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

CONDOMINIUM OFFERING PLAN FOR PHILIP HOUSE CONDOMINIUM

141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue
New York, New York 10128

Offering Price for 79 Residential Units	**$279,915,000 (1)**
Total Offering Price	**$279,915,000 (2)**
Approximate Reserve Fund	**$ 7,521,795 (3)**
Net Offering Amount	**$272,393,205**

(1) **Asking prices are negotiable and may be changed. See Section of the Plan entitled "Changes in Prices and Units." This Offering Price includes the price of Residential Unit 2A, which is to be sold to the Condominium for occupancy by the Resident Manager for $1,330,000. See Section of the Plan entitled "Introduction."**

(2) **The Commercial Units are not currently offered for sale.**

(3) **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 most probable that this estimated amount will be changed pursuant to such statute. This is estimated to be reduced by $2,507,265 due to work performed by Sponsor, so that the amount to be paid would be $5,014,530. See the Section of the Plan entitled "Reserve Fund."**

SPONSOR:

141 East 88th Street, LLC
c/o The Cheshire Group, L.L.C.
826 Broadway, 11th Floor
New York, New York 10003

SELLING AGENT:

Stribling Marketing Associates, LLC
32 Avenue of the Americas
New York, New York 10013
(212) 941-8420

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

SEE PAGE 1 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 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

Page

PART I

SPECIAL RISKS 1

INTRODUCTION 12

CERTAIN DEFINITIONS 20

LOCATION AND AREA INFORMATION 31

SCHEDULE A OFFERING PRICES AND RELATED INFORMATION 33

FOOTNOTES TO SCHEDULE A 37

SCHEDULE B PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION 42

FOOTNOTES TO SCHEDULE B 45

SCHEDULE B-1 55

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i 57

COMMERCIAL UNITS 60

CHANGES IN PRICES AND UNITS 63

ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATIONS 67

RIGHTS OF EXISTING TENANTS 80

OBLIGATIONS OF OWNERS OF UNITS OCCUPIED BY NON-PURCHASING TENANTS 85

INTERIM LEASES 88

PROCEDURE TO PURCHASE 90

ASSIGNMENT OF PURCHASE AGREEMENTS 102

EFFECTIVE DATE 103

TERMS OF SALE 106

UNIT CLOSING COSTS AND ADJUSTMENTS 111

RIGHTS AND OBLIGATIONS OF SPONSOR 119

CONTROL BY SPONSOR 122

BOARD OF MANAGERS 124

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS 128

REAL ESTATE TAXES 149

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM 151

OPINION OF COUNSEL 154

WORKING CAPITAL FUND; CLOSING ADJUSTMENTS WITH CONDOMINIUM BOARD 163

RESERVE FUND 165

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES 168

IDENTITY OF PARTIES 170

SPONSOR'S PROFIT 174

REPORTS TO UNIT OWNERS 175

DOCUMENTS ON FILE 176

GENERAL 177

SPONSOR'S STATEMENT OF BUILDING CONDITION 179

PART II

Document Number 1 - PURCHASE AGREEMENT 183

Document Number 2 - POWER OF ATTORNEY 212

Document Number 3 - FORM OF CONDOMINIUM UNIT DEED 217

Document Number 4 - DESCRIPTION OF PROPERTY AND BUILDING CONDITION 222

Document Number 4A - DESCRIPTION OF PROPERTY AND BUILDING CONDITION: ENGINEER'S REPORT CONCERNING CERTAIN BUILDING SYSTEMS 269

Document Number 5 - FLOOR PLANS 281

Document Number 6 - ASBESTOS REPORT 357

Document Number 7 - DECLARATION OF PHILIP HOUSE CONDOMINIUM 409

Document Number 8 - BY-LAWS OF PHILIP HOUSE CONDOMINIUM.....443

Document Number 9 - ESCROW AGREEMENT 506

Document Number 10 - STORAGE LICENSE AGREEMENT 513

Document Number 11 - RESERVATION OF RIGHTS AND HALLWAY LICENSE AGREEMENT 519

Document Number 12 - RESERVE FUND LAW 527

Document Number 13 - STORAGE CLOSET LAYOUT 530

Document Number 14 - APPLICATION FOR DETERMINATION ON DISPOSITION OF DOWN PAYMENT 532

Document Number 15 - GENERAL BUSINESS LAW § 352-eee 536

CERTIFICATIONS 542

(i) Sponsor and Sponsor's Principals 543

(ii) Sponsor's Architect 545

(iii) Sponsor's Engineer 547

(iv) Sponsor's Expert Concerning Adequacy of Budget 549

(v) Sponsor's Expert Concerning Adequacy of Common Charges Payable by the Owner of the Commercial Unit 551

SPECIAL RISKS

The special risks summarized below are explained more fully in other Sections of the Plan. Prospective Purchasers should therefore read the entire Plan to completely understand these and other material aspects of this offering. See the Section of the Plan entitled "**Certain Definitions**" for the meanings of the capitalized words used in this Section of the Plan and not defined herein.

1. 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. This means that Purchasers who do not obtain financing, and therefore cannot close their purchase, may lose their down payments. 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. See the Section of the Plan entitled "**Procedure to Purchase.**"

2. Sponsor's Remedies on Purchaser's Default Under Purchase Agreement; 30-day "Time-of-the-Essence" Period for Purchaser to Cure Default

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 under the Purchase Agreement 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.**"

3. Purchaser's Delinquency Closing Costs

If through no fault of Sponsor a Purchaser fails to close on the date fixed by Sponsor for Closing of Title to Purchaser's Unit, then Purchaser will (a) pay (among other closing costs) a late fee equal to 0.0411% times the unpaid balance of the Purchase Price for each day's delay (equal to a total annual interest rate of 15%), beginning with the date originally scheduled for the closing to and including the day immediately preceding the actual date on which the closing occurs, (b) reimburse Sponsor 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 Sponsor's attorneys of $250 for each default letter sent to such Purchaser and $250 for each notice sent to such Purchaser to reschedule the closing. All of these and other closing costs to be paid by a Purchaser are described in the Section of the Plan entitled "**Unit Closing Costs and Adjustments**."

4. Purchaser's Payment of Transfer Taxes

At the Closing of Title to his Unit, each Purchaser will be required to pay New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax. The New York City Real Property Transfer Tax is currently imposed at a rate of 1% of the Purchase Price for an individual residential condominium unit if the Purchase Price is $500,000 or less and 1.425% if the Purchase Price is more than $500,000. The New York State Real Estate Transfer Tax is currently imposed at a rate equal to $2.00 for each $500 (or fractional part thereof) of the Purchase Price. Prospective Purchasers are advised that both New York State and New York City have taken the position that where a purchaser pays either or both of these taxes, the amount of such taxes that would have been paid by seller but is instead paid by the purchaser constitutes additional consideration to the seller and must be considered in calculating the tax due. New York State also imposes a so-called "mansion tax" (equal to 1% of the Purchase Price of the Unit) that is required to be paid by purchasers of Residential Units having a Purchase Price of $1,000,000 or more. The amount of New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax that would have been paid by seller but is instead paid by the purchaser is included in determining the Purchase Price of a Residential Unit for the purpose of determining whether any "mansion tax" is due and payable and for the purpose of calculating the amount of such "mansion tax." If the addition of the transfer taxes to the Purchase Price results in a price of $1,000,000 or more, the mansion tax will be payable by Purchaser even though it otherwise would not have been required. Please see the Section of the Plan entitled "**Unit Closing Costs and Adjustments.**"

5. Bank Account for Down Payment is Federally Insured to $250,000

Each Down Payment will be kept in a segregated attorney's special escrow account at Bank of America having an office at 1886 Broadway, New York, New York 10023 (the "**Bank**"). The Bank is covered by federal bank deposit insurance to a maximum of $250,000 in the aggregate with respect to all funds deposited by any Person in one or more deposit accounts. If a Purchaser's Down Payment, together with any other funds of such Purchaser in deposit accounts at the Bank, exceeds $250,000, the excess above $250,000 will not be federally insured. Neither Sponsor, the Selling Agent nor the Escrow Agent holding the Down Payment will be liable for any losses resulting from the failure of the Bank. If a Purchaser orders extras for a Unit, such 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 the Purchaser is otherwise entitled to a refund. Please refer to the Section of the Plan entitled "**Procedure to Purchase.**"

6. Sponsor's Inability to Convey Title

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 Unit in accordance with the Plan and the terms of the Purchase Agreement for such 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 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). See the Section of the Plan entitled "**Terms of Sale**" and the form of Purchase Agreement set forth as Document Number 1 in Part II of the Plan.

7. Commercial Units

The Condominium will contain six (6) Commercial Units which are not currently offered for sale. Expiration dates for existing leases applicable to these Units are set forth in the Section of the Plan entitled "**Commercial Units**".

Sponsor reserves the right to offer the Commercial Units for sale at a later date by price change amendment to the Plan. Sponsor and any subsequent owner of all or any of the Commercial Units shall have the right to subdivide each Commercial Unit into any number of units, or combine it with any other Commercial Unit, subject to the provisions of the Declaration and the By-Laws. Subject to certain specified restrictions, a Commercial Unit may be used for any lawful purpose. Additionally, each Commercial Unit Owner and his respective tenants, employees, agents, licensees and invitees shall have an easement to use the sidewalks and ramps appurtenant to such Commercial Unit Owner's Commercial Unit for such purposes as may be permitted by law, including, without limitation, use as a sidewalk café, including, without limitation, food and beverage services and the placement of outdoor seating, tables and signage. This may result in additional noise, traffic and odors in the vicinity of the Condominium. See the Section of the Plan entitled "**Commercial Units**".

8. Condominium Board to Purchase Unit for Use of Resident Manager

As discussed more fully in the subsection entitled "**Resident Manager's Unit**" in the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers,**" at or subsequent to the First Closing, Sponsor will sell Unit 2A, a Residential Unit, to the Condominium Board, on behalf of all Unit Owners, to be used as the resident manager's residence. The Purchase Price of the Resident Manager's Unit is $1,195,000. The closing costs and fees associated with the sale of the Resident Manager's Unit, including state and city transfer taxes, are projected to be $80,000, making the aggregate Purchase Price for the Resident Manager's Unit $1,275,000. Sponsor presently anticipates that seventy percent (70%) of the

Purchase Price will be financed by a mortgage in the amount of $836,500 held by an institutional lender and thirty percent (30%) of the aggregate Purchase Price will be financed by a note in the amount of $358,500 to be held by Sponsor (**"Sponsor's Note"**) secured by a mortgage, although Sponsor may finance a larger or smaller portion of the Purchase Price if it deems it appropriate. It is anticipated that the mortgage will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Sponsor's Note will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Initial annual payments of principal and interest on the first mortgage are expected to be $5,287.25 and on Sponsor's Note they are anticipated to be $2,265.96.Upon the maturity of the mortgage and Sponsor's Note, the Board will be required to repay the entire outstanding principal balance, together with any accrued and unpaid interest due thereon. If the Board repays the outstanding principal balance on both the mortgage and Sponsor's Note upon maturity of Sponsor's Note (*i.e*, after five (5) years), the amount payable, assuming that the Board is not then in default, is estimated to be $1,119,096 Sponsor does not intend to refinance or extend the mortgage or Sponsor's Note at maturity. Purchasers are advised that refinancing by another lender may not be available and that the Condominium Board, in order to repay the mortgage, may be required to assess all Unit Owners in proportion to their respective Common Interests.

If the Condominium Board defaults under the mortgage and Sponsor's Note, Sponsor may foreclose on the Resident Manager's Unit and if the proceeds from sale of the Unit are insufficient to satisfy the outstanding balance and other fees incurred, the Unit Owners (other than the Commercial Unit Owners) could be liable for the deficiency. In the event of a foreclosure, the Condominium will be without an apartment in the Building for the resident manager. Accordingly, alternate arrangements will be necessary to shelter the resident manager in the Building or within such distance of the Condominium as is then required by law.

All Common Charges and Special Assessments assessed against the Resident Manager's Unit, together with all other expenses and charges of ownership thereof, including, but not limited to, the costs of utilities, debt service on the mortgage and Sponsor's Note, real estate taxes and the costs of repairs, alterations and improvements to the Resident Manager's Unit undertaken by the Condominium Board, shall be borne by the Unit Owners as a General Common Expense.

See Footnote 14 to Schedule B for a further discussion of the costs, expenses and charges involved in maintaining the Resident Manager's Unit.

The Condominium Board will be responsible for the payment of all closing costs, expenses and charges relating to its purchase of the Resident Manager's Unit, including, but not limited to, recording taxes, transfer taxes, title insurance premiums and other fees due in connection with the purchase of the Resident Manager's Unit. Such payment shall be made from the Working Capital Fund as described in the subsection entitled "**Closing Adjustments With Board**" in the Section of the Plan entitled "**Working Capital Fund; Closing Adjustments with Condominium Board.**" Sponsor estimates that the approximate amount of such closing costs will be $78,250, plus an additional $1,750 fee to Sponsor's attorney for preparation of Sponsor's Note.

Until Closing of the Resident Manager's Unit, the Condominium Board will pay to the Sponsor from Common Charge payments of the Residential Unit Owners, monthly use and occupancy fees commencing with the filing of the Declaration until the Closing in the amount of $9,846.

9. No Security for Performance

Sponsor has not furnished any bond or other security for the performance of its obligations under the Plan. In addition, Sponsor's liability to any Purchaser under the Plan or to such Purchaser's successors or assigns (to the extent permitted hereunder) or to the Board with respect to its obligations under the Plan will, in any event, be limited to the net proceeds paid to Sponsor from the sale of the Units after payment of, or reserve for, all costs, expenses and liabilities paid or incurred in connection with the promulgation and consummation of the Plan (including, but not limited to, the offering and sale of the Units and the creation of the Condominium). The foregoing limitation will not be applicable to liability arising from a violation by Sponsor of Article 23-A of the GBL. Please see the Section of the Plan entitled "**Rights and Obligations of Sponsor**."

10. Occupancy of Units by Renters

Sponsor intends to sell the Residential Units to Purchasers who are buying for their or their family member's 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.

The mortgage that currently encumbers the Property and that will encumber the Property at the time of the First Closing contains no obligation for Sponsor to market Residential Units for sale as they become vacant or any requirement, beyond the requirements of applicable laws and regulations, as to a minimum number or percentage of Residential Units that must be under contract before the Plan can 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. See the Section of the Plan entitled **"Rights of Existing Tenants."**

11. Condition of the Property

Purchasers should be aware of certain aspects of the physical condition of the Building described in the "**Description of Property and Building Condition**" included in Part II of the Plan.

Construction of the Building was completed in 1929, making the Building over 82 years old.

The plumbing risers, heating risers, gas risers and waste lines are all over 82 years old. Sponsor is in the process of installing new electricity risers in the building core. As residential Units are vacated, Sponsor will install new hot and cold water and electric services in each renovated Unit. The heating risers will not be changed, but Sponsor is installing new HVAC systems in each Unit when renovated. Unused risers will be abandoned in place. Some gas risers but no waste lines will be replaced. In many places Sponsor has determined that replacing them is neither necessary nor feasible. Sponsor has seen no evidence of deterioration in any risers that are not being immediately replaced.

While there is no evidence of moisture, seepage or groundwater infiltration in the Building, there have been incidences of seepage in the north side of the Building following severe rain storms. Sponsor will use commercially reasonable efforts to determine the cause of the seepage and attempt to alleviate it. However, Sponsor makes no representations that such seepage will be completely eliminated.

The exterior walls of the Building are not separately insulated. Any insulation is provided by the wall assembly itself, which consists of brick masonry facing with terra cotta block backup. Some portions of the exterior are damaged or deteriorating. Sponsor plans to make repairs to the exterior where needed.

The skylights located above some of the interior stairways are in poor condition. Sponsor intends to replace all cracked and broken glass in the skylights.

Subject to the planned improvements set forth in the section of the plan entitled **"Sponsor's Statement of Building Conditions,"** all Units and Common Elements will be offered to Purchasers "as is" and 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 except as specifically set forth in section of the Plan entitled **"Rights and Obligations of Sponsor."**

12. Major Capital Improvements to Result in Rent Increases for Tenants of Rent-Stabilized and Rent-Controlled Apartments

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, the Condominium Board or Unit Owners upon application to and approval by the DHCR.

Non-Purchasing Tenants who occupy rent-controlled and rent-stabilized apartments should note that Sponsor intends to seek rent increases for certain major capital improvements that Sponsor intends to make. The amount of such increases will depend on the cost of such major capital improvements paid for by Sponsor (but will not include any such costs paid out of the Reserve Fund). The total cost of the major capital improvements upon which Sponsor intends to base its application is currently calculated at approximately $1,800,000.

Upon completion of each portion of the work necessary to make any such major capital improvements, Sponsor will apply to the DHCR for authorization to collect rent increases. Non-Purchasing Tenants who occupy rent-stabilized apartments will receive notice of the application directly from the DHCR and will have the opportunity to comment upon the application. Sponsor may not collect any rent increases for any major capital improvements until the DHCR issues an order granting the application in whole or in part. If the application is granted, the authorized rent increase will be retroactive to the first day of the month at least 30 days after notice was sent to such Non-Purchasing Tenants.

The total monthly rent increase that would be permitted if Sponsor's application were granted in whole would be $40 per room. It should be noted that the collection of any increase in rent based upon major capital improvements may not exceed 6% for rent-stabilized apartments and 15% for rent-controlled apartments over the legal rent for such apartments as of the date of the filing of the application with respect to rent-stabilized apartments and as of the effective date of the order granting Sponsor's application with respect to rent-controlled apartments, with collectibility of any excess above the 6% threshold or 15% threshold, as the case may be, to be spread forward and collected in future years. Also, it should be noted that the DHCR's method of counting rooms may not be identical to the method employed by Sponsor in determining the number of rooms in the Units as set forth in Schedule A. See the Section of the Plan entitled **"Rights of Existing Tenants."**

13. Local Law 11 and Responsibility for Exterior Maintenance

The Building is subject to Local Law 11, a New York City law that mandates periodic inspections of the exterior walls and appurtenances of buildings with at least six (6) stories and sets forth requirements for the repair of deteriorated conditions. The cost of periodic inspections pursuant to Local Law 11 shall be borne by all Unit Owners as a Common Expense. However, the Commercial Unit Owner or Owners shall not be responsible for exterior maintenance or repairs, including exterior maintenance or repairs performed pursuant to Local Law 11, with respect to the Building's exterior above the first floor. Sponsor is currently completing all Local Law 11 work required in accordance with the Local Law 11 report set forth in the Part II of the Plan. It is anticipated that the next Local Law 11 report that will be the responsibility of the Unit Owners will be due in August, 2017. See the Section of the Plan entitled **"Rights and Obligations of Unit Owners and the Condominium Board."**

14. Credit Against Amount of Reserve Fund

Sponsor intends to reduce the amount of the Reserve Fund it is required to establish by an amount 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 shall be - $2,507,265. The Capital Replacements that Sponsor plans to carry out include installing new air conditioning units in the hallways and lobby, cleaning and repairing the Building's facade, upgrading the electric service, and creating a gym, bicycle storage area, children's play room and multi-purpose and screening room. The Capital Replacements are described more specifically in **"Capital Repairs, Replacements and Improvements"** in the section of the Plan entitled

"Sponsor's Statement of Building Condition." See also the Section of the Plan entitled **"Location and Area Information."** It should be noted that as set forth in the subsection entitled **"Rentals and the Right to Remain in Occupancy"** in the Section of the Plan entitled **"Rights of Existing Tenants,"** Sponsor will not take a credit against the Reserve Fund for any part of the anticipated approximately $1,800,000 cost of certain major capital improvements for which Sponsor intends to seek rent increase from tenants of rent-controlled and rent-stabilized apartments.

15. Window Guards

Prior to Closing of a Unit Sponsor will install window stops in Units where required by law or requested, so that these windows will not open beyond the maximum 4 inch legal requirement. It is the responsibility of each Unit Owner to notify the Managing Agent and the Board in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. It is the responsibility of each Unit Owner to install, at such Unit Owner's expense, the required window guards in all windows of the Unit or have window stops installed as required by law. The Unit Owner shall maintain all window guards or window stops installed in the Unit and shall not remove same until permitted by applicable law and in any event, without full knowledge of the Managing Agent and the Board. Sponsor makes no representations whether Unit Owners will comply with the foregoing obligations. See the Section of the Plan entitled **"Rights and Obligations of Unit Owners and Board of Managers"** for further details.

16. Compliance with Lead Paint Law

Local Law 1 of 2004, 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 of inspection, and must receive the pamphlet, "Protecting Your Family from Lead in Your Home." 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.

17. Restrictions on Loans

Pursuant to existing law and regulation, Sponsor may declare the Plan effective by contracting to sell a minimum of fifteen (15%) percent of the Residential 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 Residential 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 Residential 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 Residential 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 Residential Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements. For further details, see the Section of the Plan entitled "**Procedure to Purchase**".

18. Funds for Extras

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. For further details, see the Section of the Plan entitled "**Procedure to Purchase**".

19. Violations

(a) For 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 sidewalk violations, 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. Sponsor will cause the violations or defects to be cured, at its sole cost and expense, except as otherwise provided in the Plan. For further details, see the Section of the Plan entitled "**Terms of Sale".** Pursuant to the **Purchase Agreement,** Document Number 1 in Part II of the Plan, 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.

20. Budget Allocations

As is common in many projects, the Common Charges allocated to the Commercial Units are, proportionately, substantially less than the Common Charges allocated to the Residential Units, because the Commercial Units are not provided many of the same services and facilities as the Residential Units. The Commercial Units pay less for payroll expenses, repairs and maintenance because they do not pay for exterior maintenance above the first floor or structural repairs or replacements of the Residential Limited Common Elements, and do not pay for service contracts, except for fire extinguishers, water tank, water treatment, supplies, burner service and telephone. In addition, they do not pay building electricity or for the Resident Manager's Unit. These allocations to the Commercial Unit are set forth in Section 6.1 of the By-laws and may not be amended in a manner materially adverse to the Commercial Unit Owner(s) without the consent of the Commercial Unit Owner(s) as set forth in Section 13.2 of the By-laws .These

special allocations should not have a material effect on all Units, other than the fact that the Commercial Units are not bearing a proportionate amount of certain expenses, since the Unit Owners for both Residential Units and Commercial Units will be essentially paying for those services and benefits they actually receive. For further details, see the Section of the Plan entitled **"Schedule B Projected Budget for First Year of Condominium Operation"**.

21. 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 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. For further details, see the Section of the Plan entitled "**Working Capital Fund: Closing Adjustments with Condominium Board.**"

22. Certificate of Occupancy and Conversion of Medical Offices

Currently there are two certificates of occupancy, as the north and south parts of the Building were not constructed simultaneously but share mechanical systems. Each certificate of occupancy provides for one medical apartment and one apartment on the first floor, indicating there are a total of four apartments, two of them doctor's apartments, on the first floor. However, as of the date Sponsor acquired the Building and thereafter, there have been four medical offices and no apartments on the first floor. Sponsor will not renew any of the leases for the medical offices and is offering the four spaces for residential purposes, and will renovate the apartments and make such other changes as are necessary for the apartments to be legal Residential Units. One new certificate of occupancy for the entire structure may be obtained. For further details, see the Section of the Plan entitled "**Introduction**" and the "**Description of Property and Building Condition**" in Part II of the Plan.

23. Tenant Protection Plan

Pursuant to the New York Building Code §28-104.8.4, a Tenant Protection Plan is required when a building is occupied during renovations. A copy of the Tenant Protection Plan in effect shall be distributed to each tenant, and to each Purchaser upon acquisition of a Unit. For Further details, see the Section of the Plan entitled "**Description of Property and Building Condition**", in part II of the Plan, specifically, internal page 21 of Document Number 4.

23. Unit Dimensions

Purchaser should verify that each room and closet dimension is acceptable prior to entering into a Purchase Agreement. Purchasers are advised that the Attorney General's position is that disputes relating to room dimensions shall not be considered as a basis for rescission. Purchasers should consult with their attorneys and engineers or architects with respect to this issue prior to entering into a Purchase Agreement. Please see the Section of the Plan entited **"Footnotes to Schedule A"**.

24. Terracotta

The terracotta ornamental columns, capitals and band courses are in poor condition. For Further details, see the Section of the Plan entitled **"Description of Property and Building Condition"**, in part II of the Plan.

25. Limited Sprinkler Coverage

No sprinkler coverage will be provided in cellar retail areas, the boiler room, fuel oil storage or electrical rooms. For Further details, see the Section of the Plan entitled **"Description of Property and Building Condition"**, in part II of the Plan.

26. Low Amperage

The allocated amperage for the individual Units that are not being renovated at the present time is less than 100 Amps. For Further details, see the Section of the Plan entitled **"Description of Property and Building Condition"**, in part II of the Plan.

INTRODUCTION

Purpose of the Plan

141 East 88th Street, LLC ("**Sponsor**") presents this offering plan (the "**Plan**") for the conversion of the Property to condominium ownership.

The purpose of the Plan is to set forth all of the material terms of the offer to convert the Property to condominium ownership. The Plan is presented in two parts, contained in a single volume, which together constitute the entire Plan. Part I sets forth a description of the material terms of the offer and Part II contains, among other things, the basic documents necessary to effectuate the provisions of the Plan and a description of the Property.

The Plan may be amended from time to time upon the filing of an amendment with the Department of Law of the State of New York (the "**Department of Law**"). Amendments will be served on offerees as defined in Section 23.1(d) of the Regulations promulgated by the Attorney General in Title 13 NYCRR, by either personal delivery or certified mail. Sponsor reserves the right to require a $200 deposit from persons other than tenants who request a copy of the Plan, refundable when the Plan is returned or when the person enters into a contract.

The Condominium

The Condominium will be known as Philip House Condominium. The Condominium will be organized to comply with and will be subject to Article 9-B of the Real Property Law of the State of New York, as amended (the "**Condominium Act**").

Sponsor

Sponsor is a Delaware limited liability company having an office c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor, New York, New York 10003. Sponsor acquired fee title to the Land by deed dated June 28, 2011.

The Offer

Sponsor hereby offers 79 Residential Units for sale under the Plan (collectively, the "**Residential Units**"), one of which, Unit 2A, although part of the offering, will be purchased by the Condominium Board on behalf of the Unit Owners for the residence of the resident manager of the Building. Unit 2A is currently occupied by the resident manager. 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 commercial space at the Property will consist of seven (7) condominium units (the "**Commercial Units**"), which will be retained by Sponsor and are not being offered for sale under the Plan. The Commercial Units may subsequently be combined or any of them may be subdivided into two or more Units for individual sale. Any future sale of a Commercial Unit or Units will be reflected in a price change amendment to the Plan. Please refer to the Section of the Plan entitled "**Commercial Units.**"

The initial Purchase Prices for the Residential Units and the estimated Common Charges for the Residential Units are set forth in the Section of the Plan entitled "**Schedule A - Offering Prices and Related Information**" ("**Schedule A**"). THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

The Building consists of 11 stories with a penthouse and a cellar, and is described on the Building's two certificates of occupancy for 1311 Lexington Avenue, 141-143 East 88th Street and for 1337 Lexington Avenue, 144 East 89th Street as Class "A" multiple dwellings. The Building will contain the following amenities: in the cellar a laundry room, an exercise room, a children's playroom, a multipurpose and screening room, a bicycle storage room with a capacity of 47 bicycles, a music practice room and a storage room with 53 private Storage Closets that may be licensed pursuant to the terms of the Storage License Agreement included in Part II of the Plan. There will also be two rooftop gardens, one on the north portion and one on the south portion, and they will be accessible by residents. 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 his current Unit "as-is" with no alterations or improvements for the Price to Eligible Tenants set forth in on 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.

Offer of Storage Licenses

Sponsor will move and increase the existing number of storage spaces. The Building will contain storage space on the cellar level, which the Board will license to Sponsor as approximately 53 Storage Closets using the document in Part II of the Plan entitled "**Storage License Agreement.**" Sponsor intends to issue a Storage License to any tenant currently entitled to a storage space pursuant to a lease and at its discretion to purchasers of Resident Units for no charge for the Storage License. Regulated tenants who currently have storage spaces shall be able to maintain their current arrangement in the new Storage Closet facility. All Storage Closets are in the storage room. The Storage Closet layout is set forth in Part II of the Plan as Document Number 13. The licensee under each Storage License will be required to pay the Condominium a monthly fee as a surcharge to Common Charges. Initially this amount shall be $50.00 per month, which charge shall not change during the Initial Control Period. As Sponsor or any Sponsor-Successor will pay no surcharge, the surcharge shall commence for each Storage Space when a Storage License Agreement and an assignment to a Purchaser has been executed. After the Initial Control Period, the surcharge for the use of a Storage Closet for purchasers and other occupants

may be changed by the Condominium Board. Each Purchaser has the option to decline the use of a Storage Closet, in which event a Storage License Agreement need not be executed.

All Storage Closets as to which a Storage License Agreement is not executed are reserved for Sponsor. Sponsor reserves the right to offer additional Storage Licenses as it determines and to withhold one or more for future sale, at an amount to be determined by Sponsor. Sponsor has the right to limit the number of Storage Licenses sold to any single Purchaser of a Residential Unit or to make bulk sales, as it determines in its sole and absolute discretion. The use of Storage Closets licensed by Unit Owners is subject to the terms of the Storage License Agreement and an assignment, the forms of which appear in Part II of the Plan as Document Number 10. Notwithstanding the foregoing sentence, Storage Closets licensed by Sponsor may be used for any lawful purpose. A Storage License may not be sold, transferred and assigned and a Storage Closet may not be licensed or leased by its holder. Upon transfer of a Unit or the end of a lease, or if a Storage License is surrendered, the right to authorize use of the applicable Storage Closet or to issue a Storage License shall be transferred to the Condominium Board, which will maintain a waiting list. However, the waiting list shall be subject to the requirement that the first right to any available Storage Closet or Storage License shall be given to a purchaser of a Residential Unit designated by Sponsor or a Sponsor Successor.

Offer of Individual Hallway Rights

Owners of two or more Residential Units whose location within the Condominium is such that the Units are exclusively served or benefited by a portion of the residential hallway adjacent thereto will be offered, at Sponsor's sole discretion, rights to the exclusive use of such hallway space, including the right to enclose such hallway space for use as an entranceway or similar vestibule within the combined Residential Units ("**Individual Hallway Rights**"). In such an event, the owner of the combined Residential Units shall be required to enter into an assignment agreement with Sponsor, the form of which is attached to the Reservation of Rights and Hallway License Agreement set forth in Part II of the Plan as Document Number 11. Sponsor intends to sell Individual Hallway Rights for $1,500 per square foot of hallway space. The holders of Individual Hallway Rights will be required to pay monthly fees based on a proxy for the percentage of Common Interest appurtenant to the hallway space. There is no impediment to enclosing the hallways under the certificate of occupancy or building code. In fact, a new certificate of occupancy will be obtained. See below. See the Reservation of Rights and Hallway License in Part II of the Plan for further details.

Certificate of Occupancy and Medical Offices

Currently there are two 1945 certificates of occupancy, as the north and south parts of the Building were not constructed simultaneously but share mechanical systems. Each certificate of occupancy provides for one medical apartment and one apartment on the first floor, indicating there are a total of four apartments, two of them doctor's apartments, on the first floor. However, as of the date Sponsor acquired the Building and thereafter, there have been four medical offices and no apartments on the first floor. Sponsor will not renew any of the leases for the medical offices and is offering the four spaces for residential purposes, and will renovate the

apartments and make such other changes as are necessary for the apartments to be legal Residential Units. One new certificate of occupancy for the entire structure may be obtained.

Occupancy of Units by Renters

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.

Because the Plan can be declared effective based on sales of 15% of the Residential Units to tenants or bona fide purchasers for their own occupancy, Purchasers may be living in a mixed rental/Owner-Occupied building for an indeterminate period of time, and, under the By-Laws, Owner-Occupants of Residential Units will not be able to control the Condominium Board until the Initial Control Period has elapsed. Owner-Occupants and non-resident owners, including Sponsor and the owner of the Commercial Unit, may have inherent conflicts as to how the Condominium should be managed because of their different purposes in owning Units (*i.e.*, for use as a home as opposed to a business or investment).

The mortgage that currently encumbers the Property and that will encumber the Property at the time of the First Closing contains no obligation for Sponsor to market Residential Units for sale as they become vacant or any requirement, beyond the requirements of the Condominium Act, as to a minimum number or percentage of Residential Units that must be under contract before the Plan can 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.

Features of Condominium Ownership

Ownership of a Residential Unit is similar in many respects to ownership of a private home. Each Residential Unit Owner owns fee title to his Residential Unit and is entitled to the exclusive possession thereof. In addition, each Residential Unit Owner also owns, in common with every other Unit Owner, an undivided percentage interest in the Common Elements. Further, each Residential Unit Owner has the right to use, in common with all other Unit Owners, the General Common Elements and the right to use, in common with all other Residential Unit Owners, the Residential Common Elements. Moreover, appurtenant to certain

Residential Units is the exclusive right to use certain portions of the Common Elements, such as terraces, which are called Residential Limited Common Elements.

The undivided interest in the Common Elements appurtenant to a Unit, expressed as a percentage (the "**Common Interest**"), has been determined upon the basis of each Unit's 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 Condominium Act. The aggregate Common Interests of all Units is 100%. Each Unit's Common Interest is listed in Schedule A.

The authority to manage the Condominium is vested in the Condominium Board. The members of the Condominium Board will be elected by vote of the Unit Owners in accordance with their respective Common Interests (with the exception of Sponsor, who will maintain certain control beyond that to which it would be entitled as an ordinary function of its ownership interest). Each Unit Owner is obligated to comply with the Declaration, the By-Laws and the Residential Rules and Regulations. See the Section of the Plan entitled "**Board of Managers**."

Generally, the cost of operating the Residential Common Elements will be borne by the Residential Unit Owners in proportion to their respective Residential Common Interests and the cost of operating the Commercial Common Elements will be borne by the Commercial Unit Owners in proportion to their respective Commercial Common Interests, subject to the provisions of the By-Laws. Residential Unit Owners, as such, will have no interest in any rents, profits or revenues derived from the rental or use of any space in the Commercial Section; and the Commercial Unit Owners, as such, will have no interest in rents, profits or revenues derived from the rental or use of any space in the Residential Section. The cost of operating and maintaining the General Common Elements will generally be shared by all Unit Owners in proportion to their respective Common Interests, except as may otherwise be provided in the Section of the Plan entitled "**Schedule B - Projected Budget for First Year of Condominium Operation**" ("**Schedule B**") or in accordance with the terms of the By-Laws. Subject to the limitations in Schedule B and the By-Laws, the Condominium Board may make allocations of General Common Expenses, Residential Common Expenses and Commercial Common Expenses, respectively, in accordance with sub-metering and/or 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 and are consistent with the By-Laws. Each Unit Owner will be solely responsible for the payment of all Common Charges and any Special Assessments assessed against him. See the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers**." An estimate of Common Charges that will be payable by each Unit Owner during the first year of condominium operation of the Property is set forth in Schedule A.

Subject to certain conditions contained in the By-Laws, each Residential Unit Owner may mortgage his Unit with such lender and in such amount as the Unit Owner chooses; although Sponsor makes no representation as to the ability of any Unit Owner to obtain financing. There are no limitations or restrictions on the rights of the Commercial Unit Owner(s) to mortgage the Commercial Units. See the subsection entitled "**Mortgage of Unit by Unit Owners**" in the Section of the Plan entitled "**Rights and Obligations of Unit Owners and**

Board of Managers." Each Unit is separate and is not subject to the lien of any mortgage on any other Unit.

