section and the Commercial Section or all of the Unit Owners, and as otherwise provided in the Declaration and By-Laws.

"Governmental Authority" means any federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court having jurisdiction.

"Initial Control Period" means the period ending the earlier of (i) the closing of title with purchasers under the Plan to Residential Units having more than seventy five percent (75%) of the aggregate Common Interests appertaining to all Residential Units or (ii) the fifth (5th) anniversary of the First Closing.

"Insurance Trustee" means a bank or trust company, in either event having both an office in the City of New York and a capital surplus and individual profits of $500,000,000 or more, from time to time appointed to serve as such by the Condominium Board; provided, however, that for so long as Sponsor owns at least one (1) Unit, Sponsor shall have the right to appoint Sponsor as Insurance Trustee.

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

"Limited Common Elements" means the Residential Common Elements, the Residential Limited Common Elements, the Commercial Common Elements and the Commercial Limited Common Elements.

"Managing Agent" means a Person employed by the Condominium Board as a managing agent or manager pursuant to the By-Laws who undertakes to perform such duties and services as such Condominium Board shall direct and who shall have whatever powers the Board shall delegate, subject to

the limitations contained therein.

"Majority of Residential Unit Owners," "Majority of Commercial Unit Owners" and "Majority of Unit Owners" shall have the meaning ascribed to such terms in the By-Laws.

"Mortgage Representatives(s)" means the representatives of the holders of all Permitted Mortgages encumbering Units, designated by the holders of Permitted Mortgages in accordance with the By-Laws.

"Permitted Mortgage" means (a) any first mortgage covering one or more Units, the holder of which is (i) Declarant, (ii) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust, (iii) a federal, state, municipal, teachers' or union employees' welfare, pension or retirement fund or system having assets in excess of $300,000,000, in each case doing business in the State of New York, or (iv) any Government Authority; and (b) any first mortgage covering any one or more Units owned by Declarant.

"Permitted Mortgagee" means the holder of any Permitted Mortgage and shall include, without limitation, such banks and financial institutions as constitute holders of mortgages given by Declarant to acquire or construct the Property.

"Person" means any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, limited liability company, organization, government or any department or agency thereof, or any other entity.

"Plan" means the offering plan for the establishment of condominium ownership of the Property, as filed with the New York State Department of Law, as the same may be amended from time to time.

"Property" shall have the meaning ascribed to such term in Section 2.1 of the Declaration.

"Register's Office" means the Office of the Register of The City of New York.

"Residential Common Charges" means assessments payable to the Condominium Board by Residential Unit Owners for the purpose of meeting (a) Residential Common Expenses and (b) each Residential Unit Owner's share of General Common Expenses.

"Residential Common Elements" shall have the meaning ascribed to such term in Section 6.5 of the Declaration.

"Residential Common Expenses" means the costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Residential Common Elements or the Residential Limited Common Elements (to the extent such costs and expenses are not the obligation of the Residential Unit Owners owning the Residential Units to which such Residential Limited Common Elements are appurtenant) or in connection with any services or facilities exclusively benefiting the Residential Section or all of the Residential Unit Owners.

"Residential Common Interest" means, with respect to a Residential Unit, the number, expressed as a percentage, obtained by dividing the Common Interest appertaining to such Residential Unit by the aggregate Common Interests appertaining to all Residential Units.

"Residential Limited Common Elements" shall have the meaning ascribed to such term in Section 6.5 of the Declaration.

"Residential Rules and Regulations" means the rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A.

"Residential Section" shall have the meaning ascribed to such term in Section 5.1 of the Declaration.

"Residential Special Assessments" means the charges allocated and assessed against all Residential Units by the Condominium Board and payable by all Residential Unit Owners, pro rata, in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with Section 6.1.5 of the By-Laws.

"Residential Unit" means any Unit designated as a Residential Unit in the Declaration, and Units used for commercial purposes which may be used for residential purposes under applicable zoning requirements as of the date of the recording of the Declaration.

"Residential Unit Owner" shall have the meaning ascribed to such term in Section 5.1 of the Declaration.

"Special Assessments" means the charges allocated and assessed against all Units by the Condominium Board and payable by all Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with Section 6.1.5 of the By-Laws.

"Sponsor Successor" or "Successor Sponsor" means (i) any corporation, partnership, limited liability company or other entity that through amalgamation, consolidation, or other legal succession becomes invested with the rights and assumes the burdens of 108-110 Duane LLC., or (ii) any Person who, at any time, (a) purchases from 108-110 Duane LLC, or otherwise succeeds to the ownership of twenty percent (20%) of the total number of units in the Condominium, and (b) is not purchasing such Units for his, her or its own occupancy or for occupancy by one or more of such Person's Family Members, and, in any case, shall also include any nominee holding any Unit for the account of the Person referred to in clause (i) or (ii) above. The phrase "owned by" shall include owned by any such nominee.

"Storage License" means the exclusive right to use a certain area of the Building intended for storage, known as a "Storage Room," which is initially granted to Sponsor by the Condominium Board pursuant to a written agreement, the form of which is initially contained in Part II of the Plan, and which Sponsor intends to sell to Purchasers of Residential Units.

"Storage Room" shall mean any Storage Room located in the sub-cellar of the Building and shall include the structural framework and materials out of which the Storage Room is constructed. Each Storage Room shall be deemed to be a Residential Common Element of the Condominium. Any reference in the Plan to owning a Storage Room shall mean that a Residential Unit Owner has entered into a License for a Storage room

"Structural", when applied to any work performed in or to a Unit or the Property means and refers to any work affecting the foundations, columns, girders, beams, supports, concrete slabs and other such structural members of the Building, those portions of the exterior walls of the Building lying beyond the interior face of the brickwork, and all building systems, including without limitation, the mechanical, electrical, water-supply and return (sewer), gas-supply and ventilation systems

"Unit" means a space designated in the Declaration as a Residential Unit or a Commercial Unit, consisting, generally, of either a specific apartment or a portion of the commercial space in the Building.

"Unit Owner" shall have the meaning ascribed to such term in Section 5.1 of the Declaration.

"Unsold Residential Unit" means any Residential Unit that is owned or retained, by way of lease or any other arrangement by which management or financial responsibility is retained, by Declarant or Sponsor Successor; or a Residential Unit that is acquired, individually or collectively, by either the holder of a Permitted Mortgage given by Declarant or Sponsor Successor or the designee of a holder of such a

Permitted Mortgage. An Unsold Residential Unit shall retain its status and character as an Unsold Residential Unit until: (i) it is no longer owned by Declarant or Sponsor Successor; (ii) it is occupied by a Unit Owner or a Family Member of a Unit Owner; or (iii) it is conveyed to a bona fide Purchaser for occupancy by the Purchaser or by a Family Member of the Purchaser. Further, a Residential Unit that is conveyed to Declarant or Sponsor Successor by a Purchaser who has elected to rescind his purchase of the Unit and receive a refund of the Purchase Price paid for the Residential Unit as provided in the Plan shall thereupon once again become an Unsold Residential Unit.

EXHIBIT D

TO THE DECLARATION

of

THE 108-110 DUANE STREET CONDOMINIUM

==========

BY LAWS

OF

THE 108-110 DUANE STREET CONDOMINIUM

==========

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

ARTICLE 1 GENERAL 31
1.1 Purpose 31
1.2 Definitions 31
1.3 Applicability of By-Laws 31
1.4 Principal Office of Condominium 31
ARTICLE 2 BOARD OF MANAGERS 31
2.1 Number, Term and Qualification 31
2.2 Powers and Duties 32
2.3 Certain Limitations on Powers of the Condominium Board 34
2.4 Managing Agents and Managers 35
2.5 First Board 36
2.6 Resignation and Removal 36
2.7 Vacancies 36
2.8 Regular Meetings of the Board 36
2.9 Special Meetings of the Board 36
2.10 Resolutions of the Board 36
2.11 Waiver of Notice 37
2.12 Determinations by the Board; Quorums 37
2.13 Compensation 37
2.14 Liability of the Board and Unit Owners 37
2.15 Fidelity Bonds 38
2.16 Committees 38
2.17 Principal Offices of the Board 38
2.18 Status of the Board 38
2.19 Incorporation of the Board 38
2.20 Board as Agent of Unit Owners 39
2.21 Prohibited Transactions 39
ARTICLE 3 UNIT OWNERS 39
3.1 Annual Meetings 39
3.2 Place of Meetings 40
3.3 Special Meetings 40
3.4 Notice of Meetings and Actions Taken 40
3.5 Adjournment of Meetings 40
3.6 Order of Business 40
3.7 Title to Units 41
3.8 Voting 41
3.9 Election of Board Members; Rights of Declarant 42
3.10 Majority of Unit Owners 42
3.11 Quorum 42
3.12 Majority Vote 43
ARTICLE 4 OFFICERS 43
4.1 Designation 43
4.2 Election of Officers 43
4.3 Resignation and Removal of Officers 43
4.4 Presidents 43
4.5 Vice Presidents 43
4.6 Secretaries 44
4.7 Treasurers 44

4.8 Execution of Documents 44
4.9 Compensation of Officers 44
ARTICLE 5 NOTICES 44
5.1 Notices 44
5.2 Waiver of Service of Notice 44
ARTICLE 6 OPERATION OF THE PROPERTY 45
6.1 Determination of Common Expenses and Fixing of Common Charges 45
6.2 Insurance 47
6.3 Repair or Reconstruction after Fire or Other Casualty 48
6.4 Payment of Common Charges 49
6.5 Collection of Common Charges 50
6.6 Default in Payment of Common Charges 50
6.7 Foreclosure of Liens for Unpaid Common Charges 50
6.8 Statement of Common Charges 51
6.9 Maintenance and Repairs 51
6.10 Violations of Maintenance Obligations 52
6.11 Structural Alterations, Additions, Improvements and Repairs of Units 53
6.12 Alterations, Additions, Improvements or Repairs to Common Elements 54
6.13 Use of the Units 55
6.14 Use of the Common Elements 56
6.15 Other Provisions as to Use 56
6.16 Right of Access 57
6.17 Residential Rules and Regulations 57
6.18 Real Estate Taxes, Water Charges and Sewer Rents 58
6.19 Fuel 57
6.20 Gas 57
6.21 Electricity 58
6.22 Utilities Serving the Common Elements 58
6.23 Abatement and Enjoinment of Violations by Unit Owners 58
6.24 Compliance with Applicable Rent Laws; Indemnification 58
ARTICLE 7 MORTGAGES 59
7.1 Notice to Condominium Board 59
7.2 Restrictions on Mortgaging 59
7.3 Notice of Default and Unpaid Common Charges 60
7.4 Performance by Permitted Mortgagees 60
7.5 Examination of Books 60
7.6 Representatives of Mortgagees 60
7.7 Consent of Mortgagees 61
ARTICLE 8 SELLING AND LEASING OF UNITS 61
8.1 General 61
8.2 Right of First Refusal 61
8.3 Acceptance of Offer 62
8.4 Failure to Accept Offer 63
8.5 Termination of the Right of First Refusal 64
8.6 Exceptions to the Right of First Refusal 64
8.7 Term of Lease 65
8.8 No Severance of Ownership 65
8.9 Payment of Common Charges 65
8.10 Power of Attorney 65

8.11 Gifts and Devices, Etc 66
8.12 Charges Imposed on Sale or Lease of Residential Units 66
8.13 Notices Concerning Residential Unit Occupancy and Changes in Ownership 66
8.14 Waiver of Right of Partition with Respect to Units Acquired on Behalf of Units Owners as Tenants-in-Common 66
8.15 Subordination, Non-disturbance and Attornment Agreements 66
ARTICLE 9 CONDEMNATION 67
ARTICLE 10 RECORDS AND AUDITS 67
10.1 Records 67
10.2 Availability of Documents 68
ARTICLE 11 ARBITRATION 68
11.1 General Procedure 68
11.2 Costs and Expenses 68
11.3 Agreement by Parties 68
ARTICLE 12 MISCELLANEOUS 68
12.1 Waiver 68
12.2 Captions 68
12.3 Certain References 68
12.4 Severability 69
12.5 Insurance Trustee 69
12.6 Successors and Assigns 69
12.7 Covenant of Further Assurances 69
12.8 Waiver of Diplomatic or Sovereign Immunity 70
ARTICLE 13 AMENDMENT TO BY-LAWS 71
13.1 Amendments by Unit Owners 71
13.2 Amendments Affecting Declarant or the Commercial Unit Owner 72
13.3 Amendments Affecting Permitted Mortgagees 72
ARTICLE 14 AMENDMENTS CONCERNING THE COMMERCIAL UNITS 72
ARTICLE 15 STORAGE ROOM LICENSES 73
SCHEDULE A RESIDENTIAL RULES AND REGULATIONS 74

THIS PAGE INTENTIONALLY LEFT BLANK

BY-LAWS OF THE 108-110 DUANE STREET CONDOMINIUM

ARTICLE 1
GENERAL

1.1 **Purpose**. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium covers the Property, which consists of the Land, the Building and all other improvements thereon (including, without limitation, the Units and the Common Elements), and all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed real and personal, that is intended for use in connection therewith. The Property has been submitted to the provisions of the Condominium Act by the recording in the Register's Office of the Declaration of which these By-Laws form a part.

1.2 **Definitions.** All capitalized terms used in these By-Laws not otherwise defined in any of the Articles hereof shall have the meanings set forth in the Declaration or in Exhibit C to the Declaration, unless the context otherwise requires. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context otherwise requires. Each of the capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

1.3 **Applicability of By-Laws**. These By-Laws are applicable to the Property and to the use and occupancy thereof. All present and future Unit Owners, mortgagees, lessees, sub-lessees and other occupants of Units and employees and guests of Unit Owners, as well as all other Persons who may use the facilities of the Property, are and shall be subject to the Declaration, these By-Laws and the Residential Rules and Regulations. The acceptance of a deed or conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of these By-Laws, the Residential Rules and Regulations and the Declaration are accepted, ratified, and will be complied with.

1.4 **Principal Office of Condominium.** The principal office of the Condominium shall be located within the Property or at such other place within the Borough of Manhattan reasonably convenient thereto, as may be designated from time to time by the Condominium Board.

ARTICLE 2
BOARD OF MANAGERS

2.1 Number, Term and Qualification.

2.1.1 As more particularly set forth in Section 2.2, the affairs of the condominium shall be governed by the Condominium Board. From and after the first annual meetings Unit Owners as provided in Section 3.1, the Condominium Board shall consist of five persons: the four members elected by the Residential Unit Owners, subject to the rights of Declarant pursuant to Section 3.9.3 below, referred to herein as the "Residential Members," and the one member elected by a Commercial Unit Owner, referred to herein as the "Commercial Member." Voting shall be in accordance with Section 3.8 below. The Condominium Board is herein sometimes referred to as the "Board." The number of members of the Condominium Board may not be changed without the consent of the Declarant so long as the Declarant owns any Units.

2.1.2 Each member of the Board, except for the first Board as provided in Section 2.5 and except as otherwise provided herein, shall be elected at the annual meetings of Unit Owners by the Residential Unit Owners and Commercial Unit Owner(s), respectively, and shall serve a term of one year or until the next annual meeting thereof and until successors have been elected and qualified. There shall be no limit on the number of successive terms a Board member may serve.

2.1.3 Except for Board members designated by Declarant, (a) all Residential Members shall be either Residential Unit Owners or officers, directors, shareholders, partners, principals, members, trustees, employees or beneficiaries of corporations, partnerships, limited liability companies, fiduciaries or any other entities that own Residential Units, Permitted Mortgagees of the Residential Units, or Family Members of any of the foregoing, and (b) the Commercial Member shall be either a Commercial Unit Owner or an officer, director, shareholder, partner, principal, employee or beneficiary of a corporation, partnership, limited liability company, fiduciary or any other entity that owns a Commercial Unit, a Permitted Mortgagee of a Commercial Unit, lessee of a Commercial Unit or portions thereof, or a Family Member of any of the foregoing. No Unit Owner may be elected to serve on the Board if the Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien (and pay all expenses incurred by the Board, its committees, the Managing Agent or any agents of any of the foregoing in connection with the matter resulting in the perfection of the lien, including without limitation, attorneys' fees and expenses) has not been paid at the time of such election. No more than one resident of any Residential Unit may serve on the Board at any given time. After the expiration of the Initial Control Period, at least one member of the Board must be either (i) a Residential Unit Owners who occupies their Residential Units or Family Members of such Residential Unit Owner or (ii) officers, directors, shareholders, partners, principals, members, trustees, employees or beneficiaries of Residential Unit Owners who occupy such Residential Unit Owners' Units, and must not be related to Declarant or its principals. Other than Board members designated by Declarant, no Board member shall continue to serve after such member ceases to be qualified as set forth above.

2.2 **Powers and Duties.**

2.2.1 The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium (except such powers and duties which by law, the Declaration or these By-Laws may not be delegated to the Board by the Unit Owners). All determinations, however, that have an adverse material effect on the Commercial Section or the use of a Commercial Unit in any way shall require the affirmative consent of the Commercial Member. All other determinations with respect to the administration of the affairs of the Condominium shall be made by the Condominium Board as a whole. Any dispute between the Residential Members and the Commercial Members with respect to whether any matter adversely affects the Commercial Section or the use of a Commercial Unit shall be settled by Arbitration, which Arbitration shall be determined on the basis of what is in the best interest of the Condominium. As used herein the term "Arbitration" means arbitration conducted in accordance with the provisions of Article 11.

2.2.2 Subject to the provisions of Subsection 2.2.1 and without limiting the generality thereof, the Condominium Board shall be entitled to make determinations with respect to the following matters:

(a) The operation, care, upkeep, maintenance, repair and replacement of the Common Elements, including contracts for utilities, services and supplies.

(b) The amount of Common Charges and Special Assessments, if any.

(c) The collection of Common Charges and Special Assessments, if any.

(d) The employment and dismissal of the personnel necessary for the maintenance and operation of the Condominium.

(e) The adoption of, and amendments and additions to, the Residential Rules and Regulations as they affect the Condominium.

(f) Making additions and improvements to, or alterations of, the Common Elements.

(g) Making repairs and restorations of the Common Elements or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings.

(h) Enforcing by legal and equitable means the terms, covenants and conditions contained in the Condominium Documents, and in connection therewith, to bring or defend against any proceedings, actions or suits that may be instituted on behalf of, or against, the Unit Owners.

(i) Levying fines against Unit Owners for violations of the Residential Rules and Regulations (any such fines shall constitute Common Charges payable by the Unit Owner).

(j) Opening and maintaining bank accounts on behalf of the Condominium and designating signatories therefor.

(k) Adjusting and settling insurance claims (and executing and delivering releases in connection therewith).

(l) Borrowing money on behalf of the Condominium, when required in connection with the operation, care, upkeep and maintenance of, or the making of repairs, replacements, restorations or additions to or alterations of, the Common Elements; provided, however, that (i) the consent of at least 66-2/3% in Common Interest of all Unit Owners shall be required for any borrowings in excess of the aggregate amount of $150,000, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the owner of such Unit. If any sum borrowed by the Condominium Board pursuant to the authority contained in this Subsection 2.2.2(1) is not repaid by the Board, a Unit Owner who pays to the creditor a percentage thereof equal to the Common Interest appertaining to his Unit shall be entitled to obtain from the creditor a release of any judgment or other lien that said creditor has filed or has the right to file against such Unit.

(m) Organizing corporations and limited liability companies to act as designees of the Condominium Board with respect to such matters as the Board may determine.

(n) Executing, acknowledging and delivering (i) any declaration or other instrument affecting the Property 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 Building, or (ii) any consent, covenant, restriction, easement or declaration affecting the Property which the Condominium Board deems necessary or appropriate.

(o) Preparing, executing and recording, on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration and/or these By-Laws whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-Laws.

(p) Obtaining and reviewing insurance for the Property, including the Units, pursuant to the provisions of Section 6.2.

(q) Subject to Article 8, leasing, purchasing or otherwise acquiring in the name of the Condominium Board or its designee, on behalf of all Unit Owners, Units offered for lease or sale or surrendered by their owners to the Board.

(r) Purchasing Units at foreclosure or other similar sales, in the Name of the Condominium Board or its designee, on behalf of all Unit Owners.

(s) Selling, leasing, subleasing, mortgaging and otherwise dealing with (but not voting the interests appurtenant to) Units acquired by, and subleasing Units leased by, the Condominium Board or its designee, on behalf of all Unit Owners.

(t) Imposing move-in fees and charges, and transfer fees in connection with the sale or lease of a Residential Unit, provided that no such fees or charges or any other conditions of transfer or lease may be imposed upon Declarant or a Sponsor Successor.

2.2.3 Any act with respect to a matter determinable by the Condominium Board and deemed necessary or desirable by the Board in connection therewith shall be done or performed by the Board or shall be done on its behalf and at its direction by the agents, employees or designees of the Board.

2.3 **Certain Limitations on Powers of the Condominium Board.**

2.3.1 Notwithstanding anything to the contrary contained in these By-Laws, for a period ending not more than five (5) years after the closing of the first Unit or whenever the Unsold Residential Units constitute less than twenty-five percent (25%) of the Common Interest, whichever is sooner, the Condominium Board may not, without the Declarant's prior written consent:

(a) make any addition, alteration or improvement to the Common Elements, unless required by Applicable Law;

(b) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency or surplus fund in excess of 5% in the aggregate of the estimated Common Expenses for any one fiscal year of operation, provided the same does not violate Applicable Law, in which event the maximum assessment permitted hereunder shall equal the minimum required by Applicable Law;

(c) increase the number or change the type of employees of the Condominium from that described in "Schedule B: Projected Budget for First Year of Condominium Operation" set forth in the Plan (the "First Year Budget");

(d) enter into any service or maintenance contracts for work, labor or services not covered in the First Year Budget; or

(e) borrow money on behalf of the Condominium; or

(f) exercise a right of first refusal to lease or purchase a Residential Unit.

2.3.2 Notwithstanding the foregoing, the Declarant may neither exercise a veto over nor direct any Residential Member appointed or otherwise chosen by the Declarant to vote against expenditures that: (a) conform to the First Year Budget and are for the period covered by the First Year Budget; or (b) are required to comply with Applicable Law, including to cure any notices of violations; or (c) are necessary to remedy any work order by an insurer which is the responsibility of the Condominium Board to remedy.

2.3.3 Notwithstanding anything to the contrary contained in these By-Laws, the Condominium Board shall not take any of the actions set forth below in clauses 2.3.3.1 through 2.3.3.4 unless 75% of the members thereof so approve in writing or by vote at a duly constituted meeting called for such purpose:

2.3.3.1 increase the number or change the type of employees of the Condominium from that described in the First Year Budget;

2.3.3.2 provide for new or additional services, apart from those described in the First Year Budget;

2.3.3.3 impose any Common Charge or Special Assessment for the purpose of making any capital or major improvement, alteration or addition to the Common Elements, unless required by Applicable Law (provided, however, that nothing contained herein shall restrict the rights and obligations of the Condominium Board to maintain and repair the Common Elements); or

2.3.3.4 establish any reserves, including, without limitation, a reserve for contingencies, repairs, improvements or replacements, other than a 12-month reserve for contingencies not exceeding 10% of the budgeted Common Expenses for the ensuing 12 months of operation (provided, however, that nothing contained herein shall restrict the right of the Condominium Board to assess Unit Owners from time to time for any budget deficiency).

2.4 **Managing Agents and Managers**. With respect to matters the determinations concerning which the Condominium Board is entitled to make, the Board may employ a Managing Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to such Managing Agent other powers granted to the Board by these By-Laws, except the powers set forth in Subsections 2.2.2.(b), (e), (g), (h), (i), (k), (1), (m), (n), (o), (p),

(q), (r), (s) and (t). The cost of such Managing Agent shall be a Common Expense.

2.5 **First Board.** The Condominium Board shall initially consist of three (3) persons designated by Declarant. Within two (2) years after the date of the First Closing, the Condominium Board will call for the first annual meetings of Unit Owners for the purpose of electing a new Board in accordance with the provisions of Section 3.1. The terms of each such member of the Condominium Board shall expire annually.

2.6 **Resignation and Removal.** Any Board member may resign at any time by written notice delivered or sent by certified mail, return receipt requested, to the Condominium Board. Such resignation shall take effect at the time specified therein and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Any Residential Member may be removed, with or without cause, by a majority vote of Residential Unit Owners present in person or by proxy at a regular or special meeting of Unit Owners at which a quorum is present. The Commercial Member may be removed, with or without cause, by an affirmative vote of the Commercial Unit Owner, or, if at a future date there is more than one Commercial Unit Owner, then by a majority vote of Commercial Unit Owners present in person or by proxy at a regular or special meeting of Unit Owners at which a quorum is present. Any Board member whose removal has been proposed shall be given an opportunity to be heard at the meeting. Notwithstanding the above, members of the Board designated by Declarant or a Sponsor Successor may only be removed with cause and replaced as described in Section 2.7. In addition, any member of the Board who is designated as such by Declarant or Sponsor Successor, may be removed by Declarant or Sponsor Successor, with or without cause, and Declarant or Sponsor Successor shall have the right to designate the replacement for such member.

2.7 **Vacancies**. Subject to the provisions of Subsection 3.9.3 and 3.9.4, any vacancy on the Condominium Board for whatever reason shall be filled by the members of the Condominium Board then in office, at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy even though the members present at such meeting may constitute less than a quorum, and any person so elected shall be a member of the Board until the next annual meeting of the Unit Owners, when a successor shall be elected for the remainder of the term of the member creating such vacancy. Notwithstanding anything to the contrary contained in these By-Laws, in the case of a vacancy on the Board that is created by the resignation or removal of any Board member designated by Declarant or that is otherwise created by any Board member designated by Declarant's ceasing to be a member of the Board, Declarant shall have the sole right to designate a replacement for such member.

2.8 **Regular Meetings of the Board.** Regular meetings of the Condominium Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided that at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, nationally recognized overnight courier, facsimile or e-mail, at least five (5) business days prior to the day named for such meeting.

2.9 **Special Meetings of the Board.** Special meetings of the Condominium Board may be called by the President or Vice President by giving five (5) business days' prior notice to each member of the Board by personal delivery, mail, facsimile or e-mail, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting.

2.10 **Resolutions of the Board.** The Condominium Board shall cause to be promptly delivered

to the Unit Owners copies of all resolutions adopted by it, except to the extent (a) of matters privileged under Applicable Law, (b) relating to the terms of the sale, leasing or subleasing of any Unit or portion of any Unit, other than the nature of the use thereof and fc) relating to matters not related to the Property.

2.11 **Waiver of Notice**. Any Board member may at any time waive notice of any Board meeting in writing and such waiver shall be deemed equivalent to the giving of such notice Attendance by a member of the Board a. any meeting thereof shall constitute a waiver of notice by him of the time and place thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

2.12 **Determinations by the Board; Quorums.**

2.12.1 Except as otherwise set forth in Subsection 2.12.2, all determinations by the Condominium Board shall be made at a meeting of the Board at which a quorum thereof is present. At any Board meeting, a majority of the members thereof shall constitute a quorum, and, without limiting the right of the Commercial Member to make certain determinations and the requirement of affirmative consent of the Commercial Member to make certain decisions, the votes of a majority of such members present shall constitute the decision of the Board.

2.12.2 If at any Board meeting there is less than a quorum present a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

2.12.3 Members of the Board may participate in a meeting thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting. Notwithstanding anything to the contrary contained herein action permitted or required to be taken at a meeting of the Board may be taken without a meeting if all members of the Board consent in writing to the adoption of a Resolution authorizing such action and the writing or writings are filed with the minutes of the Board.

2.13 **Compensation.** No member of the Condominium Board shall receive any compensation for acting as such.

2.14 **Liability of the Board and Unit Owners.**

2.14.1 To the extent permitted by Applicable Law, no member of the Condominium Board shall have any personal liability with respect to any contract, act or omission of the Board or of any Managing Agent in connection with the affairs or operation of the Condominium (except in their capacities as Unit Owners), and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by the Board or by any Managing Agent thereof shall state that it is made by the Board or Managing Agent only as agent for all Unit Owners, and that the members of the Board or such Managing Agent shall have no personal liability thereon (except in their capacities as Unit Owners). Every such contract shall also state the applicable limitations of liability of Unit Owners provided for in the next sentence. The liability of any Unit Owner with respect to any contract, act or omission with respect to the Condominium shall be limited to such proportionate share of the total liability

as the interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners, and, to the extent permitted by Applicable Law, shall be limited to such Unit Owner's interest in such Unit Owner's Unit and its Appurtenant Interest, so that such Unit Owner shall have no personal liability for such contract, act or omission unless expressly stated to the contrary in such contract (as determined by the Board in its sole and absolute discretion). Nothing in the preceding sentence shall limit a Unit Owner's liability for the payment of Common Charges and Special Assessments, if any. Board members shall have no liability to Unit Owners, except that a Board member shall be liable for such Board member's own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim relating to, arising out of, or in connection with such Board member's actions in his capacity as a Board member, except those arising out of such member's own bad faith or willful misconduct.

2.14.2 Neither the Condominium Board nor any member thereof shall be liable for either (i) any failure or interruption of any utility or other service to be obtained by, or on behalf of, the Board or to be paid for as a Common Expense; or (ii) any injury, loss or damage to any individual or property, occurring in, on or upon either a Unit or the Common Elements, and either (a) caused by the elements, any Unit Owner or any other Person, or (b) resulting from electricity, water, snow or ice that may leak or flow from a Unit or any portion of the Common Elements, or (c) arising out of theft or otherwise; except, in each case, when caused by the acts of bad faith or willful misconduct of the Board or such member thereof, as the case may be.

2.15 **Fidelity Bonds**. The Condominium Board shall have the authority to obtain or ensure maintenance of fidelity bonds, in amounts deemed appropriate by it, for all of its members, officers and employees and for the Managing Agent, if any, employed by it; and the premiums on such bonds shall constitute Common Expenses.

2.16 **Committees**. The Condominium Board may, subject to such limitations and exceptions as the Board may prescribe, appoint an Executive Committee and such other committees as the Board may deem appropriate, each to consist of as many members as the Board shall deem appropriate, for the purpose of making such reports and studies as the Board deems appropriate. Any Executive Committee of the Condominium Board shall be required to consist of at least one Residential Member. For so long as Declarant or a Sponsor Successor is entitled to designate one or more members of the Board, any committee appointed by the Board shall have as at least one of its members a member appointed by Declarant or a Sponsor Successor.

2.17 **Principal Offices of the Board.** The principal offices of the Board shall be located within the Property or at such other place in the Borough of Manhattan reasonably convenient thereto as may be designated from time to time by the Board.

2.18 **Status of the Board.** In addition to the status conferred upon the Board under or pursuant to the provisions of the Condominium Act, the Board shall, to the extent permitted by Applicable Law, be deemed to constitute a separate association for all purposes under and pursuant to the provisions of the General Associations Law of the State of New York. In the event of the incorporation of the Board pursuant to the provisions of Section 2.19 below, the provisions of this Section 2.20 shall no longer be applicable to the Board.

2.19 **Incorporation of the Board.** To the extent and in the manner provided in the

Condominium Act, the Condominium Board may, by action of the Board as provided in this Article 2, be incorporated under the applicable statutes of the Slate of New York. In the event that the Board so incorporates, it shall have, to the extent permitted by Applicable Law, the status conferred upon it under such statutes in addition to the status conferred upon it under or pursuant to the provisions of the Condominium Act. The certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the provisions of the Declaration and these By-Laws, and the provisions of the Declaration and these By-Laws shall control in the event of any inconsistency or conflict between the provisions hereof and the provisions of such certificate of incorporation and by-laws.

2.20 **Board as Agent of Unit Owners.** In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act in good faith as, and shall be, the agent of the Unit Owners, subject to and in accordance with the provisions of the Declaration and these By-Laws.

2.21 **Prohibited Transactions.** Each member of the Condominium Board shall perform his duties, and shall exercise his powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Applicable Law, no contract or other transactions between the Board and cither (i) any of its members or (ii) any corporation, partnership, fiduciary, firm, limited liability company, association or other entity in which any of the members of the Board are officers, directors, employees, partners, members, fiduciaries, beneficiaries or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either (a) any such interested member of the Board was present at the meeting or meetings of the Board during which such contract or transaction was discussed, authorized, approved or ratified, or (ii) the vote of any such interested member was counted for such purposes; provided, however, that either:

2.21.1 the material facts as to the Board member's interest in such contract or transaction are disclosed in good faith or known to the Board or are noted in the minutes thereof, and the Board approves, authorizes or ratifies such contract or transaction in good faith by a vote sufficient for such purpose without counting the vote of such interested member of the Board or, if the votes of the disinterested members of the Board are insufficient to constitute a quorum, by unanimous vote of the disinterested members; or

2.21.2 the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall authorize, approve or ratify such contract or transaction; or

2.21.3 the contract or transaction is considered commercially reasonable by the Board at the time it is authorized, approved, ratified, executed or otherwise consummated.

Any interested member of the Board may be counted in determining the presence of a quorum of any meeting of the Board that authorizes, approves or ratifies any such contract or transaction, and, except as set forth in Subsection 2.23.1, shall also be entitled to vote thereat to authorize, approve or ratify such contract or transaction.

ARTICLE 3
UNIT OWNERS

3.1 Annual Meetings.

3.1.1 The first annual meeting of Unit Owners shall be held no later than two years after the First Closing. At such meeting, the incumbent Condominium Board shall resign and the Unit Owners shall elect (in accordance with the provisions of Section 2.1 and as otherwise provided in these By-Laws) a Condominium Board consisting of five members. Thereafter, annual meetings of Unit Owners shall be held within approximately 30 days of each anniversary of the first annual meeting of Unit Owners. At such meetings, the incumbent Board members shall resign and the new Board members shall be elected, and there shall also be transacted such other business as may properly come before such meetings.

3.2 **Place of Meetings.** Meetings of all or any Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of Manhattan as may be designated by the Condominium Board.

3.3 **Special Meetings.** The President of the Condominium shall call a special meeting of the Unit Owners if so directed by duly adopted resolution of the Board or upon receipt by the Secretary of the Board of a petition calling for such a meeting signed by Unit Owners having in the aggregate not less than twenty-five percent (25%) of the Common Interests of Unit Owners.

3.4 **Notice of Meetings and Actions Taken.** Notice of each annual or special meeting shall be given by the Secretary to all Unit Owners of record entitled to vote thereat. Each such notice shall state the purposes of the meeting and the time and place where it is to be held, and no business shall be transacted thereat except as stated in the notice. All notices hereunder shall be given by personal delivery, mail, nationally recognized overnight courier, facsimile or e-mail, at least 10 days but no more than 40 days prior to the day named for the meeting and shall be given or sent to the Unit Owners entitled to receive same at their address at the Property or at such other address at the Property or elsewhere as any Unit Owner has designated by notice in writing to the Secretary at least 10 days prior to the giving of notice of the applicable meeting. However, if the business to be conducted at any meeting of the Unit Owners shall include consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be given to all Unit Owners as provided above at least 30 days prior to the day named for such meeting, and such notice shall be accompanied by a copy of the text of such proposed amendment.

3.5 **Adjournment of Meetings.** If any joint or separate meeting of Unit Owners cannot be held because a quorum is not present, a majority of Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

3.6 **Order of Business**. The order of business at all meetings of Unit Owners shall be as follows:

(a) Call to order,

(b) Roll call;

(c) Proof of notice of meeting;

(d) Reading of minutes of preceding meeting;

(e) Reports of officers;

(f) Reports of members of the Board;

(g) Reports of committees;

(h) Election of inspectors of election (when so required);

(i) Election of members of the Board (when so required);

(f) Unfinished business;

(k) New business; and

(1) Adjournment.

3.7 **Title to Units.** Title to Units may be taken by any individual, corporation, partnership, association, trust or other entity, or any two or more of such owners as joint tenants, tenants in common or tenants by the entirety, as may be appropriate, but not as owners in severalty.

3.8 **Voting.**

3.8.1 Each Unit Owner or a person designated by such Unit Owner to act as proxy on such Unit Owner's behalf and who need not be a Unit Owner, shall be entitled to cast the votes appurtenant to such Unit as set forth herein and in the Declaration 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; provided, however, that no designation to act as a proxy shall be effective for a period in excess of six months except a designation of a Permitted Mortgagee to act as the proxy of its mortgagor. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Neither the Board nor its designee shall be entitled to vote the interest appurtenant to any Unit owned by the Board, and the Common Interest of such Unit shall be excluded from the total Common Interests when computing the interest of Unit Owners for voting purposes.

3.8.2 If two or more Persons own a Unit, they shall designate in writing to the Secretary of the Condominium one Person among them to vote the entire Common Interest appurtenant to their Unit, and the vote of such designee shall be binding on all such Persons. Failing such designation, all of such Persons shall mutually vote such Common Interest under one ballot without division, and the concurrence of all such Persons shall be conclusively presumed if any one of them purports to vote such Common Interest without protest being contemporaneously made to the individual presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

3.8.3 Except as otherwise set forth herein or in the Declaration, at all meetings of Unit Owners, each Unit Owner (or such Unit Owner's proxy) entitled to vote thereat (including Declarant with respect to Units owned by Declarant) shall be entitled to cast one vote for each .001% of Common Interest attributable to such Unit Owner's Unit.