Any Residential Unit Owner may sell or lease his Residential Unit to anyone, without restriction or limitation, subject to the right of first refusal in favor of the Condominium Board to acquire or lease such Unit upon the same terms offered to the prospective buyer or tenant. Notwithstanding the foregoing, any lease of a Residential Unit shall be for a term of not less than one (1) year, unless the Condominium Board otherwise agrees. Neither Residential Units owned by Sponsor or any Sponsor Successor nor the Commercial Unit are subject to the right of first refusal or lease term restriction described in this paragraph. See the subsection entitled "**Sales and Leases of Units**" in the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers**" for further discussion.

Each Unit will be taxed as a separate tax lot for real estate tax and assessment purposes, and each Unit Owner will be solely responsible for the payment of all real estate taxes and assessments on his Unit. An estimate of the real estate taxes and assessments that will be payable by each Unit Owner during the first year of condominium operation of the Property is listed in Schedule A. See the Footnotes to Schedule A for further discussion. No Unit Owner will be liable for the payment of, and no Unit will be subject to, any lien arising out of the non-payment of real estate taxes or assessments levied against any other Unit. See the Section of the Plan entitled "**Income Tax Deductions to Unit Owners and Tax Status of the Condominium**" for a discussion of additional tax aspects of condominium ownership.

Each Unit Owner may paint, decorate, maintain, repair and replace the interior of his Unit in any desired manner, subject to compliance with the By-Laws and the Residential Rules and Regulations, and will be solely responsible for the cost and expense of maintaining, repairing and painting his Unit. See the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers.**"

Although the Condominium Board will maintain fire insurance policies with all risk extended coverage insuring the Building and covering the interests of the Condominium, the Condominium Board, the Unit Owners and the Permitted Mortgagees, and the cost of such policies will be borne by the Unit Owners as part of the Common Charges, each Unit Owner should maintain, at his own expense, separate insurance on the contents of his Unit and liability insurance against claims for personal injury or property damage resulting from occurrences in his Unit or its appurtenant Residential Limited Common Elements or Commercial Limited Common Elements, as the case may be. See the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers.**"

Applicable Rent Laws

As of August 15, 2012, 38 of the apartments were occupied, of which 17 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 of the apartments were controlled housing subject to 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 (collectively, the "**Rent Control Law**); 10 apartments were exempt from such regulations (*i.e.*, not subject to the Rent Stabilization Law or the Rent Control Law), one apartment was occupied by a professional as a medical office and shall be vacated, and 1 apartment was occupied by the Resident Manager. 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 non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the Unit 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 Residential Unit Owner. 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 declared effective 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, Real Estate Finance Bureau, 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.

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. See 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 of a vacant Unit may be at free-market rents.

Summary of Contents of the Plan

The agreement to purchase a Unit is called a "**Purchase Agreement,**" the general form of which is set forth in Part II of the Plan as Document Number 1. The procedure to purchase is summarized in Part I of the Plan in the Section entitled "**Procedure to Purchase.**"

A detailed description of the physical condition of the Property and the engineering and proposed work to be performed thereon has been prepared by ARCT Architects, P.C, an independent architectural firm, assisted by Edwards & Zuck, P.C. and is included in the "**Description of Property and Building Condition**" set forth in Part II of the Plan as Documents Number 4 and 4A. The Description of Property and Building Condition should be reviewed carefully by prospective Purchasers. Floor Plans of the Units are set forth in Part II of the Plan as Document Number 5.

The salient provisions of the Declaration of the Condominium (the "**Declaration**"), which establishes condominium ownership of the Property, the By-Laws of the Condominium (the "**By-Laws**"), which govern the operation of the Condominium, and the Residential Rules and Regulations of the Condominium promulgated pursuant to the By-Laws (the "**Residential Rules and Regulations**"), are partially summarized below in the Sections entitled "**Rights and Obligations of Unit Owners and Board of Managers**" and "**Board of Managers**" and are reproduced in full in Part II of the Plan as Document Number 7 and Document Number 8, respectively.

The form of deed that Sponsor will issue to Purchasers of the Units and the form of power of attorney that each Unit Owner will be required to give to the Condominium Board and Sponsor pursuant to the terms of the By-Laws (the "**Power of Attorney**") are set forth in Part II of the Plan as Document Number 3 and Document Number 2, respectively.

The Certifications of Sponsor, Sponsor's Architect, Sponsor's Expert Concerning Adequacy of Budget and Sponsor's Expert Concerning Adequacy of Common Charges Payable by Commercial Unit Owners are set forth in Part II of the Plan.

Copies of the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection without charge and copying at a reasonable charge at the office of the Selling Agent, by appointment, to prospective Purchasers and their attorneys.

THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL

STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

CERTAIN DEFINITIONS

For convenience of presentation, general definitions of certain terms used in Part I of the Plan are set forth below. These definitions are subject to the more particular definitions of such terms set forth in Exhibit C of the Declaration in Part II of the Plan.

"**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. The terms "**control**," "**controlled**" or "**controlling**" shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting capital stock of a corporation or of more than fifty percent (50%) of the beneficial interests of any other entity.

"**amend**," "**amended**" or "**amendment**" refer to any amendment, whether by deletion of any existing provision, modification of any existing provision, or inserting a new provision.

"**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.

"**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 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; (iii) any Commercial Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (iv) any proceeds of the sale or lease of Units of the nature described in subdivision (a)(ii) or

subdivision (a)(iii) hereof; and (v) 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 Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (b)(ii); and (iv) any other assets of the Condominium.

"**Attorney General**" means the Office of the Attorney General of the State of New York.

"**Board**" means the Condominium Board.

"**Building**" means the building situated on the Land and having the street address 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue, New York, New York 10128.

"**By-Laws**" means the By-Laws of the Condominium, in the form set forth as Document Number 8 in Part II of the Plan, including the Residential Rules and Regulations, as amended from time to time pursuant to the terms thereof.

"**Claim**" or "**Claims**" shall include 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.

"**Closing,**" "**Closing of Title**" and words of similar import are used synonymously and mean the settlement of the mutual obligations of Sponsor and a Purchaser under such Purchaser's Purchase Agreement, including the payment to Sponsor of the Purchase Price and the delivery to such Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in the Purchase Agreement.

"**Commercial Common Charges**" means assessments payable to the Condominium Board by the Commercial Unit Owner(s) for the purpose of meeting 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 alteration, addition or improvement to, the Commercial Common Elements or 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 benefitting 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 Element" shall have the meaning ascribed to such term in Section 6.5 of the Declarations. As of the date of this Declaration, there are no Commercial Limited Common Elements.

"**Commercial Section**" is comprised of the Commercial Units lawfully occupied for commercial use.

"**Commercial Units**" means each of the Units designated as a Commercial Unit in the Declaration. Each of the Commercial Units is referred to as a "**Commercial Unit**."

"**Commercial Unit Owner(s)**" means one or more owner of one or more Commercial Unit.

"**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 and the Residential Common Expenses.

"**Common Interest**" means the undivided interest in the Common Elements appurtenant to a Unit, expressed as a percentage.

"**Condominium**" means Philip House Condominium, which is to be established pursuant to the terms of the Declaration and governed pursuant to the terms of the By-Laws.

"**Condominium Act**" means Article 9-B of the Real Property Law of the State of New York, as 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."

"**Condominium Documents**" means, collectively, the Declaration, the By-Laws (including the Residential Rules and Regulations) and the Floor Plans, all as may be amended from time to time.

"**Declarant**" means (a) 141 East 88th Street, LLC, a Delaware limited liability company, and/or (b) any Sponsor Successor, as the context may require.

"**Declaration**" means the declaration executed by Sponsor for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof and includes any duly adopted amendments thereto.

"**Department of Law**" means the Department of Law of the State of New York.

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

"**Down Payment**" means the payment on account of the Purchase Price, in an amount equal to ten percent (10%) of the Purchase Price, required to be paid by a Purchaser at the time of delivery of a Purchase Agreement. For all Eligible Tenants the amount of the Down Payment shall be $1,000 regardless of the Purchase Price.

"**Effective Date**" means the date upon which the Plan is declared effective by Sponsor in accordance with the terms of the Plan.

"**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) as a tenant pursuant to a non rent-regulated lease expires with no right of renewal before signing and submitting a Purchase Agreement and before the date this Plan is declared effective shall no longer be an Eligible Tenant. Neither the resident manager nor any other occupants of the Resident Manager's Unit are Eligible Tenants.

"**Escrow Agent**" means Leon Seidman, Esq., having an office at 142 West End Avenue, New York, New York, 10023.

"**Exclusive Purchase Period**" means the first ninety (90) days after the Presentation Date of the Plan.

"**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, 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, mail boxes, 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).

"**Filing Date**" means the date on which a letter is issued by the Department of Law advising that the Plan has been filed or accepted for filing by the Department of Law.

"**First Closing**" means the date upon 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 ARCT Architects, P.C, and to be filed in the Register's Office simultaneously with the recording of the Declaration, together with any amendments and supplements thereto.

"**GBL**" means the General Business Law of the State of New York, as amended from time to time.

"**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 and as otherwise provided in the Declaration and the 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.

"**Hazardous Materials**" means chemicals, pollutants, contaminants, wastes and toxic substances, including solid or hazardous waste, hazardous substances, toxic substances,

insecticides, fungicides, rodenticides, gasoline or any other petroleum product or byproduct, polychlorinated biphenols, asbestos and urea formaldehyde to the extent any such substances are described as hazardous in any federal, state or local laws and regulations relating to pollution or protection of human health or the environment including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended; the Resource Conservation and Recovery Act, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; and the Toxic Substances Control Act, as amended.

"**Individual Hallway Rights**" means the exclusive right to use a certain portion of a residential hallway, known as an "Individual Hallway Space," which is initially granted to Sponsor or any Sponsor Successor by the Condominium Board pursuant to a written agreement, the form of which is contained in Part II of the Plan, and which Sponsor intends to sell at its discretion to owners of two or more Residential Units whose location within the Condominium is such that the Units exclusively served or benefited from a potion of the residential hallway adjacent thereto.

"**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 fifty percent (50%) of the aggregate Common Interests appertaining to all Units or (ii) the fifth (5th) anniversary of the First Closing. "**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.

"**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 88th Street NY Funding LLC or any other mortgagor of 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.

"**Liquidated Sum**" means the Down Payment under the Purchase Agreement (together with any amount deposited for Special Work, to the extent actually expended) together with any interest earned thereon.

"**Managing Agent**" means the Person engaged by the Condominium Board as a managing agent or manager pursuant to Section 2.4 of the By-Laws who undertakes to perform such duties and services as the Board shall authorize or direct. The managing agent of the Building initially will mean Cooper Square Realty, Inc.

"**Mortgage Representatives**" means the representatives of the holders of all Permitted Mortgages encumbering Units, designated by the holders of Permitted Mortgages in accordance with the terms of Section 7.6 of the By-Laws. So long as Sponsor owns at least one (1) Unsold Residential Unit or a Commercial Unit, and 88th Street NY Funding LLC (or another mortgagee of Sponsor) has a lien on such Unsold Residential Unit or Commercial Unit, 88th Street NY Funding LLC (or such other mortgagee of Sponsor) shall be a Mortgage Representative.

"**Non-Purchasing Tenant**" means any bona fide tenant in occupancy of a Residential Unit who is entitled to possession of such Residential Unit on the Effective Date and who does not purchase such Residential Unit or any other Residential Unit in the Building.

"**Owner-Occupied**" means a Unit Owner of a Unit occupied by the Unit Owner or a Family Member of a Unit Owner.

"**Permit**" or "**Permits**" means any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, certificate of occupancy, right or license, building notices, alteration applications or other form of legally required permission, of or from a Governmental Authority, including any zoning, environmental protection, pollution, sanitation, safety, siting or building permit that is necessary to operate and maintain the Property or any part thereof or to perform any Work on any part of the Property.

"**Permitted Encumbrances**" means those title encumbrances subject to which a Purchaser under the Plan agrees to take title to a Unit, as more particularly itemized in the Section of the Plan entitled "**Terms of Sale**."

"**Permitted Mortgage**" means (a) any first mortgage covering one or more Units, the holder of which is (i) Sponsor, (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, in each case doing business in the State of New York, or (iv) any Government Authority; and (b) any mortgage covering any one or more Units owned by Sponsor.

"**Permitted Mortgagee**" means the holder of any Permitted Mortgage and shall include, without limitation, 88th Street NY Funding LLC and other such banks and financial institutions as constitute holders of mortgages given by Sponsor 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 this offering plan to convert the Property to condominium ownership filed with the Department of Law pursuant to Article 23-A of the General Business Law of the State of New York, as amended from time to time.

"**Presentation Date**" means the date of personal delivery or (if mailed) the fifth day after mailing (whichever is the last to occur) of the Plan or any amendment to the Plan, as the context

may require, to those Persons required to receive same pursuant to the GBL and the regulations of the Department of Law promulgated thereunder.

"**Property**" means the Land, the Building, all other improvements erected or to be erected on the Land, all easements, rights, and appurtenances pertaining thereto and all other property, real, personal or mixed, used or intended to be used in connection therewith.

"**Purchase Agreement**" means the purchase agreement between Sponsor and a Purchaser under the Plan in the form set forth as Document Number 1 in Part II of the Plan.

"**Purchase Price**" means the Purchase Price of a Unit as set forth on Schedule A.

"**Purchaser**" means a Person or Persons buying a Unit under a fully executed Purchase Agreement, whether for personal occupancy or use of the Purchaser or a Family Member or for rental or other investment purposes.

"**Register's Office**" means the Office of the Register of The City of New York, County 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 Residential Rules and Regulations of the Condominium annexed to the By-Laws as Schedule A, adopted by the Condominium Board pursuant to the By-Laws, as amended, modified, deleted from or added to from time to time, pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration or the By-Laws.

"**Residential Section**" means the portion of the Building which includes the Residential Units (including the Resident Manager's Unit), and the doctor's offices to be converted to residential apartments. However the Resident Manager's Unit will not be included in the calculation (either the numerator or the denominator) to determine whether contracts for 15% of the Residential Units have been executed in order to declare the Plan effective.

"**Residential Special Assessments**" means the charges, other than Common 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.

"**Residential Unit Owner**" means any owner of a Residential Unit.

"**Resident Manager's Unit**" means the Unit designated on Schedule A and in the Floor Plans as Unit 2A, unless it is otherwise changed.

"**Selling Agent**" means Stribling Marketing Associates, LLC, which has an office at 32 Avenue of the Americas, New York, New York.

"**Special Assessments**" means the charges, other than Common 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.

"Special Work" means any upgrades, "extras", construction work, alterations or modifications ordered by a Purchaser to be performed on his Unit. Any Purchaser who orders Special Work shall be liable to Sponsor for the full cost of such Special Work even if such Purchaser's Purchase Agreement is cancelled by Sponsor due to Purchaser's default.

"**Sponsor**" means (a) 141 East 88th Street, LLC., a Delaware limited liability company, having an address c/o The Cheshire Group, L.L.C. 826 Broadway, 11th Floor, New York, New York 10003 and/or (b) any Sponsor Successor, as the context may require.

"**Sponsor's Counsel**" means the law firm of Herrick, Feinstein LLP, having an office at 2 Park Avenue, New York, New York 10016 or, as applicable, the Escrow Agent, Leon Seidman, Esq. whose address is 142 West End Avenue, New York, New York 10023, and who will primarily be representing Sponsor in connection with individual contracts and closings, and acting as escrow agent.

"**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 141 East 88th Street, LLC, or (ii) any Person who, at any time, (a) purchases 141 East 88th Street, LLC or otherwise succeeds to the ownership of ten or more Units or 20% of the total number of units in the

Condominium, whichever is less, and (b) is not purchasing such Units for his 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 "the ownership" shall include ownership by any such nominee. To the extent 141 East 88th Street, LLC continues to own Unsold Residential Units, it will continue as Sponsor even though there is a Successor Sponsor.

"**Storage Closet**" means one of the new individual storage spaces being constructed by Sponsor, and offered pursuant to a Storage License.

"**Storage License**" means the exclusive right to use a certain area of the Building intended for storage, known as a "Storage Closet," which is initially granted to Sponsor by the Condominium Board pursuant to a written agreement, the form of which is contained in Part II of the Plan, and which Sponsor intends to provide to Purchasers of Residential Units.

"**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 heating, ventilation and cooling 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**" means any record owner of a Unit.

"**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 Sponsor or a Sponsor Successor; or a Residential Unit that is acquired, individually or collectively, by either the holder of a Permitted Mortgage given by a Sponsor or Sponsor's 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 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 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.

"**Work**" means and includes demolitions, alterations, installations, additions and improvements, repairs, replacements, substitutions, restorations and any other work performed in or to the Units or the Common Elements.

All other initially capitalized terms used in Part I of the Plan that are not separately defined in Part I shall have the meaning ascribed thereto in Exhibit C of the Declaration.

LOCATION AND AREA INFORMATION

Location and Services

The Property is located at 141 East 88th Street, a/k/a 1327-1329 and 1311-1337 Lexington Avenue in Carnegie Hill, one of New York City's most desirable neighborhoods. It is home to schools, parks, playgrounds, restaurants, houses of worship, and cultural institutions.

The Property is located on Lexington Avenue between 88th and 89th Streets. There are many local conveniences (grocery stores, drug stores, dry cleaners) nearby and 86th Street is a major retail corridor. Nearby dining options run from fast food to fine dining with everything in between.

Public transportation options include the 4, 5, and 6 trains at the 86th Street station. The M86 runs cross-town on 86th Street. The M101, M102, M103, and M98 bus lines all run on Lexington and Third Avenues; the M1, M2, M3, and M4 all run on Fifth and Madison Avenues.

The Property is within walking distance to many public and private schools, including Allen Stevenson, Birth Wathen Lenox, Brearley, Buckley, Caedmon, Chapin, Dalton, East Side Middle School, Horace Mann Elementary, Hunter College Elementary and High School, the Lab School, Loyola, Manhattan Country School, Marymount, Nightingale-Bamford, PS 6, PS 37, PS 77, PS 151, PS 190, PS 198, PS 290, Ramaaz, Regis, Robert F. Kennedy School, Rudolph Steiner, Sacred Heart, Spence, St. Bernard's, St. David's and Trevor Day. There are also several nursery school nearby. Sponsor does not guaranty that any student will be able to attend any particular school.

The 19th Police Precinct is located at 153 East 67th Street and the closest firehouse (Engine Company 22, Ladder Company 13, and Battalion 10) is located at 159 East 85th Street between Lexington and Third Avenues.

The Property is near many different houses of worship, including Brick Presbyterian, Chabad Lubavich – Upper East Side, Church of St. Ignatius Loyola, Church of St. Thomas More, Church of the Advent Hope, Church of the Heavenly Rest, Church of the Holy Trinity, Congregation Kehilath Jeshurun, Congregation Or Zarua, Congregation Orach Chaim, Immanuel Lutheran, Islamic Center of New York, Kiviranna Rudolph, Park Avenue Christian, Park Avenue Synagogue, Park Avenue United Methodist, and Roman Catholic Church of Our Lady of Good Counsel.

The nearest hospital is Lenox Hill Hospital, at Lexington Avenue and 77th Street, followed by Mount Sinai at Fifth Avenue and 98th Street. There are medical offices located throughout the neighborhood.

Water, sanitation, and road maintenance services for the neighborhood are provided by the City of New York.

Zoning

The Property is located in an R9X residential zoning district and a C1-8X commercial zoning district. Within the R9X and C1-8X districts, the Zoning Resolution of the City of New York permits certain commercial, community facility and residential uses including transient hotels.

SCHEDULE A

OFFERING PRICES AND RELATED INFORMATION

(Estimated charges and real estate taxes are for the year commencing January 1, 2013)

PHILIP HOUSE
141 EAST 88TH STREET
NEW YORK, NY

SCHEDULE A

JANUARY 1, 2013 TO DECEMBER 31, 2013

UNIT NUMBER	BR	RMS	BATHS	VACANT / OCCUPIED & RENT REGULATORY STATUS	APPROX FLOOR AREA	TERRACE AND/OR CELLAR AREA	CONDOMINIUM COMMON INTEREST (%)	RESIDENTIAL COMMON INTEREST (%)	PURCHASE PRICE TO NON-TENANT PURCHASERS	PURCHASE PRICE TO ELIGIBLE TENANTS	PROJECTED MONTHLY COMMON CHARGES	PROJECTED ANNUAL COMMON CHARGES	PROJECTED MONTHLY REAL ESTATE TAXES	PROJECTED ANNUAL REAL ESTATE TAXES	TOTAL MONTHLY PROJECTED CARRYING CHARGES
(1)	(2)	(2)	(2)	(3)	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(7)	(8)	(8)	
M 1	4	9	3.5	vacant	3,253	392	2.1566	2.2622	4,225,000	3,802,500	3,639.56	43,674.75	2,818.04	33,816.46	6,457.60
M 2	2	4	2.5	vacant	1,299	546	0.9238	0.9691	2,250,000	2,025,000	1,559.11	18,709.37	1,207.19	14,486.28	2,766.30
M 3	1	2	1.0	professional	826	415	0.5984	0.6276	1,350,000	1,215,000	1,009.81	12,117.76	781.88	9,382.53	1,791.69
M 4	2	5	2.5	vacant	1,371	368	0.9415	0.9876	2,275,000	2,047,500	1,588.98	19,067.79	1,230.32	14,763.80	2,819.30
2 A	2	4	1.5	super's unit	1,029		0.6622	0.6946	1,330,000		1,117.61	13,411.32	865.34	10,384.10	1,982.95
2 B	1	3	1.0	market	720		0.4634	0.4860	820,000	738,000	782.00	9,384.01	605.49	7,265.85	1,387.49
2 D	2	4	2.5	vacant	1,818		1.1700	1.2273	2,995,000	2,695,500	1,974.55	23,694.63	1,528.86	18,346.26	3,503.41
2 E	2	5	2.0	rent controlled	1,314		0.8456	0.8870	2,050,000	1,845,000	1,427.15	17,125.82	1,105.01	13,260.17	2,532.17
2 F	2	5	2.0	vacant	1,575		1.0136	1.0632	2,375,000	2,137,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
2 G	2	4	2.5	vacant	1,847		1.1887	1.2469	2,950,000	2,655,000	2,006.05	24,072.60	1,553.24	18,638.91	3,559.29
2 H	2	6	3.0	rent stabilized	1,722		1.1082	1.1625	2,640,000	2,376,000	1,870.29	22,443.43	1,448.12	17,377.48	3,318.41
2 I	2	4	2.0	vacant	1,040		0.6693	0.7021	1,075,000	967,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
3 A	2	4	1.5	vacant	980		0.6307	0.6616	1,195,000	1,075,500	1,064.39	12,772.68	824.14	9,889.62	1,888.53
3 B	1	3	1.0	vacant	720		0.4634	0.4860	850,000	765,000	782.00	9,384.01	605.49	7,265.85	1,387.49
3 C	2	5	2.5	vacant	1,790		1.1520	1.2084	2,895,000	2,605,500	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
3 D	3	7	2.5	rent stabilized	2,060		1.3257	1.3906	3,675,000	3,307,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
3 E	2	5	2.0	rent controlled	1,350		0.8688	0.9113	2,155,000	1,939,500	1,466.25	17,595.02	1,135.29	13,623.46	2,601.54
3 F	4	7	4.0	vacant	2,650		1.7054	1.7889	4,695,000	4,225,500	2,878.20	34,538.37	2,228.53	26,742.35	5,106.73
3 G	3	7	2.5	rent controlled	2,090		1.3450	1.4109	3,725,000	3,352,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
3 H	2	6	3.0	rent stabilized	1,705		1.0973	1.1510	2,685,000	2,416,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
4 A	4	7	4.5	vacant	3,211		2.0665	2.1676	5,995,000	5,395,500	3,487.51	41,850.08	2,700.30	32,403.65	6,187.81
4 C	2	6	2.5	market	1,790		1.1520	1.2084	2,970,000	2,673,000	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
4 D	3	5	2.5	vacant	2,060		1.3257	1.3906	3,765,000	3,388,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
4 F	4	7	4.0	vacant	2,650		1.7054	1.7889	4,810,000	4,329,000	2,878.20	34,538.37	2,228.53	26,742.35	5,106.73
4 G	3	5	2.5	vacant	2,090		1.3450	1.4109	3,815,000	3,433,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
4 H	2	6	3.0	market	1,705		1.0973	1.1510	2,755,000	2,479,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
5 A	4	7	4.5	vacant	3,211		2.0665	2.1676	6,130,000	5,517,000	3,487.51	41,850.08	2,700.30	32,403.65	6,187.81
5 C	2	6	2.5	rent controlled	1,790		1.1520	1.2084	3,045,000	2,740,500	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
5 D	3	7	2.5	rent stabilized	2,060		1.3257	1.3906	3,855,000	3,469,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
5 F	2	6	3.0	rent controlled	1,575		1.0136	1.0632	2,585,000	2,326,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
5 G	3	5	2.5	vacant	2,090		1.3450	1.4109	3,905,000	3,514,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
5 H	2	5	2.5	vacant	1,705		1.0973	1.1510	2,825,000	2,542,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
5 I	2	4	2.0	vacant	1,040		0.6693	0.7021	1,345,000	1,210,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
6 A	4	7	4.5	vacant	3,211		2.0665	2.1676	6,265,000	5,638,500	3,487.51	41,850.08	2,700.30	32,403.65	6,187.81
6 C	2	5	2.5	vacant	1,790		1.1520	1.2084	3,120,000	2,808,000	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
6 D	3	7	2.5	rent controlled	2,060		1.3257	1.3906	3,945,000	3,550,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
6 F	2	6	3.0	rent stabilized	1,575		1.0136	1.0632	2,645,000	2,380,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
6 G	3	7	2.5	vacant	2,090		1.3450	1.4109	3,995,000	3,595,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
6 H	2	5	2.5	vacant	1,705		1.0973	1.1510	2,895,000	2,605,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65

PHILIP HOUSE
141 EAST 88TH STREET
NEW YORK, NY

SCHEDULE A

JANUARY 1, 2013 TO DECEMBER 31, 2013

UNIT NUMBER	BR	RMS	BATHS	VACANT / OCCUPIED & RENT REGULATORY STATUS	APPROX FLOOR AREA	TERRACE AND/OR CELLAR AREA	CONDOMINIUM COMMON INTEREST (%)	RESIDENTIAL COMMON INTEREST (%)	PURCHASE PRICE TO NON-TENANT PURCHASERS	PURCHASE PRICE TO ELIGIBLE TENANTS	PROJECTED MONTHLY COMMON CHARGES	PROJECTED ANNUAL COMMON CHARGES	PROJECTED MONTHLY REAL ESTATE TAXES	PROJECTED ANNUAL REAL ESTATE TAXES	TOTAL MONTHLY PROJECTED CARRYING CHARGES
(1)	(2)	(2)	(2)	(3)	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(7)	(8)	(8)	
6 I	2	4	2.0	rent stabilized	1,040		0.6693	0.7021	1,385,000	1,246,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
7 A	2	4	1.5	rent stabilized	980		0.6307	0.6616	1,355,000	1,219,500	1,064.39	12,772.68	824.14	9,889.62	1,888.53
7 B	1	3	1.0	market	720		0.4634	0.4860	970,000	873,000	782.00	9,384.01	605.49	7,265.85	1,387.49
7 C	2	5	2.5	vacant	1,790		1.1520	1.2084	3,195,000	2,875,500	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
7 D	3	7	2.5	rent stabilized	2,060		1.3257	1.3906	4,035,000	3,631,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
7 E	2	5	2.0	vacant	1,350		0.8688	0.9113	2,375,000	2,137,500	1,466.25	17,595.02	1,135.29	13,623.46	2,601.54
7 F	2	5	3.0	market	1,575		1.0136	1.0632	2,705,000	2,434,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
7 G	3	7	2.5	rent stabilized	2,090		1.3450	1.4109	4,085,000	3,676,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
7 H	2	6	3.0	rent controlled	1,705		1.0973	1.1510	2,965,000	2,668,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
7 I	2	4	2.0	vacant	1,040		0.6693	0.7021	1,425,000	1,282,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
8 A	2	6	2.5	vacant	1,700		1.0941	1.1476	3,055,000	2,749,500	1,846.39	22,156.69	1,429.62	17,155.47	3,276.01
8 C	2	5	2.5	vacant	1,790		1.1520	1.2084	3,270,000	2,943,000	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
8 D	3	5	2.5	vacant	2,060		1.3257	1.3906	4,125,000	3,712,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
8 E	2	5	2.0	rent stabilized	1,350		0.8688	0.9113	2,430,000	2,187,000	1,466.25	17,595.02	1,135.29	13,623.46	2,601.54
8 F	2	5	2.0	vacant	1,575		1.0136	1.0632	2,765,000	2,488,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
8 G	3	7	2.5	market	2,090		1.3450	1.4109	4,175,000	3,757,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
8 H	2	6	3.0	rent stabilized	1,705		1.0973	1.1510	3,035,000	2,731,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
8 I	2	4	2.0	market	1,040		0.6693	0.7021	1,465,000	1,318,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
9 A	4	7	4.5	vacant	3,211		2.0665	2.1676	6,670,000	6,003,000	3,487.51	41,850.08	2,700.30	32,403.65	6,187.81
9 C	2	6	2.5	market	1,790		1.1520	1.2084	3,345,000	3,010,500	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
9 D	3	5	2.5	vacant	2,060		1.3257	1.3906	4,215,000	3,793,500	2,237.39	26,848.70	1,732.37	20,788.39	3,969.76
9 F	2	5	2.0	vacant	1,575		1.0136	1.0632	2,825,000	2,542,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
9 G	3	7	2.5	rent stabilized	2,090		1.3450	1.4109	4,265,000	3,838,500	2,269.97	27,239.70	1,757.59	21,091.14	4,027.57
9 H	2	6	3.0	rent stabilized	1,705		1.0973	1.1510	3,105,000	2,794,500	1,851.82	22,221.86	1,433.83	17,205.93	3,285.65
9 I	2	4	2.0	rent controlled	1,040		0.6693	0.7021	1,505,000	1,354,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
10 A	2	4	2.0	vacant	980		0.6307	0.6616	1,475,000	1,327,500	1,064.39	12,772.68	824.14	9,889.62	1,888.53
10 B	1	3	1.0	rent controlled	720		0.4634	0.4860	1,090,000	981,000	782.00	9,384.01	605.49	7,265.85	1,387.49
10 C	5	9	6.5	vacant	3,847		2.4758	2.5970	8,250,000	7,425,000	4,178.27	50,139.29	3,235.15	38,821.82	7,413.43
10 E	2	5	2.0	rent stabilized	1,350		0.8688	0.9113	2,540,000	2,286,000	1,466.25	17,595.02	1,135.29	13,623.46	2,601.54
10 F	2	6	3.0	rent stabilized	1,575		1.0136	1.0632	2,885,000	2,596,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
10 G	5	9	6.5	vacant	3,795		2.4423	2.5619	8,140,000	7,326,000	4,121.80	49,461.56	3,191.42	38,297.06	7,313.22
10 I	2	4	2.0	vacant	1,040		0.6693	0.7021	1,545,000	1,390,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
11 C	2	6	2.5	market	1,790		1.1520	1.2084	3,495,000	3,145,500	1,944.14	23,329.69	1,505.31	18,063.70	3,449.45
11 F	2	6	3.0	rent stabilized	1,575		1.0136	1.0632	2,945,000	2,650,500	1,710.63	20,527.52	1,324.50	15,894.04	3,035.13
11 I	2	4	2.0	rent stabilized	1,040		0.6693	0.7021	1,585,000	1,426,500	1,129.56	13,554.68	874.59	10,495.11	2,004.15
PH 11A	4	8	5.5	vacant	3,970	498	2.6511	2.7809	11,500,000	10,350,000	4,474.13	53,689.58	3,464.23	41,570.73	7,938.36
PH 11D	4	7	4.0	(a) vacant	3,547	1,885	2.6466	2.7762	10,500,000	9,450,000	4,466.64	53,599.65	3,458.42	41,501.10	7,925.06
PH 11G	4	10	6.0	(b) vacant	4,741	1,200	3.2828	3.4435	14,000,000	12,600,000	5,540.26	66,483.11	4,289.71	51,476.50	9,829.97
PH N	3	7	3.5	vacant	2,912	956	1.6339	1.7139	8,350,000	7,515,000	2,757.42	33,089.07	2,135.02	25,620.18	4,892.44

PHILIP HOUSE
141 EAST 88TH STREET
NEW YORK, NY

SCHEDULE A

JANUARY 1, 2013 TO DECEMBER 31, 2013

UNIT NUMBER	BR	RMS	BATHS	VACANT / OCCUPIED & RENT REGULATORY STATUS	APPROX. FLOOR AREA	TERRACE AND/OR CELLAR AREA	CONDOMINIUM COMMON INTEREST (%)	RESIDENTIAL COMMON INTEREST (%)	PURCHASE PRICE TO NON-TENANT PURCHASERS	PURCHASE PRICE TO ELIGIBLE TENANTS	PROJECTED MONTHLY COMMON CHARGES	PROJECTED ANNUAL COMMON CHARGES	PROJECTED MONTHLY REAL ESTATE TAXES	PROJECTED ANNUAL REAL ESTATE TAXES	TOTAL MONTHLY PROJECTED CARRYING CHARGES
(1)	(2)	(2)	(2)	(3)	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(7)	(8)	(8)	
PH S	3	7	3.5	vacant	2,806	1,268	1.5582	1.6345	7,995,000	7,195,500	2,629.70	31,556.34	2,036.12	24,433.43	4,665.81
					147,386	7,528	95.3329	100.0000	279,915,000	250,726,500	160,889.25	1,930,671.00	124,573.22	1,494,878.68	285,462.47
COMMERCIAL UNITS															
1					1,409	506	1.0696	22.9178			782.99	9,395.85	1,397.67	16,771.99	2,180.65
2					1,388	1,388	1.3399	28.7093			980.85	11,770.25	1,750.87	21,010.40	2,731.72
3					840	555	0.7192	15.4095			526.47	6,317.60	939.77	11,277.20	1,466.23
4					305		0.1963	4.2057			143.69	1,724.27	256.49	3,077.89	400.18
4A					393	446	0.3964	8.4942			290.20	3,482.46	518.03	6,216.33	808.23
5					1,065	809	0.9457	20.2634			692.30	8,307.58	1,235.78	14,829.39	1,928.08
					5,400	3,704	4.6671	100.0000			3,416.50	40,998.00	6,098.60	73,183.22	9,515.10

Footnotes:
(a) PH11D has 3 full baths and 2 powder rooms (half baths)
(b) PH11G has 5 full baths and 2 powder rooms (half baths)

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) 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.

(3) A total of 79 Residential Units, including 1 Resident Manager's Unit, are being offered for sale under this Plan. As of August 15, 2012, 17 of the occupied Residential Units were rent stabilized (i.e., subject to the Rent Stabilization Law), 9 of the occupied Residential Units were rent controlled (i.e., subject to the Rent-- Control Law), 10 of the occupied Residential Units were neither rent stabilized, rent controlled nor otherwise subject to governmental regulation as to rentals or continued occupancy, 1 apartment was still occupied by a professional as a medical office, 1 apartment was occupied by the superintendent and 43 Residential Units were vacant. As of such date, the aggregate monthly rents payable by tenants of occupied Residential Units was approximately $124,973. 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.