3.8.4 Whenever a particular percentage of Common Interest must be reached for voting purposes and such required percentage is in terms of, for example, the Residential Unit Owners as a group (as opposed to all Unit Owners as a whole, as when electing Residential Members), such required percentage shall mean a percentage in terms of total Common Interests attributable to that particular group and not the percentage of Common Interests attributable to all Unit Owners.

3.9 **Election of Board Members; Rights of Declarant.**

3.9.1 All elections of Board members shall be determined by plurality vote, subject to the provisions of Section 2.1.1.

3.9.2 When voting for Board members, the voting shall be by ballot and each ballot shall state the name of the Unit Owner voting and the percentage of Common Interests owned by such Unit Owner, and in addition, the name of the proxy if such ballot is cast by a proxy. Each Unit Owner shall be entitled to cast the number of votes determined in accordance with Subsection 3.8.2 for each member to be elected by the Unit Owners. Nothing contained in these By-Laws shall be deemed to permit cumulative voting.

3.9.3 Notwithstanding any other provision of this Section 3.9 or any other provision of these By-Laws to the contrary, Declarant or a Sponsor Successor shall control the Condominium Board until the expiration of the Initial Control Period. After the Initial Control Period has elapsed, so long as Declarant owns at least one (1) Unsold Residential Unit, Declarant shall have the right to designate one (1) Residential Member and, so long as Declarant owns one (1) Commercial Unit, Declarant will have the right to designate the Commercial Member. In addition to the Residential Members designated by Declarant, Declarant shall, at all times, also have the right to cast its votes for all remaining Residential Member positions for candidates who reside in the Building and who are unrelated to or unaffiliated with Declarant.

3.9.4 Notwithstanding anything to the contrary set forth above, in the event the regulations promulgated by the New York State Department of Law governing the conversion of occupied residential property to condominium ownership are amended to provide that a sponsor can elect a majority of its designated board members for a period in excess of five years, or if such regulations are finally determined to be unenforceable by a court of competent jurisdiction, provided that Declarant has a sufficient number of votes to cast a majority of the votes of the Unit Owners, then the aforesaid restrictions concerning Declarant's rights to elect a majority of the Residential Members shall no longer be effective and Declarant shall have the same rights to vote its Common Interests as any other Unit Owner, whether or not Declarant has previously been required to give up control of the Board.

3.10 **Majority of Unit Owners.** Except as may otherwise be provided by law, as used in these By-Laws, the terms "Majority of Residential Unit Owners," "Majority of Commercial Unit Owners" and "Majority of Unit Owners" means cither those Residential Unit Owners, Commercial Unit Owners, or Unit Owners, as the case may be, having more than 50% of the total authorized votes of either all Residential Unit Owners, all Commercial Unit Owners, or all Unit Owners, as the case may be, determined in accordance with the provisions of Section 3.8, who are present in person or by proxy and voting at any meeting at which a quorum is present.

3.11 **Quorum.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning Units to which are appurtenant, in the aggregate, more than 50% of the

Common Interests shall constitute a quorum at all joint meetings of Unit Owners, except that the Condominium Board shall have the absolute right, regardless of such quorum being present, to require an adjournment of any such joint meetings for not longer than 30 days unless an emergency exists.

3.12 **Majority Vote.** Except where otherwise provided by law, the Declaration or these By-Laws, at all meetings of Unit Owners, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

ARTICLE 4
OFFICERS

4.1 **Designation.** The principal officers of the Condominium shall be a President, a Vice President, Secretary and Treasurer. The Board may appoint an Assistant Treasurer, Assistant Secretary and such other officers as in its sole judgment may be desirable. None of the officers of the Condominium need be Unit Owners or have any interest therein or be Board members until the first organizational meeting of the Condominium Board after the first annual meeting of Residential Unit Owners. Thereafter, the President and Vice President of the Condominium Board must be members of the Condominium Board. So long as Sponsor or any Successor sponsor owns at least one (1) Unit, Sponsor or such Successor Sponsor shall have the right to appoint one (1) or more Assistant Vice Presidents, which Assistant Vice Presidents shall have the authority to take any actions, including but not limited to the execution of documents necessary to allow Sponsor to fully exercise its rights under the Declaration.

4.2 **Election of Officers**. The officers of the Condominium Board shall be elected annually by the members of the Condominium Board, except that the initial officers of the Condominium Board shall be elected by the initial Condominium Board members and shall hold office at the pleasure of the Board and until their successors arc elected.

4.3 **Resignation and Removal of Officers**. Any officer may resign at any time by written notice delivered or sent by certified mail, return receipt requested, to the Condominium Board. Such resignation shall take effect at the time specified in such notice, and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor officer may be elected at any regular Board meeting or at any special Board meeting called for such purpose.

4.4 **Presidents**. The President of the Condominium shall be the chief executive officer of the Condominium and shall preside at all meetings of the Condominium Board and at all joint meetings of Unit Owners. The President shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Business Corporation Law of the State of New York, including, but not limited to, the power to appoint committees from among Unit Owners from time to time as the President decides is appropriate to assist in the conduct of the affairs of the Condominium.

4.5 **Vice Presidents**. The Vice President shall take the place of the President and shall perform the duties of the President whenever the President shall be absent or unable to act. If both the President and the Vice President of the Condominium are unable to act, the Condominium Board shall appoint some member of the Board to act in the place of such President and Vice President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Condominium Board or by the President.

4.6 **Secretaries**. The Secretary of the Condominium shall keep the minutes of meetings of the Condominium Board and joint meetings of Unit Owners. The Secretary shall have charge of such books and papers as the Board shall direct and shall in general perform all the duties incident to the office of secretary of a corporation organized under the Business Corporation Law of the State of New York.

4.7 **Treasurers**. The Treasurer shall have the care and custody of the funds and securities of the Condominium, and shall be responsible for keeping full and accurate financial records and books of account thereof showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Board (or in the name of the Managing Agent appointed by the Board) in such depositories as may from time to time be designated by the Board and shall in general perform all of the duties incident to the office of treasurer of a corporation organized under the Business Corporation Law of the State of New York.

4.8 **Execution of Documents**. Unless otherwise delegated by the Board, all agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any officer of the Condominium Board or by such other person or persons as may be designated by the Board. However, any significant expenditure by the Condominium Board must be countersigned by two members of the Board. If for any reason whatsoever one member refuses to countersign such an expenditure which has been authorized, the Condominium Board shall designate and authorize another Board member to countersign the expenditure.

4.9 **Compensation of Officers**. Except as otherwise provided by the Board, no officer shall receive any compensation for acting as such.

ARTICLE 5
NOTICES

5.1 **Notices**. All notices required or desired to be given hereunder to the Board shall be personally delivered or sent by registered or certified mail to the office of the Board or to such other address as the Board may designate from time to time, by notice in writing to all Unit Owners and to all Permitted Mortgagees, as the case may be, and if there is a Managing Agent of the Board, a duplicate shall be sent in like manner to such Managing Agent. All notices to any Owner shall, except as otherwise provided herein, be personally delivered or sent by registered or certified mail or overnight courier to the Property address of such Unit Owner or to such other address as may have been designated by such Unit Owner from time to time, in writing, to the Condominium Board. All notices to Permitted Mortgagees shall be personally delivered or sent by mail to their respective addresses, as designated by them from time to time, in writing to the Condominium Board. All notices shall be deemed to have been given when personally delivered or mailed in a postage prepaid sealed wrapper, except notices of change of address, which shall be deemed to have been given when received.

5.2 **Waiver of Service of Notice**. Whenever notice is required to be given by law, the Declaration or these By-Laws, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE 6
OPERATION OF THE PROPERTY

6.1 Determination of Common Expenses and Fixing of Common Charges.

6.1.1 Except as otherwise provided herein, all common expenses shall be determined by the Condominium Board as set forth below, and shall be borne by the Unit Owners. Common Expenses shall also include all such other items provided for in the Declaration or these By-Laws to be Common Expenses. Common Expenses shall also include such amounts as the Condominium Board may deem proper for a general operating reserve or for a reserve for working capital or for replacements with respect to the Common Elements. The Condominium Board shall from time to time and at least annually prepare a budget to meet Common Expenses. The Condominium Board shall allocate Common Expenses between each class of Units based on the relative usage and benefits received by each to which such Common Expenses are attributable and the specific limitations on Common Charges to the Commercial Units contained below, whether collected through Common Charges or Special Assessments. The allocation of Common Expenses used in the First Year's Budget is illustrative of such allocation. Such budgets shall include such amounts for reserves as the Condominium Board deems appropriate. After the preparation of each budget and allocation of the Common expenses between the Residential Units, collectively, and the Commercial Units:

6.1.1.1 The Condominium Board shall assess the Common Expenses allocated to the Residential Units as Common Charges to the Residential Unit Owners, pro rata, in accordance with the aggregate respective Common Interests of all Residential Units.

6.1.1.2 The Condominium Board shall assess the Common Expenses allocated to Commercial Units as Common Charges to the Commercial Unit Owners. 6.1.1.3 Instead of making allocations based on Common Interests, the Condominium Board may make allocations of Common Expenses in accordance with submetering, contract allocations and usage (both projected and actual) so long as such allocations are reasonable under the circumstances and are in accordance with the provisions of Applicable Law; except that the Condominium Board may not, without the written consent of a majority of the Commercial Unit Owners, modify the method of allocation of Common Expenses and assessment of Common Charges used in the First Year Budget, which is presumptively deemed reasonable, or increase the number of building employees servicing the Commercial Units in such a manner as would increase the Common Charges otherwise payable by the Commercial Unit Owners.

6.1.1.3 .Within four months after the end of each fiscal year of the Condominium the Board will circulate to all Unit Owners an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant;

6.1.2 Notwithstanding anything to the contrary in this Subsection 6.1.2, the costs of repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to any Limited Common Element (except in connection with a casualty or condemnation) shall be borne solely by those Unit Owners who benefit from such Limited Common Element. The

benefiting Unit Owners shall bear such costs in the proportion that the Common Interest appurtenant to the Unit owned by each benefiting Unit Owner bears to the Common Interests appurtenant to the Units of all benefiting Unit Owners, except that the cost of any structural repairs to Limited Common Elements which benefit only some or all Residential Unit Owners shall be borne by all Residential Unit Owners in accordance with their respective Common Interests. Common Expenses allocable to the Residential Units shall include, without limitation, such amounts as the Condominium Board may deem proper for a general operating reserve or for a reserve for working capital or for replacements with respect to the Common Elements, including any Limited Common Elements.

6.1.3 The excess of all rents, profits and revenues derived from the rental or use of any space or facility forming part of or included in any Common Element remaining after the deduction of any non-capital expenses paid or incurred in connection therewith shall be collected by the Condominium Board as agent for and on behalf of the Unit Owners. If the collection of any such rents, profits and revenues derived from the Common Elements, together with the Common Charges and any Special Assessments, exceeds the Common Expenses for such year (such excess being referred to as a "Excess"), then any such Excess shall be applied by the Condominium Board against the Common Expenses for the next succeeding year of operation, and no Unit Owner shall be entitled to a distribution of any portion of any such Excess unless the Condominium Board shall determine to distribute all or part of any such Excess to all Unit Owners pro rata in proportion to their respective amounts of Common Charges actually paid. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, in no event shall any rent, profit or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

6.1.4 Common Expenses shall be deemed to include real estate taxes on the Property until the Units are separately assessed.

6.1.5 In addition to its forgoing duties, the Condominium Board shall have the right, subject, in all respects, to the restrictions contained in Section 2.3 hereof, to levy Special Assessments against all Unit Owners, which shall be allocated among the Unit Owners in the same manner as Common Charges and which may be payable in either one lump sum or in installments, as the Condominium Board determines; provided, however, that the Condominium Board shall give each Unit Owner not less than 15 days' written notice prior to the date upon which any such Special Assessment, or the first installment thereof, is due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. No Special Assessment which is attributable to expenses for Building personnel exclusively serving the Residential Section or structural repairs or replacements with respect to any Residential Limited Common Element shall be levied against the Commercial Unit Owners. The Board may levy Residential Special Assessments against Residential Unit Owners only, if applicable. The Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Sections 6.6 and 6.7 hereof).

6.1.6 Condominium Board also shall have the right, subject, in all respects, to the restrictions contained in Section 2.3 hereof, to levy Residential Special Assessments against all Residential Unit Owners, which shall be allocated among the Residential Unit Owners in the same manner as Common Charges and which may be payable in either one lump sum or in installments, as the Condominium Board determines; provided, however, that the Condominium Board shall give each

Residential Unit Owner not less than 15 days' written notice prior to the date upon which any such Residential Special Assessment, or the first installment thereof, is due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Board shall have all rights and remedies for the collection of Residential Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Sections 6.6 and 6.7 hereof).

6.1.7 Notwithstanding anything to the contrary herein, no part of the net earnings of the Condominium may inure to the benefit of any Unit Owner or individual, other than by acquiring, constructing, or providing management, maintenance, or care of the Common Elements, and other than by a rebate of excess membership dues, fees, or assessments.

6.2 **Insurance**. The Condominium Board shall be required to obtain and maintain, to the extent obtainable, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building, together with all service machinery contained therein and covering the interests of the Condominium, the Condominium Board, all Unit Owners and their Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings); said policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions hereinafter set forth; (b) loss of income insurance (Common Charges); (c) worker's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) water damage insurance to the extent, if any, determined by the Condominium Board to be necessary; (f) elevator liability and collision insurance; (g) fidelity insurance covering the Board and all officers, directors, Managing Agents and employees of the Condominium; (h) directors' and officers' liability insurance; (i) commercial umbrella insurance; and (j) such other insurance as the Condominium Board may from time to time determine to be necessary or appropriate. The premiums for all insurance referred to above and for the liability insurance referred to below shall be a Common Expense and shall be borne by the Unit Owners in accordance with percentage of Common Interest

6.2.2 All such policies shall provide that adjustment of loss shall be made exclusively by the Condominium Board. Insurance proceeds with respect to any loss shall be payable to the Board, except that the proceeds of all policies of physical damage insurance, if in excess of $1,000,000, shall be payable to the Insurance Trustee.

6.2.3 All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured, or (iv) pro rata reduction of liability, and shall provide that such policies may not be canceled or substantially modified without at least 10 days' prior written notice to all of the insureds, including all Unit Owners and Permitted Mortgagees.

6.2.4 The Condominium Board shall also be required to obtain and maintain comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Property, in such limits as the Board may from time to time determine, covering the Board, the officers thereof, the Managing Agents thereof, the employees of the Board and the Condominium, each Board member and each Unit Owner; except that such policy will not cover liability of a Unit Owner arising from occurrences within such Unit Owner's Unit or within the Residential Limited Common Elements or Commercial Limited Common Elements, if any, appurtenant to such Unit Owner's Unit. The Condominium Board shall review such limits once each year. The insurance required in accordance with this Subsection 6.2.4 shall also cover cross-liability claims of one insured against another.

6.2.5 Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Board determines.

6.2.6 The Condominium Board is not required to obtain or maintain any insurance with respect to any personal property contained in a Unit. Each Unit Owner must, at the Unit Owner's own cost and expense, obtain and keep in full force and effect (a) comprehensive personal liability insurance against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in, upon, or from the Unit or any part thereof, with minimum combined single limits of liability of $1,000,000 for bodily injury or death arising out of any one occurrence, plus at least $2,000,000 umbrella liability coverage. The Condominium Board shall have the right to require all Unit Owners to obtain and keep insurance with the aforementioned limits of liability, or with such limits of liability as the Board deems appropriate. The Commercial Unit owners must also obtain Plate Glass insurance as part of their insurance coverage.

6.2.7 Unit Owners are required to obtain insurance for their own benefit, at their own expense, and the Board shall not be prohibited from carrying additional insurance; provided, however, that all policies of insurance obtained by any Unit Owner with respect to occurrences within or about a Unit or the Common Elements appurtenant thereto shall contain a waiver of the insurer's rights of subrogation against the Board. The liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. To the extent any party is insured, or required to be insured for loss or damage to property hereunder, such party will look to its own insurance policies for recovery. Notwithstanding the foregoing, the insurance that is procured by a Commercial Unit Owner may be part of blanket policies covering a Commercial Unit owned by such Unit Owner and other properties owned or operated by such Unit Owner or its affiliates.

6.3 **Repair or Reconstruction after Fire or Other Casualty**.

6.3.1 In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty (unless three-fourths or more of the Building is destroyed or substantially damaged and 75% or more in Common Interest of all Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Condominium Board will arrange for the prompt repair and restoration thereof and the Board or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners, pro rata, in accordance with their respective Common Interests. However, the Commercial Unit Owners shall still have the right to make all arrangements for the prompt repair and restoration of the Commercial Units to the extent it is affected by such damage or destruction. Any surplus payable to any Unit Owner pursuant to this Subsection 6.3.1 shall be lessened by such amounts as may be required to reduce unpaid liens (Other than mortgages that are not Permitted Mortgages) on any such Unit in the order or priority of such liens.

6.3.2 Unless the Unit Owners have elected not to restore the Building as provided in Subsection 6.3.3, damage or destruction to a Unit or a Limited Common Element as a result of fire or other casualty shall be promptly repaired and reconstructed by the owner of the affected Units to the extent that such repair or reconstruction does not involve Common Elements the repair or reconstruction of which is the obligation of the Condominium Board, as provided in Subsection 6.3.1. If a Unit Owner fails to repair or reconstruct such Unit Owner's Unit, the Condominium Board may cause the Unit to be repaired or

reconstructed and the costs incurred in connection therewith shall be charged to the defaulting Unit Owner as a Special Assessment.

6.3.3 If three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Property shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners, pro rata, in accordance with their respective Common Interests; provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of such Unit Owner's share of such funds, such amounts as may be necessary to discharge or reduce all unpaid liens on such Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of the priority of such liens. As used in this Section 6.3, the words 'promptly resolve' mean resolve as promptly as practical under the circumstances but, in any event, not more than sixty (60) days from the date of such damage or destruction.

6.3.4 Any dispute arising under this Section 6.3 shall be determined by Arbitration.

6.4 **Payment of Common Charges.**

6.4.1 All Unit Owners shall be obligated to pay to the Condominium Board the Common Charges and Special Assessments assessed by the Condominium Board pursuant to the provisions of Section 6.1 at such time or times as the Board determines. Unless otherwise determined by the Board, Common Charges shall be payable monthly, in advance, on the first day of each month.

6.4.2 Subject to Section 6.4.4, no Unit Owner shall be liable for the payment of any part of the Common Charges or Special Assessments assessed against such Unit Owner's Unit subsequent to a sale or other conveyance by him (made in accordance with these By-Laws) of such Unit together with its Appurtenant Interest. Any Unit Owner may, subject to the terms and conditions of these By-Laws, convey for no consideration such Unit together with its Appurtenant Interest, to the Condominium Board or its designee, corporate or otherwise, and in such event (except as hereinafter set forth), be exempt from Common Charges and Special Assessments thereafter accruing, provided, however, that (a) such Unit is free and clear of liens and encumbrances other than Permitted Mortgages and the statutory lien for unpaid Common Charges and Special Assessments (provided that no amounts are owing under any such lien), and (b) no violation of any provision of the Declaration, these By-Laws or the Residential Rules and Regulations then exists with respect to such Unit. A purchaser of a Unit shall be liable for the payment of Common Charges and any Special Assessments accrued and unpaid against such Unit prior to the acquisition by such purchaser of such Unit, except that, to the extent permitted by law, a purchaser of a Unit at a foreclosure sale of a Permitted Mortgage shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Charges and any Special Assessments accrued and unpaid against such Unit prior to the acquisition by said purchaser of such Unit. However, in the event of a foreclosure sale of a Unit by a Permitted Mortgagee, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges and Special Assessments assessed against such Unit that accrued prior to such sale. Except to the extent prohibited by law, the Condominium Board, on behalf of all Unit Owners, shall have a lien on each Unit for unpaid Common Charges and Special Assessments, together with interest thereon, assessed against such Unit. While Sponsor controls the Board, it will cause the Board to file a lien for unpaid common charges with

respect to Units for which Sponsor is more than 30 days in arrears.

6.4.3 All liens provided for in Subsection 6.4.2, to the extent permitted by Applicable Law, shall be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the Unit.

6.4.4 Notwithstanding Subsection 6.4.2, neither the seller nor the purchaser of a Unit shall be liable for, nor shall the Unit be conveyed subject to, a lien for any unpaid Common Charges or Special Assessments against such Unit accrued prior to such conveyance in excess of the amount set forth in a written statement from the Condominium Board regarding such unpaid Common Charges or Special Assessments.

6.4.5 In the event that, prior to the Units being separately assessed for real estate tax purposes, the Condominium Board pays real estate taxes on behalf of a Unit Owner, the amount of such real estate taxes shall be deemed to be Common Charges, and such Board shall have a lien (as provided in Subsection 6.4.2) for any such accrued and unpaid amounts.

6.4.6 . In accordance with Section 339-k of the Real Property Law of the State of New York, in the event a non-occupying unit owner fails to make required payments to the Condominium Association for common charges, assessments, etc., the Condominium Association shall have the right to direct any rental tenant occupying such owner's unit to pay his/her rent directly to the Condominium Association in payment of such defaulting unit owner's condominium charges. See Article 6 of the By-laws of the Condominium.

6.5 **Collection of Common Charges**. The Condominium Board shall take prompt action to collect any Common Charges due to the Board that remain unpaid for more than 30 days after the due date for payment thereof, including, without limitation, the institution of such actions and the recovery of interest and expenses as provided in this Article 6.

6.6 **Default in Payment of Common Charges**. In the event any Unit Owner fails to make payment of Common Charges or Special Assessments within 10 days of the date on which they are due (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), such Unit Owner shall be obligated to pay (a) a "late charge" equal to the greater of $ 150.00 or 4% of such unpaid amount, and (b) interest on such unpaid amounts at the rate of two percent 2% per month (but in no event in excess of the maximum rate permitted by law), computed from the due date, thereof, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Condominium Board or by any Managing Agent in any proceeding brought to collect such unpaid Common Charges or Special Assessments or in any action to foreclose the lien on such Unit arising from said unpaid Common Charges or Special Assessments 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," interest and expenses shall be added to and shall constitute Common Charges payable by such Unit Owner. Notwithstanding the foregoing, the Board may establish its own alternate fees for late payments, whether such fees are more or less than the charges set forth herein; provided, however, that such alternate fees do not exceed the maximum amount permitted by law.

6.7 **Foreclosure of Liens for Unpaid Common Charges**. In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges or Special Assessments, the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of

such Unit Owner's Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect such rent. The Condominium Board, acting on behalf of all Unit Owners, shall have the power to purchase any such Unit at the foreclosure sale thereof, and to acquire, hold, lease, mortgage, convey or otherwise deal with such Unit (but not to vote the votes appurtenant to such Unit or portion thereof). A suit to recover a money judgment for unpaid Common Charges or Special Assessments shall be maintainable without foreclosing or waiving the lien securing such charges. In the event the net proceeds received on such foreclosure sale (after deduction of all legal fees, and advertising costs, brokerage commissions and other costs and expenses incurred in connection with the sale or rental of such Unit) are insufficient to satisfy the defaulting Unit Owner's obligations, such Unit Owner shall remain liable for the deficit. Notwithstanding anything to the contrary set forth above, the Condominium Board, at the request of Declarant, will enter into an agreement with any tenant with which Declarant has entered into a lease for all or any portion of the Commercial Units. Under the terms of such agreement, the tenant will acknowledge that the lease is subject and subordinate to the Declaration, and the Condominium Board will agree that so long as there is no event of default under said lease as would entitle the Declarant or any successor landlord under the lease to terminate the lease or dispossess the tenant thereunder, the tenant shall not be named or joined in any action or proceeding to foreclose the lien of the Condominium Board on the Commercial Units for Common Charges or any other sums of any sort, and the Condominium Board shall agree that the lease shall not be terminated, nor shall the tenant's use, possession, or enjoyment of the Commercial Unit be interfered with, nor shall the leasehold estate granted by the lease be affected in any manner, nor shall any of the rights of the tenant granted under the lease be affected in any manner, in any foreclosure or other action or proceeding instituted under or in connection with any such lien or in the exercise of any rights of the Condominium Board, or, in case the Condominium Board takes possession of a Commercial Unit pursuant to any provision of the Declaration or By-Laws, or otherwise; provided, however, that if the Condominium Board or any other party succeeds to the interests of the Declarant under the lease, the tenant will agree to be bound to the Board or such party under all of the terms, covenants and conditions of the lease and the tenant will attom to the Board or such party as its landlord.

6.8 **Statement of Common Charges.** The Condominium Board shall promptly provide any Unit Owner who so requests, with a written statement of all unpaid Common Charges and Special Assessments due to it from Unit Owners.

6.9 **Maintenance and Repairs.**

6.9.1 Except as otherwise provided in the Declaration or these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, (a) in or to any Unit (excluding Common Elements included therein except as otherwise provided in these By-Laws) and the entrance doors thereto shall be made by the owner of such Unit at such Unit Owner's sole cost and expense; (b) in or to the Residential Common Elements shall be made by the Condominium Board and the cost and expense thereof shall be charged to the Residential Unit Owners as a Common Expense; (c) in or to the General Common Elements will be made by the Condominium Board, and the cost and expense thereof will be charged to the Unit Owners as a Common Expense; (d) in or to the Residential Limited Common Elements shall be made by the Condominium Board and the cost and expense thereof shall be charged to the Residential Unit Owners who benefit from such Residential Limited Common Elements; and (c) in or to the Commercial Common Elements and Commercial Limited Common Elements (if any) shall be made by the Condominium Board and the cost and expense thereof shall be charged to the Commercial Unit Owners as a Common Expense.

6.9.2 Notwithstanding the provisions of Subsection 6.9.1:

6.9.2.1 In the event that any painting, decorating, maintenance, repairs or replacements to the Property or any part thereof is necessitated by the negligence, misuse or neglect of (a) any Unit Owner or any guest, agent, licensee, tenant or invitee of a Unit Owner, the entire cost thereof shall be borne by such Unit Owner; (b) the Condominium Board, the entire cost thereof (but only the cost required to repair or replace the Property to the original building standard or its reasonable equivalent) shall be charged to the Unit Owners as a Common Expense; except, in all such cases, to the extent such cost is covered by the proceeds of any insurance maintained pursuant to the provisions hereof.

6.9.2.2 The interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and the windows may not be modified, altered or replaced without the written consent of the Condominium Board. The Condominium Board may establish such other rules and regulations as it deems necessary to protect the Condominium, the Common Elements and the health and safety of the occupants of the Building.

6.9.2.3 The exterior surface of all windows in the Residential Units shall be washed or cleaned at the cost and expense of the Residential Unit Owner. The interior glass surfaces of all windows located in any Unit and the exterior glass surfaces of all windows located in the Commercial Units shall be washed and cleaned by the Unit Owner or occupant thereof at such Unit Owner's sole cost and expense.

6.9.2.4 The exterior of all front doors of Residential Units shall not be painted or decorated, except with the written consent of the Condominium Board.

6.9.3 Each Unit and all portions of the Common Elements shall be kept in first-class condition (and, with respect to any terrace, roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Condominium Board, as set forth herein, and such Unit Owner or Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work, repairs and replacements necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good, clean and neat appearance, in conformity with the dignity and character of the Building, by (a) the Condominium Board, with respect to such parts of the Building required to be maintained by it; (b) a Commercial Unit Owner, with respect to the windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in its Unit; and (c) each Residential Unit Owner, with respect to the windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Unit Owner's Unit.

6.10 **Violations of Maintenance Obligations.**

6.10.1 In the event that any Residential Unit Owner, within a reasonable time after receipt of written notice from the Condominium Board, fails to perform any of its obligations with respect to the painting, decorating, maintenance, repair or replacement of its Residential Unit as provided in this Article 6 or of any Residential Limited Common Element for which such Residential Unit Owner is responsible under the Declaration or these By-Laws, the Condominium Board may, but shall not be obligated to, perform or cause to be performed such painting, decorating, maintenance, repair or replacement, unless such Residential Unit Owner, within 30 days after receiving notice of such default

from the Board (or sooner in the case of emergency), cures such default, or in the case of default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement by the Condominium Board, together with interest thereon at the rate of 2% per month from the date on which such Board first incurs any cost or expense (but in no event in excess of the maximum rate permitted by law), shall be immediately payable by such Residential Unit Owner to the Board and shall, for all purposes hereunder, constitute Common Charges payable by such Residential Unit Owner.

6.10.2 In the event that a Commercial Unit Owner fails or neglects in any way to perform any obligation with respect to the painting, decorating, maintenance, repair or replacement of its Commercial Unit as provided in this Article 6, the Condominium Board may, but shall not be obligated to, perform or cause to be performed any such painting, decorating, maintenance, repair or replacement, provided that (a) the Board gives a Commercial Unit Owner written notice that such repair or replacement is necessary and that the Board will complete such repair or replacement in the event the Commercial Unit Owner does not promptly act or complete the repair or replacement, and (b) the Commercial Unit Owner, within 5 days after receiving such notice (or sooner in the case of emergency), fails to cure its default, or in the case of a default not reasonably susceptible to cure within such period, fails to commence and to thereafter prosecute to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred by the Condominium Board in connection with the making of any such painting, decorating, maintenance, repair or replacement, together with interest thereon at the rate of 2% per month from the date on which the Board first incurs any cost or expense (but in no event in excess of maximum rate permitted by law), shall be payable by a Commercial Unit Owner to the Board and shall, for all purposes hereunder, constitute Common Charges payable by the Commercial Unit Owner. In the event that the Commercial Unit Owner disputes its obligation to pay any such Common Charges or disputes the amount of such charge, the Condominium Board or the Commercial Unit Owner shall have the right to submit such dispute to Arbitration. The Commercial Unit Owner shall pay the cost of such repair or replacement only after a determination by Arbitration to the effect that (i) the repair or replacement was required to be performed by such Unit Owner, (ii) such Unit Owner failed to perform such repair or replacement, and (iii) the cost of such repair or replacement by the Condominium Board was reasonable. The Condominium Board shall be solely responsible for the quality of any repair or replacement performed by it pursuant to this Subsection 6.10.2 and for the proper completion thereof. The Condominium Board shall indemnify the Commercial Unit Owner and hold it harmless from and against any and all claims, costs, expenses or liabilities whatsoever, including reasonable counsel fees, incurred by the Commercial Unit Owner in connection with any such painting, decorating, maintenance, repair or replacement; but not for any claims, costs, expenses or liabilities relating to, arising from, or in connection with the existence of the condition requiring such painting, decorating, maintenance, repair or replacement.

6.11 **Structural Alterations, Additions, Improvements and Repairs of Units.**

6.11.1 Except as otherwise provided in the Declaration, no Unit Owner shall make any structural alteration, addition, improvement or repair in or to such Unit Owner's Unit without the prior written approval of the Condominium Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural alteration, addition, improvement or repair in or to such Unit Owner's Unit within 45 days after such request is received, and the failure to do so within the stipulated time shall constitute such Board's consent to the proposed alteration, addition, improvement or repair. Prior to, and as a condition of, the granting of its consent to the making of a structural alteration,

addition, improvement or repair in or to a Unit, the Board may exercise the right to reasonably approve the Unit Owner's contractors and suppliers, and may, at its option, require the Unit Owner to execute an agreement in form and substance satisfactory to the Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done. The Board may impose fees upon a Unit Owner to reimburse the Board for its costs incurred in reviewing or supervising the aforesaid work. Notwithstanding anything to the contrary contained in this 6.11.1, neither Declarant nor a Permitted Mortgagee (nor its designee or assignee) of Declarant shall be required to obtain the approval of the Condominium Board for any structural alteration, addition, improvement or repair in or to Unsold Residential Units, Common Elements, or Limited Common Elements, or enter into any alteration agreement with respect thereto. All structural alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with all laws, rules, ordinances and regulations of all governmental authorities having jurisdiction thereof. A Unit Owner making or causing to be made any structural alteration, addition, improvement or repair shall agree, and shall be deemed to have agreed, to hold the Condominium Board and all other Unit Owners harmless from any costs or liability arising therefrom, related thereto, or in connection therewith.

6.11.2 Any application by a Unit Owner to any department of The City of New York or to any other governmental authority having jurisdiction thereof for a permit to make a structural alteration, addition, improvement or repair in or to any Unit so approved by the Condominium Board (if such approval is required) shall, if required by law or such department or authority, be executed by the Condominium Board; provided that the Board shall not incur any liability, cost or expense in connection with such application or to any contractor, subcontractor, materialman, architect or engineer on account of such alteration, addition, improvement or repair or to any Person having any claim for injury to person or damage to property arising therefrom; and the Unit Owner shall indemnify and hold harmless the Board, collectively and severally, from and against any claims, costs, expenses and liabilities whatsoever (including attorneys' fees) arising therefrom, related thereto and/or in connection therewith. Notwithstanding anything to the contrary set forth above, Declarant is hereby authorized on behalf of the Board to execute such applications, permits or other documents as may be required to undertake, perform and complete such work to the Unsold Residential Units, Commercial Units and Common Elements as Declarant is entitled to perform in accordance with the terms of the Declaration and these By-Laws and to obtain such certificates of completion as may then be required by Applicable Law (collectively the "Required Documentation") and, the Board, if requested by Declarant, shall execute the Required Documentation.

6.11.3 In the event that any alterations, additions, improvements or repairs made by any Residential Unit Owner materially delay, prevent or adversely affect, or create a significant risk of materially delaying, preventing or adversely affecting, whether directly or indirectly, the issuance or reissuance of a temporary or permanent certificate of occupancy for other Units or the Building, then upon the written request of Declarant or the Condominium Board, the Unit Owner shall restore the Unit, at such Unit Owner's sole cost and expense, to its original condition. If such Unit Owner fails to commence diligently and continuously restoring the Unit within 15 days of receipt of the written request, then the Declarant or the Board, as the case may be, requesting such restoration shall be entitled to enter and restore the Unit at the expense of the Unit Owner and to exercise any other remedies provided in these By-Laws.

6.12 **Alterations, Additions, Improvements or Repairs to Common Elements.** Except as otherwise provided in the Declaration or these By-Laws, all alterations, additions,

improvements or repairs in or to any Common Elements shall be made by the Condominium Board. Whenever in the judgment of the Condominium Board the cost of any alteration, addition, improvement or repair would exceed $500,000, in the aggregate in any calendar year (except if such alteration, addition, improvement or repair is provided for in a duly approved budget), then such proposed alteration, addition, improvement or repair shall not be made unless first approved by a Majority of Unit Owners, who shall be required to bear the cost and expense thereof as aforesaid, and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration or these By-Laws, all alterations, additions, improvements or repairs costing in the aggregate $500,000 or less in any calendar year may be made as aforesaid without the approval of the Unit Owners or said Mortgage Representatives. Notwithstanding anything to the contrary contained in this 6.12, neither Declarant nor a Permitted Mortgagee (nor its designee or assignee) of Declarant shall be required to obtain the approval of the Condominium Board for any structural alteration, addition, improvement or repair in or to Common Elements, or enter into any alteration agreement with respect thereto.

6.13 **Use of the Units**.

6.13.1 In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 6.13 and as otherwise expressly provided in the Declaration or these By-laws.

6.13.2 Subject to the terms of Subsections 6.13.3 and 6.13.4, a Residential Unit shall be used only as a residence, and not more than one family may occupy a Residential Unit at any one time. A Residential Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary, or any other Person may be occupied only by such individual, or by an officer, director, stockholder or employee of such corporation, or by a partner or employee of such partnership, or by an individual member or employee of such limited liability company, or by an officer, director, stockholder, partner, employee or individual member of any corporate, partnership or limited-liability-company member of such limited liability company, or by such fiduciary, if an individual (or by an officer, director, stockholder or employee of a corporate fiduciary, or by a partner or employee of a partnership fiduciary or by a member or employee of a limited-liability-company fiduciary), or by the beneficiary of such fiduciary, or by a principal or employee of such other Person, respectively, or by Family Members or guests of any of the foregoing (however, nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Unit by such Family Members or guests). Notwithstanding the foregoing, Declarant (or, when Declarant no longer owns any Residential Units, the Condominium Board) may, in its sole discretion, permit Persons other than those set forth above to occupy a Unit. In no event, however, shall a portion of a Residential Unit (as opposed to the entire Residential Unit) be sold, conveyed, leased or subleased, and no transient occupant (other than a guest permitted under this Subsection 6.13.2) may be accommodated therein.