(4) For measurement purposes the approximate square foot area of the Commercial Unit consists of the area measured horizontally on each of one of one or more floors from the exterior side of the exterior walls of the Building to the midpoint of the interior walls and partitions separating the Unit from corridors, stairways, elevator shaft, other General Common Elements, Limited Common Elements or other Units, or to the opposite exterior side of the exterior walls of the Building, as the case may be. Columns and mechanical pipes (whether along the perimeter or within the Unit) are not deducted from the square foot area of the Units. Measured vertically, the Commercial Unit will consist of the volume from the top of the floor slab below (located

under the finished flooring and sub floor materials) to the underside of the floor slab above.

Because certain apartments have been combined to create a single larger Unit, the square footage of Units within the same "line" may differ significantly from one Unit to another. Floor Plans for each Unit appear as Document Number 5 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 are 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 the actual usable square footage.

(5) 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(1)(iv) of the Condominium Act. The aggregate Common Interest of all Units equals one hundred percent (100%).

The "Residential Common Interest" shows a redistribution of the percentage of Common Interest to total 100% among the Residential Units only. This calculation excludes the Commercial Units, because certain expenses are not shared on the basis of percentage of Common Interest by the Commercial Units. It is used to allocate Residential Common Expenses and Residential Common Charges among the Residential Units for expenses that are not paid for the Commercial Units on the same basis. See "Allocation of Common Expenses between Commercial and Residential" in Schedule B. In accordance with New York Real Property Law § 339-m, expenses may be allocated in a different manner for Commercial Units than for Residential Units, and also based upon special or exclusive use or availability or exclusive control of particular units or common areas if authorized by the Declaration and By-Laws. See Section 6.1 of the By-Laws which authorizes the fixing of Common Charges.

(6) 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 on 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**."

(7) These estimates were based upon Schedule B, which was prepared for the year January 1, 2013 to December 31, 2013. This period is used only for purposes of projection and illustration. Sponsor does not warrant that condominium operation will commence on January 1, 2013. 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 cooking gas, for unrenovated Units only, which will be separately metered and billed directly by Consolidated Edison (gas for renovated Units shall be included in Common Charges); (ii) the cost of electricity, which will be separately metered and billed directly by 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 License Agreements will also be responsible for pay a surcharge for the use of Storage Spaces.

(8) This projection is based upon the real estate taxation history of the Property (aggregating existing tax lots 20 and 50):

Tax Year	Transitional Assessed Valuation	Actual Assessed Valuation	Tax Rate
2011/12	$10,986,900	$12,450,000	13.433%
2010/11	$10,261,800	$11,479,500	13.353%
2009/10	$ 9,671,400	$10,530,000	13.241%
2008/09	$ 9,252,900	$10,530,000	12.596%
2007/08	$ 8,802,000	$ 9,945,000	11.928%
2006/07	$ 8,299,800	$ 8,824,500	12.737%

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 occur between the end of the 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 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 collect from all Unit Owners will pay all real estate taxes on each Unit Owner's behalf with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest. The failure of any Unit Owner to pay the requested amount shall be deemed a default of the Unit Owner's obligation to pay Common Charges.

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

SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

SCHEDULE B

The Philip House Condominium
Projected Budget for First Year of Condominium Operation (See Note 1)
January 1, 2013 to December 31, 2013

ESTIMATED INCOME

Common Charges – Residential Units (Note 2)	$1,930,671
Common Charges – Commercial Units (Note 2)	$40,998
Laundry Income (Note 2)	$4,000
Total Estimated Common Charges	$1,975,669

ESTIMATED EXPENSES (Note 3)

Payroll and Related Expenses (Note 4)	$ 893,965
Oil (Heat, Hot Water) (Note 5)	$ 250,635
Electricity (Note 6)	$ 74,970
Water Charges and Sewer Rent (Note 7)	$ 95,145
Gas (Note 8)	$ 16,103
Repairs and Maintenance (Note 9)	$ 50,000
Service Contracts (Note 10)	$ 162,200
Insurance (Note 11)	$ 110,000
Management Fee (Note 12)	$ 60,000
Legal and Audit Fees (Note 13)	$ 20,000
Resident Manager's Unit (Note 14)	$ 128,570
Reserve for Contingencies (Note 15)	$ 94,079
Other Expenses (Note 16)	$ 20,000
Total (Note 17)	$1,975,669

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

The Philip House Condominium

ALLOCATION OF COMMON EXPENSES BETWEEN COMMERCIAL ANDRESIDENTIAL

(see detailed notes which follow)

Common Charges	Total Expenses	Residential Unit Expenses	Commercial Unit Expenses	
Payroll & Related Expenses	$ 893,965	884,551	9,415	A
Oil (Heat and HW)	$ 250,635	238,938	11,697	
Electricity	$ 74,970	74,970		
Water Charges & Sewer Rent	$ 95,145	95,145		
Gas (Cooking and Dryers)	$ 16,103	16,103		
Repairs and Maintenance	$ 50,000	47,666	2,334	
Service Contracts	$ 162,200	158,840	3,360	B
Insurance	$ 110,000	104,866	5,134	
Management Fee	$ 60,000	57,200	2,800	
Legal & Audit Fees	$ 20,000	19,067	933	
Resident Manager's Unit	$ 128,570	128,570		
Contingency	$ 94,079	89,689	4,391	
Other Expenses	$ 20,000	19,067	933	
Less Laundry Income		($4,000)		C
Total	**$1,975,669**	**1,930,671**	**40,998**	

All expenses have been allocated by each Unit's percentage of common interest unless otherwise stated.

A. The Commercial Unit's share of payroll and related expenses are based on the Commercial Unit Owner's percentage of common interest applied to the wages and related expenses for the Resident Manager, the Handyman and one (1) Porter.

B. The Commercial Unit's share of service contract expenses is based on the Commercial Unit Owner's percentage of common interest applied to the costs of the following service contracts only: fire extinguishers, water tank, water treatment, supplies, burner service and telephone.

C. Estimated Laundry Income will be used to offset the Resident Unit's share of the total expense allocation.

D. The "Residential Common Interest" shows a redistribution of the percentage of Common Interest to total 100% among the Residential Units only. This calculation excludes the Commercial Units, because certain expenses are not shared on the basis of percentage of Common Interest by the Commercial Units. It is used to allocate Residential Common Expenses and Residential Common Charges among the Residential Units for expenses that are not paid for the Commercial Units on the same basis. In accordance with New York Real Property Law § 339-m, expenses may be allocated in a different manner for Commercial Units than for Residential Units, and also based upon special or exclusive use or availability or exclusive control of particular units or common areas if authorized by the Declaration and By-Laws. With Respect to Residential Unit Expenses above that are not shared by all Units based upon each Unit's Common Interest, they are allocated to the Residential Units in accordance with the Residential Common Interest (%) set forth on Schedule A.

FOOTNOTES TO SCHEDULE B

(1) Amounts are projected on the assumption that the First Year of Condominium Operation will be the year from January 1, 2013 to December 31, 2013. The actual First Year of Condominium Operation may be earlier or later than that year. In the event the actual or anticipated commencement date of the First Year of Condominium Operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than 15 days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Deposit returned.

(2) These amounts represent the total Common Charges to be levied against and collected from the Residential Units and the Commercial Unit as well as the anticipated Laundry Incomeduring the anticipated First Year of Condominium Operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium. Generally, Common Expenses have been allocated between the Residential Units and the Commercial Unit based on anticipated usage and benefits derived by such Unit Owners, respectively, and between and among the Residential Unit Owners on the basis of percentage of Common Interest allocated to each Residential Unit. Where the allocation of Common Expenses is not based on percentage of Common Interest, or Common Expenses have been allocated only to certain categories of Units, such circumstances are set forth in the following notes. The Commercial Unit Owner will be obligated to pay its allocated share of the expenses, and only such allocated share

of the expenses that are incurred by the Board in furnishing those services, as well as operating, maintaining and repairing those Common Elements that are utilized by such Unit Owner. Those Common Expenses that have been allocated on the basis of Common Interest have been allocated on such a basis as follows: Those expenses to be borne by the Residential Unit Owners have been allocated on the basis of the combined percentage of Common Interest of such Units, for a total of 95.3329%. Common Expenses to be borne by the Owner of the Commercial Unit have been allocated on the basis of such Unit Owner's Common Interest for a total of 4.6671%. Laundry income is derived from a lease with Service Directions, Inc., 219 Riverdale Avenue, Yonkers, New York dated August 9, 2012. The contract supersedes and existing contract and is for eight years for all revenue received over $975 per month. It is assumed the laundry will be used by those residents who do not have laundry equipment in their Units.

(3) Common Expenses include the costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements and the provision of services to Unit Owners in general, such as service contracts applicable to the Building as a whole, employees who will provide services to the entire Condominium, the Managing Agent for the Condominium, and insurance coverage for the Common Elements.

(4) **Payroll and Related Expenses: $893,965**

This estimate includes wages, workers compensation, and disability insurance, welfare and pension costs, payroll taxes and the cost of sick days, holidays and vacation pay for a projected shared Building staff of 1 Resident Manager, 1 Handyman, 4 full time porters and 5 Doormen. The projected level of staffing for the Building complies with all applicable housing and labor laws. All staff will be full-time employees and will be members of Local 32B-32J Service Employees International Union AFL-CIO. The building is classified as Class "A" for the purpose of defining the wage scale. The contract with Local 32B-32J Service Employees International Union AFL-CIO is as of April 21, 2010 to April 20, 2014. In addition to his salary, the Resident Manager resides rent free in the Resident Manager's Unit located in Unit 2A and is provided by the Board with free gas, electric and telephone. The wages described below are computed in accordance with the contract of Local 32 BJ and its affiliates. The projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of Sponsor's budget expert, Cooper Square Realty, Inc., in managing comparable buildings. These expenses are allocated among all Unit Owners based on their percentage of common interest with the exception of the Commercial Unit. The Commercial Unit's labor expenses are based on their percentage of common interest of the wages and related expenses for the Resident Manager, one Handyman and one Porter.

The wage and salary estimates included in Common Expenses are detailed as follows:

POSITION	WEEKLY WAGE
Resident Manager (1)	$1,250 per 40 hour week for a total yearly wage of $65,000 per person.
Handyman (1)	$917.63 per 40 hour week for a total yearly wage of $48,226 per person.
Porters (4)	$830.63 per 40 hour week for a total yearly wage of $43,193 per person.
Doormen/Receptionist (5)	$830.63 per 40 hour week for a total yearly wage of $43,193 per person.
Bonus	$15,000

Multiply by 1.1535 to bring to 60 pay weeks to allow for sick days, holidays and vacation pay.

Total Wages	$601,056
FICA	$45,981
NYS Unemployment	$7,013
Workers' compensation:	$20,000
Federal Unemployment	$847
NYS Disability	$495
Health	$155,739
Pension	$52,066
Legal and Training Fund	$10,769

The Commercial Unit will utilize the services of only the Resident Manager, one (1) handyman and one (1) porter and will contribute to labor expenses for such employees based on their common interest of each of such employee's labor expense.

(5) **Oil (Heat, and Domestic Hot Water): $250,635**

Based on an estimate made as of July 17, 2012 by Edwards &Zuck, P.C. located at 315 Park Avenue, 17th Floor, New York, New York 10010, it is anticipated that heat and hot water will be provided to the Residential and Commercial Units by #2 Oil and will cost $250,635. This estimate is based on a projected usage of 77,000 gallons per year at an anticipated cost of $3.10 X 5% per gallon plus tax

(6) **Electricity: $74,970**

This estimate is based on an estimate made as of July 17, 2012 by Edwards &Zuck, P.C. located at 315 Park Avenue, 17th Floor, New York, New York 10010, that light and

power for the Common Areas as well as the mechanical equipment will be approximately 357,000 KW/HR/YR at an annual cost of $.20 X 5% per KW/HR. The Commercial Unit will be separately metered.

Electricity (including current necessary to operate HVAC Systems) shall be supplied to allrenovated Units through a separate Con Edison meter for each such Unit, and the cost of electricity consumed or used in eachsuch Unit or any Residential Limited Common Elementsappurtenant thereto shall be payable Con Edison. Electricity for unrenovated Units shall be supplied through a separate meter for each such Unit, and the cost of electricity consumed or used in each such Unit shall be payable directly to Consolidated Edison.

(7) **Water Charges and Sewer Rent: $95,145**

This amount is based on an estimate made as of July 17, 2012 by Edwards &Zuck, P.C. located at 315 Park Avenue, 17th Floor, New York, New York, that water charges for the Residential Units and all Common Elements, will be approximately $8.78X 5% per 100 cu. ft. and usage of water based on 90 gallons per day per estimated occupancy. The estimated occupancy is based on an average of 2.5 persons per apartment for 94 apartments.

The budgeted amount constitutes a projection of the water charges and sewer rents that will be payable with respect to the Building.

Water charges and sewer rents for the Commercial Unit will be separately sub-metered.

(8) **Gas (Cooking and Dryers): $16,103**

This amount is based on an estimate made as of July 17, 2012 by Edwards &Zuck, P.C. located at 315 Park Avenue, 17th Floor, New York, New York, that gas charges for the renovated Residential Units and all Common Elements, will be approximately $1.50 X 5% per Therm and usage 8 Therms per month per unit for cooking and 100 Therms per month for the gas dryers.

(9) **Repairs and Maintenance: $50,000**

This estimate includes painting, maintenance and repair costs of General and Residential Common Elements only. Unit Owners will be responsible for the cost of repairs and painting in the interiors of their Units. No provision has been made to cover the cost of any capital expenditure. This estimate also includes the estimated annual cost of services and supplies (excluding service contracts) provided to and for the benefit of the Units.

Supplies and Hardware	$25,000

Plumbing	$3,500
Electrical	$2,000
Intercom/Security	$1,500
Window, Lock and Doors	$1,000
Plastering and Painting	$5,000
Elevators	$2,000
General Repairs	$10,000
Total	$50,000

It is not anticipated that there will be any Local Law #11 repairs and maintenance required in 2013. The Commercial Unit's share of repairs and maintenance expenses excludes costs associated with the exterior maintenance of the Building above the first floor (including exterior maintenance performed pursuant to Local Law 11) and structural repairs or replacements with respect to any Residential Limited Common Element.

This estimate is based on experience of Sponsor's budget expert, Cooper Square Realty, Inc., in operating comparable buildings.

(10) **Service Contracts and Supplies: $162,200**

This estimate includes the cost of various services used in or for the Common Elements, including but not limited to elevator service, wood marble and metal maintenance, extermination, water treatment and uniform laundry.

Elevator Maintenance	$48,000
Exterminating	$6,000
Fire Extinguishers	$1,000
Landscaping	$10,000
Water Tank	$4,000
Water Treatment	$5,000
Supplies (Cleaning materials, lubricants, bulbs fixtures, general and hardware supplies, etc.)	$50,000
Boiler/Burner	$6,000
Boiler Controls	$1,200
HVAC	$15,000
Telephone/Beeper/Mobile	$6,000
Uniforms	$5,000
Total	$162,200

With the exception of the elevator maintenance contract, no maintenance or service contracts have been entered into as of the filing date of the Plan. The budgeted amounts are based on estimates received from contractors and the experience of Sponsor's budget expert, Cooper Square Realty, Inc., in operating comparable buildings. While this

Schedule B includes a reasonable allowance for possible increases in cost, which may occur prior to and during the First Year of Condominium Operation, no warranty is made that the actual cost for these or other services will be in accordance with this projection. The Commercial Unit will share in the expense of only the Fire Extinguishers, Central Station Monitoring, Fire Protection, Water Tank, Water Treatment, and Supplies based on their percentage of common interest.

(11) **Insurance: $110,000**

The insurance premiums are based on the letter, dated November 9, 2011, from Robert M. Currey& Associates, Inc. located at 137Newbury Street, Boston, MA02116. The fire, casualty and general liability are on the terms set therein:

	COVERAGES	LIMITS OF LIABILITY
A.	Property (Total Insurable Value)	$112,961,066
	Real Property/Building	$105,000,000
	"All Risk" Coverage (exclusive of Terrorism and Mold Coverage)	
	Contents	$1,920,000
	Business Interruption	$6,041,066
	Ordinance or Law	
	Undamaged Portion:	$10,000,000
	Demolition Cost:	Included
	Increased Cost of Construction:	Included
	Equipment Breakdown:	$50,000,000
	Floor:	$10,000,000
	Earthquake:	$10,000,000
	Wind/Hail:	$50,000,000
	Mold – Per Occurrence	$15,000
	Mold – Policy Aggregate	$100,000
	Deductibles	
	Earthquake/Flood:	$50,000
	All Other Perils:	$25,000
B.	General Liability	
	(General Aggregate)	$2,000,000
	Products/Completed Operations Aggregate	$2,000.000
	Personal and Advertising Injury	$1,000,000
	Each Occurrence	$1,000,000
	Damaged to Rented Premises:	$100,000

C.	Directors & Officers Liability Managing Agent Rider	$1,000,000 Included as Additional Insured
D.	Umbrella Liability Each Occurrence Self Insured Retention Included Excess Director's & Officers	$50,000,000 $50,000,000 $10,000
E.	Environmental Impairment Liability Per Pollution Condition: Aggregate: Deductible/SIR	 $5,000,000 $5,000,000 $50,000

The total premium for these various coverages is estimated at $110,000.

The fire, casualty and general liability insurance carried by the Condominium will provide: that each Unit Owner is an additional insured party; that there will be no cancellation without notice to the Condominium Board; a waiver of subrogation; a waiver of invalidity because of acts of the insured and Unit Owners; and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

This coverage applies to a Unit to the extent that the Unit remains unchanged from the time that it was initially offered by Sponsor. Any structural alterations or additions to Units are excluded from coverage. This coverage does not include claims for personal injury or property damage resulting from occurrences in individual Units or any Common Elements exclusive to such Units, nor does it include coverage of the furniture or personal property of Unit Owners nor decorations, fixtures or coverings (including, without limitation, painting, finishing, wall-to-wall carpeting, pictures, mirrors, shelving and lighting fixtures) installed by Unit Owners.

This quotation is an indication of insurance premiums at current rates. Because conditions in the insurance marketplace are volatile, it is not possible to predict what the premiums will be for the First Year of Condominium Operation. Purchasers should be aware of the possibility of rate increases. The insurance is adequate for the replacement of the building in the event of a total loss. The carrier will be selected at the time the coverage is bound. This will occur prior to the first unit closing. The agent quoting the proposed insurance is the Robert M. Currey& Associates, Inc. located at 137Newbury Street, Boston, MA.

Sponsor will procure, on behalf of the Board, on or before the date of the First Closing, the general liability insurance that is required to be carried by the Condominium.

This insurance coverage meets the requirements of any mortgage lender procured by Sponsor.

(12) **Management Fee: $60,000**

Based on the management agreement to be entered into with Cooper Square Realty, Inc. at or before the First Closing, it is expected that the Managing Agent will receive an annual fee of $60,000 for the first year. Reference should be made to "Management Agreement, Contracts and Leases" in Part I for further discussion of the terms of the Management Agreement.

(13) **Legal and Audit Fees: $20,000**

Based upon the estimate of $7,500, as set forth in a letter dated September 26, 2011 from Reilly, Deane and Raboy LLP, located at 60 East 42nd Street, New York, NY 10165. $7,500 has been budgeted to provide for estimated auditing and accounting fees in connection with the preparation of the audited financial statements for the First Year of Condominium Operation and Federal, state and city income tax returns. The balance of the budgeted amount ($12,500) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

(14) **Resident Manager's Unit: $128,570**

At or subsequent to the First Closing, Sponsor will sell Residential Unit 2A in the Condominium to the Condominium Board, to be used as the Resident Manager's residence. The Condominium Board shall be responsible for the payment of all mortgage recording and transfer taxes due in connection with the sale of the Unit. All Common Charges, including the costs of utilities and the costs of financing the purchase of the Unit, Real Estate Taxes payments and the costs of repairs, alterations and improvements undertaken by the Condominium Board attributable to the Resident Manager's Unit, shall be borne by all Residential Unit Owners as a Residential Common Expense.

The purchase price of theResident Manager's Unit is $1,330,000. Sponsor presently anticipates that seventy percent (70%) of the purchase price will be financed by a mortgage in the amount of $931,000 held by an institutional lender and thirty percent (30%) of the purchase price will be financed by a note in the amount of $399,000 to be held by Sponsor. It is anticipated that the mortgage will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Sponsor's Note will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Upon the maturity of the mortgage and Sponsor's Note, the Condominium Board will be required to repay the entire outstanding principal balance, together with any accrued and unpaid interest due thereon. If the Board repays the outstanding principal balance on both the mortgage and Sponsor's Note upon maturity of Sponsor's Note (*i.e*, after five (5) years), the amount payable, assuming that the Board is not then in default, is estimated to be $1,245,412.

Mortgage recording taxes, title insurance, recording fees and transfer taxes due in connection with the transfer and mortgage of the Resident Manager's Unit to the Condominium Board are estimated to be $80,000.00. All closing costs will be paid out of the Condominiums Working Capital Fund.

For the purpose of this budget, an interest rate of 6.5% hasbeen used, which equates to monthly payments of $8,406.50 or $100,878 annually. No assurances or representations are made that the prevailing interest rates in effect at the time the Resident Manager's unit loan is obtained will be at the rate estimated for budget purposes.

In addition to the debt service and closing costs for the unit, the Condominium Board will be responsible for the Real Estate Tax payments on the unit. The estimated Real Estate Tax payments for the First Year of Condominium Operation for Unit 2A will be $10,380 which equates to monthly payments of $865.

The Condominium Board will also be responsible for the cost of the monthly common charges attributed to the Resident Manager's Unit. It is estimated that this cost will be $13,411.32 in the First Year of Condominium Operation, which equates to $1,117.61per month.

The Condominium Board will also be responsible for the cost of electricity and basic telephone service for the Resident Manager's Unit. It is estimated that this cost will be $3,900in the first year of operations.

The budget line item for the Resident Manager's Unit consists of mortgage payments, Common Charges, Real Estate Tax payments, and utility charges (including electricity and basic telephone services), attributable to the Resident Manager's Unit. All Residential Unit Owners will pay all expenses attributable to the Resident Manager's Unit as Residential Common Expenses based on their respective percentage of Residential Common Interests. These monthly expenses are as follows:

Mortgage Payments	$8,406.50 per month
Real Estate Tax Payments	$865.34 per month
Common Charges	$1,117.61 per month
Utility Charges	$175per month
Telephone Charges	$150 per month

The Common Charges, utility and telephone charges are based upon estimates from the budget expert opinion enclosed herein.

(15) **Contingencies (for Reserves): $94,079**

This amount, to be used at the discretion of the Board, is intended to benefit the Unit Owners by providing a fund for unanticipated capital repair and replacement expenses not included in the budget. These funds are intended for the exclusive use of capital repair and replacement projects outside of normal operations, and shall not be used to fund any other operating or maintenance functions. If additional funds are required over

and above these funds, it may be necessary to increase Common Charges or separately assess the Unit Owners.

(16) **Other Expenses: $20,000**

Other Expenses covers the ongoing need for telephone, office supplies, office equipment, postage, special communications and mailings to the Unit Owners, annual meetings, and purchase of uniforms.

Telephone and Communications		$5,000
Printing and Postage		5,250
Sprinkler Fees		750
General	9,000	

(17) IN THE OPINION OF COOPER SQUARE REALTY, INC., THE PROJECTED INCOME IS ADEQUATE TO MEET THE PROJECTED COMMON EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE 12-MONTH PERIOD COMMENCING JANUARY 1, 2013. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL COMMON CHARGES OR OTHER INCOME AND EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY WILL BE AS SET FORTH IN SAID SCHEDULE, SINCE THE ANNUAL COMMON CHARGES AND OTHER ITEMS OF INCOME AND EXPENSE MAY VARY FROM AMOUNTS SHOWN IN THE SCHEDULE.

Sponsor reserves the right to enter into additional or other service, maintenance, employment, concessionaire and other agreements that will be binding on the Condominium upon commencement of condominium operation. Sponsor shall not, however, enter into any binding service, maintenance, employment, concessionaire or other agreements that will materially increase the first year's projected Common Charges or that will be binding on the Condominium for a period of more than two (2) years, unless the Plan is amended.

SCHEDULE B-1

Projected Annual Electricity Cost

Edwards & Zuck

December 6, 2011

Richard Metsky, AIA
Beyer Blinder Belle Architects & Planners, LLP
41 East 11th Street
New York, NY 10003

Re: Philip House Condominium
141 East 88th Street, New York, NY 10028
EZ Project No. S15001001

The following is our estimated annual electrical costs for each renovated apartment, including costs associated with lighting, operating the typical electrical appliances located in each apartment including electrical dryer, and operating the heating, cooling and ventilation equipment within each apartment. The electrical usage for each apartment also includes the cost of operating the dedicated rooftop mounted condensing unit that serves the apartment air conditioning equipment. The costs are based on a Con Edison rate of $0.20 per KWH (Kilowatt-Hour) plus 5% for inflation. Taxes are included.

Area, Sq Ft	Annual KWH	Total Annual Cost
710	7,564	$1,588
975	9,578	$2,011
1,044	10,102	$2,122
1,351	12,436	$2,611
1,574	14,130	$2,967
1,706	15,134	$3,178
1,781	15,704	$3,298
2,066	17,870	$3,753
2,099	18,120	$3,805

If any additional information is required, please call.

Sincerely,

EDWARDS & ZUCK, P.C.

STATE OF NEW YORK
PETER J. SPOSATO
062489-1
LICENSED PROFESSIONAL ENGINEER

Peter J. Sposato, PE
Managing Partner

PJS: mcg

Edwards & Zuck, P.C., Consulting Engineers 315 Park Avenue South New York, NY 10010 212-330-6200 Fax 212-695-1898

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

COOPER • SQUARE
REALTY

www.coopersquare.com Tel 212.634.8900

OPINION OF LICENSED REAL ESTATE BROKER RE: COMLIANCE WITH REAL PROPERTY LAW SECTION 339-i

July 23, 2012

New York State Department of Law
Real Estate Financing Bureau
120 Broadway - 23rd Floor
New York, New York 10271

Attention: Real Estate Financing Bureau

Re: Philip House Condominium
141 East 88th Street a/k/a 1327-1327
and 1311-1337 Lexington Avenue
New York, New York 10128

Ladies and Gentlemen:

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

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

We are a licensed real estate broker whose principals have been engaged in the real estate brokerage business for approximately 25 years. We have also been engaged in the operation and management of residential buildings in the greater New York area for approximately 25 years. We presently manage over 100 buildings consisting of over 30,000 units.

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

Article 11 of the Declaration states that the percentage of Common Interest allocated to each Unit is "based upon floor space, subject to the location of such space and 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." Article 11 also states the aggregate Common Interests of all Units equal one hundred percent (100%).

Section 339-i requires that the Common Interest of each unit be based on any one of several methods of calculation. One of these allowable methods is the method stated in Article 11 of the Declaration [Section 339-i(1)(iv)].

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

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

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

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

Very truly yours,

COOPER SQUARE REALTY

By: _____
Name: Marc Kotler
Title: Vice President

COMMERCIAL UNITS

The Condominium will contain six (6) Commercial Units which are not currently offered for sale. Sponsor reserves the right, however, to offer the Commercial Units for sale at a later date by a price change amendment to the Plan.

All of the Commercial Units front on Lexington Avenue. The retail spaces are currently leased for use as follows. Beginning at the corner of 88th Street and Lexington Avenue and heading north toward 89th Street, the first retail space (on the corner) is leased for use as a bicycle store; the second retail space is vacant, the third retail space is leased for a dry cleaner; the fourth retail space is a leased as a locksmith; the fifth retail space is leased as a deli; and the sixth retail space is leased as a store for the sale of running wear and equipment. No representation is made that such uses will continue after the Presentation Date of the Plan. The following is a list of the current tenants of the Commercial Units and the dates their current leases will expire:

1. Metro Bicycle Stores, Inc.	12/31/15
3. Montclair Cleaners	6/30/13
4. Night & Day Locksmith	2/31/13
4A. 88th St. Deli & Grocery	3/31/12
5. Muhreke-Super Runners	5/31/14

The Commercial Units may be used for any lawful purpose, except that they may not be used (i) for any illegal or pornographic purposes or (ii) 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 (iii) as a homeless shelter or (iv) as a drug or alcohol rehabilitation facility. Sponsor makes no representation as to what the actual use of any Commercial Unit will be at any time. Neither the Condominium Board nor the Unit Owners will have any right to restrict or limit any sale, lease or lawful use of a Commercial Unit. No representation or warranty is made as to whom the owner or tenants of a Commercial Unit may be at any time or as to the uses to which a Commercial Unit may be put at any time. Any and all rents, revenues and profits of any type whatsoever from a Commercial Unit shall belong solely to the applicable Commercial Unit Owner and/or its tenant.

The Commercial Unit Owners and their respective tenants, employees, agents, licensees and invitees shall have an easement to use the sidewalks and ramps appurtenant to the applicable Commercial Unit Owner's Commercial Unit for such purposes as may be permitted by law, including, without limitation, use as a sidewalk café, including, without limitation, food and beverage services and the placement of outdoor seating, tables and signage. This may result in additional noise, traffic and odors in the vicinity of the Condominium.

The Declaration and the By-Laws may not be amended or modified so as to materially adversely affect a Commercial Unit Owner without the prior written consent of the Commercial Unit Owner.

The Commercial Unit Owners shall have the right to sell or lease all or any part of a Commercial Unit Owner's Commercial Unit without complying with any right of first refusal contained in the Declaration or By-Laws.

A Commercial Unit Owner has certain special rights under the Declaration, including, but not limited to, an easement of ingress and egress through certain Common Elements. Each of the foregoing easements, which are more particularly described in the Declaration, shall not require the consent of the Condominium Board or any other Unit Owner and may 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**."

Common Charges payable by the Commercial Unit Owners are based on the Common Interests of the Commercial Units as set forth on Schedule A, except as expressly indicated in the Footnotes to Schedule B. Relying on the certification of Cooper Square Realty, Inc., contained in Part II of the Plan, Sponsor estimates that the Common Charges payable by the Commercial Unit Owners are sufficient to cover the Common Expenses fairly attributable to the Commercial Units. The allocation of Common Charges attributable to the Commercial Unit shall also reflect special or exclusive use or availability or exclusive control of particular Common Elements.

The Condominium Board, at the request of Sponsor, will enter into one or more agreements with any tenant(s) with which Sponsor has entered into a lease for all or a portion of any 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 such 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 or altered in any manner 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 the By-Laws, or otherwise; provided, however, that if the Condominium Board or any other party succeeds to the interests of Sponsor under the lease, the tenant will agree to be bound to the Condominium Board or party under all of the terms, covenants and conditions of the lease and the tenant will attorn to the Condominium Board or party as its landlord.

The Condominium 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 Condominium 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.

In Sponsor's opinion, the rights of a Commercial Unit Owner will not have a material adverse impact on the Condominium.

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 (a) is 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 Section 6.13 of 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 or delayed (except no consent will be required for non-structural alterations or for removing or replacing security gates or awnings, except all awnings must be consistent with the character of the Building), 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 such 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 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 Units; and (6) change, alter or modify the facade and exterior portion of a Commercial Unit including the right to install, maintain, repair and replace canopies, awnings and signs; 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 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 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 and/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.

ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATIONS

Attached hereto are certified statements of operations for the Property for the calendar year ended December 31, 2010, and for the period of January 1, 2011, through June 29, 2011, as prepared by Mark Isaac, CPA, Hecht and Company, P.C., and from June 29, 2011 through December 31, 2011 as prepared by Sacks Press & Lacher, P.C.

RHINELANDER PROPERTIES LLC

STATEMENTS OF CERTAIN OPERATING REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 2010 AND PERIOD FROM JANUARY 1, 2011 TO JUNE 28, 2011

RHINELANDER PROPERTIES LLC
Table of Contents
Year Ended December 31, 2010 and
Period from January 1, 2011 to June 28, 2011

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Certain Operating Revenues and Expenses	2
Notes to Statements of Certain Operating Revenues and Expenses	3 - 4

HECHT AND COMPANY, P.C.
Certified Public Accountants

622 Third Avenue
New York, NY 10017
(212) 819-8000
Fax: (212) 302-0973

INDEPENDENT AUDITOR'S REPORT

To the Members of
141 East 88th St., LLC

We have audited the accompanying statements of certain operating revenues and expenses of Rhinelander Properties LLC (the "Company") for the year ended December 31, 2010 and for the period from January 1, 2011 through June 28, 2011. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the statements based on our audits.

We conducted our audits 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 statements of certain operating revenues and expenses are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of certain operating revenues and expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements of certain operating revenues and expenses. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements of certain operating revenues and expenses have been prepared in accordance with the Office of New York State Attorney General Regulations Governing the Conversion of Occupied Residential Property to Condominium Ownership as described in Note 1, and are not intended to be a complete presentation of the Company's revenues and expenses.

In our opinion, the statements of certain operating revenues and expenses referred to above present fairly, in all material respects, certain operating revenues and expenses of Rhinelander Properties LLC for the year ended December 31, 2010 and for the period from January 1, 2011 through June 28, 2011, on the basis of accounting described in Note 1.

New York, New York
December 9, 2011

Hecht And Company P.C

RHINELANDER PROPERTIES LLC
Statements of Certain Operating Revenues and Expenses
For the Year Ended December 31, 2010 and
Period from January 1, 2011 to June 28, 2011

	Year Ended December 31, 2010	Period from January 1, 2011 to June 28, 2011
Income		
Residential rent	$ 4,720,812	$ 2,455,001
Commercial rent	1,049,845	491,308
Laundry	12,000	6,000
Other:		
Real estate tax escalations	26,420	1,793
Water and sewer escalations	11,164	6,630
Storage	9,375	4,650
Administrative fees	5,918	3,265
Cable share fees	3,183	1,626
Miscellaneous	-	5,413
Total income	5,838,717	2,975,686
Operating expenses		
Labor	694,193	375,372
Heating	145,134	151,386
Utilities (electricity and gas)	53,380	25,067
Water charges and sewer rents	80,125	48,128
Repairs, maintenance and supplies	193,905	130,244
Insurance	93,378	51,732
Management fees	149,623	75,928
Legal and audit fees	20,689	3,604
Real estate taxes	1,278,778	634,189
Other	10,064	6,809
Total expenses	2,719,269	1,502,459
Excess of income over expenses	$ 3,119,448	$ 1,473,227

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

RHINELANDER PROPERTIES LLC
Notes To Statements of Certain Operating Revenues and Expenses
For the Year Ended December 31, 2010 and
Period from January 1, 2011 to June 28, 2011

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Rhinelander Properties LLC (the "Company") was organized as a limited liability company in the State of New York. The Company operated a building which consisted of ninety-two residential units, seven retail units and four professional offices. The primary purpose of the Company was to acquire, own, hold, manage, develop, operate, lease, sell and otherwise deal with certain real property and other assets relating to the property. On June 28, 2011, the Company sold the building to 141 East 88th St., LLC.

Basis of Presentation

The statements of certain operating revenues and expenses have been prepared in accordance with the Office of New York State Attorney General Regulations Governing the Conversion of Occupied Residential Property to Condominium Ownership ("the AG Regulations"). The regulations require that the statements be prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The accompanying statements are presented in the format of Schedule B of Part 23 of Title 13 of the AG Regulations. In accordance with the New York State Attorney General requirements, the statements of certain operating revenues and expenses include only those expense items incurred in operating the common elements of the property and accordingly exclude capital improvements, painting and repairs made in individual apartments, and depreciation and amortization.