6.13.3 Notwithstanding anything to the contrary contained in this Section 6.13, the Condominium Board may, in its sole discretion, without the consent of any other Unit Owners, at the request of a Residential Unit Owner, consent to the use of the Residential Unit owned by such Residential Unit Owner as a professional or business office, or for any home occupation use or for any purpose, provided that the nature and manner of such use complies with Applicable Law, does not violate the certificate of occupancy of the Building, and does not adversely affect the use and enjoyment of neighboring or adjacent Residential Units for residential purposes or impose undue burdens on any building systems or staff. Any such consent shall be in writing and shall be personal to such Residential

Unit Owner. Any lessee of, or successor in title to, such Residential Unit Owner shall be required to obtain the prior written consent of the Declarant or the Condominium Board (as the case may be) before using such Residential Unit for any purpose other than that set forth in Subsection 6.13.2.

6.13.4 Notwithstanding anything to the contrary contained in this Section 6.13, the Declarant may, without the consent of the Condominium Board or Unit Owners, use or grant permission for the use of any of its Residential Units as a professional or business office or for any other purpose, including, without limitation, use of any one or more of its Units as model units and offices for the sales, promotions, management and operation of its Units, or lease its Units to third parties for their occupancy, provided only that the nature and manner of such use complies with Applicable Law and does not violate the certificate of occupancy of the Building.

6.13.5 The Commercial Units may be used for any lawful purpose including, without limitation, as a department or other retail store or outlet, storage facility, theater, bank, restaurant or commercial or professional office or studio; except that a Commercial Unit may not be used (a) for any illegal or pornographic purposes or (b) as a commercial establishment in which are provided sex-related activities consisting of nude or semi-nude live performances, sex clubs, massage parlors, adult book stores, peep shows or (c) as a homeless shelter or (d) as a drug or alcohol rehabilitation facility. No sale of a Commercial Unit or lease or sublease of all or any portion of a Commercial Unit shall be deemed to adversely affect the Residential Section.

6.14 **Use of the Common Elements.**

6.14.1 Common Elements may be used only for the furnishing of the services and facilities and for the other uses for which they are reasonably suited and capable.

6.14.2 No furniture, packages or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators or any other parts of the Common Elements other than in (a) Residential Limited Common Elements for the exclusive use of a particular Residential Unit Owner or (b) in the areas designated as storage areas, without the prior consent of the Condominium Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them.

6.14.3 Residential Unit Owners shall require their tradesmen to utilize exclusively the elevator and entrance designated by the Condominium Board for transporting packages, merchandise or other objects.

6.14.4 In the event that the Condominium Board erects a sidewalk bridge or other scaffolding at the Building, the Condominium Board shall give due regard to the use of the Commercial Units at the time in question and shall use best efforts to (i) minimize any disruption to the use of the Commercial Units and (ii) not restrict ingress or egress through the exterior doorways to the Commercial Units. In furtherance thereof, the Condominium Board agrees to consult with the Commercial Unit Owners prior to the installation of such sidewalk bridge or other scaffolding and to permit the Commercial Unit Owners to install, at their cost and expense, signs upon the sidewalk bridge and scaffolding.

6.15 Other Provisions as to Use.

6.15.1 No nuisance shall be allowed in the Residential Section, nor shall any use

or practice be allowed in the Residential Section that either is a source of annoyance to the residents, tenants or other occupants of the Property or that interferes with the peaceful possession or proper use of the Property by its residents, tenants or other occupants. No immoral, improper, offensive or unlawful use shall be made of the Residential Section or any portion thereof.

6.15.2 No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that shall result in the cancellation of insurance on the Property or the contents thereof or that would be in violation of any Applicable Law. No waste shall be committed in the Common Elements.

6.15.3 Nothing shall be done in any Unit or in, on or to the Common Elements that would impair the structural integrity of the Property or structurally change any one or more Buildings, except as is otherwise expressly provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

6.15.4 All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Property shall be complied with at the full expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

6.16 Right of Access.

6.16.1 Each Commercial Unit Owner shall, upon the same terms and conditions as set forth in 6.23.1, grant a right of access to its Commercial Unit to the Condominium Board, the Managing Agents, the resident manager or superintendent and/or any other Person authorized by any of the foregoing for the purpose of: making inspections of, or removing violations noted or issued by any governmental authority against the Common Elements or any other part of the Property; curing defaults hereunder or under the Declaration or Residential Rules and Regulations by such Unit Owner; correcting any conditions originating in such Unit Owner's Unit or any other Unit in the Building; or correcting any condition that violates the provisions of any Permitted Mortgage covering another Unit; provided, however, that requests for any such access are made not less than twenty-four (24) hours in advance and that any such right shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business by the tenants and occupants of the Commercial Units or with the use of the Residential Units for their permitted purposes. In case of an emergency, such right of entry shall be immediate, without advance notice, whether or not the Unit Owner is present.

6.16.2 A Unit Owner shall grant a right of access to such Unit Owner's Unit, and the Condominium Board shall grant rights of access to the Common Elements, including Residential Limited Common Elements, to Declarant and its contractors, subcontractors, architects, engineers, agents and employees, for the purpose of fulfilling the obligations of Declarant as set forth in the Plan; provided that access thereto shall be exercised upon reasonable notice during reasonable hours in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

6.16.3 Unit Owners shall not be permitted on to any portion of the Building's roof.

6.17 **Residential Rules and Regulations.** Annexed hereto as Schedule A and made a part hereof are the Residential Rules and Regulations. The Condominium Board may from time to time, modify, amend or add to the Residential Rules and Regulations. The Condominium Board shall also have the authority to promulgate special rules and regulations concerning the use of storage space for the personal

property of the Residential Unit Owners.

6.18 **Real Estate Taxes, Water Charges and Sewer Rents.** Water and sewer services for the Building shall be supplied by the City of New York. Except to the extent real estate taxes, water charges and sewer rents are billed directly to Unit Owners by the proper authorities, the Condominium Board shall promptly pay such taxes, charges and rents as a Common Expense. To the extent that a meter measures the water consumption to an individual Unit only, the owner of that Unit shall be solely responsible for the cost thereof. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such real estate taxes, water charges and sewer rents) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to promptly pay all such taxes, charges and rents affecting such Unit Owner's Unit to the date of the closing of title to such Unit.

6.19 **Fuel.** The cost and expense of fuel used for heating the Units and for hot water in the Units is separately billed to and shall be paid by the Unit Owners directly and not as a Common Expense.

6.20 **Gas**. The charges for cooking gas consumed or used in the Units shall be separately metered and billed directly to the Unit Owner, who shall be individually responsible for payment thereof.

6.21 **Electricity.** Electricity used in the Units shall be separately metered and billed directly to the Unit Owner, who shall be individually responsible for payment thereof.

6.22 **Utilities Serving the Common Elements.** Except as otherwise provided in this Article 6, the cost and expense of water, sewer facilities, steam, electricity and gas serving or benefiting any Common Element shall be (a) determined by the Condominium Board, (b) considered part of the expense of maintaining such Common Element, and (c) charged to the Unit Owners as a Common Expense. Any dispute as to the amount of such cost or expense shall be determined by Arbitration.

6.23 **Abatement and Enjoinment of Violations by Unit Owners.**

6.23.1 The violation of any of the Residential Rules and Regulations or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Condominium Board the following rights, in addition to such other rights set forth in these By-Laws: (i) the right to enter any Unit or Common Element in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner(s), any structure, thing or condition resulting in such violation or breach, and the Board shall not thereby be deemed guilty or liable in any manner of trespass, and (ii) the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, any such violation or breach.

6.23.2 The violation or breach of any of the provisions of these By-Laws, any of the Residential Rules and Regulations, or the Declaration with respect to any rights, easements, privileges or licenses granted to Declarant shall give to Declarant the right, in addition to any other rights set forth in these By-Laws or the Declaration, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, any such violation or breach.

6.24 **Compliance with Applicable Rent Laws; Indemnification.**

6.24.1 The Condominium Board shall provide at least the same level of services

as those supplied on the date of recording the Declaration in accordance with the Applicable Rent Laws, except for those services that are the obligation of a Residential Unit Owner, including the Declarant so long as the Declarant owns any Residential Unit, to provide to his Residential Units pursuant to the terms of the Declaration or these By-Laws. The Condominium Board shall not impose any charge or fee upon the tenants or occupants of such Residential Units for using the Common Elements or on account of any services provided to such tenants or occupants unless permitted by Applicable Rent Laws, and any such permitted charge or fee shall be increased from time to time only to the extent allowed under Applicable Rent Laws. Notwithstanding the foregoing, if the services so provided are in excess of or vary from the services provided to Residential Unit Owners under the Declaration and By-Laws as of the date of recording the Declaration, then all additional cost and expense incurred by the Condominium in connection therewith shall be assessed against the Residential Unit occupied by such tenant or occupant and shall be payable by the Residential Unit Owner thereof as a Common Expense.

6.24.2 Each Residential Unit Owner hereby irrevocably appoints the Managing Agent then employed by the Condominium Board (and such Managing Agent's successor), or the Board if there is no Managing Agent then employed by the Condominium Board, as his agent to provide to Non-Purchasing Tenants (as such term is defined in the Plan) all services and facilities required by Applicable Law.

6.24.3 Subject to any specific limitation on the liability of the Condominium Board set forth elsewhere in the By-Laws or in the Declaration, the Condominium Board shall indemnify and hold all Residential Unit Owners, including Declarant, who own Residential Units occupied by Non-Purchasing Tenants harmless from and against all Claims that may be imposed upon or inclined by any such Residential Unit Owner by reason of any failure of the Condominium Board (to comply with its obligations under Section 6.24.1.) The foregoing indemnification shall not be applicable to a Claim resulting from any such failure occurring during the Initial Control Period. The costs and expenses of the foregoing indemnification by the Condominium Board shall be a Common Expense, except that no part of such Common Expense shall be allocated to or required to be paid by any Residential Unit Owner being indemnified.

ARTICLE 7
MORTGAGES

7.1 **Notice to Condominium Board.** Each Unit Owner shall have the right to mortgage his Unit, subject only to the terms and conditions contained in Section 7.2 hereof. Any Unit Owner who mortgages his Unit, or the holder of such mortgage, shall notify the Condominium Board of the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Board. A mortgage encumbering a Unit shall be substantially in the form of the New York Board of Title Underwriters or such other forms customarily used by lenders making loans secured by individual residential condominium units. Such Unit Owner shall, prior to making such mortgage, satisfy all unpaid liens against such Unit Owner's Unit other than Permitted Mortgages. A Unit Owner who satisfies a mortgage covering such Unit Owner's Unit shall so notify the Board and shall file a conformed copy of the satisfaction of mortgage with the Board. The Board shall maintain such information in a book entitled "Mortgages of Units."

7.2 **Restrictions on Mortgaging.**

7.2.1 No Unit Owner shall be permitted to mortgage, pledge or hypothecate his Unit unless and until he has paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed by the Board against such Residential Unit and has satisfied all unpaid liens against such Residential Unit, other than liens of Permitted Mortgages.

7.2.2 No Unit Owner shall execute any mortgage or other document mortgaging, pledging or hypothecating title to his Unit without including therein its Appurtenant Interest, it being the intention to prevent any severance of such combined ownership. Any 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.

7.3 **Notice of Default and Unpaid Common Charges.** Whenever so requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default in the payment of Common Charges or Special Assessments, as the case may be, or any other default by the owner of such Unit under the provisions of the Declaration or these By-Laws that may to such Board's knowledge then exist. The Board, when giving notice to a Unit Owner of any such default, shall, if requested, also send a copy of such notice to any Permitted Mortgagee thereof. However, the Board shall not have any liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by his mortgagor under the provisions of the Declaration or these By-Laws, provided that (a) the Board advises such Permitted Mortgagee of the default promptly after discovering such failure and (ii) if the Board forecloses a lien on such mortgagor's Unit pursuant to the terms of Section 6.7 hereof by reason of such default, the Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (after retaining all sums due and owing to the Board pursuant to the Declaration and these By-Laws) or such lesser sum as shall be due and owing to such Permitted Mortgagee.

7.4 **Performance by Permitted Mortgagees**. The Condominium Board shall accept, by any Permitted Mortgagee of a Unit Owner, payment of any sum or performance of any act required to be paid or performed by such Unit Owner pursuant to the provisions of the Declaration, these By-Laws or the Residential Rules and Regulations, with the same force and effect as though paid or performed by such Unit Owner.

7.5 **Examination of Books.** Each Unit Owner and Permitted Mortgagee 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.

7.6 **Representatives of Mortgagees**.

7.6.1 In the manner more particularly set forth in Subsection 7.6.2, the holders of Permitted Mortgages (as hereinafter defined) may, at their election, designate one or more (but not more than three) representatives ("Mortgage Representatives"), who shall be empowered to act on behalf of all holders of Permitted Mortgages with respect to any matter requiring their consent or approval under the Declaration or these By-Laws. If any Mortgage Representatives are so designated and notice thereof is given to the Condominium Board, the act of any such Representative (or a majority of such Representatives, if more than one is so designated) shall be deemed binding upon the holders of all Permitted Mortgages. As used herein the term "Permitted Mortgage" means (a) any first mortgage covering one or more Units, the holder of which is (i) Declarant, (ii) a savings bank, savings and loan

association, bank or trust company, insurance company, real estate investment trust or mortgage trust, (iii) a federal, state, municipal, teachers' or union employees' welfare, pension or retirement fund or system having assets in excess of $300,000,000, in each case doing business in the State of New York, or (iv) any Government Authority; and (b) any first mortgage covering any one or more Units owned by Declarant.

7.6.2 Any designation of a Mortgage Representative made by the holders of Permitted Mortgages the then-outstanding principal balances of which, in the aggregate exceed 50% of the then-outstanding principal balances of all Permitted Mortgages shall be binding upon the holders of all Permitted Mortgages. Any such designation of any Mortgage Representative shall remain effective until (a) any subsequent designation thereof is made pursuant to the provisions hereof, and (b) notice of such subsequent designation is given to the Condominium Board. Unless otherwise required by law, Permitted Mortgagees other than holders of Permitted Mortgages shall have no right to participate in the selection of Mortgage Representatives, but such Permitted Mortgagees shall be subject to all determinations made by such Mortgage Representatives pursuant to the Declaration or these By-Laws.

7.7 **Consent of Mortgagees**. Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board, officer or Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against its mortgagor.

ARTICLE 8
SELLING AND LEASING OF UNITS

8.1 **General**. Subject to the terms of Section 8.6 hereof, no Residential Unit Owner may sell or lease his Residential Unit except in compliance with the applicable provisions of this Article 8. Any purported sale or lease consummated in default of the applicable terms hereof shall be voidable at the sole election of the Condominium Board, and, if the Board so elects, the selling or leasing Residential Unit Owner shall be deemed to have authorized and empowered the Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of such Residential Unit Owner as the owner or landlord, as the case may be. Such Residential Unit Owner shall reimburse the Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, attorneys' fees and expenses and court costs.

8.2 **Right of First Refusal**.

8.2.1 Subject to the terms of Sections 8.6 and 8.10 hereof, any contract to sell a Residential Unit together with its Appurtenant Interest and any lease of a Unit (a "Sale or Lease Agreement") shall contain the following language: "THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE HEREBY MADE EXPRESSLY SUBJECT TO THE RIGHTS, IF ANY, OF THE CONDOMINIUM BOARD OF THE 108-110 DUANE STREET CONDOMINIUM WITH 'RESPECT TO THE TRANSACTION EMBODIED HEREIN PURSUANT TO THE TERMS OF ARTICLE 8 OF THE BY-LAWS OF SUCH CONDOMINIUM, AS SAME MAY BE AMENDED FROM TIME TO TIME." Promptly after any such Sale or Lease Agreement is fully executed by a Residential Unit Owner (the "Offeree Unit Owner"), he shall send written notice thereof to the Condominium Board by certified or registered mail, return receipt requested, accompanied by a fully-executed, original counterpart

of the Sale or Lease Agreement containing all the terms offered in good faith by the prospective purchaser or tenant (the "Outside Offeror").

8.2.2 The sending of the notice referred to in Subsection 8.2.1 will constitute an offer by the Offeree Unit Owner to sell his Residential Unit, together with its Appurtenant Interest, or to lease his Unit, as the case may be, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Residential Unit Owners, upon the same terms and conditions as are contained in such Sale or Lease Agreement, subject, however, to any variance therefrom provided in Section 8.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board, on behalf of all Unit Owners, that such Offeree Unit Owner believes the Sale or Lease Agreement to be bona fide in all respects. Thereafter, upon the written demand of the Condominium Board, the Offeree Unit Owner shall submit to the Board, in writing, such further information with respect to the Outside Offeror and the Sale or Lease Agreement as the Board may reasonably request.

8.2.3 Not later than thirty (30) days after receipt of such notice together with such information as may have been requested pursuant to the terms of Subsection 8.2.2, the Condominium Board may elect, by sending written notice thereof by certified or registered mail, return receipt requested, to the Offeree Unit Owner before the expiration of such thirty (30)-day period, to purchase such Residential Unit together with its Appurtenant Interest or to lease such Residential Unit, as the case may be (or to cause such Residential Unit to be purchased or leased by the Condominium Board's designee, corporate or otherwise) on behalf of all Residential Unit Owners upon the same terms and conditions as contained in the Sale or Lease Agreement and stated in the response by the Offeree Unit Owner to any requests for additional information pursuant to the terms of Subsection 8.2.2. Notwithstanding anything to the contrary contained herein, the Condominium Board shall not exercise any option set forth in this Section 8.2 to purchase or lease any Residential Unit without the prior approval of a Majority of Residential Unit Owners; however, the Board shall have the right to release or waive any such option without prior approval of a Majority of Residential Unit Owners. The Board may not discriminate against any person because of sex, race, creed, color, national origin, ancestry, sexual orientation or other ground prohibited by Applicable Law in connection with the exercise of its option to purchase or lease such Residential Unit.

8.2.4 In no event shall the provisions of this Section 8.2 apply to the sale or lease of a Commercial Unit.

8.3 **Acceptance of Offer**.

8.3.1 If the Condominium Board elects, within the time and in the manner provided in Section 8.2 hereof, to purchase a Residential Unit together with its Appurtenant Interest, to lease such Unit, or to cause such Unit to be purchased or leased by the Board's designee, title shall close or a lease shall be executed, in either event in accordance with the term of the Sale or Lease Agreement at the office of the Managing Agent or at the office of the attorneys for the Condominium as directed by the Board, within forty-five (45) days after the day upon which the Board gives notice of its election to accept such offer; provided, however, that in the event that the closing date or commencement date of the term of the lease, as the case may be, as set forth in the Sale or Lease Agreement, is later than forty-five (45) days after the giving of notice by the Board of its election to accept the aforesaid offer, the Board shall be required to perform or cause to be performed all of the terms of the Sale or Lease Agreement (except as otherwise expressly set forth in this Article 8), 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 the date set forth in the Sale or Lease Agreement as the intended closing date or commencement date, as the case may be.

8.3.2 If such Unit and its Appurtenant Interest are to be purchased by the Condominium Board or its designee on behalf of all Residential Unit Owners, such purchase may be made from the funds deposited in the capital and/or expense accounts of the Condominium Board. If the funds in such accounts are insufficient to effectuate such purchase, the Board may levy a Special Assessment against each Unit Owner (other than the Offeree Unit Owner) in accordance with the terms of Subsection 6.1.5 hereof and/or the Board may, in its discretion, finance the acquisition of such Residential Unit; provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Residential Unit to be purchased together with its Appurtenant Interest. In addition, if the Outside Offeror was to assume or to take title to the Residential Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the Sale or Lease Agreement, the Board may purchase the Residential Unit and assume or take title thereto subject to such mortgage or mortgages, as the case may be. At the closing of title, the Offeree Unit Owner shall convey the Unit, together with its Appurtenant Interest, to the Board or to its designee, on behalf of all Residential Unit Owners, by deed in the form required by Section 339-o of the Condominium Act with all tax and/or documentary stamps affixed at the expense of the Offeree Unit Owner, who shall also pay all other transfer taxes arising out of such sale, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Real estate taxes (including water and sewer charges, if separately assessed), mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Condominium Board or its designee as of the closing date, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Thereafter, such Unit shall be held, while owned by the Condominium Board or its designee, on behalf of all Residential Unit Owners, as tenants in common, and all such Residential Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit and the entire Property, as herein provided.

8.3.3 If such Unit is to be leased by the Condominium Board or its designee on behalf of all Residential Unit Owners, the Offeree Unit Owner shall execute and deliver to the Board or such designee a lease covering such Unit by and between the Offeree Unit Owner, as landlord, and the Board or such designee, as tenant. Such lease shall be in the then-current form of apartment lease recommended by the Real Estate Board of New York, Inc., and will contain all the terms and conditions of the Sale or Lease Agreement that are not in conflict with such form of lease (including, but not limited to, the rental and term provided for therein) or that, if they are in conflict with such form of lease, the Condominium Board is willing, in its sole and absolute discretion, to accept. Notwithstanding anything to the contrary set forth hereinabove or in the Sale or Lease Agreement, however, such lease shall expressly provide that the Board or such designee may enter into a sublease of the premises demised thereunder without the consent of the landlord.

8.4 **Failure to Accept Offer.**

8.4.1 If the Condominium Board fails to accept an offer made pursuant to the terms of Section 8.2. hereof within the time period set forth in Subsection 8.2.3, the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale or Lease Agreement within ninety (90) days after (i) notice of refusal is sent to the Offeree Unit Owner by the Condominium Board or (ii) the expiration of the period within which the Board or its designee might have accepted such offer, as the case may be. If the Offeree Unit Owner fails to consummate the transaction embodied in the Sale or Lease Agreement within such ninety (90)-day period, then, should the Offeree Unit Owner thereafter elect to sell

such Residential Unit together with its Appurtenant Interest or to lease such Unit, the Offeree Unit Owner shall be required again to comply with all the terms and provisions of Sections 8.2, 8.3 and 8.4 hereof.

8.4.2 Any deed of a Residential Unit and its Appurtenant Interest to an Outside Offeror shall expressly provide, or, in the absence of such provision, shall be conclusively deemed to provide, that the acceptance thereof by the Offeree Unit Owner shall constitute an assumption of all of the terms of the Declaration, these By-Laws and the Residential Rules and Regulations, as the same may be amended from time to time.

8.4.3 Each lease of a Residential Unit to an Outside Offeror shall be in the then-current form of apartment lease recommended by the Real Estate Board of New York, Inc., subject to such modifications as may be approved in writing by the Condominium Board. Notwithstanding the foregoing, each such lease shall be consistent with the Declaration, these By-Laws and the Residential Rules and Regulations, as the same may be amended from time to time, and shall expressly provide that:

8.4.3.1 such lease may not be amended, modified or extended without the prior written consent of the Condominium Board;

8.4.3.2 the tenant thereunder shall not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board; and

8.4.3.3 the Condominium Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

8.5 **Termination of the Right of First Refusal.** A certificate executed and acknowledged by the Secretary of the Condominium Board or the Managing Agent, stating that the provisions of Section 8.2 hereof have been met by a I Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Condominium Board and that, as a result thereof, the rights of the Board thereunder have terminated, shall be conclusive upon the Board and all Residential Unit Owners in favor of all persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Residential Unit may be conveyed (together with Appurtenant Interests) or leased free and clear of the terms and conditions contained in Section 8.2 hereof. The Condominium Board shall furnish or cause the Managing Agent to furnish such certificate upon written request to any Residential Unit Owner in respect to whom the provisions of Section 8.2 hereof have, in fact, been terminated. In no event, however, shall the right of first refusal described in Section 8.2 hereof be deemed released or waived by the Board (as opposed to satisfied pursuant to the express terms of Sections 8.2, 8.3 and 8.4 hereof) in the absence of a certificate that has been duly executed, acknowledged and issued by the Condominium Board or the Managing Agent as aforesaid.

8.6 **Exceptions to the Right of First Refusal.** The terms and conditions in Sections 8.2, 8.3 and 8.4 hereof shall not apply with respect to any sale, together with its Appurtenant Interest, or lease of a Residential Unit:

8.6.1 by the owner of such Unit to any of his adult Family Members (individually

or in any combination), or to a trust for the benefit of any of them or, in the case of a Residential Unit Owner that is not an individual, to any Affiliate of such Unit Owner;

8.6.2 by the Declarant or any Affiliate of the Declarant;

8.6.3 by any Sponsor Successor;

8.6.4 by any owner of Unsold Residential Units;

8.6.5 by the Condominium Board;

8.6.6 by any proper officer conducting the sale of a Unit in connection with the foreclosure of a mortgage or other lien covering such Unit or by the Residential Unit Owner delivering a deed in lieu of such foreclosure;

8.6.7 by any Permitted Mortgagee or his nominee who has acquired title to any Unit at any foreclosure sale of his Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; or

8.6.8 in accordance with the provisions of Section 8.10 hereof; provided however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, all of the terms and conditions of this Article 8. For the purposes hereof, the term "Affiliate" shall mean, with respect to any Person, an entity or individual that owns more than fifty percent (50%) of the legal and beneficial interest of such Person and to any entity with respect to which such Person owns more than fifty percent (50%) of the legal and beneficial interest thereof.

8.7 **Term of Lease.** Any lease of a Residential Unit shall any be for a term of not less than one (1) year. The foregoing shall not apply with respect to any lease of a Residential Unit by Declarant or any Affiliate of Declarant.

8.8 **No Severance of Ownership.** No Unit Owner shall execute any deed or other instrument conveying title to his Unit without including therein its Appurtenant Interest, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interest of any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance or other disposition of such part of the Appurtenant Interests of all Units.

8.9 **Payment of Common Charges**. No Unit Owner shall be permitted to convey or lease his Unit unless and until he has paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed by the Board against such Unit and has satisfied all unpaid liens against such Unit, other than liens of Permitted Mortgages.

8.10 **Power of Attorney**. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his title insurance company (or, if no such representative is present, to the Declarant, or, if the Declarant is not then the owner of any Unit, to the Condominium Board), for recording in the Register's Office, a power of attorney

as required in Article 15 of the Declaration.

8.11 **Gifts and Devises, Etc.** Any Residential Unit Owner shall be free to convey or transfer his Unit, together with its Appurtenant Interest, by gift, or to devise such Unit by will or to have it pass by intestacy, without restriction; provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the provisions of this Article 8.

8.12 **Charges Imposed on Sale or Lease of Residential Units**.

8.12.1 If not prohibited by Applicable Law, the Condominium Board shall have the right and authority to fix by resolution and collect, before any sale or lease of a Residential Unit is consummated, a reasonable charge to cover its expenses, including payment of any fees due to the Managing Agent or any attorney retained by the Condominium Board, in connection with such sale or lease. If any such charge is adopted, it shall be added to and constitute Common Charges payable by the selling or leasing Residential Unit Owner. Such charge shall not be fixed or collected for any sale or lease that is exempted under Section 8.6 hereof from the provisions of Sections 8.2, 8.3 and 8.4 hereof.

8.12.2 In each instance where a Right of First Refusal is sought on the Sale or other Transfer of a Residential Unit, a contribution of two (2) month's common charges for the subject Residential Unit must be paid by the Outside Offeror (or Prospective Purchaser) before the waiver shall be issued.

8.13 **Notices Concerning Residential Unit Occupancy and Changes in Ownership**. Within five (5) days following acquisition of a Residential Unit or the commencement of a lease relating thereto, the new Unit Owner or the lessor, as the case may be, shall notify the Managing Agent of the Residential Unit involved, the name of the purchaser or lessee and the names of the individuals, as permitted by these By-Laws, who will be using or occupying the Unit. The individuals so designated to use or occupy the Unit may be changed by the purchaser or lessor, from time to time, by further notice to the Managing Agent. A new Unit Owner shall also, within such five (5)-day period, notify any Non-Purchasing Tenant who resides in the Residential Unit of the change in ownership of such Residential Unit, and the Board shall retain and make available such information.

8.14 **Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common**. In the event that any Unit shall be acquired by the Condominium Board, or its designee, corporate or otherwise, on behalf of all Unit Owners as tenants-in-common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired Unit.

8.15 **Subordination, Non-disturbance and Attornment Agreements**. The Condominium Board will enter into an agreement with any tenant with which a Commercial Unit Owner has entered into a lease for all or a portion of such Commercial Unit. Under the terms of such agreement, the tenant will acknowledge that the lease is subject and subordinate to the Declaration, and the Condominium Board will agree that so long as there is no event of default under said lease as would entitle the landlord under the lease to terminate the lease or dispossess the tenant thereunder, the tenant shall not be named or joined in any action or proceeding to foreclose the lien of the Condominium Board on the Commercial Unit for Common Charges or any other sums of any sort, and the Condominium Board shall agree that the lease shall not be terminated in any foreclosure or other action or proceeding instituted in connection with any such lien or in the exercise of any rights of the Condominium Board or in case the Condominium Board takes possession of the Commercial Unit pursuant to any provision of the Declaration

or By-Laws, or otherwise; provided, however, that if the Condominium Board or any other party succeeds to the interests of the Commercial Unit Owner under the lease, the tenant will agree to be bound to the Board or party under all of the terms, covenants and conditions of the lease and the tenant will attorn to the Board or party as its landlord.

ARTICLE 9
CONDEMNATION

In the event of the taking in condemnation or by eminent domain of all or any part of the Common Elements, the Condominium Board, subject to the provisions set forth below, will arrange for the prompt repair and restoration of such part of the Common Elements so taken which, pursuant to the provisions of these By-Laws, are required to be maintained by the Board. The award made for any such taking shall be payable to the Condominium Board; provided, however, that if any such award exceeds the sum of $1,000,000, such award shall be payable to the Insurance Trustee and shall be disbursed to the contractors engaged in such repair and restoration, if any, in appropriate progress payments. If the net proceeds of any such award are insufficient to cover, or if such net proceeds exceed the cost of any repairs and restorations, the deficit or surplus, as the case may be, will be (a) borne and shared by all Unit Owners with respect to any taking of the General Common Elements, pro rata, in accordance with their respective Common Interests; (b) borne and shared by all Residential Unit Owners with respect to any taking of the Residential Common Elements, pro rata, in accordance with their Residential Common Interests; (c) borne and shared by all Residential Unit Owners having exclusive access to Residential Limited Common Elements with respect to any taking of such Residential Limited Common Elements, pro rata, in accordance with their respective interests in such Residential Limited Common Interests; and (d) borne and shared by the Commercial Unit Owners with respect to any taking of the Commercial Common Elements (if any). Notwithstanding any provisions contained herein to the contrary, in the event that (1) 80% or more in Common Interest of all Unit Owners do not duly and promptly resolve to proceed with such repair or restoration of the Residential Limited Common Elements, or (2) 80% or more in number and Common Interest of all Unit Owners do not duly and promptly resolve to proceed with such repair and restoration of the General Common Elements, then such repairs or restorations of the Residential Limited Common Elements and/or General Common Elements shall not be made and the net proceeds of any such award with respect thereto shall be divided among the Unit Owners pro rata in the same manner as is set forth in (a), (b), (c) and (d) above, after first paying out of the share of each Unit Owner the amount of any unpaid liens on such Units other than mortgages which are not Permitted Mortgages. As used in this Article 9 the words "promptly resolve" shall mean not more than sixty (60) days from the date of such taking.

ARTICLE 10
RECORDS AND AUDITS

10.1 **Records.** The Condominium Board or its Managing Agent, if any, shall keep detailed records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners for whom the Board serves and financial records and books of account with respect to the activities of the Board, including a listing of all receipts and expenditures. The Board shall also keep a separate account for each Residential Unit Owner, which, among other things, shall contain the amount of each assessment of Residential Common Charges and Residential Special Assessments, if any, made by the Board against each such Residential Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

10.2 **Availability of Documents.** Copies of the Declaration, these By-Laws, the Residential Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available li inspection by Unit Owners and their authorized agents during reasonable business hours.

ARTICLE 11
ARBITRATION

11.1 **General Procedure**. Any arbitration provided for in these By-Laws shall be conducted before one arbitrator in New York City by Judicial Arbitration and Mediations Services, Inc. ("JAMS") or National Arbitration and Mediation ("NAM") or any successor organization of either, in accordance with its rules then in effect and the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. In the event that neither JAMS nor NAM is in existence and neither organization has a successor, any arbitration hereunder shall be conducted in New York City before one arbitrator appointed, on application of any party, by any justice of the highest court of appellate jurisdiction located in the County of New York. The decision of the arbitrator so chosen shall be given within ten (10) days after such arbitrator's appointment. Any arbitrator appointed or selected in connection with any arbitration under this Article 11 shall be a lawyer or real estate owner, developer, or manager familiar with condominium properties and having general legal or real estate experience, as the case may be, of not less than fifteen (15) years.

11.2 **Costs and Expenses**. The fees, costs and expenses of the arbitrator will be borne by the losing party in the arbitration or, if the position of neither party to the dispute will be substantially upheld by the arbitrator, such fees, costs and expenses will be borne equally by the disputants. Each disputant will also bear the fees and expenses of such Unit Owner's counsel and expert witnesses. All costs and expenses paid or incurred by the Condominium Board in connection with or resulting from any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, will constitute General Common Expenses.

11.3 **Agreement by Parties**. The parties to any dispute required or permitted to be submitted to arbitration hereunder may, by mutual agreement between them, vary any of the provisions of Section 11.1 with respect to the arbitration of such dispute, or may agree to resolve their dispute in any other manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as the "New York Simplified Procedure for Court Determination of Disputes."

ARTICLE 12
MISCELLANEOUS

12.1 **Waiver**. No provision contained in these By-Laws or the Residential Rules and Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

12.2 **Captions**. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of these By-Laws or any provision hereof.

12.3 **Certain References**.

12.3.1 A reference in these By-Laws to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

12.3.2 The terms "herein," "hereof" or "hereunder" or similar terms used in these By-Laws refer to these entire By-Laws and not to the particular provision in which the terms are used, unless the context otherwise requires.

12.3.3 Unless otherwise stated, all references herein to Articles, Sections, Subsections or other provisions arc references to Articles, Sections, Subsections or other provisions of these By-Laws.

12.4 **Severability**. Subject to the provisions of the Declaration, if any provision of these By-Laws is invalid or unenforceable as against any Person or party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law. In the event any provision of these By-Laws or the Residential Rules and Regulations conflicts with the provisions of the Declaration, the provisions of the Declaration shall control.

12.5 **Insurance Trustee**. If an Insurance Trustee is required pursuant to the provisions of Subsection 6.2.2, the Condominium Board shall promptly appoint such Insurance Trustee. In the event the Insurance Trustee appointed to serve as such by the Condominium Board resigns or the Board wishes to replace it, the Board shall promptly appoint a new Insurance Trustee. The Board shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a General Common Expense. The Insurance Trustee shall hold all such proceeds in accordance with Section 254(4) of the Real Property Law of the State of New York. If required by Declarant's construction or permanent lender, such lender shall be the Insurance Trustee until its release of all Units from the lien of its mortgage.

12.6 **Successors and Assigns**. Except as set forth herein or in the Declaration to the contrary, the rights and obligations of Declarant as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or, with the consent of Declarant, any transferee of some or all Unsold Residential Units then owned by Declarant, as the case may be. The rights and obligations of the Commercial Unit Owners as set forth herein shall inure to the benefit of and be binding upon any successors or assigns of the Commercial Unit Owners. Subject to the foregoing, Declarant and the Commercial Unit Owners shall have the right, at any time in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

12.7 **Covenant of Further Assurances**.

12.7.1 Any party subject to the terms of these By-Laws, whether such party is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member or officer of the Condominium Board, or otherwise, shall, upon prior reasonable written request and at the expense of any requesting party, execute, acknowledge and deliver to such requesting party any instruments and take any action which such Unit Owner, lessee or sublessee, occupant, member or officer is required to take to effectuate the provisions of these By-Laws or of any transaction contemplated herein or to confirm or

perfect any right to be created or transferred hereunder or pursuant to any such transaction.

12.7.2 If any Unit Owner or other party which is subject to the terms of these By-Laws fails, within ten (10) days after request therefor, either (i) to execute, acknowledge or deliver any instrument, or to take any action which such Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, or (ii) to deliver a written notice to the party requesting such execution, acknowledgment or delivery, and to the Condominium Board, stating the reasons why such Unit Owner or other party refuses to execute, acknowledge or deliver such instrument or take such action, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the name of such Unit Owner or other party and such document or action shall be binding on such Unit Owner or other party, as the case may be.

12.7.3 If any Unit Owner or other party which is subject to the terms of these By-Laws fails, within ten (10) days after request therefor, either (i) to execute, acknowledge or deliver any instrument or to take any action which such Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, at the request of Declarant, or (ii) to deliver a written notice to Declarant, as applicable, and to the Condominium Board stating the reasons why such Unit Owner or other party refuses to execute, acknowledge or deliver such instrument or take such action, then Declarant is hereby authorized, as attorney-in-fact for such Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other party and such document or action shall be binding on such Unit Owner or other party, as the case may be.

12.8 **Waiver of Diplomatic or Sovereign Immunity**.