In addition to the items enumerated above, excluded from the statements of certain operating revenues and expenses for the year ending December 31, 2010 are repairs and maintenance made in the individual apartments of approximately $26,000, interior painting costs made in the individual apartments of approximately $38,000 and legal fees related to the individual apartments of approximately $21,000. Excluded from the statements of certain operating revenues and expenses for the period from January 1, 2011 through June 28, 2011 are repairs and maintenance made in the individual apartments of approximately $28,000, interior painting costs made in the individual apartments of approximately $5,000 and legal fees related to the individual apartments of approximately $7,000.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Management Fees
Management fees included in the statements of certain operating revenues and expenses are monthly fees paid to an external manager for management of the building. Since these fees will continue to be incurred upon conversion to condominium, it is included in the statements of certain operating revenues and expenses.

Income Taxes
No provision has been made in the accompanying statements for any federal, state or local income taxes since, pursuant to provisions of the Internal Revenue Code, each item of income, gain, loss, deduction or credit is reportable by the Members.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain operating revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events
Management has evaluated subsequent events through December 9, 2011, the date which the statements of certain operating revenues and expenses were available to be issued.

Note 2 - Rental Income Under Operating Leases

Rental income for residential leases is recognized as earned over the noncancelable terms of the leases, which are generally one year to two years for residential leases. Base rental income on commercial leases range from one to five years.

The future minimum rental income to be received on commercial leases as of June 28, 2011 is as follows:

	Total
2012	$ 572,952
2013	534,444
2014	418,732
2015	269,400
2016	150,666
	$ 1,946,194

141 EAST 88th STREET, LLC

STATEMENT OF CERTAIN OPERATING REVENUES AND EXPENSES

FROM JUNE 29, 2011 (Beginning of Operations),
TO DECEMBER 31, 2011

141 EAST 88th STREET, LLC

STATEMENT OF CERTAIN OPERATING REVENUES AND EXPENSES

FROM JUNE 29, 2011 (Beginning of Operations), TO DECEMBER 31, 2011

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Certain Operating Revenues and Expenses	2
Notes to Statement of Certain Operating Revenues and Expenses	3 - 4

Sacks Press & Lacher, P.C.
Certified Public Accountants

600 Third Avenue, New York, NY 10016
212-682-6640 Fax: 212-557-8415

INDEPENDENT AUDITOR'S REPORT

To the Members of
141 East 88th Street, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of 141 East 88th Street, LLC for the period from inception June 17, 2011 to December 31, 2011, and have issued our report thereon dated February 27, 2012. We have also audited the accompanying schedule of statement of certain operating revenues and expenses of 141 East 88th Street, LLC for the period from June 29, 2011 (beginning of operations) to December 31, 2011. The statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of certain operating revenues and expenses referred to above present fairly, in all material respects, the operating revenues and expenses of 141 East 88th Street, LLC for the period from June 29, 2011 to December 31, 2011, in accordance with generally accepted accounting principles.

Sacks, Press & Lacher, P.C.

New York, New York
June 22, 2012

141 EAST 88TH STREET, LLC

STATEMENT OF CERTAIN OPERATING REVENUES AND EXPENSES

FROM JUNE 29, 2011 (Beginning of Operations) TO DECEMBER 31, 2011

REVENUES:	
Residential rent	$ 1,973,061
Commercial rent	474,916
Laundry	6,100
Other:	
Real estate tax escalations	35,171
Fuel surcharge	6,480
Administrative fees	6,427
Water and sewer escalations	4,980
Storage	4,075
TOTAL REVENUES	2,511,210
OPERATING EXPENSES:	
Property taxes	724,723
Labor	409,100
Administration	18,425
Utilities	34,277
Heating	82,135
Water an sewer	49,069
Repairs, maintenance and supplies	64,492
Insurance	59,705
Legal and accounting	53,426
Management fee	38,125
TOTAL EXPENSES	1,533,477
EXCESS OF REVENUES OVER EXPENSES	$ 977,733

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company is a single member Delaware limited liability company that owns and leases a mixed use apartment building in New York, New York.

Basis of Accounting

The statement of certain operating revenues and expenses has been prepared in accordance with the Office of New York State Attorney General Regulations Governing the Conversion of Occupied Residential Property to Condominium Ownership ("the AG Regulations"). The regulations require that the statement be prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The accompanying statement is presented in the format of Schedule B of Part 23 of Title 13 of the AG Regulations. In accordance with the New York State Attorney General requirements, the statement of certain operating revenues and expenses include only those expense items incurred in operating the common elements of the property and accordingly exclude capital improvements, painting and repairs made in individual apartments, interest on debt financing and depreciation and amortization.

In addition to the items enumerated above, excluded from the statements of certain operating revenues and expenses for the period from June 29, 2011 through December 31, 2011 are interior painting costs and repairs and maintenance made in the individual apartments of approximately $8,900 and $11,600, respectively.

Management Fees

Management fees included in the statement of certain operating revenues and expenses are monthly fees paid to an external manager for the management of the building. Since these fees will continue to be incurred upon the conversion to condominium, it is included in the statements of certain operating revenues and expenses.

Income Taxes

No provision or liability for income taxes has been recorded because the members of the Company's single member are taxed on their proportionate share of the Company's income.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. RENTAL INCOME UNDER OPERATING LEASE ARRANGEMENTS

The Company leases commercial and residential units under noncancelable operating leases that expire at various dates through 2016. The commercial lease agreements typically provide for a specific monthly payment plus reimbursement of certain operating costs. The following is a summary of minimum future rentals under noncancelable operating leases:

Year Ending December 31,		
2012	$	2,049,000
2013		717,000
2014		332,000
2015		254,000
2016		13,000
	$	3,365,000

The preceding future minimum rentals do not include charges for reimbursements of operating costs.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2012, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

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 as Document Number 15.

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.

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 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 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, Real Estate Finance Bureau, 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.

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.

Non-Purchasing Tenants who occupy rent-stabilized or rent-controlled apartments should note that Sponsor intends to seek rent increases for certain major capital improvements that Sponsor intends to make. The amount of such increases will depend on the cost of such major capital improvements paid for by Sponsor (but will not include any such costs paid out of the Reserve Fund). The total cost of the major capital improvements upon which Sponsor intends to base its application is approximately $1,800,000.

Upon completion of each portion of the work necessary to make any such major capital improvements, Sponsor will apply to the DHCR for authorization to collect rent increases. Non-Purchasing Tenants who occupy rent-stabilized apartments will receive notice of the application directly from the DHCR and will have the opportunity to comment upon the application. Sponsor may not collect any rent increases for the any major capital improvements until the DHCR issues an order granting the application in whole or in part. If the application is granted, the authorized rent increase will be retroactive to the first day of the month at least 30 days after notice was sent to such Non-Purchasing Tenants.

The total monthly rent increase that would be permitted if Sponsor's application were granted in whole would be $40 per room. It should be noted that the collection of any increase in rent based upon major capital improvements may not exceed 6% for rent-stabilized apartments and 15% for rent-controlled apartments over the legal rent for such apartments as of the date of the filing of the application with respect to rent-stabilized apartments and as of the effective date of the order granting Sponsor's application with respect to rent-controlled apartments, with collectibility of any excess above the 6% threshold or 15% threshold, as the case may be, to be spread forward and collected in future years. Also, it should be noted that the DHCR's method of counting rooms may not be identical to the method employed by Sponsor in determining the number of rooms in the Units as set forth in Schedule A

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.

J-51 Tax Abatement and High Rent Deregulation

Tenants and Purchasers should also note that in an action entitled *Roberts v. Tishman Speyer Props., L.P.*, the New York State Court of Appeals held that there would be no distinction regarding the deregulation of apartments based upon whether or not an apartment was already subject to rent regulation prior to the receipt of such benefits. Therefore, apartments that were already rent stabilized before they would have been brought under rent stabilization because of a J-51 tax abatement/exemption, could not simply be deregulated because the J-51 benefits expired, nor could they be subject to high rent deregulation during the J-51 period even though they were subject to rent stabilization before the J-51 benefits began.

The Building has never received J-51 benefits, and no application is being made on account of the work being performed in connection with this conversion. If, in the future, the Building receives such benefits, rent regulated non-purchasing tenants are entitled to protection form deregulation under the high rent deregulation provisions while the Building receives J-51 benefits.

The New York City Administrative Code Section 26-504(c) provides that when a building has J-51 tax benefits, if each lease and lease renewal include a notice informing the tenant that the unit will be subject to deregulation upon the expiration of the tax benefit period and the approximate date on which such tax benefit is scheduled to expire, the unit will be deregulated upon the expiration of the tax benefit period, unless the unit would have been subject to rent stabilization in the absence of the receipt of J-51 benefits. With respect to units that are rent stabilized solely by reason of the receipt of J-51 benefits, if no such notice is included in each lease and renewal, such unit will remain rent stabilized and protected from deregulation under the high-rent deregulation provisions until the occurrence of the first vacancy of such unit after the J-51 benefits are no longer being received. With respect to units that were rent stabilized before the receipt of J-51 benefits, it could be argued that if no such notice was included in each lease and renewal, protection from deregulation under the high-rent deregulation provisions will continue for such units until the occurrence of the first vacancy of such unit after such benefits are no longer being received.

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.

Section 8.13 of 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 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.

The mortgage that currently encumbers the Property and that will encumber the Property at the time of the First Closing contains no obligation for Sponsor to market Residential Units for sale as they become vacant or any requirement, beyond the requirements of applicable laws and regulations, as to a minimum number or percentage of Residential Units that must be under contract before the Plan can 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.

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 either "rent-stabilized" Residential Units subject to the Rent Stabilization Law or "rent-controlled" Residential Units subject to the Rent Control 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 (except Sponsor or any Sponsor Successor) 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 capital 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 working capital 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.

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 and from time to 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, in its sole discretion, but without any obligation to do so, 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 or any security deposit thereunder or any interest accrued thereon 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:

(1) 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.**"

(2) 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.

(3) 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**") or such lesser amount as may be agreed to by Sponsor. Said check is to be made payable to the order of "Leon Seidman, Esq., as Escrow Agent for Philip House Condominium." With respect to Eligible Tenants only, who are purchasing the Unit in which they reside, the Down Payment amount required shall be $1,000 regardless of the Purchase Price.

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 Tenant 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."**

Closing of Title

After an amendment declaring the Plan effective or confirming that the Plan has been declared effective has been accepted for filing by the office of the New York Attorney General, 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 "Leon Seidman, Esq., as Escrow Agent for Philip House 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, but shall not be obligated to, 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 are 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 Leon Seidman, Esq. (hereinafter the "**Escrow Agent**"), whose address is 142 West End Avenue, New York, New York 10023, and whose telephone number is (212) 769-4343. The sole signatory on such Escrow Account is Leon Seidman, Esq. The name of the escrow account is "Leon Seidman, Esq., as Escrow Agent for Philip House Condominium" (the "**Escrow Account**"), and such Escrow Account is located at Bank of America, having an address at 1886 Broadway, New York, New York 10023 (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 Special Work 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 .10% per annum as of June 1, 2012. 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 "Leon Seidman, Esq., as Escrow Agent for Philip House 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 regarding escrow. 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 (f) 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 <u>may</u> 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 <u>must</u> 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 as <u>Document Number 14</u>. 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 as Document Number 9 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) the alterations, if any, set forth on a schedule to the Purchase Agreement; (ii) ordinary use, wear and tear and natural deterioration; and (iii) 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 Special Work unless agreed to in writing by the parties. All funds received by Sponsor for Special Work 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 Special Work. 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 up to two visits 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.

(n) Storage Licenses and Individual Hallway Rights

The Building will contain storage space on the cellar level, which the Board will license to Sponsor as approximately 53 Storage Closets using the document in Part II of the Plan entitled "**Storage License Agreement.**" This will require Sponsor to move and increase the existing number of storage spaces. The Building will contain storage space on the cellar level, which the Board will license to Sponsor as approximately 53 Storage Closets using the document in Part II of the Plan entitled "**Storage License Agreement.**" Sponsor intends to issue a Storage License to any tenant currently entitled to a storage space pursuant to a lease and at its discretion to purchasers of Resident Units for no charge for the Storage License. Regulated tenants who

currently have storage spaces shall be able to maintain their current arrangement in the new Storage Closet facility. All Storage Closets are in the storage room. The Storage Closet layout is set forth in Part II of the Plan as Document Number 13. The licensee under each Storage License will be required to pay the Condominium a monthly fee as a surcharge to Common Charges. Initially this amount shall be $50.00 per month, which charge shall not change during the Initial Control Period. As Sponsor or any Sponsor-Successor will pay no surcharge, the surcharge shall commence for each Storage Space when a Storage License Agreement and an assignment to a Purchaser has been executed. After the Initial Control Period, the surcharge for the use of a Storage Closet for purchasers and other occupants may be changed by the Condominium Board. Each Purchaser has the option to decline the use of a Storage Closet, in which event a Storage License Agreement need not be executed.

All Storage Closets as to which a Storage License Agreement is not executed are reserved for Sponsor. Sponsor reserves the right to offer additional Storage Licenses as it determines and to withhold one or more for future sale, at an amount to be determined by Sponsor. Sponsor has the right to limit the number of Storage Licenses sold to any single Purchaser of a Residential Unit or to make bulk sales, as it determines in its sole and absolute discretion. The use of Storage Closets licensed by Unit Owners is subject to the terms of the Storage License Agreement and an assignment, the forms of which appear in Part II of the Plan as Document Number 10. Notwithstanding the foregoing sentence, Storage Closets licensed by Sponsor may be used for any lawful purpose. A Storage License may not be sold, transferred or assigned and a Storage Closet may not be licensed or leased by its holder. Upon transfer of a Unit or the end of a lease, or if a Storage License is surrendered, the right to authorize use of the applicable Storage Closet or to issue a Storage License shall be transferred to the Condominium Board, which will maintain a waiting list. However, the waiting list shall be subject to the requirement that the first right to any available Storage Closet or Storage License shall be given to a purchaser of a Residential Unit designated by Sponsor or a Sponsor Successor.

Owners of two or more Residential Units whose location within the Condominium is such that the Units are exclusively served or benefited by a portion of the residential hallway adjacent thereto will be offered, at Sponsor's sole discretion, rights to the exclusive use of such hallway space, including the right to enclose such hallway space for use as an entranceway or similar vestibule within the combined Residential Units ("**Individual Hallway Rights**"). In such an event, the owner of the combined Residential Units shall be required to enter into an agreement with Sponsor, the form of which is attached to the Reservation of Rights and Hallway License Agreement set forth in Part II of the Plan as Document Number 11. Sponsor intends to sell Individual Hallway Rights for $1,500 per square foot of hallway space. The holders of Individual Hallway Rights will be required to pay monthly fees based on a proxy for the percentage of Common Interest appurtenant to the hallway space. See the Reservation of Rights and Hallway License in Part II of the Plan for further details.

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. Sponsor may charge a fee for permitting an assignment and the parties to the assignment shall be liable for any transfer tax or fee in connection with an assignment. In any event, no assignment shall be permitted by a Purchaser who is not an Eligible Tenant until after the Plan is declared effective.

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:

(a) 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.

(b) 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.

(c) The Plan may not be declared effective until written Purchase Agreements have been executed and delivered for at least fifteen percent (15%) of the 78 Residential Units, or 12 Units (excluding the Resident Manager's Unit), 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.

(d) 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.

(e) 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.

(f) When Purchase Agreements have been executed and accepted for at least eighty percent (80%) of the Residential Units offered under the Plan, or 63 Units (excluding the Resident Manager's Unit), Sponsor must declare the Plan effective.

(g) 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.

(h) 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; 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 or (iii) there is a taking of any material portion of the Property by condemnation or eminent domain. The aforementioned one-half of one percent of the total offering amount 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 sidewalk violations or 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.

(i) If the Plan is withdrawn or abandoned, all Purchasers and all tenants or other occupants of Residential Units will be so notified in writing. Within twenty (20) days thereafter,

all Down Payments paid to Sponsor pursuant to Purchase Agreements then in effect (together with any interest earned thereon) will be returned to the Purchasers thereunder.

(j) 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:

(a) 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;

(b) 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;

(c) 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;

(d) 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

(e) 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.

Purchase Agreements and Closings of the sale of Commercial Units shall be on such terms and conditions as the parties may agree using a form of purchase agreement other than the form of Purchase Agreement set forth as Document Number 1 in Part II of the Plan.

State of Title

Title to each Residential Unit and its Common Interest will be conveyed at the Closing of Title to such Residential Unit free and clear of all liens, encumbrances, and title exceptions other

than those described in the proposed Unit Deed and the title exceptions and other matters set forth in the Plan elow (collectively the "**Permitted Encumbrances**"):

(a) State of facts shown on survey made by Geo C. Hollerith, dated July 26, 1928 and last redated June 21, 2011 by the Office of Earl B. Lovell - S.P. Belcher, Inc., 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) Utility Agreement set forth in Deed dated November 12, 1935 between Rhinelander Real Estate company to Stuart P. Ford recorded November 12, 1935 in Liber 3913 page 295; Utility Agreement set forth in Deed dated November 12, 1935 between Rhinelander Real Estate company to Stuart P. Ford recorded November 12, 1935 in Liber 3913 page 293; Sprinkler Agreement recorded in Liber 3952 cp. 468; and 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;

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

(j) 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**";

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

(l) 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;

(m) Any Existing Lease or right of tenants or persons in possession for such Residential Unit;

(n) 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;

(o) 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**";

(p) Party wall agreements, if any;

(q) 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;

(r) 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;

(s) Sidewalk violations and any other violations against the Property that are the obligation of the Board or another Unit Owner to correct including, but not limited to, Index # 63073 filed September 24, 1993, Index # 63074 filed September 24, 1993, and Index # 63508 filed March 28, 1994.

(t) 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

(u) 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 (as to the applicable Common Interest) 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, 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. 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

The estimated closing costs, expenses and adjustments to be borne by each Purchaser of a Residential Unit are set forth below. SPONSOR MAKES NO REPRESENTATION OR WARRANTY AS TO SUCH COSTS WHICH ARE ONLY ESTIMATES AND WHICH ARE SUBJECT TO CHANGE.

At the Closing of Title to each Residential Unit, Sponsor and the Purchaser shall apportion, as of midnight of the day preceding the closing: (i) real estate taxes (including all prepaid real estate taxes) and assessments, if any, on the basis of the fiscal or calendar year for which assessed, and any escrows for real estate taxes; (ii) Common Charges and Special Assessments for the month in which title closes; and (iii) rent and other charges, if any, pursuant to the lease for, or tenancy of, such Residential Unit. If the Unit has not been separately assessed for the then current fiscal tax year at the time of closing title, the apportionment of real estate taxes shall be based on the Unit's *pro rata* share (in proportion to its Common Interest) of the then current real estate taxes assessed against the Property. Installments for tax assessments due after delivery of the deed (if any) shall be paid by the Purchaser and shall not be considered a defect in title.

At the time of title closing, each Purchaser of a Residential Unit will pay certain closing costs in addition to any legal fees of such Purchaser's counsel and the amount of any net credit in favor of Sponsor resulting from the closing apportionments described above. Such closing costs will include the following, the amounts of which are subject to change without prior notice or amendment (except for fees required to be paid to Sponsor's counsel as set forth in subdivision (g), below, the amount of which fees may only be changed by a duly filed amendment):

(a) If the Purchaser elects to obtain fee title insurance, the Purchaser will pay a premium therefor, which will vary depending upon the Purchase Price in accordance with the schedule of rates filed with the New York State Insurance Department. The rates for fee title insurance in effect as of December 1, 2011 are listed below. Additionally, if the Purchaser obtains a mortgage, the lender will most likely require the Purchaser to pay the cost of mortgage title insurance. The rates for mortgage title insurance in effect as of December 1, 2011 (assuming that the Purchaser elects to obtain both fee title insurance and mortgage title insurance simultaneously, and further assuming that the amount of the mortgage policy does not exceed the amount of the fee policy) are also listed below. SPONSOR MAKES NO REPRESENTATION OR WARRANTY AS TO SUCH COSTS, WHICH ARE ONLY ESTIMATES AND ARE SUBJECT TO CHANGE.

Amount of Insurance	Owner's Policy	Mortgage Policy
FIRST $35,000 OR LESS (minimum premium):	$402	$344

For each $1,000 of insurance (or part thereof), add:		
$35,001-$50,000	$6.67	$5.55
$50,001-$100,000	$5.43	$4.54
$100,001-$500,000	$4.36	$3.64
$500,001-$1,000,000	$3.98	$3.31
$1,000,001-$5,000,000	$3.66	$3.05

Each Purchaser is free to obtain title insurance from any title insurance company; however, Sponsor makes no representation or warranty as to the terms or availability of title insurance. Sponsor obtains title insurance (and title information) from New York Land Services, 630 Third Avenue, Fifth Floor, New York, New York 10017, telephone (212) 490-2277.

(b) Each Purchaser will, in all events, pay a fee for recording the deed to the Unit and the Power of Attorney (at present, such fee is $42.00 for each instrument plus $5.00 per page), together with a fee of $125 for filing the RPT form for (d) below plus a service charge to the title company for such recording.

(c) If the Purchaser obtains a mortgage loan, such Purchaser will pay a mortgage recording tax in the amount provided by Applicable Law (at present, the rate is 2.05% of the principal amount of the mortgage for mortgages of less than $500,000.00 and 2.175% for mortgages of $500,000.00 or more) and a fee and service charge to the title company for recording the mortgage at the same rates given above for recording the deed and the Power of Attorney. Purchaser will reimburse Sponsor a sum equal to the partial mortgage tax credit, if any, that is granted under Section 339-ee(2) of the New York Condominium Act, or in the event Sponsor's lender allows the current mortgage on the Property to be split, severed and assigned such that all or part of the mortgage recording tax is saved on the Purchaser's transaction, the Purchaser will reimburse Sponsor a sum equal to the amount saved, such that in any event, Purchaser shall have paid an amount equal to the mortgage recording tax Purchaser would have paid without such credit or savings.

(d) Each Purchaser will be required to pay the New York City Real Property Transfer Tax (the rate of which is, at present, 1% of the Purchase Price if the Purchase Price is $500,000 or less, or 1.425% of the Purchase Price if the Purchase Price is greater than $500,000), and New York State Real Estate Transfer Tax (the rate of which is, at present, $2.00 per $500.00 of Purchase Price); additionally, if the Purchase Price is $1,000,000 or more, the Purchaser will be required to pay an additional New York State Real Estate Transfer Tax known as the "mansion tax," the rate of which is, at present, 1% of the Purchase Price. If the addition of the transfer taxes to the Purchase Price results in a price of $1,000,000 or more, the mansion tax will be payable by Purchaser even though it otherwise would not have been required.

(e) If the Purchaser obtains a mortgage loan, then the Purchaser will be responsible for paying all closing costs and expenses in connection therewith in amounts determined by the lender. Generally, such costs include but are not necessarily limited to: a fee charged by the

lender's attorney; an appraisal fee; an inspection fee; a fee for recording the mortgage; and an origination fee, or "points." Sponsor makes no representation or warranty as to such closing costs and expenses or as to the availability of such financing.

(f) If the Purchaser has dealt with any broker in connection with the purchase of his Residential Unit other than the Selling Agent or a broker that has entered into a written agreement with Sponsor, then the Purchaser will be required to pay the commission of such broker unless Sponsor expressly agrees otherwise in writing.

(g) Each Purchaser shall pay the fees and expenses of Sponsor's counsel, as follows:

(i) Basic fee for closing of sale, with or without financing (including, without limitation, preparation of the Unit Deed and Power of Attorney, and coordinating and attending the closing as set forth in the Plan) -- $1,750;

(ii) Additional fee if the closing is adjourned for any reason other than at Sponsor's request -- $200 for each time the closing is so adjourned;

(iii) Additional fee if the Purchaser assigns the Purchase Agreement (which assignment cannot be made without Sponsor's consent in its sole discretion) -- $500 for each time the Purchase Agreement is so assigned;

(iv) Additional attendance fee if the Purchaser requests to hold the closing at a location other than the office of Sponsor's attorney and Sponsor's attorney agrees to do so -- $300 (in no event shall Sponsor or Sponsor's attorney be required to close at a location other than the office of Sponsor's attorney).

(h) Each Purchaser of a Residential Unit occupied by a Non-Purchasing Tenant, except Sponsor or any Sponsor Successor, will be required to deposit with the Condominium Board's Managing Agent (or the Condominium Board's Managing Agent) at the Closing of Title an amount equal to two (2) months' Residential Common Charges to be used as working capital pursuant to Applicable Law.

Certain of the foregoing closing costs, such as the New York City Real Property Transfer Tax and the New York State Real Estate Transfer Tax, are customarily borne by the seller. Under the Plan, however, they are required to be paid by the Purchaser. For the purpose of determining the amount of the New York City Real Property Transfer Tax, New York State Real Estate Transfer Tax and any "mansion tax" to be paid by the Purchaser (and solely for such purpose), the amount of the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax that Sponsor would have been required to pay if Sponsor were paying such taxes will be added to the Purchase Price for the Residential Unit as set forth in the Purchase Agreement.

By way of example, with respect to a typical Unit having a Purchase Price of $2,500,000, a mortgage of $1,875,000 and projected monthly Common Charges of $875, a Purchaser may estimate his closing costs as follows (all amounts are approximate):

(1) Premium for fee and mortgage title insurance, assuming the discount for obtaining both policies simultaneously: $8,349.

(2) Miscellaneous fees charged by the title company for departmental searches, lien searches, bankruptcy searches and service charges: $750.

(3) Recording fees for the Unit Deed and the Power of Attorney: $175.

(4) New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax: $46,458.

(5) "Mansion" tax: $25,464.59.

(6) Mortgage recording tax: $36,063.75.

(7) Fee for recording mortgage: $200.

(8) Fees and expenses to Sponsor's attorney: $1,750.

(9) Contribution to Working Capital Fund: $2,866.58.

Total of (1)-(9): $122,076.92

Mortgage Tax Credit or Assignment of Portion of Existing Mortgage

If a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, or if the existing mortgage is split, severed and assigned so that all or part of the mortgage tax is saved on a mortgage obtained by the Purchaser, it is specifically understood that such credit or saving will inure to the benefit of Sponsor. Accordingly, at Closing, a Purchaser who elects mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. At the Closing, Sponsor will be reimbursed to the extent of any mortgage tax credit or saving allowed.

Amounts Subject to Change

Note should be taken that the recording charges, fees and taxes above are based on rates in effect on the Presentation Date of the Plan and are subject to change without notice (except for Sponsor's counsel's fees, which may be changed only by amendment to the Plan). Premiums for title insurance will vary depending upon the Purchase Price and the amount of any mortgage loan. No representations are made as to the amounts of any charges, fees and taxes at the time of closing or as to the availability, cost or terms of financing.

Escrow for Taxes prior to Separate Assessment of Units

If Units have not been separately assessed for real estate tax purposes prior to the First Closing, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the Property for the six month

For each $1,000 of insurance (or part thereof), add:		
$35,001-$50,000	$6.67	$5.55
$50,001-$100,000	$5.43	$4.54
$100,001-$500,000	$4.36	$3.64
$500,001-$1,000,000	$3.98	$3.31
$1,000,001-$5,000,000	$3.66	$3.05

Each Purchaser is free to obtain title insurance from any title insurance company; however, Sponsor makes no representation or warranty as to the terms or availability of title insurance. Sponsor obtains title insurance (and title information) from New York Land Services, 630 Third Avenue, Fifth Floor, New York, New York 10017, telephone (212) 490-2277.

(b) Each Purchaser will, in all events, pay a fee for recording the deed to the Unit and the Power of Attorney (at present, such fee is $42.00 for each instrument plus $5.00 per page), together with a fee of $125 for filing the RPT form for (d) below plus a service charge to the title company for such recording.

(c) If the Purchaser obtains a mortgage loan, such Purchaser will pay a mortgage recording tax in the amount provided by Applicable Law (at present, the rate is 2.05% of the principal amount of the mortgage for mortgages of less than $500,000.00 and 2.175% for mortgages of $500,000.00 or more) and a fee and service charge to the title company for recording the mortgage at the same rates given above for recording the deed and the Power of Attorney. Purchaser will reimburse Sponsor a sum equal to the partial mortgage tax credit, if any, that is granted under Section 339-ee(2) of the New York Condominium Act, or in the event Sponsor's lender allows the current mortgage on the Property to be split, severed and assigned such that all or part of the mortgage recording tax is saved on the Purchaser's transaction, the Purchaser will reimburse Sponsor a sum equal to the amount saved, such that in any event, Purchaser shall have paid an amount equal to the mortgage recording tax Purchaser would have paid without such credit or savings.

(d) Each Purchaser will be required to pay the New York City Real Property Transfer Tax (the rate of which is, at present, 1% of the Purchase Price if the Purchase Price is $500,000 or less, or 1.425% of the Purchase Price if the Purchase Price is greater than $500,000), and New York State Real Estate Transfer Tax (the rate of which is, at present, $2.00 per $500.00 of Purchase Price); additionally, if the Purchase Price is $1,000,000 or more, the Purchaser will be required to pay an additional New York State Real Estate Transfer Tax known as the "mansion tax," the rate of which is, at present, 1% of the Purchase Price. If the addition of the transfer taxes to the Purchase Price results in a price of $1,000,000 or more, the mansion tax will be payable by Purchaser even though it otherwise would not have been required.

(e) If the Purchaser obtains a mortgage loan, then the Purchaser will be responsible for paying all closing costs and expenses in connection therewith in amounts determined by the lender. Generally, such costs include but are not necessarily limited to: a fee charged by the

lender's attorney; an appraisal fee; an inspection fee; a fee for recording the mortgage; and an origination fee, or "points." Sponsor makes no representation or warranty as to such closing costs and expenses or as to the availability of such financing.

(f) If the Purchaser has dealt with any broker in connection with the purchase of his Residential Unit other than the Selling Agent or a broker that has entered into a written agreement with Sponsor, then the Purchaser will be required to pay the commission of such broker unless Sponsor expressly agrees otherwise in writing.

(g) Each Purchaser shall pay the fees and expenses of Sponsor's counsel, as follows:

(i) Basic fee for closing of sale, with or without financing (including, without limitation, preparation of the Unit Deed and Power of Attorney, and coordinating and attending the closing as set forth in the Plan) -- $1,750;

(ii) Additional fee if the closing is adjourned for any reason other than at Sponsor's request -- $200 for each time the closing is so adjourned;

(iii) Additional fee if the Purchaser assigns the Purchase Agreement (which assignment cannot be made without Sponsor's consent in its sole discretion) -- $500 for each time the Purchase Agreement is so assigned;

(iv) Additional attendance fee if the Purchaser requests to hold the closing at a location other than the office of Sponsor's attorney and Sponsor's attorney agrees to do so -- $300 (in no event shall Sponsor or Sponsor's attorney be required to close at a location other than the office of Sponsor's attorney).

(h) Each Purchaser of a Residential Unit occupied by a Non-Purchasing Tenant, except Sponsor or any Sponsor Successor, will be required to deposit with the Condominium Board's Managing Agent (or the Condominium Board's Managing Agent) at the Closing of Title an amount equal to two (2) months' Residential Common Charges to be used as working capital pursuant to Applicable Law.

Certain of the foregoing closing costs, such as the New York City Real Property Transfer Tax and the New York State Real Estate Transfer Tax, are customarily borne by the seller. Under the Plan, however, they are required to be paid by the Purchaser. For the purpose of determining the amount of the New York City Real Property Transfer Tax, New York State Real Estate Transfer Tax and any "mansion tax" to be paid by the Purchaser (and solely for such purpose), the amount of the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax that Sponsor would have been required to pay if Sponsor were paying such taxes will be added to the Purchase Price for the Residential Unit as set forth in the Purchase Agreement.

By way of example, with respect to a typical Unit having a Purchase Price of $2,500,000, a mortgage of $1,875,000 and projected monthly Common Charges of $875, a Purchaser may estimate his closing costs as follows (all amounts are approximate):

(1) Premium for fee and mortgage title insurance, assuming the discount for obtaining both policies simultaneously: $8,349.

(2) Miscellaneous fees charged by the title company for departmental searches, lien searches, bankruptcy searches and service charges: $750.

(3) Recording fees for the Unit Deed and the Power of Attorney: $175.

(4) New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax: $46,458.

(5) "Mansion" tax: $25,464.59.

(6) Mortgage recording tax: $36,063.75.

(7) Fee for recording mortgage: $200.

(8) Fees and expenses to Sponsor's attorney: $1,750.

(9) Contribution to Working Capital Fund: $2,866.58.

Total of (1)-(9): $122,076.92

Mortgage Tax Credit or Assignment of Portion of Existing Mortgage

If a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, or if the existing mortgage is split, severed and assigned so that all or part of the mortgage tax is saved on a mortgage obtained by the Purchaser, it is specifically understood that such credit or saving will inure to the benefit of Sponsor. Accordingly, at Closing, a Purchaser who elects mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. At the Closing, Sponsor will be reimbursed to the extent of any mortgage tax credit or saving allowed.

Amounts Subject to Change

Note should be taken that the recording charges, fees and taxes above are based on rates in effect on the Presentation Date of the Plan and are subject to change without notice (except for Sponsor's counsel's fees, which may be changed only by amendment to the Plan). Premiums for title insurance will vary depending upon the Purchase Price and the amount of any mortgage loan. No representations are made as to the amounts of any charges, fees and taxes at the time of closing or as to the availability, cost or terms of financing.

Escrow for Taxes prior to Separate Assessment of Units

If Units have not been separately assessed for real estate tax purposes prior to the First Closing, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the Property for the six month

period following the First Closing. Alternatively, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes attributable to Unsold Residential Units for such six month period 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 Sponsor will be entitled to reimbursement from Unit Owners to the extent of the actual assessment.

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.

For 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 sidewalk violations, 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. Sponsor will cause the violations or defects to be cured, at its sole cost and expense, except as otherwise provided in the Plan. As set forth in the Sections of the Plan entitled "**Effective Date**" and "**Terms of Sale**," if the cost to cure such defects (excluding violations of record as of the Presentation Date of the Plan) exceeds certain dollar amounts therein set forth, Sponsor shall have the right to abandon the Plan rather than cure the defects. 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), provided that Sponsor either furnishes adequate proof that such violation or defect has been cured or remedied or deposits with the Condominium Board a reasonable sum to secure Sponsor's obligation to cure and remedy such violation or defect subsequent to the First Closing. At Sponsor's request, the Condominium Board will apply the sums so deposited towards payment of the cost of curing or remedying violations or title defects, except the Board may retain a sufficient portion of such security deposit to pay for the reasonable costs of curing or remedying the remaining violations or defects. 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 without the consent of the Condominium Board, any Unit Owner or the Managing Agent. Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Residential Units. In lieu of commencing the collection of Common Charges, during the Initial Control Period Sponsor reserves the right to pay the Condominium Expenses for a period of time after the commencement of Condominium operations but before a substantial number of Purchasers have obtained title to their 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 ten (10) or more Units or twenty percent (20%) of the total number of Units in the Condominium, whichever is less, 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.