12.8.1 Each Unit Owner by it acceptance of delivery of title to, and the deed for, a Unit and its continued ownership of a Unit waives any and all immunity from suit or other actions or proceedings and agrees that, should the Condominium Board bring any suit, action or proceeding in New York or any other jurisdiction to enforce any obligation or liability of the Unit Owner arising, directly or indirectly, out of or relating to the By-Laws, no immunity from such suit, action or proceeding will be claimed by or on behalf of the Unit Owner.

12.8.2 As of date of acceptance of the deed for the Unit, the Unit Owner acknowledges and agrees that all disputes arising, directly or indirectly, out of or relating to the By-Laws may (to the extent, in the case of a dispute required under the By-Laws to be submitted to arbitration in accordance with Article 11 of these By-Laws, required to enforce any award in arbitration or in the event the Unit Owner fails to submit to arbitration) be dealt with and adjudicated in the state courts of New York or the federal courts sitting in New York, and hereby expressly and irrevocably submits the person of the Unit Owner to the jurisdiction of such courts in any suit, action or proceeding arising, directly or indirectly, out of or relating to the By-Laws. So far as is permitted under the applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action shall be necessary in order to confer jurisdiction upon the person of the Unit Owner in any such court.

12.8.3 The Unit Owner irrevocably waives, to the fullest extent permitted by law, and agrees not to assert, by way of motion, as a defense or otherwise in any suit, action or proceeding arising, directly or indirectly, out of relating to the By-Laws, brought in the state courts in New York or the federal courts sitting in New York: (i) any objection which it may have or may hereafter have

to the laying of the venue of any such suit, action or proceeding in any such court; (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; or (iii) any claim that it is not personally subject to the jurisdiction of such courts. The Unit Owner agrees that final judgment from which the Unit Owner has not or may not appeal or further appeal in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Unit Owner and, may so far as is permitted under the applicable law, be enforced in the courts of any state or any federal court and in any other courts to the jurisdiction of which the Unit Owner is subject, by a suit upon such judgment and that the Unit Owner will not assert any defense, counterclaim, or set off in any such suit upon such judgment.

12.8.4 The Unit Owner agrees to execute, deliver and file all such further instruments as may be necessary under the laws of the State of New York, in order to make effective the consent of the Unit Owner to jurisdiction of the state courts of New York and the federal courts sitting in New York and any other provisions of this Section 12.8.

12.8.5 Nothing in this Section 12.8 shall affect the right of the Condominium Board to bring proceedings against the Unit Owner in the courts of any jurisdiction or jurisdictions.

12.8.6 In the event the Unit Owner is a foreign government, a resident representative of a foreign government or such other person or entity otherwise entitled to the immunities from suit enjoyed by a foreign government (i.e. diplomatic or sovereign immunity), such Unit Owner hereby designates C.T Corporation System, having an office at 111 Eighth Avenue, New York, New York 10011, as its duly authorized and lawful agent to receive process for and on behalf of the Unit Owner in any state or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with the By-Laws.

ARTICLE 13
AMENDMENT TO BY-LAWS

13.1 **Amendments by Unit Owners.** Except as specifically provided herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant or any Unsold Residential Units or Commercial Unit or the Commercial Unit Owners, (a) any provision of these By-Laws may be added to, amended, modified or deleted by the vote of at least 66-2/3% in number and in Common Interest of all Unit Owners taken in accordance with the provisions of these By-Laws, provided, however, that the Common Interest appurtenant to each Unit as expressed in the Declaration shall not be altered without the written consent of all Unit Owners directly affected. Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant, Permitted Mortgagees, any Unsold Residential Units, or a Commercial Unit Owner, any such amendment, modification, addition or deletion shall be executed by the Condominium Board, as attorney-in-fact for all Unit Owners, coupled with an interest, which Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact. Notwithstanding the foregoing and subject to the provisions contained herein or in the Declaration with respect to amendments affecting Declarant, any Unsold Residential Units, a Commercial Unit or the Commercial Unit Owners, (i) no amendment, modification, addition or deletion shall be effective without the written consent of the Mortgage Representatives, if any, (which consent shall not be unreasonably withheld or delayed) and (ii) the provisions of this Section 13.1 may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives) eighty percent (80%) in number and in Common Interest of all Unit Owners affected

thereby approve such amendment, modification, deletion or addition in the manner set forth above.

13.2 **Amendments Affecting Declarant or the Commercial Unit Owners.** Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition or deletion of or to these By-Laws, the Declaration or the Residential Rules and Regulations shall be effective in any way (a) without the prior written consent of the affected Commercial Unit Owner with respect to any amendment, modification, addition or deletion of or to these By-Laws, the Declaration or the Residential Rules and Regulations (i) modifying the permitted uses of a Commercial Unit, (ii) affecting the rights, privileges, easements, licenses or exemptions granted to a Commercial Unit Owner or (ii) otherwise having a material adverse effect on a Commercial Unit Owner; (b) without the prior written consent of Declarant or the owner of any Unsold Residential Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to these by-laws, the Declaration or the Residential Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Declarant or the owner of any Unsold Residential Unit, as the case may be, or otherwise adversely affecting Declarant or the owner of any Unsold Residential Unit, as the case may be or (c) without the prior written consent of the holder of any present or future mortgage, pledge, or other lien or security interest covering any Unsold Residential Unit, with respect to any amendment, modification, addition or deletion of or to these By-Laws, the Declaration, or the Residential Rules and Regulations modifying the permitted uses of such Unsold Residential Unit, or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit or Commercial Unit.

13.3 **Amendments Affecting Permitted Mortgagees**. Notwithstanding any provision contained herein to the contrary, no modification, addition, amendment or deletion of or to Article 7 or Sections 6.1, 6.2, 6.4.2, 6.4.3 or 8.11 or Subsections 8.6.4 or 8.6.5 shall be effective as against the holder of any Permitted Mortgage theretofore made unless such holder has given its prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

ARTICLE 14
AMENDMENTS CONCERNING THE COMMERCIAL UNITS

Subject to the provisions and restrictions in the Declaration, amendments, modifications, additions or deletions of or to the Declaration, these By-Laws and the Residential Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of a Commercial Unit or the subdivision of the Commercial Unit into separate commercial or residential condominium units and/or the offering for sale or lease of all or any portion of the Commercial Unit. In connection therewith, it is contemplated that the Condominium Board, Declarant, or a Commercial Unit Owner will request or cause the Declaration, these By-Laws and the Residential Rules and Regulations to be amended, modified, added to or deleted from and that the resulting provisions thereof may be similar or dissimilar to those affecting the Residential Section and Residential Unit Owners. In the case of any such amendment, modification, addition or deletion that does not adversely affect the Residential Section or any Residential Unit Owners, as determined by the Condominium Board in its sole discretion, the Condominium Board shall be the attorney-in-fact for the Residential Unit Owners, coupled with an interest, for the purpose of approving and executing any instrument effecting such amendment, modification, addition or deletion

ARTICLE 15
STORAGE LICENSES

Certain space in the cellar of the Building, known as Storage Rooms, will be the subject of licenses granted by the Board to Declarant, subject to Storage License Agreements. Such Storage Licenses will in turn be sold by Declarant to certain Residential Unit Owners on a discretionary basis. A Storage License will entitle the holder to the exclusive use of a Storage Space, and will require monthly fees to be paid to the Condominium Board, as set by each Storage License Agreement. No Residential Unit Owner shall sell or transfer a Storage License except to another Residential Unit Owner. The foregoing provision shall be inapplicable to the Declarant. If a Residential Unit Owner enters into a contract to sell his Residential Unit, such contract shall be deemed to include any Storage License owned by such Residential Unit Owner and the right of first refusal set forth in Article 8 shall be deemed to apply to such Storage License. However, the right of first refusal shall not apply to any sale or lease of a Storage License sold or leased by one Residential Unit Owner to another Residential Unit Owner independently of such Residential Unit Owner's Unit.

SCHEDULE A RESIDENTIAL RULES AND REGULATIONS

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of the Residential Section shall not be obstructed or used for any other purpose than ingress to and egress from the Residential Units.

2. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors, stairways or fire tower landings of the Residential Section, nor shall any fire exit thereof be obstructed in any manner. Nothing shall be hung or shaken from any doors, windows, terraces, balconies, or roofs or placed upon the window sills of the Residential Section.

3. Neither occupants nor their guests shall play in the entrances, passages, public halls, elevators, vestibules, corridors, stairways or fire towers of the Residential Section or the Commercial Section.

4. No public hall or public elevator vestibule of the Residential Section shall be decorated or furnished by any Residential Unit Owner in any manner.

5. Each Residential Unit Owner shall keep such Residential Unit Owner's Unit and any Residential Limited Common Elements appurtenant thereto (including the surface of any terrace appurtenant to a Residential Unit) in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance. Any determination as to what constitutes a good state of preservation and cleanliness for any Residential Unit Owner's terrace shall be within the sole but reasonable discretion of the Condominium Board.

6. No window decorations that are visible from outside of a Residential Unit (e.g., flower boxes) shall be used or installed except such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed.

7. No decorations shall be permitted on the exterior of the entrance door to a Residential Unit (e.g., wreaths) except such as shall be been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed.

8. No radio, television aerial, satellite, disk or similar devices shall be attached to or hung from the exterior of the Residential Section and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any door or window or other part of the Residential Section except such as are permitted pursuant to the Declaration or the By-Laws or shall have been approved in writing by the Condominium Board or the Managing Agent nor shall anything be projected from any door, window, terrace, balcony or roof of the Residential Section without similar approval except as may otherwise be required by law.

9. No heat, ventilator or air-conditioning device shall be installed in any Residential Unit without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Board.

10. All radio, television or other electrical equipment of any kind or nature installed or used in

each Residential Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction and the Residential Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other such electrical equipment in such Residential Unit Owner's Unit.

11. No velocipedes, bicycles, scooters, strollers, baby carriages or similar vehicles shall be allowed in any of the elevators other than the elevators designated by the Condominium Board or the Managing Agent for that purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the terraces or balconies or in any passages, public halls, vestibules, corridors or other public areas of the Residential Section.

12. No Residential Unit Owner shall make or permit any disturbing noises or activity in the Residential Section or Commercial Section or do or permit anything to be done therein, which will interfere with the rights, comfort or convenience of other Unit Owners or the tenants or occupants of the Commercial Section. No Residential Unit Owner shall play or suffer to be played any musical instrument, or practice or suffer to be practiced vocal music, or operate or permit to be operated a phonograph, radio, television computer, stereo or other loud speaker in such Unit Owner's Unit between 11:00 P.M. and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the Building, unless the same shall have the prior written consent of the Condominium Board. No construction or repair work or other installation involving noise shall be conducted in any Residential Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency or unless such work is performed by Declarant.

13. No pets other than dogs, caged birds, cats and fish shall be permitted, kept or harbored in a Residential Unit without the same in each instance having been expressly permitted in writing by the Condominium Board or the Managing Agent and such consent, if given, shall be revocable by the Condominium Board or such Managing Agent in its sole discretion, at any time. In no event shall any bird, reptile, or animal be permitted in any public elevator in the Residential Section, other than the elevators designated by the Board or the Managing Agent for that purpose, or in any of the public portions of the Residential Section, unless carried or on a leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or other public portions of the Residential Section or on the sidewalk or street adjacent to the Building. Each Residential Unit Owner who keeps any type of pet in such Unit Owner's Residential Unit may be required to enter into an agreement with the Condominium Board setting forth such other rules regarding pets as the Board shall deem suitable and indemnifying and holding harmless the Condominium, all Unit Owners and the Managing Agent from all claims and expenses resulting from the acts of such pet. The Condominium Board shall have the right to regulate the size, weight and number of pets that may be kept in a Residential Unit.

14. Water-closets and other water apparatus in the Residential Section shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the same. Any damage resulting from misuse of any water-closets or other apparatus in a Residential Unit shall be repaired and paid for by the Owner of such Unit.

15. The agents of the Managing Agent and any contractor or worker authorized by the Condominium Board or the Managing Agent, may enter any room or Residential Unit at any reasonable hour of the day, on at least twenty-four (24) hours prior written notice to the Residential Unit Owner, for the

purpose of inspecting such Residential Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests; however, such entry, inspection and extermination shall be done in a manner so as not to unreasonably interfere with the use of such Residential Unit for its permitted purposes.

16. Corridor doors shall be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

17. The Condominium Board or the Managing Agent may retain a passkey to each Residential Unit. If any lock is altered or a new lock is installed, the Residential Unit Owner shall be required to provide the Condominium Board or the Managing Agent with a key thereto immediately upon the alteration or installation of any new lock. If the Residential Unit Owner is not personally present to open and permit an entry to such Unit Owner's Unit at any time when an entry therein is necessary or permissible under these Residential Rules and Regulations or under the By-Laws and such Residential Unit Owner has not furnished a key to the Condominium Board or the Managing Agent as required hereunder, then the Board or its Managing Agent or their agents may forcibly enter such Unit without liability for damages or trespass by reason thereof provided, however, that (i) an emergency exists; (ii) specific authorization by an officer of the Board or an officer of the Managing Agent has been given; and (iii) reasonable care under the circumstances is given to such Unit Owner's personal belongings and property.

18. No vehicle belonging to a Residential Unit Owner or to a member of the family or guest, tenant or employee of a Residential Unit Owner shall be parked in such manner as to impede or prevent ready access by another vehicle to any entrance to or exit from the Building.

19. Complaints regarding the services of the Residential Section shall be made in writing to the Condominium Board or to the Managing Agent.

20. Any consent or approval given under these Residential Rules and Regulations. may be granted, refused, added to, amended or repealed, in the sole discretion of the Condominium Board at any time by resolution of the Board and any such consent or approval may, in the discretion of the Board, be conditional in nature.

21. Residential Unit Owners will faithfully observe the following procedures with respect to the use of the compactor: (a) wrap dust, floor and powdered waste in compact packages before depositing the same; (b) thoroughly drain and wrap in paper all garbage before depositing the same; (c) refrain from forcing large bundles into the chute; (d) crush into tight bundles all loose papers before placing in the hopper door, (e) deposit all bundles of waste into the hopper; (0 never deposit waste of an explosive nature into the hopper; and (g) observe all Laws regarding the recycling of refuse then imposed by governmental agencies having jurisdiction thereover.

22. Residential Unit Owners, their guests, employees, agents, visitors, tenants, sublessees or licensees shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their Units.

23. No Residential Unit Owner or any of such Unit Owner's agents, employees, licensees, tenants, sublessees or visitors shall at any time bring into or keep in such Unit Owner's Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be necessary

and appropriate for the permitted uses of such Unit.

24. The Board shall have the right from time to time to relocate any portion of the Common Elements devoted to storage or service purposes.

25. No group tour or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the prior consent of the Condominium Board or the Managing Agent.

26. In the event that any Residential Unit is used for home occupation purposes which are permitted by law and the By-Laws, in no event shall any patients, clients or other invitees be permitted to wait in any lobby, public hallway or vestibule.

27. There will be no barbecuing in the Residential Units, in their Limited Common Elements, or the General Common Elements, except for those areas (if any) specifically designated for barbecuing by the Condominium Board.

28. The Condominium Board reserves the right to rescind, alter, waive or add, as to one or more or all occupants, any rule or regulation at any time prescribed for the Residential Section when, in the reasonable judgment of the Board, the Board deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Residential Section, or the preservation of good order therein, or the operation or maintenance of the Residential Section, or the equipment thereof, or the comfort of Unit Owners, occupants or others in the Residential Section. No rescission, alteration, waiver or addition of any rule or regulation in respect of one Residential Unit Owner or other occupant shall operate as a rescission, alteration or waiver in respect of any other Residential Unit Owner or other occupant.

29. No article, including, but not limited to, bicycles and similar vehicles, shall be stored or allowed to stand on any terraces, other than furniture of the kind usually maintained in outdoor areas.

THIS PAGE INTENTIONALLY LEFT BLANK

CERTIFICATION OF SPONSOR AND PRINCIPALS

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: The 108-110 Duane Street Condominium
108-110 Duane Street
New York, New York 10007

Gentlemen:

The undersigned certify as follows:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibilities for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 23 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We 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 promises 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.

Michael Maidan

SPONSOR: 108-110 Duane LLC
By: 108-110 Duane Street Corp.,
Managing Member

By: _____
Michael Maidan, President

Sworn to before me
this 16 day of May 2011

PHYLLIS MARIE KAMYSEK
Notary Public, State of New York
No. 01KA4818645
Qualified in New York County
Commission Expires January 31, 2015

CERTIFICATION OF SPONSOR'S ARCHITECT
PURSUANT TO PART 20
OF THE REGULATIONS ISSUED
PURSUANT TO GENERAL BUSINESS LAW
ARTICLE 23-A. AS AMENDED

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, NY 10271

RE: Condominium Offering Plan
The 108-110 Duane Street Condominium
108 Duane Street
New York, New York

Dear Ladies and Gentlemen:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction of the property ("Report"). We visually inspected the property on June 23, 2010, and prepared the Report dated August 10,2010, and again inspected on February 15, 2011, and amended the report now dated March 23, 2011, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the; Department of Law in Part 23 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report

i) Sets forth in narrative form the description 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 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,

250 West 57th Street, New York N.Y. 10107 • 212/957-9570

(iv) does not contain any untrue statement of material fact,

(v) does not contain any fraud, deception, concealment or suppression,

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we

a) knew the truth
b) with reasonable effort could have known the truth
c) made no reasonable effort to ascertain the truth, or
d) did not have knowledge concerning the representations or statement made

I further certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing the 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.

Garth Hayden, Architect



Sworn to before me
this 24 day of March 2011

E. Murphy

ELIZABETH MURPHY
NOTARY PUBLIC, State of New York
No. 43-4789955
Qualified in Richmond County
Commission Expires August 31, 2013

CERTIFICATION BY EXPERT OF THE ADEQUACY OF BUDGET PURSUANT TO SECTION 23.4(d) OF REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23-A, AS AMENDED

May 10, 2011

New York State Department of Law
120 Broadway
New York, NY 10271
Att: Real Estate Financing Bureau

Re: The 108-110 Duane Street Condominium
108-110 Duane Street
New York, New York 10007

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained us to review the revised Schedule B containing projections of income and expenses for the first year of condominium operation. T. George Realty, Inc. . has been managing residential properties for more than 15 years and presently manages 10 residential properties in the greater New York metropolitan area.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operations.

We certify that the schedule:

i) sets forth in detail the projected income and expenses for the first year of condominium operation;
ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;
(iii) does not omit any material fact;
(iv) does not contain any untrue statement of a material fact;
(v) does not contain any fraud, deception, concealment, or suppression;
(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
(vii) does not contain any representation or statement which is false, where we:
(a) knew the truth;

(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth, or
(d) did not have knowledge concerning the representations or statements 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 the 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.