CONTROL BY SPONSOR

Sponsor will control the Condominium Board until the expiration of the Initial Control Period. The By-Laws provide that after the expiration of the Initial Control Period a majority of the members of the Condominium Board must be Residential Unit Owners who occupy their Residential Units or members of such Residential Unit Owners' households (if the Residential Unit Owners are individuals) or officers, directors, shareholders, partners, principals, members, trustees, employees or beneficiaries of Residential Unit Owners (if the Residential Unit Owners are legal entities) who occupy the Residential Unit Owners' Units and 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 the Commercial Unit, Sponsor will have the right to designate the member of the Condominium Board allocated to the Commercial Unit Owner. Sponsor will at all times have the right to cast its votes for the remaining Residential Member positions for candidates who are unrelated or unaffiliated with Sponsor.

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 Susan Hewitt, Jenifer Steig and Darlene Lee of The Cheshire Group, L.L.C. 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 provisions of Section 3.1 of the By-Laws, whether or not the Initial Control Period has ended.

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 seven members. Six (6) 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 (50%) 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 five (5) members of the seven-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 the Commercial Units, 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 time 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 Subsection 2.1.3 of 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 materially adversely 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 33 1/3% 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 .0001% 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, with respect to any amendment, modification, addition or deletion of or to the By-Laws or the Declaration which materially and adversely affects 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 materially 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 Residential 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 Residential 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 Residential 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, however the foregoing does not apply with respect to any lease of a Residential Unit by Sponsor or an Affiliate of Sponsor.

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 Residential 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 or the Commercial Unit Owners) and/or the Board may, in its discretion, finance the acquisition of such Unit but the Commercial Unit Owners shall have no repayment obligation; 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 Residential 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 any of a spouse, adult child or grandchild, parent, grandparent, or adult sibling, or any other related or controlled individual or entity, including, but not limited to, a domestic partner registered with the City of New York or any other recognized jurisdiction, or a trust or Affiliate, 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 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, using any documentation the Commercial Unit Owner deems appropriate.

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.

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 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 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. No such limitations shall be applicable to Commercial Units.

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.

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.

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.

Prior to Closing of a Unit Sponsor will install window stops in Units where required by law or requested, so that these windows will not open beyond the maximum 4 inch legal requirement. It is the responsibility of each Unit Owner to notify the Managing Agent and the Board in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. It is the responsibility of each Unit Owner to install, at such Unit Owner's expense, the required window guards, or install window stops, in all windows of the Unit as required by law. The Unit Owner shall maintain all window guards or window stops installed in the Unit and shall not remove same until permitted by applicable law and in any event, without full knowledge of the Managing Agent and the Board. Sponsor makes no representations whether Unit Owners will comply with the foregoing obligations.

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 Residential 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.

All service and delivery persons shall be required to use the service entrance and to deliver all packages, whenever feasible, to the package room in the basement, where such packages will be held for pick-up by Residential Unit Owners. If the Residential Unit is not occupied or delivery is declined, the package will be held in the package room until the resident or authorized person returns or requests delivery. In the case of packages containing perishable food items, service or delivery persons must first register with building personnel and, upon being approved by the Residential Unit Owner, will be permitted to make deliveries directly to individual Residential Units.

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 and any Residential Limited Common Elements appurtenant thereto 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.

Resident Manager's Unit

At or subsequent to the First Closing, Sponsor will sell Unit 2A, a Residential Unit, to the Condominium Board, on behalf of all Unit Owners, to be used as the resident manager's residence (the "**Resident Manager's Unit**"). The Purchase Price of the Resident Manager's Unit is $1,195,000. The closing costs and fees associated with the sale of the Resident Manager's Unit are projected to be $80,000, making the aggregate Purchase Price for the Resident Manager's Unit $2,275,000. Sponsor presently anticipates that seventy percent (70%) of the Purchase Price will be financed by a mortgage in the amount of $836,500 held by an institutional lender and thirty percent (30%) of the Purchase Price will be financed by a note in the amount of $358,500 to be held by Sponsor (**"Sponsor's Note"**), although Sponsor may finance a larger or smaller portion of the Purchase Price if it deems it appropriate. It is anticipated that the mortgage will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Sponsor's Note will be for a term of five (5) years with a 30-year amortization period and an annual interest rate of 6.5%. Upon the maturity of the mortgage and Sponsor's Note, the Board will be required to repay the entire outstanding principal balance, together with any accrued and unpaid interest due thereon (but not from funds paid by the Commercial Unit Owner or assessed against a Commercial Unit). If the Board repays the outstanding principal balance on both the mortgage and Sponsor's Note upon maturity of Sponsor's Note (*i.e*, after five (5) years), the amount payable, assuming that the Board is not then in default, is estimated to be $1,119,096. Sponsor does not intend to refinance or extend the mortgage or Sponsor's Note at maturity. Purchasers are advised that refinancing by another lender may not be available and that the Condominium Board, in order to repay the mortgage, may be required to assess all Unit Owners (except the Commercial Unit Owner) in proportion to their respective Common Interests.

If the Condominium Board defaults under the mortgage and/or Sponsor's Note, Sponsor may foreclose on the Resident Manager's Unit and if the proceeds from sale of the Unit are insufficient to satisfy the outstanding balance and other fees incurred, the Unit Owners could be liable for the deficiency. In the event of a foreclosure, the Condominium will be without an apartment in the Building for the resident manager. Accordingly, alternate arrangements will be necessary to shelter the resident manager in the Condominium or within such distance of the Condominium as is then required by law.

All Common Charges and Special Assessments assessed against the Resident Manager's Unit, together with all other expenses of ownership thereof, including, but not limited to, the costs of utilities, debt service on the purchase money note and mortgage, real estate taxes and the costs of repairs, alterations and improvements to the Resident Manager's Unit undertaken by the

Condominium Board, shall borne by the Unit Owners as a General Common Expense. The estimated cost of maintaining the Resident Manager's Unit is set forth in Schedule B.

See the Footnotes to Schedule B for a further discussion of the costs involved in maintaining the Resident Manager's Unit.

The Condominium Board shall be responsible for the payment of all closing costs relating to its purchase of the Resident Manager's Unit, including, but not limited to, recording taxes, transfer taxes, title insurance premiums and other fees due in connection with the purchase of the Resident Manager's Unit. Such payment shall be made in addition to the closing adjustments described in the subsection entitled "**Closing Adjustments With Board**" in the Section of the Plan entitled "**Working Capital Fund; Closing Adjustments with Condominium Board.**" Sponsor estimates that the approximate amount of such closing costs will be $78.250 plus an additional $1,750 fee to Sponsor's attorney for preparation of Sponsor's Note.

Sponsor reserves the right, in its sole discretion, to choose a different Residential Unit other than Unit 2A to sell to the Condominium Board as the Resident Manager's Unit; provided, however, that such sale shall only be made pursuant to an amendment to the Plan and shall not result in the Condominium Board's incurring financing charges, common charges and real estate taxes the sum of which exceed the costs of owning the Resident Manager's Unit during the first year of condominium operation, as set forth in Schedule B, by more than 25%; nor shall the Purchase Price for the Resident Manager's Unit be increased.

From and after the First Closing and prior to the closing of the sale of the Resident Manager's Unit, the Condominium shall pay the sponsor $9,846 per month for the use and occupancy of that Unit.

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 in accordance with the By-Laws 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 specifically prescribed by the 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 or the By-laws, 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, with respect to the first mortgage of record, 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 Commercial Unit Owner or Owners shall not be responsible for exterior maintenance or repairs, including exterior maintenance or repairs performed pursuant to Local Law 11, with respect to the Building's exterior above the first floor.

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 Board's requirements and the dignity and character of the Building.

Alterations and Improvements of Units and Common Elements

No Residential Unit Owner other than Sponsor, a principal of Sponsor, a Permitted Mortgagee or an Affiliate of either may make any structural alteration, addition, improvement or

repair in or to such Unit Owner's Unit or any Common Element 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. Notwithstanding the foregoing, any owner of two or more Residential Units whose location within the Condominium is such that the Units are exclusively served or benefited by a portion of the residential hallway adjacent may request the right to the exclusive use of such hallway space and to enclose such hallway space for use as an entranceway or similar vestibule within the combined Residential Unit. In such an event and if Sponsor agrees, the owner of the combined Residential Units shall be required to enter into an agreement with Sponsor, the form of which is attached to the Reservation of Rights and Hallway License Agreement set forth in Part II of the Plan as Document Number 11. The Board may impose fees upon a Unit Owner to obtain reimbursement for costs incurred in connection with the review or supervision of the Unit Owner's work to enclose the hallway space.

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 Board may impose fees upon a Unit Owner to reimburse the Board for its costs incurred in reviewing or supervising the aforesaid work. 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 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, may make any alteration, addition, improvement or repair in or to any Commercial Unit, the Commercial Common Elements, or the Commercial Limited Elements, (except no consent will be required for non-structural alterations or for removing or replacing security gates or awnings, except all awnings must be consistent with the character of the Building), 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. However, the Commercial Unit Owner's right to place signs shall be subject to the consent of the Condominium Board, not to be unreasonably withheld.

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 not covered in Schedule B, (e) borrow money on behalf of the Condominium, or (f) 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 the 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 Board 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 Unit 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; (f) 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 insureds, 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 is required, at the Unit Owner's own cost and expense, to 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. 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. 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 or 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 a Unit 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 for a lien thereon but all Common Charges received by the Condominium Board shall constitute trust funds for the purposes of paying the cost 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, a Sponsor Successor 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. Residential Unit Owners shall have the right to access certain portions of the roof of the Building for recreational purposes during designated hours set forth in the By-Laws.

As set forth in the Declaration, the Condominium and the Building shall be designated and known as "Philip House 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:

Tax Year	Transitional Assessed Valuation	Actual Assessed Valuation	Tax Rate
2011/12	$10,986,900	$12,450,000	13.433%
2010/11	$10,261,800	$11,479,500	13.353%
2009/10	$ 9,671,400	$10,530,000	13.241%
2008/09	$ 9,252,900	$10,530,000	12.596%
2007/08	$ 8,802,000	$ 9,945,000	11.928%
2006/07	$ 8,299,800	$ 8,824,500	12.737%

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:

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

(c) 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 2011-2012 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.

Sponsor intends to institute a tax certiorari proceeding to protest the assessed valuation for the 2012/2013 tax year.

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, Herrick, Feinstein LLP, in its opinion set forth in the Section of the Plan entitled "**Opinion 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 Herrick, Feinstein LLP 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. It is also the opinion of Herrick, Feinstein LLP 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 should be satisfied. While it is anticipated that at least 85% of the Building's total square footage will 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 should be entitled to elect the benefits of Section 528 during the first year of condominium operation.

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 HEREIN.

EACH PURCHASER SHOULD CONSULT HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OWNERSHIP.

OPINION OF COUNSEL

HERRICK

NEW YORK
NEWARK
PRINCETON

September 12, 2012

141 East 88th Street, LLC
c/o The Cheshire Group, L.L.C.
826 Broadway, 11th Floor
New York, New York 10003

Re: **Condominium Offering Plan for 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue , New York, New York (the "Plan")**

Ladies and Gentlemen:

The opinions contained herein are based upon our review of applicable statutory law and judicial precedent existing as of the date hereof, and we express no opinion as to the effect of any law that is hereafter enacted or any court case that is hereafter decided. We assume no obligation to update or supplement this opinion to reflect any changes in statutory law or judicial precedent, or any changes in fact or circumstances, that may hereafter come to our attention pertaining to the subject matter hereof.

You have requested our opinion concerning (i) the availability of certain deductions for federal, New York State and New York City income tax purposes to persons who purchase condominium units in Philip House Condominium (the "Condominium") for residential use under the Plan (the "Unit Owners"), (ii) the treatment for such income tax purposes of the Common Charges paid or borne by the Unit Owners, and (iii) whether the method used to determine the undivided percentage interest of each Unit in the Common Elements of the Condominium complies with Real Property Law Section 339-i ("Section 339-i"). Except where otherwise indicated herein, the capitalized terms used in this opinion have the same meanings as in the Plan.

In this connection, we have reviewed the Plan, the relevant sections of the Internal Revenue Code of 1986, as amended (the "Code"), the New York State Tax Law (the "Tax Law"), the New York City Administrative Code (the "Administrative Code"), the Regulations promulgated thereunder, Section 339-i, and such other materials as we deemed relevant.

This opinion was written to support the promoting or marketing of condominium units. This opinion was not intended or written to be used and may not be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the U.S. federal tax law. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

A. **Deductibility of Mortgage Interest and Real Estate Taxes.**

Pursuant to the Plan, a Unit Owner will own his Unit and its appurtenant interest in the Common Elements in fee simple, and, once each Unit is separately assessed for real estate taxes as provided in the Plan, each Unit will be taxed as a separate tax lot for real estate tax purposes. Each Unit Owner may mortgage his Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness. In our opinion, under Sections 163 and 164, respectively, of the Code, a Unit Owner will, for federal income tax purposes, be entitled to a deduction for interest paid with respect to such mortgage indebtedness and for real estate taxes paid with respect to a Unit during a taxable year, subject, however, to the conditions and limitations discussed below. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Under Section 163(h)(3), an individual owner of a Unit who uses such Unit for personal purposes may deduct "qualified residence interest". "Qualified residence interest" is any interest which is paid or accrued during the taxable year on "acquisition indebtedness" with respect to any qualified residence of the taxpayer or "home equity indebtedness" with respect to any qualified residence of the taxpayer. "Acquisition indebtedness" is any indebtedness which is incurred in acquiring, constructing or substantially improving any "qualified residence" of the taxpayer and is secured by such residence. "Qualified residence" is defined as the principal residence of the taxpayer and one other residence of the taxpayer which is selected by the taxpayer for deduction purposes for the taxable year and which is used by the taxpayer as a residence. The taxpayer can only deduct the interest on up to $1,000,000 ($500,000 for married persons filing separately) of acquisition indebtedness. "Home equity indebtedness" is any other indebtedness secured by a qualified residence to the extent the aggregate amount of such indebtedness does not exceed the fair market value of such qualified residence, reduced by the amount of acquisition indebtedness with respect to such residence. The aggregate amount of home equity indebtedness for any period shall not exceed $100,000 ($50,000 for married persons filing separately).

The deductions for real estate taxes and mortgage interest incurred with respect to a Unit that the Unit Owner uses for personal purposes are itemized deductions that are subject to the overall limitation on itemized deductions imposed by Section 68 of the Code. The deduction limitations under Section 68 are not applicable for tax years beginning after December 31, 2009; however, absent a change in the law, such limitations will be applicable for tax years beginning after December 31, 2012. Pursuant to Section 68, if a taxpayer's adjusted gross income exceeds the applicable amount (as discussed below) set forth in Section 68(b) of the Code (the "Applicable Amount"), such person's itemized deductions are reduced by the lesser of (1) 3% of the amount by which such taxpayer's adjusted gross income exceeds the Applicable Amount, or (2) 80% of the amount otherwise allowable as an itemized deduction. The Applicable Amount is $100,000, adjusted for inflation (for 2009, the last year in which the Applicable Amount was indexed for purposes of Section 68(b), the inflation adjusted Applicable Amount was $166,800). The Applicable Amount for married persons filing separately is one-half of the Applicable Amount.

A taxpayer who intends to use a Unit in a trade or business or to hold a Unit for the production of rental income may be subject to the passive activity loss rules of Section 469 of the Code. A taxpayer who intends to hold a Unit for investment will be subject to the investment interest rules of Section 163(d) of the Code. A taxpayer, who holds his or her Unit for trade or business purposes, the production of rental income or investment purposes, should consult their personal tax advisers as to the effect of Sections 469 or 163(d) of the Code on their deductions.

It is also our opinion that an individual Unit Owner will, for New York State income tax purposes (and if such Unit Owner is a New York City resident, for New York City resident income tax purposes), subject to New York's limitation (described below), likewise be entitled to a deduction equivalent to that which is allowed for federal income tax purposes for such mortgage interest and real estate taxes paid during the taxable year. See, Section 615 of the Tax Law.

New York imposes its own limitation on itemized deductions, which depends on the taxpayer's New York adjusted gross income and filing status. Under Tax Law Section 615(f), the New York itemized deduction otherwise allowable is reduced by the sum of three amounts.

The first amount is the New York itemized deduction otherwise allowable multiplied by the lesser of either (i) twenty five percent or (ii) twenty five percent of a ratio dependent upon the taxpayer's filing status. For unmarried individuals or married individuals filing separate returns, the ratio's numerator is the excess of such individual's New York adjusted gross income over $100,000, and the ratio's denominator is $50,000. For married individuals filing jointly and for surviving spouses, the ratio's numerator is the excess of such individual's New York adjusted gross income over $200,000, and the ratio's denominator is $50,000. For a head of household, the ratio's numerator is the excess of New York adjusted gross income over $150,000, and the ratio's denominator is $50,000.

The second amount is also the New York itemized deduction otherwise allowable multiplied by the lesser of either (i) twenty five percent or (ii) (a) twenty five percent of the excess of the individual's New York adjusted gross income over $475,000; divided by (b) $50,000.

The third amount is also the New York itemized deduction otherwise allowable (except it does not include the portion of the deduction which is attributable to any charitable contribution allowed under Section 170 of the Code) multiplied by fifty percent. The third amount only applies with respect to an individual whose New York adjusted gross income exceeds $1,000,000 for taxable years beginning after 2008.

Thus, a New York taxpayer whose New York adjusted gross income is in excess of $1,000,000 will not receive any benefit, for New York purposes, for mortgage interest and taxes paid with respect to his or her residence.

The Tax Reform Act of 1986 modified the alternative minimum tax ("AMT") to which a taxpayer may be subject if the tax computed on that basis exceeds the regular income tax. Certain deductions are not allowed in computing a taxpayer's income for AMT purposes, including, generally, deductions both (1) with respect to mortgage interest on a personal

residence that is not "qualified housing interest" and (2) with respect to real estate taxes payable in connection with such residence. Under Section 56(b) of the Code, "qualified housing interest" can be deducted in computing taxable income for AMT purposes. "Qualified housing interest" is qualified residence interest (as defined in Section 163(h)(3) of the Code) and is paid during the taxable year on indebtedness which is incurred in acquiring, constructing, or substantially improving (a) the principal residence of the taxpayer at the time such interest accrues or (b) a secondary residence which is selected by the taxpayer for deduction purposes for the taxable year and which is used by the taxpayer as a residence.

B. **Common Charges.**

As further set forth in the By-Laws of the Condominium, Common Charges will be borne by all Unit Owners and assessed and collected by the Condominium Board. Under Section 528 of the Code ("Section 528"), a condominium board may be eligible to elect to be treated as a "homeowners association" which is exempt from federal income tax on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met.

Section 528 permits a condominium management association to elect its benefits and be treated as a "homeowners association" only if (a) substantially all of the condominium units are used by individuals as residences and (b) the condominium management association is:

(1) organized and operated to provide for the acquisition, construction, management, maintenance and care of association property;

(2) sixty percent or more of the gross income of the association for the taxable year must consist solely of amounts received as membership dues, fees, or assessments from owners of residential condominium units;

(3) ninety percent or more of the expenditures of the organization for the taxable year are expenditures for the acquisition, construction, management, maintenance and care of association property;

(4) no part of the net earnings of the organization may inure (other than by acquiring, constructing, or providing management, maintenance and care of the association property, and other than rebate of excess membership dues, fees or assessments) to the benefit of any private shareholder or individual; and

(5) such organization elects to have Section 528 apply for the taxable year.

Under Treasury Regulation Section 1.528-8(a), the election must be made for each year that the condominium management association desires to be treated as a homeowners association. The election generally must be made by the time of filing of a properly completed Internal Revenue Service Form 1120-H. Under Treasury Regulation Section 1.528-8(f)(1), the

election is binding on the organization for the taxable year and may not be revoked without the consent of the Commissioner.

Treasury Regulation Section 1.528-4(b) provides that substantially all of the units of a condominium management association will be considered as used by individuals for residences if at least 85% of the total square footage of all condominium units is used by individuals for residential purposes. It is our understanding that you plan to develop the Condominium in accordance with the Plan as a property consisting of 103 Residential Units (including one Resident Manager's Unit), three (3) Medical Units, eight (8) Commercial Units and two (2) units currently zoned for residential purposes that are used for commercial purposes. According to the Plan, approximately 122,699 square feet will be used for residences, approximately 2,322 square feet will be used for medical office space and approximately 10,840 square feet will be used for commercial space (including the Units zoned for residential purposes that are currently used for commercial purposes).

Therefore, if the Residential Units are used as contemplated and the Condominium is developed in accordance with the plan, the 85% test set forth in Treasury Regulation Section 1.528-4(b) should be satisfied. It is presumed that if the 85% test is met, the Condominium Board will make the election to apply Section 528. If, however, the Condominium does not meet the 85% test, the Condominium Board will be governed by the rules in effect prior to the enactment of Section 528, under which the tax status of the Condominium Board is uncertain.

Before the enactment of Section 528, an entity classification regime was in effect, pursuant to regulations issued by the United States Treasury Department on December 17, 1996, and under such regulations there is no authority addressing the application of those entity classification regulations to condominiums. Because the By-Laws provide that the Condominium Board will act as an agent of the Unit Owners, the Condominium Board may take the position that it is not a separate entity. In such a case, the Unit Owners would include in their gross income, and be taxed on, income derived by the Condominium Board, which may include interest or similar income which is earned from interim investments of the amounts which are assessed and collected from the Unit Owners, and may also include income from any concession and other rental income.

However, the Internal Revenue Service may contend that, for purposes of those matters administered through the Condominium Board, such as assessment and expenditure of Common Charges, the Condominium Board constitutes an association separately taxable as a corporation. See, Code Section 7701(a)(3); Treasury Regulation §301.7701-2. In such event, the Condominium Board may be deemed to be subject to federal corporate income tax on the Common Charges, which in such case would be deemed to constitute gross income of the Condominium Board to the extent that the Common Charges (together with any income earned from other sources, such as interim investments of funds by the Condominium Board) exceed the current expenses paid or incurred by the Condominium Board that would be deductible for federal income tax purposes. In such case, the Condominium Board may likewise be subject to the New York State Corporation Franchise Tax. See, e.g., Department of Taxation and Finance

Advisory Opinion TSB-A-97(24)C (September 30, 1997). In FLR 92-120 (October 28, 1992) and FLR 92-11 (July 29, 1992) the City of New York Department of Finance interpreted Section 11-602.1 of the Administrative Code as requiring an unincorporated association to issue stock in order to become subject to the General Corporation Tax. Those rulings suggest that the Condominium Board would be subject, however, to the New York City unincorporated business tax on any income that is not exempt from federal taxation pursuant to Section 528 of the Code. However, subsequent to the issuance of those rulings, the Administrative Code was amended and Section 11-602.1 of the Administrative Code now applies the General Corporation Tax to all associations taxable as corporations for federal income tax purposes.

Even if the Condominium Board is treated as a separate taxable entity, published rulings indicate that Common Charges assessed by the Condominium Board should not constitute gross income of the Condominium Board to the extent that they are designated for use solely to make specified capital improvements and are maintained in a separate bank account, because either the Condominium Board is deemed to receive and hold such Common Charges as an agent for the Unit Owners from whom the assessments were collected (Rev. Rul. 75-370, 1975-2 C.B. 25) or because the assessed Common Charges are deemed to be nontaxable contributions to the capital of the Condominium Board (Rev. Rul. 75-371, 1975-2 C.B. 52; cf., Concord Village, Inc., 65 T.C. 142 (1975)). It should be noted, however, that if they are treated as contributions to capital, the Internal Revenue Service may contend that to the extent that such amounts (together with any other funds accumulated by the Condominium Board) are expended for capital improvements, such expenditures benefit the Unit Owners, and that each Unit Owner should therefore be subject to tax on his *pro rata* share of the amount expended to the extent of the earnings of the Condominium Board.

If the Condominium Board is required to pay any federal, New York State or New York City income or franchise taxes and an additional assessment is made in order to meet such tax liability, the additional amount collected through such assessment may itself be subject to tax. See, Old Colony Trust Co. v. Commissioner, 279 U.S. 716 (1929); Rev. Rul. 74-75, 1974-1 C.B. 19.

We are of the opinion, subject to the qualifications contained herein, that if the Residential Units are used as contemplated and the Condominium is developed in accordance with the Plan and the Condominium's income and expenses are substantially as set forth in the projected budget contained in the Plan, the Condominium Board should be entitled to elect the benefits of Section 528 during the anticipated first year of condominium operation.

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

C. **Compliance with Real Property Law Section 339-i.**

Section 339-i(1) requires that the Common Interest of each Unit be based on any one of the following methods of calculation:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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(1)(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, we have reviewed the opinion of Cooper Square Realty included in Part I of the Plan, the information provided by you on Schedule A and the Floor Plans and have assumed the statements and information contained therein are correct and accurate. We have not reviewed or verified the calculations of floor areas used in determining the sizes of Units or the Limited Common Elements, which calculations have been furnished by you.

Based on the foregoing factors and the factual opinion of Cooper Square Realty, with respect to the allocation of the Common Interest among the Units made by the Sponsor, it is our opinion that the requirements of Section 339-i have been met.

We express no views as to any federal, New York State 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 under the laws of any other United States 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 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 that may arise if Units are acquired and/or leased by the Condominium Board. Purchasers must also be aware that under certain circumstances a Unit Owner, by virtue of his ownership of a Unit, may be deemed to become a resident of New York City and that no opinion is expressed herein as to the circumstances under which this may occur, or with respect to the income, estate or other tax consequences that may arise therefrom. 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).

WE MAKE NO WARRANTY THAT THE INTERNAL REVENUE SERVICE OR THE NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE WILL ACCEPT ANY OR ALL OF THE VIEWS STATED ABOVE. MOREOVER, THE FEDERAL AND STATE TAX LAWS AND REGULATIONS (AND THE RULINGS AND DECISIONS THEREUNDER) MAY CHANGE AND THEREBY AFFECT THE VIEWS STATED ABOVE IN WHOLE OR IN PART.

PART C OF THE FOREGOING OPINION IS CONFINED TO THE MATTERS ADDRESSED HEREIN WITH RESPECT TO SECTION 339-i AND IS NOT INTENDED, NOR SHOULD BE CONSTRUED, AS AN OPINION ON OTHER ASPECTS OF THE PLAN, SUCH AS THE VALID CREATION OF A CONDOMINIUM, WHICH IS TO BE DETERMINED BY A TITLE INSURANCE COMPANY.

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

Very truly yours,

Herrick, Feinstein LLP

HERRICK, FEINSTEIN LLP

WORKING CAPITAL FUND; CLOSING ADJUSTMENTS WITH CONDOMINIUM BOARD

Working Capital Fund

At the Closing of Title to each Residential Unit sold by Sponsor to a Purchaser, 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**"). Subsequently, upon each resale of a Residential Unit, another contribution equal to two (2) months' Common Charges shall be required in accordance with subsection 8.12.2 of the By-Laws.

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 cover 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 UPON 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:

(a) Employees' wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building;

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

(c) Charges for electricity and gas for the Common Elements (including gas cooking in the Units);

(d) Water and sewer charges;

(e) Payments under service and maintenance contracts and concession agreements;

(f) Real estate taxes on the basis of the fiscal or calendar year for which assessed (unless separately assessed to individual Units);

(g) Cost of supplies on hand at Sponsor's cost; and

(h) Premiums for transferable insurance policies, provided coverage of the policies conforms to that set forth in Schedule B.

Additionally, a payment shall be made, in favor of Sponsor, in an amount equal to the amount of the closing costs relating to the purchase of the Resident Manager's Unit by the Condominium Board as described in Schedule B and the subsection entitled "**Resident Manager's Unit**" in the Section of the Plan entitled "**Rights and Obligations of Unit Owners and Board of Managers**."

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 as Document Number 12 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:

(a) Definitions. The following terms shall have the meanings ascribed with respect to the Reserve Fund:

(b) (i) "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.

(ii) "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.

(d) 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 $2,507,265, which is approximately 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. It should be noted that as set forth in the subsection entitled "**Rentals and the Right to Remain in Occupancy**" in the Section of the Plan entitled "**Rights of Existing Tenants**," the Sponsor will not take a credit against the Reserve Fund for any part of the anticipated approximately $1,800,000 cost of certain major capital improvements for which Sponsor intends to seek rent increase from tenants of rent-controlled and rent-stabilized apartments.

(e) 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.

(f) Report on Physical Condition of Premises. The report prepared by ARCT Architects, P.C 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.

(g) 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 the 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. Cooper Square Realty, Inc., is independent of and unaffiliated with Sponsor.

The Managing Agent will receive an annual fee of $60,000.00 in the first year of its contract, $63,000.00 in the second year and $66,000.00 in the third year. 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 Footnote 12 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 deemed 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 $10,000.00 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 in footnote 10 to Schedule B, which includes the liability of the Managing Agent. In addition, a $400,000 fidelity bond is optional.

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

Upon commencement of condominium operation, the Property will be subject to the then existing union employment agreement affecting the building staff and maintenance, service and concession agreements (see the Footnotes to Schedule B for full details of the agreements that will be binding on the Condominium). Upon expiration of any of these contracts, it is possible that the Condominium Board will only be able to renew these contracts at a greater price.

IDENTITY OF PARTIES

Sponsor

Sponsor, 141 East 88th Street, LLC., formed February 14, 2011, is a Delaware limited liability company with an office at c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor, New York, New York 10003.

Sponsor has not previously offered properties for sale as cooperatives, condominiums, planned unit development homes or time shares that were first offered within the past five years.

The principals of Sponsor are Susan Hewitt and Jenifer Steig, having a business address c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor, New York, New York.

Ms. Hewitt and Ms. Steig together are currently principals of sponsor of the offering of the Devonshire House Condominium, a condominium conversion at 28 East 10th Street, New York, New York. They are also both currently principals of the new sponsor with respect to unsold condominium units at The Traymore Condominium, 225 Eastern Parkway, Brooklyn, New York and The Woodrow Wilson Condominium, 255 Eastern Parkway, Brooklyn, New York.

Ms. Hewitt and Ms. Steig together have been the principal of companies which acquired blocks of unsold shares, and thereafter offered the shares allocated to cooperative apartments and the appurtenant proprietary leases in public offerings in properties located at: Springfield Gardens, located at 221-04, 10/30 64th Avenue and various other street addresses in Bayside, New York; 3750-3850 Hudson Manor Terrace, Riverdale, New York; 11 Park Avenue, Mount Vernon, New York; 360 Central Avenue, Lawrence, New York; 18-05 215th Street, Bayside, New York; and 18-15 215th Street, Bayside, New York. The following are still being offered: 3750-3850 Hudson Manor Terrace, Riverdale, New York, 11 Park Avenue, Mount Vernon, New York, 360 Central Avenue, Lawrence, New York, 18-05 215th Street, Bayside, New York, and 18-15 215th Street, Bayside, New York.

In addition, Ms. Hewitt individually has been the principal of sellers of shares allocated to cooperative apartments and the appurtenant proprietary leases, principally in public offerings in properties located at 3482-3486 Amboy Road, Staten Island, New York; 85-11 Lefferts Boulevard, Kew Gardens, New York; 2711 Henry Hudson Parkway, Riverdale, New York; 245 Rumsey Road, Yonkers, New York; 315-325 King Street, Port Chester, New York; 380 North Broadway, Yonkers, New York; 1879 Crompound Road, Peekskill, New York; 1/3 David Lane, Yonkers, New York; 279 North Broadway, Yonkers, New York; 76-98 DeHaven Drive, Yonkers, New York; 86-10 109th Street, Richmond Hill, New York; 4 West 109th Street, New York, New York; Holliswood Gardens, Hollis, New York; 801, 811, 821 Bronx River Road, Yonkers, New York; 754-768 Brady Avenue, Bronx, New York; 2190 Boston Road, Bronx, New York; 679-709 Warburton Avenue, Yonkers, New York; 755-765 Bronx River Road, Bronxville, New York; 30 and 40 South Cole Avenue, Spring Valley, New York; 370 Westchester Avenue, Port Chester, New York; 615 Warburton Avenue, Yonkers, New York; Palmer Avenue and Richbell Road, Mamaroneck, New York; 1-11Columbia Avenue (a/k/a 55

East Hartsdale Avenue), Hartsdale, New York; 94-10 59th Avenue, 94-30 60th Avenue, 94-31 60th Avenue, 94-30 59th Avenue, 94-11 60th Avenue, 94-31 59th Avenue, 94-30 58th Avenue and 57-10 Junction Boulevard, Rego Park, New York; 808-840 Bronx River Road, Bronxville, New York; 1841-1853 Central Park Avenue, Yonkers, New York; 111-119 East Hartsdale Avenue, Hartsdale, New York; 120 East Hartsdale Avenue, Hartsdale, New York; 45 East Hartsdale Avenue, Hartsdale, New York; 281 Garth Road, Scarsdale, New York; 505 Central Avenue, White Plains, New York; 139-21 85th Drive and 140-10 84th Drive, Briarwood, New York; 110-11 Queens Boulevard, Forest Hills, New York. Of the above offerings, 801,811,821 Bronx River Road, Yonkers, New York, Palmer Road and Richbell Road, Mamaroneck, New York, 1841-1853 Central Park Avenue, Yonkers, New York and 110-11 Queens Boulevard, Forest Hills, New York are still being offered.

Each sponsor or holder of unsold shares or units is current in its obligations with respect to all of the above offerings which are still being offered . All of the offering plans for the above projects are available for inspection in the office of the Attorney General, 120 Broadway, New York, New York 10271.

Sponsor's Attorneys

Sponsor has retained the law firm of Herrick, Feinstein LLP to represent it in connection with the Plan. Herrick, Feinstein LLP has prepared the Plan and rendered to Sponsor an opinion with respect to the availability of income tax deductions to Purchasers and certain compliance with Section 339-i of the Condominium Act. Herrick, Feinstein LLP is located at 2 Park Avenue, New York, New York, 10016. Douglas P. Heller, Esq., of such firm has had primary responsibility for the preparation of the Plan. Leon Seidman, Esq., will act as co-counsel to Herrick, Feinstein LLP in connection with the preparation and negotiation of Purchase Agreements and the supervision of individual Unit closings thereunder and will also act as the Escrow Agent.

The Selling Agent

The Selling Agent

The Selling Agent is Stribling Marketing Associates, LLC 32 Avenue of the Americas, New York, New York 10013. The Selling Agent is wholly independent of and unaffiliated with Sponsor. Its only relationship with Sponsor is a contractual one to serve as Selling Agent for this Plan. Stribling Marketing Associates is a division of Stribling & Associates, one of Manhattan's largest and most established residential resale estate brokerage firms. Stribling Marketing Associates LLC has engaged in all phases of real estate sales and marketing, specializing in the sale and marketing of fine luxury residences throughout Manhattan, including off-site sales of cooperative and condominium apartments and lofts, on-site coop and condominium sales and commercial leasing.

The Selling Agent has served as the exclusive marketing and sales agent for numerous residential condominium projects in Manhattan including:

28 E. 10th Street, New York, New York, a residential condominium
1 Central Park South, New York, New York, a residential condominium
211 Elizabeth Street, New York, New York, a residential condominium
147 Waverly Place, New York, New York, a residential condominium
47 East 91st Street, New York, New York, a residential condominium

The Managing Agent

It is anticipated that Cooper Square Realty, Inc., will be the Managing Agent for the Condominium. Cooper Square Realty, Inc., a New York corporation, having an office at 622 Third Avenue, New York, New York 10017 will be the managing agent for the Building. (See the Section entitled "Management Agreement" in Part I of the Plan). The Managing Agent is not affiliated with Sponsor. The Managing Agent has been engaged in the development ownership, operation and management of New York City residential properties for over twenty years. It manages more than 400 properties that include condominiums, cooperatives and rentals.