T. George Realty, Inc.

By: _____
Pekoe Teves, President

Sworn to before me
this 12th day of May 2011

Scott Moretti
Notary Public, State of New York
No. 01MO6189698
Qualified in Westchester County
Commission Expires June 30, 2012

CERTIFICATION BY EXPERT OF THE ADEQUACY OF COMMON CHARGES PAYABLE BY COMMERCIAL UNIT OWNERS PURSUANT TO SECTION 23.4(e) OF REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23-A, AS AMENDED

May 10, 2011

New York State Department of Law
120 Broadway
New York, NY 10271
Art: Real Estate Financing Bureau

Re: The 108-110 Duane Street Condominium
108-110 Duane Street
New York, New York 10007

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained us to review Schedule B, which includes projections of common charges payable by the owners of the commercial units for the first year of condominium operation. T. George Realty, Inc. has been managing properties with commercial uses for more than 15 years and presently manages 6 properties with commercial use in the greater New York metropolitan area.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to the commercial units listed in Schedule B.

We have reviewed the Schedule as it impacts upon the commercial units and investigated the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B for common charges payable by the owners of the commercial units appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial units for the projected first year of condominium operations.

We certify that the estimates in Schedule B for the common charges payable by the owners of the commercial units:

(i) set forth in detail the projected common charges for the commercial units for the first year of condominium operation;
(ii) afford potential investors, purchasers and participants an adequate basis

upon which to found their judgment concerning common charges payable by the owners of the commercial units.
(iii) do not omit any material fact;
(iv) do not contain any untrue statement of a material fact;
(v) do not contain any fraud, deception, concealment, or suppression;
(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
(vii) do not contain any representation or statement which is false, where we:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth, or
(d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial unit for the first year of the 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.

T. George Realty, Inc.

By: _____
Pekoe Teves, President

Sworn to before me
this 12th day of May 2011.

_____

Scott Moretti
Notary Public, State of New York
No. 01MO6189698
Qualified in Westchester County
Commission Expires June 30, 2012

DOCUMENT 9

(RESERVE FUND LAW)

CHAPTER 8 COOPERATIVE AND CONDOMINIUM CONVERSIONS

§ 26-701 Application. The provisions of this chapter shall apply to conversions from rental to cooperative or condominium status of a building or a group of buildings or a development for which a plan must be filed with the state department of law pursuant to section three hundred fifty-two-eeee of the general business law.

§ 26-702 Definitions. As used in this chapter the following words shall mean:

a. Building any building, group of buildings or development.

b. Total price (1) with respect to cooperative conversions, the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made; (2) with respect to condominium conversions, the sum of the cost of all units in the offering at the last price which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

c. Capital replacement a building-wide replacement of a major component of any of the following systems:

(1) elevator;
(2) heating, ventilation and air conditioning;
(3) plumbing;
(4) wiring;
(5) window;

or, a major structural replacement to the building; provided, however, that replacements made to cure code violations of record shall not be included.

d. Offeror the offeror, his or her nominees, assignees and successors in interest.

§ 26-703 Establishment of reserve fund.

a. Within thirty days after the closing of a conversion pursuant to an offering plan the offeror shall establish and transfer to the cooperative corporation or condominium board of managers, a reserve fund to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of such buildings. Such reserve fund shall be exclusive of any other funds required to be reserved under the plan or applicable law or regulation of the state attorney general, except a fund for capital repairs, replacements and improvements substantially similar in purpose to and in an amount not less than the reserve fund mandated by this section. Such reserve fund also shall be exclusive of any working capital fund and shall not be subject to reduction for closing apportionments.

b. Such fund shall be established in an amount equal to either (i) three per cent of the total price or, (ii) (A) three per cent of the actual sales price of all cooperative shares or condominium units sold by the offeror at the time the plan is declared effective, provided, however, that if such amount is less than one per cent of the total price, then the fund shall be established as a minimum of one per cent of the total price; plus (B) supplemental contributions to be made by the offeror at a rate of three per cent of the actual sales price of cooperative shares or condominium units for each unit or its allocable shares held by the offeror and sold to bona fide purchasers subsequent to the effective date of the plan and within five years of the closing of the conversion pursuant to such plan notwithstanding that the total amount contributed may exceed three percent of the total price; and provided, further, that if five years from thirty days after the :losing of the conversion pursuant to such plan the total contributions by the offeror to the fund ire less than three per cent of the total price the offeror shall pay the difference between the mount contributed and three per cent of the total price. Supplemental contributions shall be made within thirty days of each sale.

c. The contributions required pursuant to this section may be made earlier or in an amount greater than so provided. An offeror may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacements which he or she has egun after the plan is submitted for filing to the state department of law and before the plan is declared effective; provided, however, that any such replacements must be set forth in the plan together with their actual or estimated costs and further provided, that such credit shall not :ceed the lesser of the actual cost of the capital replacements or one per cent of the total price.

d. Any building, construction of which was completed within three years prior to the closing a conversion pursuant to an offering plan, shall be exempt from the requirements of this section.

§ 26-704 Report on status of reserve fund. The cooperative corporation or condominium board managers shall report to shareholders and unit owners on a semi-annual basis with respect to deposits into and withdrawals from the reserve fund mandated by section 26-703 of this chapter.

§ 26-705 Posting of violations. The offeror, not later than the thirtieth day following the :acceptance of a plan for filing by the state department of law pursuant to section three hundred y-two-eeee of the general business law and until the closing of the conversion pursuant to ;h plan, shall post and maintain in a prominent place, accessible to all tenants in each building covered by the plan, a listing of all violations of record against such buildings as determined by department of buildings and the department of housing preservation and development All newly issued violations shall be posted within forty-eight hours of their issuance and maintained as described above. The offeror may satisfy the requirements of this section by designating an agent on the premises with whom such listing shall be made available for inspection by the tenant.

§ 26-706 Report on condition of premises. Where, pursuant to law or regulation of the state attorney general, an offeror is required to file a report with the state department of law describing the condition of the physical aspects of the premises to be converted and the surrounding neighborhood, a copy of such report shall be submitted simultaneously to the commissioner of buildings:

§ 26-707 No waiver of rights. Any provision purporting to waive the provisions of this chapter in any contract to purchase or agreement between an offeror and the cooperative corporation or the condominium board of managers pursuant to a conversion plan shall be void as against public policy.

§ 26-708 Criminal and civil penalties; enforcement,

a. Except as otherwise provided in subdivision b of this section, any person who knowingly violates or assists in the violation of any section of this chapter shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than one hundred nor more than one thousand dollars. Except as otherwise provided in subdivision b of this section, any person who violates or assists in the violation of any section of this chapter shall be subject to a civil penalty of one hundred dollars per day per unit for each day that a building is not in compliance with the provisions of such sections; provided, however, that such civil penalty shall not exceed one thousand dollars per unit.

b. Any person who knowingly violates or assists in the violation of section 26-703 of this chapter shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not more than two times the amount required to be reserved by section 26-703 of this chapter which was not so reserved. Any person who violates or assists in the violation of section 26-703 of this chapter shall also be subject to a civil penalty of one thousand dollars per day for each day that the reserve fund required by section 26-703 of this chapter is not established; provided, however, that such civil penalty shall not exceed the amount required to be reserved pursuant to section 26-703 of this chapter.

c. In addition, any other action or proceeding in any court of competent jurisdiction that may be appropriate or necessary for the enforcement of the provisions of this chapter may be brought in the name of the city, including actions to secure permanent

injunctions enjoining any acts or practices which constitute a violation of any provision of this chapter, mandating compliance with the provisions of this chapter or for such other relief as may be appropriate. In any such action or proceeding the city may apply to any court of competent jurisdiction, or to a judge or justice thereof, for a temporary restraining order or preliminary injunction enjoining and restraining all persons from violating any provision of this chapter, mandating compliance with the provisions of this chapter, or for such other relief as may be appropriate, until the hearing and determination of such action or proceeding and the entry of final judgment or order therein. The court, or judge or justice thereof, to whom such application is made, is hereby authorized forthwith to make any or all of the orders above specified, as may be required in such application, with or without notice, and to make such other or further orders or directions as may be necessary to render the same effectual. No undertaking shall be required as a condition of the granting or issuing of such order, or by reason thereof.

d. Nothing contained in this section shall impair any rights, remedies or causes of action accrued or accruing to purchasers of cooperative shares or condominium units.

e. The department of housing preservation and development is empowered to enforce the provisions of this chapter.

THIS PAGE INTENTIONALLY LEFT BLANK

ETF-1

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. **Name of Applicant** _____

2. **Address of Applicant** _____

3. **Name, Address, and Telephone Number of Applicant's Attorney (if any)** _____

_____

4. **This is an application for**
   - [ ] **return of downpayment.**
   - [ ] **forfeiture of downpayment.**
   - [ ] **other:** _____

5. **The project is**
   - [ ] **a conversion of occupied premises.**
   - [ ] **newly constructed or rehabilitated.**
   - [ ] **vacant (as is).**

6. **The project is structured as**
   - [ ] **a cooperative.**
   - [ ] **a condominium.**
   - [ ] **a homeowners association.**
   - [ ] **a timeshare.**
   - [ ] **other:** _____

2/6/92

7. **Name and Address of Sponsor:** _____

_____

8. **Name and Address of Escrow Agent:** _____

_____

9. **If downpayments are maintained in an escrow account:**

   (a) **Name of account** _____

   (b) **Name and address of bank** _____

   (c) **Account number (if known)** _____

   (d) **Initial interest rate (if known)** _____

10. **If downpayments have been secured by bonds:**

   (a) **Name and address of bond issuer or surety:** _____

   _____

   (b) **Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND). If not included, explain:**

   _____

   _____

11. **If downpayments have been secured by a letter of credit:**

   (a) **Name and address of bank which issued the letter of credit:** _____

   _____

   (b) **Date of expiration of the letter of credit, if known:**

   _____

12. **Plan information:**

   (a) **Date of filing of plan:** _____

(b) **Plan**

[ ] **has been declared effective. Approximate date:** _____

[ ] **has not been declared effective.**

(c) **If effective, the plan**

[ ] **has closed or the first unit has closed. Approximate date:** _____

[ ] **has not closed.**

[ ] **don't know.**

(d) **Downpayments are secured by**

[ ] **escrow account.**

[ ] **bonds.**

[ ] **letter of credit.**

13. **Contract information:**

(a) **Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)**

(b) **Date on which subscription or purchase agreement was signed:** _____

(c) **Date(s) of downpayment(s):** _____

(d) **Total amount of downpayment(s):** _____

(e) **Names and addresses of subscribers or purchasers affected by this application:**

_____

_____

_____

_____

14. **State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.**

_____

_____

_____

15. **I am contemporaneously sending a copy of this application to the following persons:**

Note: **You are required to mail a copy of this Application to all other affected parties.**

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: **Date:**

Name (Printed):

Telephone: (Home) **(Business)**

Mailing Address:

2/6/92

108-110 Duane Street
New York, New York 1007

Escrow Agreement Relating to Contract Deposits under the Offering Plan

AGREEMENT made as of the filing date of the Offering Plan (defined below), between 108-110 Duane LLC ("Sponsor") as SPONSOR of the Offering Plan and Phyllis Marie Kamysek, PLLC, ("ESCROW AGENT") as escrow agent.

WHEREAS, SPONSOR is the SPONSOR of an offering plan for premises known as and located at 108-110 Duane Street, New York, New York 10007 ("Offering Plan"); and

WHEREAS, Phyllis Marie Kamysek, PLLC, is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers or subscribers, pursuant to the terms of this Agreement and the Offering Plan.

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

1. **ESTABLISHMENT OF THE ESCROW ACCOUNT**

1.1 ESCROW AGENT will establish a master escrow account for the purpose of holding deposits, downpayments, advances or payments ("Deposits") made by purchasers or subscribers ("Purchasers") pursuant to the Offering Plan at a commercial or savings bank having a branch located in New York City entitled "Phyllis Marie Kamysek, PLLC as Escrow Agent for the 108-110 Duane Street Condominium" ("Master Escrow Account").

1.2 All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. IF ESCROW AGENT receives a completed and signed Form W-9 (Request for Taxpayer Identification Number) or Form W-8 (Certificate of Foreign Status), as applicable, from a Purchaser at the time the Deposit is delivered to ESCROW AGENT, the Deposit of such Purchaser will be promptly transferred from the non-interest bearing checking portion of the Master Escrow Account into an individual interest bearing sub-escrow account in the name of such Purchaser. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing checking portion of the Master Escrow Account so that checks may be drawn thereon.

1.3 Partners in, or attorneys employed by, ESCROW AGENT are the sole signatories on the Master Escrow Account.

1.4 The Master Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497.

1.5 All interest will be credited to Purchaser at such time as: (i) there is a closing under the Contract of Sale (defined below), or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to SPONSOR only in the event there is a "consummation of the Offering Plan" (as such term is defined in the Attorney General's regulations) and Purchaser defaults.

2. DEPOSITS INTO THE ESCROW ACCOUNT

2.1 All funds received from Purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited into the Master Account. All instruments to be deposited into the Master Escrow Account shall be made payable directly to the order of "Phyllis Marie Kamysek, PLLC, as Escrow Agent". Endorsed instruments will not be accepted. Any instrument payable other than as required hereby, and which cannot be deposited into the Master Escrow Account, shall be returned to the Purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the Deposit submitted with the purchase agreement or subscription agreement ("Contract of Sale"), ESCROW AGENT shall notify the Purchaser of the deposit of such funds in the Master Escrow Account, provide the account number, and disclose the initial interest rate. If the Purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the Deposit, the Purchaser may cancel the Contract of Sale and rescind within ninety (90) days after tender of the Deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely deposited in accordance with the Attorney General's regulations and requisite notice was timely mailed to the Purchaser.

3. RELEASE OF FUNDS

3.1 ESCROW AGENT shall not release the Deposit of a defaulting Purchaser until after consummation of the Offering Plan. Consummation of the Offering Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Secion 352-h.

3.2 ESCROW AGENT shall continue to hold the Deposit in escrow until otherwise directed in (a) a writing signed by both SPONSOR and Purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.3 SPONSOR shall not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Deposit to: (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Offering Plan or an amendment to the Offering Plan, or (b) all Purchasers after an amendment abandoning the Offering Plan is accepted for filing by the Department of Law.

3.4 In the event SPONSOR and a Purchaser close title under the Contract of Sale, ESCROW AGENT shall be entitled to release the Deposit to SPONSOR without the need for a written agreement from Purchaser.

3.5 Except as otherwise set forth above, if there is no written agreement between the parties to release the Deposit, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the Deposit may be paid to SPONSOR unless the Purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received notice from the Purchaser in accordance with such provisions.

4. RECORDKEEPING

4.1 ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven (7) years after release of funds.

4.2 Upon the dissolution of ESCROW AGENT, the former partners of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT

5.1 ESCROW AGENT shall maintain the Master Escrow Account under its direct supervision and control.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

5.3 ESCROW AGENT shall not be liable to SPONSOR for any error in judgment, mistake of fact or law or for any act or omission on ESCROW AGENT'S part, including, without limitation, any act or omission which permits a Purchaser to rescind a Contract of Sale, unless taken or suffered in bad faith or in willful disregard of this Agreement or involving gross negligence on the part of ESCROW AGENT.

5.4 ESCROW AGENT shall be permitted to act as counsel for SPONSOR in any dispute as to the disbursement of the Deposit or any other dispute between SPONSOR and a Purchaser whether or not ESCROW AGENT is in possession of the Deposit and continues to act as ESCROW AGENT.

5.5 ESCROW AGENT may rely upon any paper or document which may be submitted to it in connection with its duties under this Agreement and which is believed by ESCROW AGENT to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

5.6 ESCROW AGENT may consult with legal counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection to ESCROW AGENT in respect of any action taken or omitted in good faith by ESCROW AGENT hereunder in accordance with the opinion of such counsel.

5.7 The provisions of paragraphs 5.5 and 5.6 shall apply only to SPONSOR and nothing contained therein shall be in derogation of the rights of a purchaser under Article 23-A of the General Business Law.

6. RESPONSIBILITIES OF SPONSOR

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver all Deposits received by them prior to closing of an individual transaction to a designated attorney who is a partner of or attorney or legal assistant employed by ESCROW AGENT within (2)

business days of tender of the Deposit by a Purchaser, using such transmittal forms as required by ESCROW AGENT from time to time.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

6.3 SPONSOR shall obtain or cause the selling agent under the Offering Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from each Purchaser and deliver such form to ESCROW AGENT together with the Deposit and Contract of Sale.

7. TERMINATION OF AGREEMENT

7.1 This Agreement shall remain in effect unless and until it is cancelled by either:

a. Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Offering 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. Such resignation shall take effect on the date set forth in the notice from ESCROW AGENT, except such resignations shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent with respect to Deposits held in the Master Escrow Account on the date of such resignation; or

c. All units offered by SPONSOR pursuant to the Offering Plan have been sold and no Deposits of Purchasers from SPONSOR remain in the Master Escrow Account.

7.2 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 funds held by ESCROW AGENT in escrow and any and all contracts or documents maintained by ESCROW AGENT relating to such funds to the new escrow agent.

8. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their respective 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 to pay ESCROW AGENT for services rendered by its attorneys and paralegals and expenses incurred by ESCROW AGENT in connection with this Agreement, including, without limitation, disputes arising with respect to the Deposit. SPONSOR shall not be charged with any administrative costs for maintenance of the Master Escrow Account. ESCROW AGENT'S fees and disbursements shall neither be paid by Sponsor from the Deposit nor

deducted from the Deposit by any financial institution under any circumstance.

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. INDEMNIFICATION

SPONSOR agrees to defend, indemnify and hold ESCROW AGENT harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

13. ALTERNATE SECURITY

In event that SPONSOR is authorized by the Department of Law to post a Letter of Credit or Surety Bond as alternate security to secure all or a portion of the Deposits, ESCROW AGENT agrees to be the beneficiary of the Letter of Credit or Surety Bond and to act as fiduciary with respect to such Letter of Credit or Surety Bond for the benefit of Purchasers under the Offering Plan whose Deposits were released from escrow in accordance with the "Escrow and Trust Fund" section of the Offering Plan or an amendment to the Offering Plan.

14. ENTIRE AGREEMENT

This Agreement, read together with GBL Sections 352-e(2-b) and 352-h and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

PHYLLIS MARIE KAMYSEK, PLLC

By:_____
Phyllis Marie Kamysek, Esq.

SPONSOR: 108-110 Duane LLC
By: 108-110 Duane Street Corp., Managing Member

By:_____
Michael Maidan