Among the buildings currently managed by Cooper Square Realty, Inc., are:

Devonshire House Condominium, 28 East 10th Street, New York, New York, a residential condominium

One Morton Square, 100 Morton Street, New York, New York, a residential condominium

One Lincoln Square Condominium, 150 Columbus Avenue, New York, New York, a residential condominium

Greenwich Club Residences, 88 Greenwich Street, New York, New York, a residential condominium

Centria Condominium, 16 West 48th Street, New York, New York, a residential condominium

Miraval Living, 515 East 72nd Street, New York, New York, a residential condominium conversion

Greenwich Club Residences, 88 Greenwich Street, New York, New York, a residential condominium conversion

Marc Kotler, vice president of Cooper Square Realty, Inc., prepared and certified the budget set forth in Schedule B and has prepared and signed certifications for over 30 budgets for mixed use condominiums.

There have been no prior felony convictions of the Managing Agent, or any principals of the Managing Agent; and no prior convictions, injunctions and judgments against the Managing Agent, or any principals of the Managing Agent that may be material to the Plan or an offering of securities generally, that occurred within fifteen (15) years prior to the submission of this Plan.

Cooper Square Realty, Inc. is a licensed Real Estate Broker in the State of New York and has been actively engaged in the management and sales of residential property for over 20 years. It has also been active in the sale of cooperative and condominium apartments for the past fifteen years.

This firm will not act as the selling agent of the property. It has no beneficial interest in the Sponsor and no interest in the profits of this conversion plan other than the fee for this service.

Cooper Square Realty, Inc. hereby authorizes the use of its name in the Condominium Offering Plan for the above premises.

Architect

The report on the physical condition of the Building included as part of the "**Description of Property and Building Condition**" contained in Part II of this Plan as Document Number 4 was prepared by Alan G. Rose, AIA of ARCT Architecture, P.C., which has offices at 45 West 34th Street, Suite 1209, New York, New York 10001. ARCT Architecture, P.C., is a full service architectural firm serving the New York, New Jersey and Connecticut real estate and construction industries. The firm was founded in 1968 and its principals have a combined 70 years of experience in the field; the company is staffed by two licensed architects.

Engineer

The architect has been assisted by Edwards & Zuck, P.C., an engineering consulting firm with offices at 315 Park Avenue South, New York, NY 10010. The firm was established June 22, 1976 and now employs over 70 professionals in New York and other major domestic and international cities.

SPONSOR'S PROFIT

The fee ownership of the Property was acquired by Sponsor by deed dated June 28, 2011.

Sponsor is converting the Property to condominium ownership and is offering the Residential 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 Residential Unit is actually sold, future market conditions, the length of time required to sell all of the Residential 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.

The following sets forth a calculation of Sponsor's estimated profit in connection with the conversion of the Property to condominium ownership. Such estimate assumes that all Residential Units will be sold at the prices offered to Eligible Tenants during the Exclusive Purchase Period as set forth in Schedule A.

The estimated profit has been determined by deducting from $240,000,000, the cash amount of the offering, the following costs and expenses: the Purchase Price of the Property, $105,000,000; $44,000,000, which is the approximate cost of capital expenditures undertaken or to be undertaken by Sponsor (including Reserve Fund contributions and credits); $4,555,000, which is the approximate amount of the costs associated with acquisition and ownership of the Property, including financing costs and interest; and $13,400,000, which is the approximate aggregate amount of costs incurred in connection with the conversion, such as sales commissions, attorneys' and engineers' fees, printing, advertising, government filing fees and transfer taxes. Such determination results in an estimated net profit to Sponsor of $73,050,000. This amount assumes a prompt 100% sellout at offering price for purchasers other than tenants in occupancy, and numerous additional costs related to amount of time necessary to complete the offering, how many tenants will purchase and other factors have been excluded.

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;

(b) to give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of 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 I 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 ARCT Architects, P.C. and included as part of the "**Description of Property and Building Condition**" contained as Document Number 4 in Part II of the Plan in conjunction with Document Number 4A prepared by Edwards & Zuck, P.C. 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. It should be noted that combinations of apartments by Sponsor may result in fewer apartments than appears on the last two certificates of occupancy dated June 6, 1945.

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 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.

For 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 sidewalk violations and 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. Sponsor will cause the violations or defects to be cured, at its sole cost and expense, except as otherwise provided in the Plan. 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 their 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 a number of capital repairs and improvements as part of a renovation program for the Property. The capital repairs and improvements fall into one of three categories: (i) Capital Replacements for which Sponsor intends to reduce the amount of the Reserve Fund by approximately one percent (1%); (ii) major capital repairs for which Sponsor intends to seek a rent increase from tenants in rent-controlled and rent-regulated apartments; and (iii) renovations and alterations to vacant Residential Units for which no rent increase or reduction of the Reserve Fund will be sought. Sponsor will not take a credit against the Reserve Fund for any part of the anticipated approximately $1,800,000 cost of certain major capital improvements for which Sponsor intends to seek rent increase from tenants of rent-controlled and rent-stabilized apartments. Sponsor intends to undertake the following work in each category (with cost estimates for building-wide work--note that Sponsor reserves the right to switch items between categories (a) and (b) below by amendment to the Plan depending upon its analysis of the Reserve Fund Law and Major Capital Improvement requirements):

(a) Capital Replacements

- Cleaning and restoration of the exterior of the Building. Pointing, lintel and sill repairs will also be made as needed. ($775,000)

- Base building engineering work for included items described below. ($100,000)

- The upgrade of Building-wide electric service from two (2) 3-phase, 4 wire 120/208V 400-ampere feeders to two (2) 3-phase 4-wire 120/208V 800-ampere service. New feeders will run to their respective distribution centers on the 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th and 11th floors and from there to renovated Residential Units. The electric upgrade will allow each Residential Unit to use between 100 and 150 amps of service. ($1,142,000)

- Installation of air conditioning in the Building's lobby ($132,750) and common area hallways ($469,050), as well as the basement. ($177,000)

- The creation of a new exercise room on the cellar level for the use of Residential Unit Owners and tenants. The exercise room will contain treadmills, elliptical machines and weight lifting equipment. ($177,000)

- The creation of a children's play room on the cellar level for the use of Residential Unit Owners and tenants. ($66,375)

- The creation of new secure bicycle storage room on the cellar level for the exclusive use of Residential Unit Owners. ($30,975)

- Improvements to the Building's plumbing system including the replacement of all riser valves in the cellar. ($619,500)

- Lobby renovations including the relocation of the main entrance to 88th Street, the installation of a skylight, providing a new mailroom, restoring plaster and new furniture ($407,100)

- Landscaping including new courtyard decking, installing two rooftop seating areas and planting ($597,375)

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 $2,507,265, which is one percent (1%) of the Total Offering Price.

(b) Major Capital Improvements

- The partial replacement of roofing at the 2nd floor setback in the courtyard, roof bulkhead where HVAC will be installed, and at the 12th floor roof and the installation of new two-ply bitumen roofing membrane. In addition, Sponsor plans to make any necessary repairs to the roof deck and to install pedestal-mounted pavers on the terraces and common areas on the roof. ($141,600)

- Base building work for elevator modernization, including masonry work ($440,000)

- Modernization of the Building's elevators. Two service elevators (one on each side) will become fully automated, extended one floor, and will receive new cabs, new motors and new mechanical equipment. They will be used as passenger elevators. Two existing service elevators (one on each side) will be removed from service. Both remaining passenger elevators will be used as service

elevators. The existing automatic passenger elevator on each side will be converted to passenger use, and extended up to the 12th Floor/roof level. ($944,600)

- Installation of a new sprinkler system in the cellar for purposes of fire safety. ($88,500)
- Installation of security cameras ($75,000)
- New intercom system ($75,000)
- Architectural work, base building ($431,520)
- Asbestos abatement, base building ($285,000)

(c) Renovations and Alterations to Vacant Residential Units

- The upgrade of electric service.
- Installation of new branch piping from the domestic water risers.
- Installation of dedicated variable refrigerant flow direct expansion split systems (VRF DX Split) in each renovated Residential Unit.
- Installation of new windows in all rooms.
- Complete renovation of the kitchens and bathrooms, including the installation of new fixtures.
- Proposed addition to PH N and PH S (See the Section of the Plan entitled "Description of the Property and Building Condition" in Part II). In the event these additions are not permitted, there will be no change in the Common Interest for any Units.

PART II

DOCUMENT NUMBER 1

PURCHASE AGREEMENT

141 EAST 88TH STREET, LLC,
as Seller,

with

_____,
as Purchaser.

For Unit Number _____

at

Philip House Condominium
141 East 88th Street
New York, New York 10128

TABLE OF CONTENTS

1. The Plan 2
2. Definitions 3
3. Agreement to Purchase 3
4. Payment of the Purchase Price 3
5. No Financing Contingency 3
6. Closing Date and Place. 4
7. Deed and Power of Attorney 4
8. State of Title 5
9. Closing Adjustments. 5
10. Closing Costs 6
11. Down Payment to be Held in Trust 6
12. Duties of Escrow Agent. 8
13. Agreement Subject to Mortgage 9
14. Default by Purchaser. 10
15. Obligation of Tenant to Pay Rent. 11
16. Termination of Existing Leases of Tenant Purchasers 11
17. Seller's Inability to Convey Title 11
18. Sale Subject to Existing Tenancy; Rights and Duties of Non-Occupant Purchasers 12
19. Real Property Transfer Taxes 13
20. Internal Revenue Service Reporting Requirement 13
21. Agreement Subject to Plan Being Declared Effective 14
22. Fixtures, Appliances and Personal Property. 14
23. Acceptance of Condition of Property and Unit 15
24. Lead-Based Paint and/or Lead-Based Paint Hazards 15
25. Security Deposit. 15
26. Damage to the Unit. 16
27. No Representations 17
28. Broker 18
29. Assignment 18
30. Purchaser's Representations 18
31. Possession of Unit and Purchaser's Work 18
32. Liability of Seller. 19
33. Acceptance of Agreement. 19
34. Notices 20
35. Joint Purchasers 20
36. Survival of Seller's and Purchaser's Obligations 20
37. Further Assurances 20
38. Severability 21
39. Strict Compliance 21
40. Prohibition Against Advertising 21
41. Governing Law 21
42. Waiver of Jury Trial 21
43. No Recordation 21
44. Entire Agreement 21
45. Certain References 22

TABLE OF CONTENTS
(continued)

46. Captions 22
47. Successors and Assigns 22
48. No Oral Changes 22

PURCHASE AGREEMENT

made this ___ day of _____, 20__

between

141 EAST 88TH STREET, LLC, as the Seller

and

_____, as the Purchaser

Recitals:

(A) The name of the Condominium is Philip House Condominium.

(B) The name of the Seller is 141 EAST 88TH STREET, LLC,.

(C) The name of the Purchaser is _____.

(D) The address of the Property is 141 East 88th Street, New York, New York 10128. (See Exhibit A for a legal description of the Property.)

(E) The Unit covered by this Agreement is the Unit designated in the Declaration as Unit Number _____.

(F) Information for Non-Tenant Purchasers:

Unit Occupied: Yes ____No ___

Date Existing Lease Expires:_____

Monthly Rent Under Existing Lease or Tenancy: $_____

(G) The Common Interest appurtenant to the Unit is _____%

(H) The Purchaser's residence address, if an individual, or business address, if an entity, is _____, New York.

(I) The Purchaser's telephone number is _____.

(J) The Purchaser's facsimile number is _____.[1]

(K) The Purchaser's social security number or federal identification number is _____.

[1] If none, please so indicate.

(L) The Purchaser's attorney is:

(a) Name: _____

(b) Address: _____

(c) Telephone Number: _____

(M) The purchase price (the "**Purchase Price**") is $_____.

(N) The Down Payment, which is payable herewith, is $_____ (equal to 10% of the Purchase Price or $1,000 for Eligible Tenants).

(O) The balance of the Purchase Price (the "**Balance**") is $_____.

(P) The Purchaser agrees to assume the assignment of Storage Closet #____.

(Q) The Purchaser is also purchasing Residential Unit ___ pursuant a Purchase Agreement of even date herewith, and intends to combine Units ___ and ___ into a single Combined Unit. Purchaser requests that the hallway space between the Units be physically incorporated into the Combined Unit. Purchaser agrees to accept the assignment of rights and assume the obligations under the Reservation of Rights and Hallway License Agreement, annexed hereto and made a part hereof, with respect to the hallway space between Purchaser's Units, for a price of $_____ payable in the same manner as the Balance at closing hereunder.

1. 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 hereunder, 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.

2. 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.

3. 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.

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 "Leon Seidman, as Escrow Agent," 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, or in the event Seller's lender allows the current mortgage on the Property to be split, severed and assigned such that all or part of the mortgage recording tax is saved on the Purchaser's transaction, in either event the Purchaser will reimburse Seller a sum equal to the amount saved, such that in any event, Purchaser shall have paid an amount equal to the mortgage recording tax Purchaser would have paid without such credit or savings. 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 or saving allowed. Seller shall pay or reimburse Purchaser for any fees that must be paid in order to split, sever and assign a portion of the current mortgage in connection with this transaction.

(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 0.0411% times the unpaid balance of the Purchase Price for each day's delay (equal to a total annual interest rate of 15%), 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, transfer taxes as discussed below, 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 Leon Seidman, Esq. (the "**Escrow Agent**"), whose address is 142 West End Avenue, New York, New York 10023 and whose telephone number is (212) 769-4343. The sole authorized signatory on this escrow account is Leon Seidman, Esq. The name of the escrow account is "Leon Seidman, Esq., as Escrow Agent for Philip House Condominium" (the "**Escrow Account**"). The Escrow Account is located at Bank of America, having an address at 1886 Broadway, New York, New York 10023 (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 33.

(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 (10)-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, earned thereon, except as otherwise provided in the next sentence. 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 fifteen (15) 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 (10)-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 fund 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. Within forty-five (45) days thereafter, 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), 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 unrenovated 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; (f) 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 state of title to the Unit; (l) 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 (m) 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 below in this Paragraph 28, 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.

Co-Broker: _____

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, at the address and facsimile number (if any) first stated in this Agreement and to the Seller at c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor New York, New York 10003 (facsimile number (212) 824-1197), with copies in like manner to Herrick, Feinstein, LLP, 2 Park Avenue, New York, New York 10016, Attention: Douglas Heller, Esq. (facsimile number: (212) 592-1500) and of Leon Seidman, Esq., 142 West End Avenue, New York, New York 10023. 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. Herrick, Feinstein LLP or Leon Seidman, Esq. 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: 141 EAST 88TH STREET, 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:

BEGINNING at the corner formed by the intersection of the Southerly side of East 89th Street with the westerly side of Lexington Avenue;

RUNNING THENCE southerly along the easterly side of Lexington Avenue, 201 feet 5 inches to the northerly side of East 88th Street;

THENCE easterly along the northerly side of East 88th Street, 100 feet;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the center line of the block;

THENCE westerly along the center line of the block, 8 feet 5 inches;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the southerly side of East 89th Street; and

THENCE westerly along the southerly side of East 89th Street, 91 feet 7 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 buyer with 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 hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

SELLER'S DISCLOSURE

(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.

(ii) __√__ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to Seller (check (i) or (ii) below):

(i) ____ Seller has provided Purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing.

(ii) __√__ Seller has no records or reports pertaining to lead-based paint and/or lead-based paint hazards in the housing.

PURCHASER'S ACKNOWLEDGMENT (initial)

(c) _____ Purchaser has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet Protecting Your Family from Lead in Your Home.

(e) _____ Purchaser has (check (i) or (ii) below):

(i) _____ 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.

SELLING AGENT'S ACKNOWLEDGMENT (initial)

(f) _____ Selling Agent has informed Seller of Seller's obligation under 42 U.S.C. 4852d and is aware of Selling Agent's independent responsibility to ensure compliance.

CERTIFICATE OF ACCURACY

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

PURCHASER(S):	**SELLER:**	**SELLING AGENT:**
_____	141 EAST 88TH STREET, LLC	STRIBLING MARKETING ASSOCIATES, LLC
_____	By:_____ Name: Title:	By:_____ Name: Title:

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 Philip House 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 Philip House 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 _____, 200_.

_____
Notary Public

DOCUMENT NUMBER 2

UNIT OWNER'S POWER OF ATTORNEY

All terms used in this Unit Owner's Power of Attorney that are used (a) in the declaration establishing a plan for condominium ownership of the premises known as The Philip House Condominium and by the street number 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128, under Article 9-B of the Real Property Law of the State of New York, dated _____, 20__, and recorded in the New York County office of the Register of the City of New York, as CRFN _____ (the "Declaration"), or (b) in the by-laws of the Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Unit Owner's Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, [having an office][residing]* at _____, the owner of the condominium unit (the "Undersigned's Unit") known as Unit No.___ in Philip House Condominium (the "Condominium"), said condominium unit being designated as Tax Lot 5 in Block 561 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, [does][do]* hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their respective designees (corporate or otherwise), on behalf of all Unit Owners, in accordance with their respective Common Interests, or on behalf of all Unit Owners, in accordance with their respective Residential Common Interests, as the case may be, subject to the provisions of the By-Laws then in effect, (1)(a) to acquire or lease any Unit, together with its Appurtenant Interest, from any Unit Owner so desiring to sell, convey, transfer, assign or lease, (b) to acquire any Unit, together with its Appurtenant Interest, whose owner elects to surrender such Unit pursuant to the terms of Section 6.4.2 of the By-Laws, and (c) to acquire any Unit, together with its Appurtenant Interest, that becomes the subject of a foreclosure or other similar sale, on such terms and, with respect to any transfer pursuant to the terms of subdivision 1(a) or 1(c) of this paragraph at such price or at such rental, as the case may be, as such attorneys in-fact deem proper, and thereafter to convey, sell, lease, mortgage or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, on such terms as such attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in such premises which the undersigned could do if the undersigned were personally present, and (2) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or the Residential Section or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto,

* Delete whichever is inapplicable.

affecting the condominium that the Condominium Board, with respect to the General Common Elements and the Residential Section, deems necessary or appropriate.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned [does][do]* hereby irrevocably nominate, constitute and appoint Declarant as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, the By-Laws and the Rules and Regulations of the Condominium, or any of such documents, when such amendment (i) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Declarant in accordance with Article 8 of the Declaration or (ii) will be required by (A) an institutional lender designated by Declarant to make a mortgage loan secured by a mortgage on any Unit, (B) any governmental agency having regulatory jurisdiction over the Condominium, or (C) any title insurance company selected by Declarant to insure title to any Unit; provided, however, that any amendment made pursuant to the terms of subdivisions (i) or (ii) of this paragraph will not (x) change the Common Interest of the Undersigned's Unit, (y) require a material, physical modification to the Undersigned's Unit, or (z) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an institutional lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivisions (x) or (y) of this paragraph) or the holder of such mortgage (in the event described in (z) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph will remain in full force and effect until such time as Declarant shall cease to own any of the Units in the Condominium.

* Delete whichever is inapplicable.

IN WITNESS WHEREOF, the undersigned [has][have]* executed this Unit Owner's Power of Attorney as of the ___ day of _____, 20__.

_____

_____

* Delete whichever is inapplicable.

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

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.

_____
Notary Public

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

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.

_____
Notary Public

DOCUMENT NUMBER 3

CONDOMINIUM UNIT DEED

THIS INDENTURE, made as of the __ day of _____, 20__, by and between 141 EAST 88TH STREET, LLC, a Delaware limited liability company, having an office at 826 Broadway, 11th Floor, New York, New York 10003 (the "Grantor"), and _____, [having an office][residing]* at _____ (the "Grantee").

W I T N E S S E T H

That the Grantor, in consideration of Ten Dollars ($10.00) and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, and the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit known as Unit __ (the "Unit") in the building known as Philip House Condominium and by the street number 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128 (the "Building"), said Unit being designated and described as Unit No. __ in that certain declaration dated _____, 20__, made by the Grantor pursuant to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), establishing a plan for condominium ownership of the Building and the land upon which the Building is situated (the "Land"), which Land is more particularly described on Schedule A annexed hereto and by this reference made a part hereof, and which declaration was recorded in the New York County office of the Register of the City of New York (the "Register's Office"), on the ____ day of _____, 20__, as CRFN _____ (such declaration and any amendments thereto being referred to hereinafter, collectively, as the "Declaration"); said Unit also being designated as Tax Lot 5 in Block 561 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 the Building certified by ARCT ARCHITECTURE, LLC, on the ____ day of _____, 20__, and filed with the Real Property Assessment Department of the City of New York on _____, 20__, as Condominium Plan No.____ and also filed in the Register's Office on _____, 20__, as Condominium Map No. ____;

TOGETHER with an undivided ___% interest in the 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 in the By-Laws of Philip House Condominium, as the same may be amended from time to time (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 Units, as though recited and stipulated at length herein; and

---

* Delete whichever is inapplicable.

SUBJECT also to such other liens, agreements, covenants, easements, licenses, restrictions, consents and other matters of record as pertain to the Unit, to the Land or to the Building (the Land and Building being referred to hereinafter, collectively, as the "Property").

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 that 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 shall control.

Except as otherwise specifically permitted by the Condominium Board (as such term is defined in the Declaration) or provided in the Declaration or in the By-Laws, the Unit is intended for residential use only.

The Grantor covenants that the Grantor has not done or suffered anything to be done whereby the Unit has been encumbered in any way whatever, except as set forth herein or in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws). This covenant is for the personal benefit of the Grantee only and cannot be assigned to or exercised by, and shall not inure to the benefit of, any other person or entity, including, but not limited to, any insurer of the Grantee's title or any successor to the Grantee's interest.

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of improvements at the Property and will apply the same first to the payment of the cost of such improvements before using any part of the same for any other purpose.

By accepting delivery of this Deed, the Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (including, but not limited to, any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the provisions thereof.

This conveyance is made in the regular course of business actually conducted by the Grantor.

The terms "Grantor" and "Grantee" shall be read as "Grantors" and "Grantees" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the Grantor and the Grantee have duly executed this indenture as of the day and year first above written.

GRANTOR:

141 EAST 88TH STREET, LLC

By: _____
Name:
Title:

GRANTEE:

_____
Name:

_____
Name:

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

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.

_____
Notary Public

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

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.

_____
Notary Public

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

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.

_____
Notary Public

SCHEDULE A

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:

BEGINNING at the corner formed by the intersection of the Southerly side of East 89th Street with the westerly side of Lexington Avenue;

RUNNING THENCE southerly along the easterly side of Lexington Avenue, 201 feet 5 inches to the northerly side of East 88th Street;

THENCE easterly along the northerly side of East 88th Street, 100 feet;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the center line of the block;

THENCE westerly along the center line of the block, 8 feet 5 inches;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the southerly side of East 89th Street; and

THENCE westerly along the southerly side of East 89th Street, 91 feet 7 inches to the point or place of BEGINNING.

DOCUMENT NUMBER 4

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

Philip House Condominium
141 East 88th Street, New York, NY 10028

August 12, 2012

Introduction

This Report was prepared by Alan G. Rose, AIA of ARCT Architecture, P.C.; who observed conditions at the building on February 1, 2012 and on several other occasions in March, April and May of 2012. The building is an eleven-story plus penthouse building with two independent elevator cores. One core serves the south wing of the building which includes units A, B C D and E. The other core serves the north wing of the building which includes units F, G, H, and I.

(a) Location and Use of Property

This property and its uses comply with all zoning and use requirements with the following exceptions. Units M-1, M-2, M-3 and M-4, which are designated for residential and medical apartment use under the Certificate of Occupancy, are presently being used as medical offices. Units M-1, M-2 and M-4 are currently vacant. Unit M-3 is currently occupied and the tenant's lease will expire on January 31, 2014. At the end of their lease terms, these units will become general residential units. The Certificate of Occupancy will be amended to change from doctor's apartment/offices to residential use The revised plans will be filed with the NYC Dept. of Buildings for this purpose.

1. The property address is 141 East 88th Street, NY, NY 10028
2. The Block is 1517 and the Lots are 20 & 50. Zoning lots may be combined.
3. The current New York City Zoning for this location is C 1-8X (R9X Equivalent).
4. The permissible uses under this zoning designation include a wide variety of residential, commercial and community facility uses. Building is a conforming use under applicable zoning.

(b) Status of Construction

1. The building at 141 East 88th Street was constructed between 1927 and 1929.

2. The building is a Class 1 Fireproof structure consisting of steel columns and beams supporting concrete floor slabs.

3. The current Certificate of Occupancy for portion of building on Lot 20 is dated June 6, 1945, is No. 30988. The current Certificate of Occupancy for portion of building on Lot 50 is dated June 6, 1945, is No. 30989. The time frame for the obtaining of a final amended Certificate of Occupancy which will combine the two buildings into one, relocate the main residential entrance to the building to 88th Street, and add additional floor area to the 12th and 13th Floors of the building in the form of Penthouse units, is estimated at approximately

two (2) years. There may be Temporary Certificates of Occupancies in the interim which will permit occupancy in the new spaces and spaces where the use is being changed.

4. Outstanding Permits:

For 141 East 88th Street, Lot 20

a. Application 100239056 filed 04/01/1991 to erect shed.

b. Application 100427771 filed 06/29/1992 for interior renovation on the 1st floor.

c. Application 100619840 filed 04/20/1993 to refurbish existing deli in the cellar & 1st floor.

d. Application 101952282 filed 10/15/1998 for lintel and corner brick replacement on the roof and 1st thru 11th floors.

e. Application 102661549 filed 11/01/1999 for replacement of 7,500 gallon fuel oil tank in the cellar.

f. Application 104464633 filed 06/15/2006 for the installation of kitchen fire suppression system on the 1st floor.

g. Application 110001408 filed 10/26/2007 to install new gas meter in the cellar.

h. Application 120934187 filed 12/27/2011 for modifications of internal partitions in Apt. 3C

i. Application 120934196 filed 12/27/2011 for modifications of internal partitions in Apt. 4D

j. Application 120953717 filed 01/20/2012 for plumbing and mechanical modifications in Apt. 3C.

k. Application 120953726 filed 01/20/2012 for plumbing and mechanical modifications in Apt. 4D.

l. Application 121028618 filed 03/30/2012for the removal of 2 freight elevators, infill shafts and create mechanical/storage rm. (floors C., Roof, 01 through 011) and associated mechanical & plumbing work and structural work

m. Application 121047786 filed 04/16/2012 for reconfiguration of the 1st Fl retail space.

n. Application 121047731 filed 04/16/2012 for partition modifications in 1st Fl apartments.

o. Application 12113509 filed 06/05/2012 for partition modifications in Apt. 10GH and associated plumbing and mechanical work.

p. Application 121103199 filed 06/06/2012 for partition modifications in Apt. 8AB and associated plumbing and mechanical work.

q. Application 121109219 filed 06/11/2012 for miscellaneous façade repair.

r. Application 121111732 filed 06/12/2012 for sidewalk shed installation.

s. Application 121104429 for partition modifications in Apt. 2D and associated plumbing and mechanical work.

t. Application 121112973 for partition modifications in Apt. 2G and associated plumbing and mechanical work.

For 1329 Lexington Avenue, Lot 50

h. Application 103135439 filed 04/16/2002 to replace gas fired high pressure boiler in the cellar.

(c) Site

1. The lot size is approximately 19,307 square feet.
2. There is one (1) structure described as an 11 story and penthouse multi family building with commercial space on the first floor facing Lexington Avenue.
3. There are no streets owned by the project. New York City sidewalks are maintained by the project. The building fronts on three public streets: East 88th Street (100.0'), Lexington Avenue (201.42') and East 89th Street (91.58').
4. The street paving is asphalt provided by the City of New York. The asphalt is in fair condition.
   The curbing along East 88th Street, East 89th Street and Lexington Avenue is steel-faced concrete and is in fair condition. There are some misaligned concrete flags along E88th Street which will be repaired.

   There is a catch basin at the southwest and northwest corners of Lexington Avenue and East 88th & East 89th Streets, provided by the City of New York.

   Street lighting on East 88th Street, Lexington Avenue and East 89th Streets is provided by the City of New York.

   Existing sidewalks are concrete and are in fair condition with the exception of some areas of spalling and cracking. These areas will be repaired so that adjacent surfaces are flush as to alleviate the possibility of tripping hazards.

   The above items, other than curbing, catch basins and street lighting, are existing conditions and are presumed to comply with all applicable municipal rules and regulations.

   There are no sidewalk vaults. The condominium will be responsible for maintaining the sidewalks in accordance of the requirements of the authorities having jurisdictions.

(d) Utilities (For additional information regarding utilities, see report by Edwards & Zuck, P.C.)

ITEM	SUPPLIED BY	BILLING METHOD
Cold Water	New York City	Metered Collectively
Sewer (existing combined sanitary and storm sewer)	New York City	Based on water meter readings
Electric	Con Edison	Individual meters for renovated and non-renovated apartments
Gas	Con Edison	Master Meter for renovated apartments, individual Meters for non-renovated apartments.
Telephone	Verizon	Individual subscription

(e) Sub-Soil Conditions

1. There was no opportunity to examine subsoil conditions. Subsoil conditions remain unknown.

2. No evidence of uneven foundation movement was observed.

3. Evidence of groundwater infiltration was observed during the times that these areas were inspected in the south area of the Sub-Cellar Boiler Room. Evidence of past water infiltration at the south building electric room was observed, however staff reported that this is not an active leak. The Sponsor will use commercially reasonable efforts to determine the cause of the seepage and attempt to alleviate it.

4. The building is located in a built-up urban area. No mudslides or erosion danger is present. The existing cellar floor is assumed to be above the high water mark.

5. The site is located in FEMA Zone X outside the 0.2% chance floodplain. The site is not located in a Hurricane Evacuation Zone as determined by the New York City Hurricane Evacuation Zone Map.

6. There is no evidence of insect activity or mold in the cellar.

7. The existing ramp pitches to a low point at the rear (east side) of the building. There is an existing drain at the low point, which carries the water into the building's storm drainage system.

8. The surface of the existing ramp is in good condition. There are some minor cracks in the concrete pavement of the ramps. None appear to be progressive. Many of the cracks will be eliminated with the construction of the footings for the columns, which will support new terraces for Units M-1 through M-4.

(f) Landscaping and Enclosures

1. Existing Conditions

There are interior courtyards located at the east side of the building which are paved in concrete. Access to the Cellar is via concrete ramps from East 88th Street and East 89th Street to these courtyards.

a. There is no grass cover.

b. There are street trees along the East 88th, East 89th Streets & Lexington Avenue sidewalks which are planted and maintained by the City of New York.

c. There are painted metal picket fences on top of brick retaining walls at the east property lines of the interior courtyard, which are owned by the adjacent properties. The fences are in fair condition and shall remain. The Sponsor intends to install new lattice type fences at the new open-air decks.

d. There are steel gates at the north and south end of each courtyard that serve as means of egress for the Cellar level. The gates are in fair condition.

e. There are various retaining walls in the courtyard constructed of brick masonry which are on the adjacent properties. These walls vary from fair to poor condition. We cannot determine dimensions or drainage conditions as we do not have access to the adjacent properties. However, some cracks have been observed on the face of the wall facing the side yard. These do not appear to be structural in nature, but should be repaired. The Sponsor will contact the adjacent property owner for that purpose.

e. There are exposed foundation walls of the adjacent properties that are parged with cement and are in fair to poor condition. We cannot determine dimensions or drainage conditions as we do not have access to the adjacent properties.

f. There are no display pools or fountains.

2. Future Work

At first floor apartments facing these courtyards, open-air decks will be constructed, on which various plantings within planters will be provided. A planted open-air deck "viewing garden" will be provided visible from the center of the Lobby.

a. .Open-air decks will be provided for units M-1 through M-4. The decks will be of fireproof construction. When the decks have been filed with the NYC Dept. of Buildings, a more detailed description will be provided and copies of the approved drawings will be made available.

b. Test Pits and borings will be undertaken in the courtyard area to determine sub-soil conditions, for footing design of proposed 1st Floor apartment decks.

(g) <u>Building Size</u>

1. Existing Conditions

a. The total area of the existing building is approximately 167,663 square feet. The cellar is comprised of an additional 15,180 gross square feet (approximately).

b. The total height of the building is approximately 113 feet from the sidewalk to the main roof. There is a Penthouse floor whose roof is approximately 12 feet above the main roof and two water tank bulkheads whose roof is approximately 30 feet above the main roof.

c. There is a Cellar, and partial Sub-Cellar level containing the Boiler Room and ancillary spaces.

d. There are 11 floors and a Penthouse level. The approximate floor to floor heights areas follows:

1. 1st to 2nd Floor: 12'-4'

2. 2nd Floor through 10th Floor:10'-0"

3. 11th Floor to 12th Floor/Roof: 10'-8"

4. 12th Floor/Roof to Penthouse Roof: approximately 11'-0"

e. There are several equipment rooms, most of which are located in the sub-cellar and cellar. The equipment rooms at these levels include the Boiler Room, Pump Room, Gas and Electric Meter Rooms.

f. There are two Elevator Machine Rooms which are located above the 12th Floor/Roof level which will be re-constructed.

g. Surrounding most of the building's main roof is a minimum 42" inch high masonry parapet with +/- 36 inch high masonry piers located at the street façade parapets.

2. Future Work

a. Three of the Residential Units on the 11th floor are proposed to duplex up to the Penthouse (12th Floor) level. The two existing Penthouses on the 12th Floor level will be reconstructed and will duplex up to a 2nd new level (13). With these changes, the building size will be enlarged by approximately 6,100 gross square feet, for a total building size of 173,763 square foot (not including the Cellar).

b. The height of the 12th floor Penthouse will be approximately 12'-0", and the new 2nd duplex level (13) will be approximately 12'-0" high.

c. The above referenced work is pending approval by the NYC Dept. of Buildings. NYC Dept. of Building plans will be made available upon approval.

(h) Structural System

The building is a Class I Fireproof building. The structure consists of steel columns and beams supporting concrete floor slabs. The foundation walls are concrete.

1. Existing Conditions

a. Exterior of Building

1. Existing Walls

The exterior walls are constructed of brick masonry facing with brick/terra cotta block backup in some locations and all walls are in fair condition. There are areas of terra cotta ornamentation. surrounding some windows on the street facade, at the parapet and at the water tower enclosures. The first four floors of the street facades are clad in limestone with a limestone projected band course at the fourth floor window sill line. The window sills on the three street facades are limestone and the window sills on the courtyard side are slate, all are in fair condition. The Sponsor intends to clean the masonry facades on the street side. Local Law - 11 applies to this building. The most recent Local Law 11 Report is attached hereto as Exhibit A. Currently, the building is being reviewed for the required Local Law 11 maintenance. All corrections and repairs as

determined by this review will be made upon the completion of this review by the engineer. The results of this maintenance will be made available at that time. The projected completion for the maintenance and inspection is by the end of 2012. The exterior walls are not insulated. The U-values of these walls are undetermined. The Sponsor does not intend to provide any additional moisture proofing on the exterior walls of the building.

The existing walls of the water tank enclosures at the north and south ends of the buildings are in fair condition with some areas where joints have deteriorated. These areas will be raked out and pointed. There are some non-structural cracks which will be repaired, as well.

2. Existing Windows

All of the windows in the Residential Units on floors 2 through 11 plus the penthouse are aluminum double-glazed double-hung units which are in fair condition. Wood window frames from the previous window installation have been covered with aluminum and are not visible. There are some double-hung kalamein windows with wire glass at Cellar courtyard windows. They are single-glazed and in fair to poor condition. The windows in the common area stairs are aluminum double hung with patterned wire glass units which are in fair condition. The windows in the Lobby at the first floor are double-hung kalamein windows with wire glass, with clad, steel casement single-glazed interior ornamental windows. They are in fair condition. The sponsor is providing new wood double glazed, aluminum clad windows for all renovated units. These windows are manufactured by Pella and comply with the requirements of the NYC Energy Conservation Code. Light and air requirements for all renovated and combined units comply with the NYC Building Code and NYS Multiple Dwelling Law. There are no lot-line windows in the building.

3. Landmark Status

The building does not have landmark status, nor is it located within a New York City Landmark District.

b. Existing Parapets and Copings

The parapets at the main roof at the courtyard side of the building consist of a brick masonry with a stone coping, approximately 42 inches high. The brick parapet is in fair condition. The stone coping is in fair condition with the exception of some deterioration at the joints between coping sections. These areas are in poor condition. The parapets at the exterior wall of the building facing the street consist of a combination of brick parapets with a deep projected terra cotta cornice, with terracotta copings and copper cap flashings. The parapets are in fair condition. Above the parapet are existing brick and terracotta piers spaced regularly which are in fair condition. The parapets and cornice will be inspected as part of the Local Law 11 maintenance an defective areas will be repaired. The existing cornice projection is approximately 3'-0" from the face of the masonry wall of the building.

c. Existing Chimneys and Caps

There is a large flue for the boiler located at the north wing of the building. It is constructed of brick masonry terminating more than 30 feet above the main roof. The flue lining was not observable. There are chimney extensions above the main roof of varying heights which serve active fireplaces in the building. There are two active refuse chute extensions at the courtyard side, one for the north portion and one for the south portion of each building. There are two abandoned incinerator chute extensions that will be removed by the Sponsor.

d. Existing Balconies and Terraces

There are existing, decorative limestone and painted metal Juliette balconies located at the 4th and 10th floors of the street facades which appear to be in fair condition (refer to Local Law 11 Report). Currently, the building is undergoing the require Local Law 11 maintenance. The results of this maintenance will be made available upon its completion.

There are existing roof terraces with wood pallet decking associated with the two Penthouse apartments. This decking is being removed. The parapets and copings are as described under "Parapets and Copings" above.

e. Exterior Entrances

The current entrance to the building is on Lexington Avenue. There are existing entrance/exit wood and glass doors and vestibules located at the East 88th Street and 89th Street side of the Lobby, including interior vestibule doors.

1. Mail slots for all residential units are located next to the doorman station in the Lexington Avenue vestibule.

f. Service Entrances

There are Cellar service entrances located for the north and south portions of the building off of the east courtyard which are accessed from both East 88th and East 89th Streets.

1. Doors and frames: (see-2. and 4. below)
2. Gates: There are existing painted steel gates providing access to the courtyard from both East 88th and East 89th Streets. The gate hardware will be replaced with a magnetic lock, which will permit free passage out to the sidewalk, but will provide security from the sidewalk side. The magnetic locks will be operated by cards or key fob controllers. The gates are in good condition. The service doors from the side yard to the cellar areas will be similarly fitted, except electric strikes will be provided in lieu of magnetic locks.
3. Exterior Stairs: There are metal stairs leading from the courtyard up to the first floor setback roof. These stairs are in fair condition. These stairs will be removed in order to construct the new decks for the first floor apartments.
4. Exterior Doors: Exterior doors from the Cellar to the service area are existing metal doors. These doors will be replaced with new hollow metal doors.
5. There are several existing sodium vapor or maetal halide light fixtures at the service area which provide adequate lighting.

g. Existing Roof and Roof Structures

1. Type of existing roof in each area:

The existing roofing at all roof sections is built-up roofing.
There is no existing insulation above the existing roof slabs. The sponsor does not intend to provide new insulation above the existing roof slab in conjunction with the installation of the new roofing system. In the areas of the existing main roof above the 11th Floor, which will not be part of the newly configured penthouse units, the roofing will not be replaced.

The surface finish of all roofs is a mineral surfaced capsheet installed in conjunction with the roof system.

The existing cap flashing at all roofs is copper. The base flashing material and condition is not readily visible as it is covered by roofing material. The cap flashing is in fair condition with some poor areas, which will be repaired or replaced.
Testing for ACM has been done for areas of the main and water tower roofs. The tests for the main roof have proved negative, and the tests for the water tower roofs have had some positive results. Any roofing which is to be disturbed by removal and/or replacement will be tested, and abated, if necessary, in accordance with New York City requirements

2. Existing Drains

There are existing roof drains typically at all roofs, except at service elevator machine rooms which have scuppers and leaders to the main roof level. The main roof has 10 drains. They are open drains, some of which have cast iron grate covers. The drains are in fair to poor condition. Some of the drains will be removed for the construction of the new Penthouse. New drains will be provided in these locations (see Future Work, below). Those to remain without grate covers will receive new ones. The drains appear to be adequate. The building staff has indicated that the roof drains do not back up during heavy rains.

3. Existing Skylights

There are existing skylights located above the interior public stairs and over the elevator machine rooms. The skylights are in poor condition. Where any existing skylights are to remain, the Sponsor will replace cracked or broken skylight glass.

4. Existing Bulkheads

Existing stair bulkheads and elevator bulkheads are constructed of brick masonry. All other roof structures including the water tank enclosures are constructed of brick masonry with terra cotta ornamentation. The masonry is in fair to poor condition. The terracotta ornamental columns, capitals and band courses are in poor condition.

5. Existing Metal Work at Roof Levels

There are existing steel diamond plate ships ladders within the water tank bulkheads with steel railings leading to the elevator machine rooms which are in poor condition. These ladders will be replaced with new ships ladders and landings to provide access to reconfigured elevator machine rooms.

There are existing steel vertical ladders which serve to connect the main roof level with the Penthouse and Bulkhead roofs. The ladders are in poor condition. Many of these ladders will be relocated and/or replaced. Those remaining will be repaired and painted with one coat of rust inhibitive primer and two finshed coats.

There are no roof hatches.

h. Fire escapes

There are no fire escapes on the building.

i. Existing Yard and Courts

There are interior courtyards (see "Landscaping and Enclosures" above) and a side yard at the east side of the building. The courtyard is accessed via concrete ramps off of both East 88th and East 89th Streets and serve as egress from the Cellar level.

1. The interior courtyard walking surface is concrete slab on grade, and is in fair condition. It will be patched where required to match existing. Upon competon of the work, there will be no tripping hazards.
2. Drainage at the courtyard is via several area drains located at all of the low points. These drains are in fair condition. The building staff has indicated that these areas do not flood during heavy rains.
3. There is a one-story roof extension at the center of the building that projects into the courtyard, which has terracotta pavers set into an unknown roofing system. The roofing and pavers will be removed and replaced with new roofing. (see Proposed Roof and Roof Structures).
4. There is a two-story roof extension at the center of the building over the Lobby that projects into the courtyard, which has a built-up roof system.

j. Existing Interior Stairs

There are two public stairs in the north section of the building, and three public stairs in the south section of the building. The stairs are accessed from the common hallways, and terminate at the main 1st floor lobby which has exits at each end. The stairs and railings are in good condition.

The stairs are constructed of metal pan with concrete fill. The stringers, risers, guard rails and railing pickets are all constructed of steel.

k. Existing Interior Doors and Frames

The entrance doors and frames to each Residential Unit are "kalamein" type, which met code requirements when the building was constructed. Apartments which are being renovated will receive new "kalamein" doors in the existing frames, which are being repaired as necessary. The doors and frames to the corridors, stair hall, roof and cellar are either "kalamein" or hollow metal. All new rated doors will have NYC labels.

l. Existing Elevators

1. Number and Type

There are four manual service elevators and two automatic passenger. elevators in the building (one passenger elevator and two service elevators are located in each section of the building). One service elevator one each side will be de-commissioned. The elevators in each wing serve only that wing of the building as there is no connection by public hall between them except at the Cellar and First Floor Lobby. Within each wing, the passenger elevator and service elevator run independently. All elevator motors and controls will be replace with new (See Modernization of Elevators).

2. Manufacturer and Capacity

The elevators, which were manufactured by The Gurney Company, were originally installed when the building was built. The passenger elevators have a capacity of 2,000 lbs. and 13 persons. The service elevators have a capacity of 2,000 lbs.

3. Operation

The passenger elevators are simplex full collective operation. The service elevators are manual simplex operation.

4. Controls

The existing passenger elevators are automatic. The existing service elevators are manual and require an attendant.

5. Floors Served

The existing passenger and service elevators currently serve the Cellar through 11th Floors (12 landings).

6. Type

All elevators are worm geared traction and were manufactured by The Gurney Elevator Company.

7. Doors

The existing passenger elevator doors are single speed, side opening doors. The service elevator doors are manually operated by an attendant.

8. Location of Machine Rooms

The existing machine rooms for both the passenger and service elevators are currently located at the Roof Bulkhead level.

a. Motors

The existing passenger elevator machines are AC drive motors. The existing service elevators are DC drive motors.

9. Elevator Cabs

The existing passenger elevator cabs are of custom manufacture with wood paneling and resilient tile floors which are in fair condition.

2. *Future Work*

a. Exterior of Building

1. Walls

a. The proposed Penthouse addition will be constructed of new steel framing, concrete on metal deck floor slabs and insulated exterior walls clad with metal panels.

2. Windows

The Sponsor intends to replace the existing windows in the apartments to be renovated. The new windows will be commercial grade aluminum clad (on the exterior), wood double glazed double hung windows. Windows at the Cellar courtyard facades (service rooms) will remain as existing and will be repaired.

The proposed penthouse windows and doors will be aluminum-clad wood or aluminum, double-glazed system with operable sections.

b. Proposed Terrace Railings

Perimeter railings at the proposed Penthouse upper level (13) terraces will be 42" high minimum. Railings will be built in accordance with requirements for Guardrails in the New York City Building Code. All railings will be constructed of corrosion resistant components and or be treated for corrosion resistance with rust inhibiting paint, etc.

c. Proposed Chimneys and Caps

The existing brick chimney extensions above the main roof (12th Floor) serve active fireplaces in the building. There are two active refuse chute extensions at the courtyard side, one for the north portion and one for the south portion of each building. The chimneys and chute extensions will be extended up to project above the proposed Penthouse expansion to meet Code.

d. Proposed Terraces

Roof terraces (12th Floor, 13th Level) associated with the proposed Penthouse apartments will receive pavers on pedestals over a new roof membrane system. The existing parapets and copings are as described under "Existing Parapets and Copings" above. At 1st Floor apartments facing the courtyards, open-air decks will be provided. A planted open-air deck "viewing garden" will be provided visible from the center of the Lobby.

e. Proposed Exterior Entrances

The Sponsor intends to move the main building entrance from the Lexington Avenue side to East 88th Street. The existing wood and glass doors and granite step at this entrance will be removed. The interior floor level will be lowered to align with the sidewalk and a new wood and glass exterior doors (pair) with a transom will be installed at the existing entrance. An

interior ramp will be provided along the west wall of the vestibule to navigate the change in level, and steps will be provided along the east vestibule wall. A canvas canopy on metal posts and framing will be provided at the sidewalk. The entrance is inset behind the exterior wall of the building and, thus drainage is not required. The canvas canopy does not require drainage.

The existing inner vestibule doors will be replaced with new wood and glass doors positioned to accommodate the new vestibule ramp. The ramp will be handicapped accessible.

The existing set of exterior wood and glass doors and transom located at the East 89th Street side of the Lobby, including interior vestibule doors, will be refurbished, and will serve as a second exit from the Lobby.

1. The Sponsor will provide new recessed mailboxes in an alcove off of the Lobby for all of the Residential Units.
2. Exterior lighting will be provided at the exterior of the proposed East 88th Street building entrance, and a canvas canopy on metal frame will extend out over the sidewalk.
3. The floor of the lobby will be lowered to provide an accessible entrance with no tripping hazards.
4. The Sponsor will provide the Condominium with warranties for the new exterior entrance doors and hardware.
5. Exterior metals to be used for the exterior doors will be finished to inhibit corrosion and corrosion resistant fasteners will be used in areas exposed to wet conditions.

f. Proposed Roof and Roof Structures

1. Type of existing roof in each area:

The existing roofing at all roof sections is built-up roofing. The Sponsor intends to replace roofing at the 2nd Floor setback roof in the courtyard, roof bulkheads roofs above the water tanks where HVAC will be installed, and will provide new roofing at the 12th Floor/Roof and the Penthouse roof which will consist of a new built-up roofing system.

New sections of roofing will receive a mineral surfaced capsheet installed in conjunction with the new roof system. Areas designated as roof terraces will receive new pavers on a system of pedestals which allows water to flow to the roof drains.

New roof sections and new roofs as described above will have a 20 year warranty with No Dollar Limit. Existing roof areas that will not receive a new built-up roofing system will not have such warranty.

New flashing in the areas of roof replacement and repair will be copper.

2. Proposed Drains at new roofs

At the expanded Penthouses and bulkheads described, new roof drains will be provided. At smaller bulkhead roofs, leaders and scuppers if required will be copper.

3. Proposed Skylights

As part of the proposed Penthouse work, new metal and wire glass skylights will be provided over stairs that are extended up to the penthouse roof level. The existing skylights over the elevator machine rooms will be removed and replaced with louver vents. New skylights will be constructed of galvanized steel and glazed with wire glass.

A new aluminum and insulated glass skylight will be provided over the center of the 1st floor lobby. Where any existing skylights are to remain, the Sponsor will replace cracked or broken skylight glass.

4. Extended Stair Bulkheads

At the proposed penthouse addition, stair bulkheads will be extended up to provide required means of egress and access to roof levels.

5. Metal Work at Roof Levels

Existing exterior service ladders will be replaced with new ships ladders and landings to provide access to reconfigured elevator machine rooms.

There are existing steel vertical ladders which serve to connect the main roof level with the Penthouse and Bulkhead roofs. The ladders are in poor condition and will be replaced.

Perimeter railings at proposed Penthouse unit terraces will be metal were required.

Roof hatches may be provided to access exterior equipment on the existing water tank bulkhead roofs.

New dunnage will be provided for new AC condensing units. Dunnage will be painted with one coat of rust-inhibitive primer and two finshed coats. AC units will be provided with vibration isolators (See report by Edwards & Zuck, P.C.)

6. Rooftop Facilities

A portion of the main roof at the northwest corner of the building will be reserved as a common roof terrace for the Residential Unit Owners. This area will receive decking or pavers which are compatible with the underlying roof system. The terrace will be accessible by elevator. An indoor common space will be provided on the northwest corner of the building adjacent to the common roof terrace.

Mechanical equipment will be located on the roofs above the penthouse apartments and above the water tower roofs. He units will be mounted on dunnage with vibration isolation (see Mechanical report by Edwards & Zuck. All dunnage will be painted with rustproof primer and finish coats.

g. Proposed Interior Stairs
Two of the existing interior exit stairs in the north and south section of the building will be extended up to the new Penthouse roof level.

The stairs will be constructed of metal pan with concrete fill. The stringers, risers, guard rails and railing pickets will be constructed of steel.

h. New Interior Doors and Frames

Renovated apartments will receive new "kalamein" doors in the existing frames, which will be repaired as necessary. Doors and frames at the Penthouse apartments will be fire-rated, self-closing metal. All fire rated doors will be so labeled

i. Modernization of Elevators

1. Number and Type

One of the two manual service elevators will be decommissioned on each side of the building. The existing automatic passenger elevator on each side will be used as service elevator. The existing cab interior will be reused, but fitted with new control panels. The remaining service elevator on each side of the building will be converted to passenger use, and extended up to the 12th Floor/Roof level. This elevator will be fitted with a new cab interior and new control panels. The passenger elevator and service elevator on each side of the building will run independently. The tentative date for the completion of the elevator work is February of 2013.

2. Manufacturer and Capacity

The original elevators, which were manufactured by The Gurney Company, were originally installed when the building was built. All moving parts, including overhead traction machines, counterweights, ropes, etc., will be new by Centennial Elevator Co. The existing platforms and cross arms will be reused for the new passenger elevator, which will be fitted with new cabs (see below). Each passenger elevator will have a capacity of 2,000 lbs. and 13 persons. Each service elevator will have a capacity of 2,000 lbs.

3. Operation

The passenger elevators **(PE-1 and PE-2)** will be provided with new controls for simplex full collective operation. The service elevators **(SE-3 and SE-4)** will also receive new controls and will also be simplex full collective operation.

4. Controls

The converted passenger and service elevators will have automatic operation with new controls.

5. Floors Served
The service elevators will serve the Cellar through 11th Floors (12 landings). The Sponsor will extend the passenger elevators to serve the Cellar through the 12th floor/Penthouse level (13 landings).

6. Type

All elevators will be worm geared traction type.

7. Doors

The passenger and service elevator doors will be replaced and will be single speed, side opening doors, 36" wide and will accommodate wheelchairs.

8. Location of Machine Rooms

The Sponsor will raise and construct new elevator machine rooms to accommodate the extension of the passenger elevators to the 12th floor/Penthouse level.

a. Motors
The existing machines will be replaced at all elevators with new AC drive motors.

b. AC Motor-Generator
The Sponsor has retained VDA as Elevator Consultant, and they have provided specifications and drawings for the elevator work.

9. Elevator Cabs

The service elevator cabs will remain. The Sponsor intends to provide a new cab at the new passenger elevators. The finishes will include new stone tile, wood paneling on walls, plastic laminate ceiling panels and new lighting (Owner confirm).

At the completion of the elevator upgrade work, there will be alarm switches, emergency stop buttons, automatic dialing hands-free telephone and door sensors for all elevators. The new elevator equipment will be warrantied for 25 years.

(i) Auxiliary Facilities

1. Laundry Rooms

There will be one common laundry room located in the cellar for use by all Residential Unit Owners. The Sponsor plans to reconfigure and renovate the laundry room. The common laundry room will house four stacking smart card-operated washers/dryers, and one smart-card operated large-load washer and one smart-card operated large load dryer which will be provided by a Laundry vending company. All washers and dryers will be commercial units operated by an outside vender. Washer and dryers will be leased.

The laundry room will be mechanically ventilated. The dryers, which are gas operated, will be vented to the exterior. Laundry Room hours will be set by the Managing Agent.

All renovated apartments will be fitted with Bosch washers and dryers within the apartment (either stacked or side by side). Approximately 26 units in the building will not have washers and dryers so the proposed number of washers and dryers in the Laundry room should be sufficient for those units.

2. Refuse Disposal

There is one existing refuse chute and one existing trash compactor in the Cellar in the north and south wing of the building (two of each total). Building staff picks up recyclables from each floor and brings it down to the trash room located in the Cellar. On designated days, the refuse is brought from the refuse storage area to the street for curbside pick up by the NYC Department of Sanitation.

There are no incinerators.

3. Indoor common space will be provided adjacent to the common roof terrace (See Rooftop Facilities above).

For details about Plumbing and Drainage, Heating, Gas Supply, Air Conditioning, Ventilation, Electrical System, Intercommunication and/or Door Signal Systems, and Public Area Lighting, see the report by Edwards & Zuck in Part 4A.

(r) Garages and Parking Areas

There is no on-site parking. Parking is permitted on the surrounding streets, but D.O.T. parking regulations apply according to the posted signage. There are also several private parking garage facilities in the surrounding neighborhood.

(s) Swimming Pool(s)

There are no swimming pools

(t) Tennis Courts. Playgrounds and Recreation Facilities

There are no tennis courts on the premises.

The Sponsor will be creating the following new recreational spaces on the Property:

- outdoor terrace(s) at the 12th floor/Roof level for use by Residential Unit Owners and tenants;
- a children's play room in the cellar of the Building for use by Residential Unit Owners and tenants;
- an exercise room in the cellar for use by Residential Unit Owners and tenants over the age of 18. The exercise room will be outfitted with various pieces of exercise equipment;
- a game room;
- a music practice room.

(u) Permits and Certificates

Building Permits will be or have been obtained for the Penthouse expansion, renovation of vacant apartments, alteration to the common area hallways, electrical upgrades, installation of new air conditioning units, asbestos abatement, plumbing alteration, installation of a sprinkler system in the cellar and elevator upgrades. The two existing Certificate of Occupancies will be combined to create one Certificate of Occupancy. Permits have or will be obtained from the NYC Dept. of Buildings. Inspections will be made by the NYC Dept. of Buildings. Special Inspections will be made by ARCT Architecture, P.C. for fire-stopping. All other Special Inspections will be performed

by Domani Inspection Services. Copies of Building Permits will posted in the Building until such work being performed under the associated applications are signed off.

(v) Violations

The following Violations are listed as active by the NYC Dept. of Buildings:

For 141 East 88th Street, Lot 20

- V 042104LL108101262
- V 051805E9011/129112

For 1329 Lexington Avenue, Lot 50

- V 2084-75
- V 2085-75
- V 080678C281S-6701-75
- V 021089E130006/01

Upon completion of the proposed elevator upgrade work, the above violations will be dismissed.

(w) Unit Information

Ten of the Units have been observed.

a. Type and Grade of Finish Material (renovated units)
Floors in the living areas will be stained oak over wood subfloor. Other floor finishes will be ceramic or stone tile in bathrooms. All baths will have ceramic or stone tile bases and tub/shower surrounds will have full height ceramic or stone tile. Kitchens will receive new ceramic tile, stone tile or oak strip flooring. There will be one coat of primer and one coat of paint on room walls, ceilings and bases. Room walls and ceilings will be plaster or new gypsum board.

b. Type and Grade of Finish Material (un-renovated unit)
Floors are generally existing oak parquet in fair to poor condition. Other floor finishes vary but are generally existing ceramic tile floors, bases and wainscots in bathrooms, resilient tile in kitchens. The existing painted plaster walls are generally in fair condition.

c. Bathroom Fixtures (renovated units)

- Water Closet will be Toto or equal.
- Lavatory will be Kallista P74206-00-KL or equal.
- Tub will be Duravit 'D-Code' No. 70096 or equal.
- Tub controls will be Waterworks 'Henry' HNLS10N or equal.

d. Bathroom Fixtures (un-renovated units)

Typical bathroom fixtures include existing tub, lavatory and water closet. Some units may have showers. The fixture manufacturers vary from apartment to apartment, and the fixture conditions vary from good to poor in the apartments observed.

e. Bathroom accessories (renovated units)

- One (1) towel bar
- One (1) toilet paper holder
- One medicine cabinet with mirror

f. Bathroom accessories (un-renovated units)

Generally, typical bathroom accessories include a recessed and/or wall-mounted soap dish at the sink, a recessed or wall-mounted medicine cabinet, a recessed soap holder at the tub, and a recessed toilet paper holder. The condition of these accessories varies from fair to poor in the apartments observed.

g. Kitchen & Laundry Equipment (renovated units)

- Sink will be Kohler Vault K-3822 sink or equal.
- Range will be Wolf R366 or, 30" R304 gas range or equal. In the event that an existing gas line is found to be defective, the gas service to the apartment will be terminated and an electric range will be installed
- Hood will be Wolf "Pro' with recirculation kit or equal.
- Microwave will be Sharp KB-6014LS microwave drawer or equal.
- Refrigerator will be Subzero BI30U (30") or B136U (36") or equal.
- Dishwasher will be Bosch SHV68MO3UC'or equal:
- Bosch stacked washer/dryer will be provided in some units.
- Bosch side-by-side washer and dryer

h. Kitchen and laundry equipment (un-renovated units)

Typical kitchen equipment includes existing sink, refrigerator, range or cooktop and oven, range hood, and dishwasher. The exact models of the equipment vary from apartment to apartment. The condition of the equipment' varies from fair to good in the apartments inspected. No existing laundry equipment was found in the apartments, although it's been reported that laundry equipment does exist in some apartments.

(x) Finish Schedule of Spaces Other Than Units (After work by Sponsor)

ROOMS	FLOOR	WALLS	CEILING	REMARKS
CELLAR (general)	Ptd. Concrete	Ptd. Brick/GWB	Ptd. Concrete	
Meter Rooms	Ptd. Concrete	Ptd. Brick.Plaster	Concrete	
Boiler Room	Concrete	Ptd. Brick	Concrete	
Game Room	Rubber Flooring or Resilient Tile	GWB	Ptd. Concrete	

Tenant Storage Rooms	Concrete	Ptd. Brick/GWB	Ptd. Concrete	
Children's Playroom	Rubber Flooring or Resilient Tile	Ptd. GWB	Ptd. Concrete	
Exercise Room	Rubber Flooring or Resilient Tile	Ptd.GWB	Ptd. Concrete	
Laundry Room	Ceramic Tile	Ptd. GWB/C.T.	Ptd. Concrete	
Resident Restroom	C.T.	Ptd. GWB/C.T.	Ptd. GWB	
Bike Storage	Ptd. Concrete	Ptd. Brick/GWB	Ptd. Concrete	
Supt. Office	Ptd. Concrete	Ptd. GWB	Ptd. Concrete	
Staff Locker Room	Resilient Tile	Ptd. Brick/GWB	Ptd. Concrete	
Public Stairs	Ptd. Concrete, Terrazzo	Ptd. Brick; Ptd. Plaster, W.C.	Ptd. Concrete	Ptd. Metal railings
Main Lobby	Existing & new Stone Tile	Existing & new Stone panels; Ptd. Plaster	Ptd. Plaster/GWB	
Existing Public Halls	Terrazzo	W.C.	Ptd. GWB/ Plaster	
New Public Halls	Stone tile	W.C.	Ptd. GWB	
KEY:				
	Ptd. = Painted		Conc. Blk = Concrete Block GWB= Gypsum Wall Board or Cement Board	
	C.T. = Ceramic tile			
	W.C. = Wallcovering			

RESIDENTIAL UNIT INFORMATION

APT #	AREA	BRMS	RMS	BATHS	REMARKS
M1	3,253	4	9	3.5	TERRACE, DUPLEX
M2	1,299	2	4	2.5	TERRACE
M3	826	1	2	1	
M4	1,371	2	5	2.5	TERRACE
2A	1,029	2	4	1.5	SUPERINTENDENT
2B	720	1	3	1	
2D	1,818	2	4	2.5	EAT-IN KIT.

2E	1,314	2	5	2	
2F	1,575	2	5	2	FAMILY ROOM
2G	1,847	2	4	2.5	EAT-IN KIT.
2H	1,722	2	6	3	STUDY
2I	1,040	2	4	2	
3A	980	2	4	1.5	
3B	720	1	3	1	
3C	1,790	2	5	2.5	EAT-IN KIT.
3D	2,060	3	7	2.5	STUDY
3E	1,350	2	5	2	
3F	2,650	4	7	4	EAT-IN KIT, LIBRARY
3G	2,090	3	7	2.5	STUDY
3H	1,705	2	6	3	STUDY
4A	3,211	4	7	4.5	EAT-IN KIT., FAM. RM.
4C	1,790	2	6	2.5	EAT-IN KIT.
4D	2,060	3	5	2.5	EAT-IN KIT.
4F	2,650	4	7	4	EAT-IN KIT., LIBRARY
4G	2,090	3	5	2.5	EAT-IN KIT.
4H	1,705	2	6	3	STUDY
5A	3,211	4	7	4.5	EAT-IN KIT., FAM. RM.
5C	1,790	2	6	2.5	STUDY
5D	2,060	3	6	2.5	STUDY
5F	1,575	2	6	3	STUDY
5G	2,090	3	5	2.5	EAT-IN KIT
5H	1,705	2	5	2.5	STUDY
5I	1, 040	2	4	2	
6A	3,211	4	7	4.5	EAT-IN KIT., FAM RM.
6C	1,790	2	5	2.5	EAT-IN KIT.
6D	2,060	3	7	2.5	STUDY
6F	1,575	2	6	3	STUDY
6G	2,090	3	7	2.5	EAT-IN KIT.
6H	1,705	2	5	2.5	STUDY
6I	1,040	2	4	2	
7A	980	2	4	1.5	
7B	720	1	3	1	
7C	1,790	2	5	2.5	EAT-IN KIT.
7D	2,060	3	7	2.5	STUDY
7E	1,350	2	5	2	
7F	1,575	2	6	3	STUDY
7G	2,090	3	7	2.5	STUDY
7H	1,705	2	6	3	STUDY
7I	1,040	2	4	2	

8A	1,700	2	6	2.5	GREAT RM.
8C	1,790	2	5	2.5	EAT-IN KIT.
8D	2,060	3	5	2.5	EAT-IN KIT.
8E	1,350	2	5	2	
8F	1,575	2	5	2	STUDY
8G	2,090	3	7	2.5	EAT-IN KIT.
8H	1,705	2	6	3	STUDY
8I	1,040	2	4	2	
9A	3,211	4	7	4.5	EAT_IN KIT., FAM.RM.
9C	1,790	2	6	2.5	EAT-IN KIT.
9D	2,060	3	5	2.5	EAT-IN KIT.
9F	1,575	2	5	2	
9G	2,090	3	7	2.5	STUDY
9H	1,705	2	6	3	STUDY
9I	1,040	2	4	2	
10A	980	2	4	2	
10B	720	1	3	1	
10C	3,847	5	9	6.5	EAT-IN KIT., LIBRARY
10E	1,350	2	5	2	
10F	1,575	2	6	3	STUDY
10G	3,795	5	9	6.5	E.I. KIT., LIB, STUDY
10I	1,040	2	4	2	
11C	1,790	2	6	2.5	STUDY
11F	1,575	2	6	3	STUDY
11I	1,040	2	4	2	
PH-11A	3,970	4	8	5.5	TERRACE, DUPLEX
PH-11D	3,547	4	7	4	TERRACE, DUPLEX
PH-11G	4,741	4	10	6	TERRACE, DUPLEX
PH-N	2,912	3	7	3.5	TERRACE, DUPLEX
PH-S	2,806	3	7	3.5	TERRACE, DUPLEX

Total: 79 Units

Note: floor to ceiling height is approximately 9'-3" unless otherwise noted. Number of rooms are based on the Real Estate Board of New York standards. Floor Areas of units are approximate.

Unit Boundaries

For measurement purposes the approximate square foot area of each Residential Unit is measured horizontally on each of one or more floors from the exterior side of the exterior wall of the Building to the midpoint of the interior walls and partitions separating one Unit from another

Unit, or the Midpoint of the interior walls and partitions separating a Unit form public corridors, stairs, elevators and other mechanical equipment spaces or any Common Element or Limited Common Elements or to the opposite exterior side of the exterior walls of the Building, as the case may be. Columns, mechanical pipes and chimney flues (whether along the perimeter or within the Unit) are not deducted from the square foot area of the Units. Measured vertically, each Unit will consist of the volume from the top of the floor slab below (located under the finished flooring and sub floor materials) to the underside of the floor slab above.

For measurement purposes the approximate square foot area of the Commercial Unit consists of the area measured horizontally on each of one of one or more floors from the exterior side of the exterior walls of the Building to the midpoint of the interior walls and partitions separating the Unit from corridors, stairways, elevator shaft, other General Common Elements, Limited Common Elements or other Units, or to the opposite exterior side of the exterior walls of the Building, as the case may be. Columns and mechanical pipes (whether along the perimeter or within the Unit) are not deducted from the square foot area of the Units. Measured vertically, the Commercial Unit will consist of the volume from the top of the floor slab below (located under the finished flooring and sub floor materials) to the underside of the floor slab above.

Doors, windows and skylights which open from or form the border of a Unit shall be deemed part of the Unit.

Any mechanical equipment located outside a Unit which only services a particular Unit, such as the air conditioning equipment for the Commercial or Residential Unit, shall be a fixture which is the personal property of the Unit Owner of the Unit it services. Such Unit Owner shall be responsible for the cost of any maintenance, repair or replacement of such mechanical equipment not provided for in a service contract that covers all Units.

Any Common Elements located within a Unit will not be considered a part of such Unit.

(y) Safety and Warning Devices

Smoke detectors and carbon monoxide detectors are required to be installed in all existing apartments in accordance with New York City requirements. All renovated apartments will have new smoke detectors and carbon monoxide detectors installed. For further details about safety and warning devices in common areas of the building, see the report by Edwards & Zuck (Consulting Engineers).

(ab) Further Development

The Sponsor plans to alter several Residential Units by combining two or more existing Units into a single Unit and renovating the combined Unit. In addition, the Sponsor intends to renovate vacant Units. Except as described elsewhere in this report, no additional floor area will be added to the building as a result of the combinations and/or renovations. The Sponsor also intends to renovate or refurbish the lobby and the common area hallways and stairs.

1. Plans for Residential Unit alterations will be filed with the New York City Department of Buildings prior to construction.
2. No additional Units will be constructed on top of the existing structure, however the Sponsor plans to duplex some of the existing 11th floor units up to the 12th floor/Roof level and provide terraces for those units. In addition, the two existing Penthouse units on the 12th floor/Roof will be enlarged and duplexed up to a second new level. This work will comply with New York City Zoning Resolution and will be filed with the New York City Department of Buildings.

3. The combinations and renovations will have little or no effect on the adequacies of the existing building heating and plumbing systems.
4. Existing water supply and sewage piping will be replaced by the Sponsor in unoccupied renovated apartments if found defective. The existing electrical system will be upgraded (see the report prepared by Edwards & Zuck (Consulting Engineers). The existing passenger and service elevators will be refurbished as described herein.
5. The following facilities will be provided in the cellar of the building for use by Residential Unit Owners and tenants: a children's playroom, an exercise room, a laundry room, a screening room and common tenant storage rooms. A bicycle storage area will also be provided. Unit Owners will have priority over tenants for space in the bicycle storage area. There will be 53 tenant storage spaces in the Cellar and 47 bicycle storage spaces in the Sub-Cellar.

6. Effect of Renovation on Tenant Occupancy

The renovations and refurbishing will occur with tenants in occupancy. All work will comply with New York City's requirements for tenant safety and the construction documents will be so noted. A licensed professional Engineer or Architect will produce a Tenant Protection Plan as required by the New York City Building Code.

a. Construction debris will be removed from the areas of work through the Public Halls and taken down to the Cellar utilizing the two service elevators. The debris will then be taken out to the street via the Cellar Public Hall and the side yard at the east property line of the building. The debris will then be taken to the street through the service gate at the side yard and taken out to the street in containers which will be picked up by a private refuse collection contractor.

b. The renovation schedule will be as follows: Monday-Friday, 9:00AM to 5:00PM except holidays, with the exception of the elevator refurbishing. In order to expedite this work, elevator refurbishing work may occur before or after these hours or on weekends.

c. The building staff will monitor all comings and goings of construction personnel. The Sponsor will have a full time representative on site during hours when construction workers are present in the building. Workers will gain access to the building through the east side yard of the building and then through the cellar.

d. There may be some minor temporary interruptions of service during construction. In general, the interruption will be localized (e.g. a riser for a vertical line of apartments) for the connection of new plumbing branch piping, etc. There may be some short-term building-wide service interruptions for new utility service connections. There will also be interruptions due to the elevator modernization. During this period, at least one passenger or one service elevator will remain operational in each wing of the building during the elevator modernization. In addition, one of the service elevators will remain operational during this period so that tenants will be able to access the cellar. The laundry room in the cellar will be renovated. The Sponsor will provide temporary laundry facilities during that time.

e. The Sponsor intends to retain contractors to do the renovation .work in a careful and professional manner. However, it is possible that, due to the age of the building, that some leakage in existing piping systems may occur. The contractor will be required to mitigate and repair any such leaks in a timely manner. The building staff and

managing agent will monitor the building at times when the contractor(s) are off site and will be authorized to have repairs made during those times.

f. The Sponsor and all contractors working on the project will have liability insurance in effect during the contraction period as required by law and municipal agencies having jurisdiction.

(ac) Asbestos

For details see the Asbestos Containing Material Survey Report, dated December 2, 2011, prepared by Advanced Environmental Corp. contained in Part II of the Offering Plan. In general, all asbestos containing material will be either encapsulated or abated in areas of work.

(ad) Lead-based Paint

There are no outstanding violations or reports regarding lead-based paint. However, due to the age of the building, there is a distinct possibility that lead-based paint exists in the building. In apartments to be renovated, the Sponsor will treat and/or remove areas of lead-based paint in accordance with New York City requirements.

(ae) Chinese Drywall:

The Sponsor has no intention of using gypsum drywall panels manufactured in the Republic of China.

(af) Documents to be Transferred to the Condominium Management, if applicable:

1. Operation and Maintenance manuals for mechanical equipment
2. Electronic System manual
3. Equipment warranties
4. Roof warranty
5. Major equipment start-up sheets
6. Control System As-Built
7. Original Test and Balance reports for the HVAC systems
8. As-Built drawings, if available

By: _____ 8/14/12
Alan G. Rose, AIA
ARCT Architecture, P.C.
Principal

REGISTERED ARCHITECT
ALAN G. ROSE
012318
STATE OF NEW YORK

ARCT
ARCHITECTURE pc

ALAN G. ROSE, A I A CARMEN TAGLE, A I A

REGISTERED ARCHITECT
ALAN G. ROSE
012319
STATE OF NEW YORK

SUPPLEMENT TO DOCUMENT NUMBER 4

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

Philip House Condominium
141 East 88th Street, New York, NY 10028

September 4, 2012

The following references Document of Property and Building Condition, dated August 12, 2012. The numbering below corresponds to that document's.

(f) Landscaping and Enclosures

2. Future Work

a. Open-air decks will be provided for units M-1 through M-4. The decks will be of fireproof construction. These decks will be provided with pavers, and 3'-6" high metal railings. The will also be provided with hose bibs and weatherproof electrical outlets. When the decks have been filed with the NYC Dept. of Buildings, a more detailed description will be provided and copies of the approved drawings will be made available.

(g) Building Size

2. Future Work

d. There will five Penthouse apartments. All will be duplex apartments. Three of them, Units 11A, 11D and 11G, will have their lower levels at the existing 11th Floor. Their upper levels will be located at the 12th Floor. The other two units, PH-N and PH-S will have their lower levels at the 12th Floor and their upper levels at the 13th Floor.

(t) Tennis Courts. Playgrounds and Recreation Facilities

- a children's play room in the cellar of the Building for use by Residential Unit Owners and tenants. The layout for the space will be flexible, and will be provided with soft seating for children and adults who accompany them.
- an exercise room in the cellar for use by Residential Unit Owners and tenants over the age of 18. The exercise room will be outfitted with various pieces of exercise equipment including treadmills, elliptical machines, and a bicycle machine.
- a music practice room, the layout of which will be flexible, will include provisions for a piano or keyboard.

45 WEST 34TH STREET, NEW YORK, NY 10001 · PHONE: 212 643-2666 · FAX: 212 643-2660 • HUPI ROAD, MONTEREY, MA 01245 · PHONE: 413 528-2388

ATTACHMENT A

NYC BUILDINGS

TECHNICAL REPORT (TR-6)
Periodic Inspection of Exterior Walls and Appurtenances
February 21, 2005 - February 21, 2007
Initial Report Cycle 6
Amended Report Cycle # _____

For official use only

RECEIVED FEB 12 2007 DEPT. OF BUILDINGS

1. Filing Information: Answer all questions - Submit: one (1) microfilm and one (1) original report with one (1) copy if SWRMP or Safe status and two (2) copies if Unsafe status or Amended Reports.

☑ Initial Filing - Indicate last cycle filing date: 2/23/00 ☐ Subsequent filing - Indicate Initial filing date: _____

☐ Amended Filing - Indicate Initial unsafe filing date: _____

2. Location

Borough MANHATTAN	Block 1517	Lot(s) 20	BIN 1048078
House No(s). ~~444~~ 1327	Street Name ~~EAST 88TH STREET~~ LEXINGTON AVE		Zip 10128
A.K.A address(es) 1311-1327 LEXINGTON AVENUE			Community Board No. 108

3. Inspection Report Status – Refer to Definitions of Conditions in Rules 1 RCNY § 32-03(a)

Current Cycle	Prior Cycle
☐ Safe ☑ Safe with a Repair and Maintenance Program (SWARMP) ☐ Unsafe:	☐ Safe ☑ SWARMP ☐ Unsafe

4. Building Characteristics

Number of Stories: C,11 & PH Landmark Building: Yes: ☐ No: ☑ Landmark District: Yes: ☐ No: ☑

Exterior Wall Type: BRICK AND CAST STONE MASONRY

5. Professional

Last Name LICALZI	First Name MARK	M.I.
Business Name LUKE LICALZI,P.E.,P.C. CONSULTING ENGINEERS		
Business Phone (212) 2475577	E-Mail Address licalziengineering@att.net	
Address 195 HUDSON ST	City NY State NY	ZIP 10013
☑ P.E ☐ R.A	NYS License. No. 63,885	

6. Owner of Record (Not a Representative or Building Manager)

Last Name ROTHSCHILD	First Name MICHAEL	M.I.
Business Name RHINELANDER PROPERTIES LLC		
Business Phone (212) 5414477	E-Mail Address	
Address 1881 BROADWAY	City NY State NY	ZIP 10023

7. Statements and Signatures

Falsification of any statement is a misdemeanor under Section 26-124 of the Administrative Code and punishable by a fine or imprisonment, or both. It is unlawful to give to a City employee, or for a City employee to accept, any benefit, monetary or otherwise, either as a gratuity for properly performing the job or in exchange for special consideration. All Violations are punishable by imprisonment or fine or both.

Professional's name (print):

MARK LICALZI P.E.

P.E./R.A. hereby state that the owner has authorized me to submit his report. Furthermore, I hereby state that all statements are correct and complete to the best of my knowledge. A copy of this report has been given to the owner.

STATE OF NEW YORK MARK S. LICALZI LICENSED PROFESSIONAL ENGINEER NO. 063885

2/15/07

Professional's Signature Date

Owner / Owner representative's name (print below):

(A) I hereby state that I am the owner/owner's representative of the premises referenced in the attached report. Furthermore, I have received and read a copy of the attached report and I am aware of the required repairs and/or maintenance, if any and the recommended time frame for the same.

(B) I certify that all items noted as SWARMP conditions in the Cycle 5 Report have been corrected/repaired; or this report must be rated as "Unsafe" as per RCNY 32-03 (b) (3) (ii) (Q), if applicable.

If not the owner - Relationship to owner, Address & Phone # No.

MICHAEL ROTHSCHILD

1881 BROADWAY NY NY 10023

2/15/07

Signature Date

See TR-6 Instructions on Reverse side

TR-6 (Rev. 1/07)

LUKE LICALZI, P.E., P.C.
CONSULTING ENGINEERS
195 HUDSON STREET – ROOM 18
NEW YORK, NEW YORK 10013

TEL (212) 247-5577
FAX (212) 581-7941

LUKE LICALZI, P.E.
MARK S. LICALZI, P.E.

JON D. LIBASCI, R.A.

February 2, 2007

The City of New York
Department of Buildings
280 Broadway
New York, New York 10007

Table of Contents

I. Property Information
II. Summary of Findings & Recommendations
III Methods Used to Conduct Inspections
IV. Detailed Description of the inspected Building
V. Report of Findings
VI. Professional Seal & Signature with Date
VII. Appendices

I. Property Information

Number of buildings on Lot – One (1)

141 East 88TH Street
a/k/a 141-151 East 88th Street
a/k/a 1311-1327 Lexington Avenue
New York, New York
Block 1517
Lot 20
BIN 1048078

Owner: Rhinelander Properties LLC
c/o AJ Clarke Real Estate Corp.
1881 Broadway
New York, New York 10023
Att: Mr. Michael Rothschild, Assistant Secretary
(212) 541-4477

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

II. Summary of Findings and Recommendations

A critical examination of the exterior walls and appurtenances thereto of the subject building was performed in accordance with Sec. 27-129 (C26-105.3) of the Administrative Code of the City of New York, (Local Law 10-1980 - Sixth Cycle) and with Local Law 11-1998.

At the time of our inspection all observed existing conditions conform to code requirements and applicable rules and regulations except as noted below.

All conditions noted in this report are current as of the dates of inspection only.

Unsafe Conditions: NONE

Safe with a Repair & Maintenance Program:

The building should be categorized as "Safe with a Repair & Maintenance Program" with the following items requiring correction on the three (3) street Elevations:

- Replacement of several defective lintels at the upper floors
- Minor brick replacement
- Minor pointing of brickwork and ornamental stonework
- General replacement of window caulking
- General rustproofing of lintels and ornamental ironwork

NOTE: Work recently completed includes Rear (East) Elevation Restoration, Penthouse Bulkhead Restoration, Southeast Corner Restoration and Items listed in the 5th Cycle Report.

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

III. Methods Used to Conduct Inspections

1. Mark LiCalzi, P.E. performed all inspections.

The examination was performed by the Applicant or his representative by close visual inspections at the ground and roof levels and by the use of high-resolution optical and photographic instruments and by close-up inspection from hanging scaffolding at all elevations for representative samples of exterior walls as required by the New York City Administrative Code.

2. The contractor providing the rigging for these inspections was Wolfe Restorations Inc.

3. Dates of Inspection: May thru December 2006

4. Inspections were performed from hanging scaffolding on all elevations which provided a continuous path from the roof level to grade.

5. The locations of inspections are indicated on the attached "Plot Plan".

No "destructive testing" was performed.

No unsafe conditions were observed.

IV. Detailed Description of the inspected Building

TYPE OF EXTERIOR CONSTRUCTION: Brick Masonry

ESTIMATED AGE OF BUILDING: Estimated +/- 80 years

LANDMARK: The building is not known as a designated landmark property nor is it located within a Landmark District

NUMBER OF STORIES: Cellar, 1st – 11th Floors and Penthouse

APPROXIMATE HEIGHT OF BUILDING: 112 Feet

APPROXIMATE PLAN DIMENSIONS: (see attached Plot Plan)

ALL APPURTENENACES:

Appurtenances visible during the course of this inspection (appurtenances can include parapets, copings, guard rails, window frames, window guards, window mounted air conditioners, canopies, flower boxes, ducts, screens, fire escapes, satellite dishes, antennae, flag poles, signs and banners) in their current condition (where they exist) where found not to represent a danger or hazard.

CERTIFICATE OF OCCUPANCY: 30988 issued 6/6/45

PLOT PLAN: (see attached)

PHOTOGRAPHS: (see attached)

V. Report of Findings

a.1. Previous Report:

A previous report was filed on February 23, 2000, by I. Leonard Messer, P.E. indicating that "All observed conditions conform to Code Requirements and applicable Rules, Regulations and Directives except for the following recommended Repair and Maintenance Work" as follows:

Spalled brick in one location on the Rear Elevation
Bulge at the north roof bulkhead
Terracotta roof elements should be repaired
Vertical crack in a parapet
Rear elevation minor wall movement
Spalled mortar joints at the 5th floor southeast corner

a.2. Exterior Alteration Filings/Permits

This office prepared plans and documents and filed Alteration No. 104201695 with the Department of Buildings to address the above listed exterior restoration work. All work was completed by the Owner's Contractor (under Permit) and the stated Alteration Application has been signed off (see attached).

b. Building Features

At the time of our inspection there were no reported water infiltration conditions through exterior surfaces.

Appurtenances visible during the course of this inspection (appurtenances can include parapets, copings, guard rails, window frames, window guards, window mounted air conditioners, canopies, flower boxes, ducts, screens, fire escapes, satellite dishes, antennae, flag poles, signs and banners) in their current condition (where they exist) where found not to represent a danger or hazard.

c. Current Conditions – SAFE WITH A REPAIR AND MAINTENANCE PROGRAM

All observed conditions conform to Code requirements and applicable Rules, Regulations and Directives with the following exceptions:

All previously (5th cycle) corrective work has been addressed. Current items requiring correction include the following:

The building should be categorized as "Safe with a Repair & Maintenance Program" with the following items requiring correction on the three (3) street Elevations:

- Replacement of several defective lintels at the upper floors
- Minor brick replacement
- Minor pointing of brickwork and ornamental stonework
- General replacement of window caulking
- General rustproofing of lintels and ornamental ironwork

NOTE: Work recently completed includes Rear (East) Elevation Restoration, Penthouse Bulkhead Restoration, Southeast Corner Restoration and Items listed in the 5th Cycle Report.

d. Cycle 5 & Cycle 6 Report Comparisons

There are no items listed as SWARMP in the cycle 5 report for this building that remain uncorrected.

e. Schedule of Repair and/or Maintenance

It is our opinion the noted required corrective work requires completion within 2-3 YEARS.

The owner/agent is notified they must perform routine inspections by building personnel to prevent the creation of any dangerous and/or hazardous situation.

The responsibility of the engineer is limited solely to the services described above. This report shall not be interpreted as extending the scope of the engineer's services and liability.

The responsibility of the engineer is limited solely to the services described above. This report shall not be interpreted as extending the scope of the engineer's services and liability.

The engineer shall have no responsibility with regard to the adequacy, strength, condition or safety of any item constructed in any manner of glass.

The engineer does not guarantee the accuracy of horizontal and vertical control information or other information relative to the legal occupancy of the building, building location, owner, principal officer of owner, site description, age of building and construction components not visible.

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

This report is not intended for use as a specification for any required repair work.

This report shall not be interpreted as a guarantee of warranty of any kind by the engineer in connection with any construction, repair or maintenance work, past, present or future, involving the premises and any appurtenances thereto.

The inclusion in this report of any part of the subject premises that is exempt from the requirements of Local Law 11-1998 shall not in any way be a cause for the inclusion of such building part or any appurtenances thereof in the work required to be undertaken by the owner, and shall not extend the liability of either the owner or the engineer with respect to such inclusion.

To the best of my knowledge and belief, all observed conditions conform to code requirements and applicable rules and regulations at the time of this report with all exceptions noted.

By signature below the owner acknowledges receipt of a copy of this report in full and acknowledges awareness of the required repair and/or maintenance, if any, and the time frame for same.

The owner of the building is responsible for ensuring the conditions described in the critical examination report as safe with a repair and maintenance program are repaired and all actions recommended by the professional are completed within the required time frame and are not left to deteriorate into unsafe conditions before the next critical examination.

VI PROFESSIONAL SEAL, SIGNATURE & DATE

STATE OF NEW YORK
MARK S. LICALZI
No. 073865
LICENSED PROFESSIONAL ENGINEER

Mark Licalzi, P.E.

2/2, 2007

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

VII APPENDICES

To the best of our knowledge and belief there is **no** open Environmental Control Board Façade Violation on this property as of the date of this report.

SITE DIAGRAM: (SEE ATTACHED)

PHOTOGRAPHS (SEE ATTACHED)

Signature of Owner

Mr. Michael Rothschild / Assistant Secy.

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

PHOTOGRAPHS

LEXINGTON AVENUE (WEST) ELEVATION
UPPER FLOORS

LEXINGTON AVENUE (WEST) ELEVATION
LOWER FLOORS

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

PHOTOGRAPHS

EAST 89TH STREET (NORTH) ELEVATION
LOWER FLOORS

EAST 89TH STREET (NORTH) ELEVATION
LOWER FLOORS

Re: 141 East 88th Street
Block 1517, Lot 20
New York, New York

February 2, 2007

PHOTOGRAPHS

PARTIAL REAR (EAST) ELEVATION

PARTIAL REAR (EAST) ELEVATION

nyc oasis

Search By: Street Address Address: Borough: Selec

Redraw Map - zoom to selected area / show new data | Help | Select all layers | Unselect all layers | Cancel

Select a tool (click on the icon) & click on the map:

Identify | Zoom In | Zoom Out | Recenter | Tag map | Help | Support OASIS!

0.10 miles :Map Width | Zoom to NYC | Zoom to Region

Print Layout | About the Data | Help with Map

Information above should be verified with data source.

- Developed with ESRI's ArcIMS technology and Microsoft SQL Server.
- Selected NYC Basemap layers provided by NYC DoITT (copyright NYC DEP, 2000).

NYC BUILDINGS

NYC.gov always open

CLICK HERE TO SIGN UP FOR BUILDINGS NEWS

NYC Department of Buildings

Property Profile Overview

141 EAST 88 STREET
EAST 88 STREET 141 - 151
LEXINGTON AVENUE 1311 - 1327

MANHATTAN 10128

Health Area	: 3600
Census Tract	: 14802
Community Board	: 108
Buildings on Lot	: 1

BIN# 1048078

Tax Block	: 1517
Tax Lot	: 20
Condo	: NO
Vacant	: NO

View All Addresses... Browse Block View Certificates of Occup

DOB Special Place Name:
DOB Building Remarks:

Landmark Status:		**Special Status:**	N/A
Local Law:	YES	**Loft Law:**	NO
SRO Restricted:	NO	**TA Restricted:**	NO
UB Restricted:	NO	**DOB District:**	N/A
Little 'E' Restricted:	N/A	**Grandfathered Sign:**	NO
Legal Adult Use:	NO	**City Owned:**	NO
Historic Block:	1517	**Historic Lots:**	20
Additional BINs for Building:	NONE		

Special District: NONE

Department of Finance Occupancy Code: D6-ELEVATOR APT

Please Note: The Department of Finance's building classification information shows a building's tax status, which may not be the same as th the structure. To determine the legal use of a structure, research the records of the Department of Buildings.

	Total	Open
Complaints	14	2
Violations-DOB	43	14
Violations-ECB	9	0
Jobs/Filings	12	
PRA / ARA Jobs	3	
Total Jobs	15	
Actions	49	

OR Enter Action Type:
OR Select from List:
Select...

AND Show Actions

Elevator Records
Electrical Applications
Permits In-Process / Issued
Illuminated Signs Annual Permits
Plumbing Inspections
Open Plumbing Jobs / Work Types
Facades
Marquee Annual Permits
Boiler Records
DEP Boiler Information

NYC BUILDINGS

NYC.gov always open

CLICK HERE TO SIGN UP FOR BUILDINGS NEWS

NYC Department of Buildings

Facades on Block / Lot

Premises: 1311 LEXINGTON AVENUE MANHATTAN **BIN:** 1048078 **Block:** 1

Filter by cycle: Show All Cycles GO

CYCLE	CONTROL NUMBER	HOUSE NUMBER	STREET NAME	BBL SEQNO	CURRENT STATUS	BIN	NUM STORIES
04	405268	1327	LEXINGTON AVENUE	01	PR	1048078	012
05	505639	1327	LEXINGTON AVENUE	01	SW	1048078	012
06	605639	1327	LEXINGTON AVENUE	01	NR	1048078	012

If you have any questions please review these Frequently Asked Questions, the Glossary, or call the 311 Citizen Service Center by dialing 311 or (212) NEW YORK outside of New York City.

NYC BUILDINGS

NYC.gov always open

CLICK HERE TO SIGN UP FOR BUILDINGS NEWS

NYC Department of Buildings

Facade Status Information

Premises: 1311 LEXINGTON AVENUE MANHATTAN **BIN: 1048076 Block: 1**

Cycle: 05 **Control Nu**

Applicant Name:		**Applicant License No:**	
Applicant Business:			
Owner Name:	MICHAEL ROTHSCHILD	**Owner Type:**	PRIVATE
Owner Business:	LUCILLE COLEMAN ET AL 1881 BWAY NY, NY 10023		
Ext. Wall Types:			
Late Filing?	NO	**Late Filing Amount Due:**	0
Initial Filing Date:	02/23/2000	**Initial Filing Status:**	SAFE W/REPAIR & MAINT
Amended Filing Date:		**Amended Filing Status:**	
Subsequent Filing Date:		**Subsequent Filing Status:**	
Prior Cycle Filing Date:		**Prior Status:**	
Field Insp Completed Date:	10/15/1999	**Report Signed Date:**	

If you have any questions please review these Frequently Asked Questions, the Glossary, or call the 311 Citizen Service Center by dialing 311 or (212) NEW YORK outside of New York City.

NYC BUILDINGS

NYC.gov always open

CLICK HERE TO SIGN UP FOR BUILDINGS NEWS

NYC Department of Buildings

Application Data

Premises: 1311 LEXINGTON AVENUE MANHATTAN **Filed At:** 141 EAS
Job No: 104201695 **Document:** 01 OF 1 **Job Type:** A2 - ALTERA
BIN: 1048078 **Block:**

Items Required | Plumbing Insp | Forms / Plans Received | Schedule A | Schedule B | All Permits | Document Overview
Plan Exam Overview | Fee / Accounting Overview | C/O Application Summary | Print Letter of Completion

* PROFESSIONALLY CERTIFIED *

Location: **Block:** 1517 **Lot(s):** 20 **BIN:** 1048078 **C.B.No:** 108
Apt No: **Use:** OTHER
SPECIFIC FLOORS: ROF **RANGE OF FLOORS:** 001 THRU 011

Work Types Submitted: OT
OT DESCRIPTION: FACADE REPAIR

Current Applicant of Record: MARK LICALZI **Phone:** 212-247-5577
LUKE LICALZI, P.E., P.C.
195 HUDSON STREET, NEW YORK, NY 10013
Professional Title: PE **License Number:** 63885

D-14 Applicant of Record: MARK LICALZI **Phone:** 212-247-5577
LUKE LICALZI, P.E., P.C.
195 HUDSON STREET, NEW YORK, NY 10013
Professional Title: PE **License Number:** 63885

Filing Representative: LIBASCI JON **Phone:** 212-247-5577
LUKE LICALZI, P.E., P.C.
195 HUDSON STREET, NEW YORK, NY 10013

Last Action: SIGNED OFF 11/01/2006 (X)

Pre-Filed: 08/19/2005 **Date Filed:** 08/19/2005
Fees: STANDARD **Estimated Total Cost:** $200,000.00 **PC Filed:** Y

Additional Considerations:

Directive 14: Y **Old Code:** N **Quality Housing:** N **Site Sat**
Infill Zoning: N **Loft Review:** N **Single Room Occupancy:** N
Declaration: **Page:** **Reel:**

Adult Establishment: N

Little 'E' Restrictions: N/A **Landmark:** N

Job Description:
FACADE REPAIR. NO CHANGE IN EGRESS,USE OR OCCUPANCY INVOLVED UNDER THIS APPLICATION.

Plans Submitted: AR
Occupancy Classification: **Existing:** RES - RESID. BLDG - OLD CODE **MULT DWELL:** NL
Proposed:
Construction Classification: **EXIST OLD CODE:** 1

Zoning District: C1-8X - LOCAL RETAIL DISTRICT
Special District: NONE
Street Status: PUBLIC
Map No.: 009A

Building Dimension: **No. Stories:** 11 **Street Frontage:**
Height: 112 **Dwelling Units:** 62
Total Gross Area of Building: **Fill:**
Site Area Characteristics: FIRE DIST.

Metes and Bounds:
Beginning at a point on the side of
Distant Ft. of the corner formed by the intersection of and

Owner: CORPORATION **Non-Profit Flag:** N
ROTHSCHILD MICHAEL AGENT
RHINELANDER PROPERTIES LLC 1881 BROADWAY 212 541 - 4477
NEW YORK NY 10023
OCCUPANCY CERTIFICATION: N
OCCUPANCY NOTIFICATION: N

CORPORATION:
COLEMAN LUCILLE PARTNER
1881 BROADWAY NEW YORK NY 10023 212 541 - 4477

Comments for Document 01:

I hereby state that I have exercised a professional standard of care in certifying that the filed application is complete and in accordance with applicable laws, including the rules of the Department of Buildings, as of this date. I am aware the Commissioner will rely upon the truth and accuracy of this statement. I have notified the owner that this application has been professionally certified. If an audit or other exam discloses non-compliance, I agree to notify the owner of the remedial measures that must be taken to meet legal requirements. I further realize that any misrepresentation or falsification of facts made knowingly or negligently by me, my agents or employees, or by others with my knowledge, will render me liable for legal and disciplinary action by the Department of Buildings and other appropriate authorities, including termination of participation in the professional certification procedures at the

NYC BUILDINGS
NYC Department of Buildings
280 Broadway, New York, NY 10007

Patricia J. Lancaster, FAIA, Commissioner

Letter of Completion

11/01/2006

MARK LICALZI
195 HUDSON STREET
NEW YORK, NY 10013

Re: Premises: 141 EAST 88 STREET, MANHATTAN
Job #: 104201695
Block: 01517 Lot: 00020

Dear MARK LICALZI:

Please be advised that the work related to the above application is completed and has been signed off in the Building Information System (BIS).

Because this job was professionally certified, the owner retained a registered professional engineer or registered architect, who certified that the contents of the application comply with the applicable laws, rules and regulations of the Department of Buildings.

Because this job was filed as Directive 14 of 1975, the owner retained a registered professional engineer or registered architect, who certified that he/she inspected the work approved on this application and that it complies with the applicable laws, rules and regulations of the Department of Buildings.

Based on the nature of the work filed on this application a new certificate of occupancy is not required.

Very truly yours,

Christopher M Santelli

Borough Commissioner
MANHATTAN

DEPARTMENT OF HOUSING AND BUILDINGS

JT/ 1c

BOROUGH OF MANHATTAN, CITY OF NEW YORK

No.

Date June 6, 1945

CERTIFICATE OF OCCUPANCY

(Standard form adopted by the Board of Standards and Appeals and issued pursuant to Section 646 of the New York Charter, and Sections C26-181.0 to C26-187.0 inclusive Administrative Code 2.1.3.1. to 2.1.3.7. Building Code.)

This certificate supersedes C. O. No.

To the owner or owners of the building or premises:

THIS CERTIFIES that the ~~new~~—altered—~~existing~~—building—~~premises~~ located at

1311 Lexington avenue, 141-143 East 88th street
100 ft. 8 ins. front Block 1517 Lot 20

, conforms substantially to the approved plans and specifications, and to the requirements of the building code and all other laws and ordinances, and of the rules and regulations of the Board of Standards and Appeals, applicable to a building of its class and kind at the time the permit was issued; and

CERTIFIES FURTHER that, any provisions of Section 646F of the New York Charter have been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent.

~~New~~ or Alt. No.— 76-1945. Construction classification— Fireproof.

Occupancy classification— New Low Tenement Class A, Mult. Dwell. Height Pent-house and 11 stories. 112 feet.

Date of completion— May 11, 1945. Located in Business Use District.

B Area 1, Height Zone at time of issuance of permit ——

This certificate is issued subject to the limitations hereinafter specified and to the following resolutions of the Board of Standards and Appeals: (Calendar numbers to be inserted here)

PERMISSIBLE USE AND OCCUPANCY

STORY	LIVE LOADS Lbs. per Sq. Ft.	PERSONS ACCOMMODATED			USE
		MALE	FEMALE	TOTAL	
Cellar	On ground				Boiler room and storage, etc.
1st story	40			30	One Doctor's apartment, and one (1) apartment, and two (2) stores.
2d to 11th stories,	40 each story				Five (5) apartments, each story.
Pent House	40				One (1) apartment.
					Standpipe, Fire Department approval May 22, 1945.
					Fuel Oil, Fire Department approval May 17, 1945.

Acting Borough Superintendent.

(Page 1)

DOCUMENT NUMBER 4A

DESCRIPTION OF PROPERTY AND BUILDING CONDITION:
ENGINEER'S REPORT CONCERNING CERTAIN BUILDING SYSTEMS

Philip House Condominium
141 East 88th Street, New York, NY 10028

July 20, 2012

INTRODUCTION

This Report was prepared by Edwards and Zuck, P.C., whose consulting engineers visited the building for observation on several occasions between June and November of 2011. This Report focuses on the condition of the various systems serving the Building – namely, Plumbing and Drainage, Heating, Gas, Air Conditioning, Ventilation, Electrical, and Intercommunication – and should be reviewed in conjunction with the report prepared by Beyer Blinder Belle Architects & Planners, LLP dated December 6, 2011 with updates by ARCT Architecture.

The building was constructed between 1927 and 1929, and this report will refer to any original MEP construction as dating to 1929.

The following items associated with the new Plumbing and Drainage, Heating, Gas, Air Conditioning, Ventilation, Electrical, and Intercommunication work being done for this project will be transferred to the condominium management upon transfer of control:

1. Operations & Maintenance (O&M) manuals for mechanical equipment;
2. Electronic systems manual;
3. Equipment warranties;
4. Major equipment start-up Sheets;
5. Control System As-Built documents;
6. Testing & Balancing reports for HVAC Systems
7. Final as-built drawings, if available, as maintained during construction and mechanical, electrical, plumbing shop drawings.

PLUMBING AND DRAINAGE

1. Domestic Water Supply

   The building's domestic water is supplied through two (2) existing 4" domestic water services from 88th Street and 89th Street respectively. Each domestic water service supplies an independent duplex tank fill pumping system that, through a 3" riser, fills a 5,000 gallon domestic water roof tank and a 10,000 gallon fire water tank. The building has a total of two pumping systems for a total of 10,000 gallons of domestic water storage and 20,000 gallons of firewater storage. The cold water is piped via a dual pressure zone system, the lower floors, from the 4th floor down to the basement are based

on street pressure and the upper zones are a down-feed system from the roof tanks. The domestic hot water system is a single zone down-feed system. The water pressure is boosted in the sub-cellar through a simplex boosting system that feeds two (2) 3" express hot water risers to the roof and feed a pressurized down-feed system. Existing horizontal distribution piping at the top floor supplies vertical risers located in the plumbing chases.

Domestic hot water for Residential Units is produced by a dedicated submerged coil in each of the two building heating boilers. The coils each have a capacity of producing *1,200* gallons of hot water per hour.

Most of existing domestic water piping is presumably original (1929). The condition of original piping has been tested in select locations; with results indicating the piping is in acceptable condition and can be utilized. Replacement of the risers is not feasible because risers are not accessible in occupied apartments and cannot be taken out of service for the prolonged period that their replacement would require.

The majority of the existing renovated apartments will utilize the existing cold water, hot water, sanitary and vent stacks. New domestic cold and hot water risers along with 4" sanitary and vent stacks will be provided to serve added powder rooms that cannot be connected to existing risers. Renovated and non-renovated units will be fed by the old risers.

All horizontal distribution piping within newly renovated units will be new; piping within non-renovated units will remain. All new or existing exposed and un-insulated domestic water piping will be insulated. All existing insulation on undisturbed domestic water piping will remain.

There are no observed leaks on the existing domestic water piping.
There has been no observed lead, galvanized or non-metallic piping in the water distribution system. A sample of existing domestic water pipe joints were found to be in fair condition although pipes of this age should be expected to develop occasional leaks and require repairs as needed. The threads of the domestic water piping are showing signs of dezincification which reduces the mechanical strength of such piping. This significantly increases the potential for failure of the threaded pipe joints, particularly for the smaller diameter piping, which has thinner pipe wall. As such, certain portions of the existing domestic water piping, and specially the smaller branch piping, may be at the end of its useful life. Domestic water branch piping serving renovated units will be replaced where accessible as part of the project renovations only.

There has been no inspection, test or analysis of existing plumbing (including checking underside of sinks for leaks) within units that will be un-renovated. All distribution piping and fixtures will be new within renovated units.

Two (2) new 4" backflow reduced pressure zone (RPZ) preventers will be provided at each of the water services. The backflow preventers will be located in the cellar at the existing north and south side water service entry points. The Main shutoff valves will be installed at the backflow preventers.

2. Fire Protection System

The building is equipped with two 4 inch automatic standpipes, presumably original (1929). The primary automatic water source for the standpipes are two (2) roof-top tanks. There is no existing fire water service from the street.

Secondary non-automatic water sources for the standpipes are three (3) fire department siamese connections, one on each side of the building facades facing public streets.

The two (2) 4" standpipes are located in the Westside (closest to Lexington Avenue) building egress stairs. Each standpipe at each level has 2 ½ hose valve with approximately 100 feet of 2 ½ inch hose. All hoses will be removed and a FDNY approved hose cabinet will be provided at the ground floor at an FDNY approved location in the vicinity of each standpipe.

The building currently has a limited sprinkler system, located in the cellar, that is fed from the domestic water system. This sprinkler system will be demolished. A new voluntary partial sprinkler system will be provided throughout the cellar, except that no sprinkler coverage will be provide in cellar retail areas, boiler room, fuel oil storage room, or electrical rooms. These sprinklers will be fed from the existing standpipe system through a new 3" tap. A new 3" floor control valve assembly with a water flow and tamper switch will be provided.

3. Water Storage Tank

The building's currently has two (2) 10,000 gallon fire water tanks and two (2) 5,000 gallon domestic water tanks for a total of 10,000 gallons of domestic water and 20,000 gallons of fire water. The fire tanks and the domestic water tanks are going to be demolished and replaced with two (2) new 11,250 gallon fire water tanks for a total of 22,500 gallons of fire water storage. The tanks will have steam heating elements to prevent freezing.

4. Water Pressure and Maintenance

Domestic water pressure in the building is currently maintained by the existing gravity roof-top tanks. The domestic water system will be retrofitted with a new variable speed

drive triplex booster system that will provide ample water pressure through-out the building. PRV's will be provided where required to maintain a maximum of 85 psi in the branch piping.
The upgraded domestic water system will be use a domestic water booster pump in lieu of existing domestic water roof tank to provide code required hot and cold water pressures within the residential units. The system will be balanced so that the pressure between hot and cold water at fixtures will be approximately equal.

5. Sanitary Sewage System

The majority of the sanitary piping is original (1929). Building sanitary drains are collected by gravity and connected to the city sewer via two combined house sewers.

The sanitary and storm collection piping are separate systems in the building and combine immediately before they exit the building, which is permitted in existing buildings in the jurisdiction.

There is one duplex sewage ejectors system located in the sub-cellar of the building that discharges all the waste from floor drains located in the sub-basement. All plumbing fixtures, except the sub-basement drains, are connected to the combined house sewers by gravity.

6. Permits Required

DEP approval for new domestic water backflow preventer devices will been obtained as part of this renovation.

7. Storm and Clear Water Drainage System

The majority of the storm piping is presumably original (1929). Building storm water from the roof drains and courtyard is collected by gravity and connected to the city sewer via a combined house sewers.

The building does not have a storm water pumping system, all drains connect to the combined city sewer by gravity.

8. Piping

Existing hot water and cold water piping is red brass and will remain in service. All new water piping will be type "L" copper.

Existing sanitary and storm water drainage piping is cast iron hub-and-spigot type. Some deteriorated pipe segments will be replaced where accessible and feasible and new no-hub cast iron sections will be connected to existing piping. New drain piping above ground will be no-hub cast iron with heavy-duty couplings. Drainage piping underground will be cast iron hub and spigot type, service weight.

9. Water Charges

Water and sewer service is provided by the City of New York. Water consumed by each commercial tenant will be separately sub-metered and the cost (including the attendant sewer charges) will be borne by the Commercial Unit Owner. The charges for water and sewer service provided to the balance on the building will be levied on the basis of metered usage and the cost will be borne by the Residential Unit Owners as a common expense.

HEATING

1. The existing heat source for the building is an oil fired steam heating plant. Steam is distributed throughout the building into existing cast iron radiators. This heating system will remain in place and continue to serve the entire building. In renovated units, radiators will be replaced by steam convectors and fin-tube radiation. All existing radiators will be retrofitted with thermostatic steam control valves. Units will not be provided with instant hot water devices.

2. The boiler currently operates on a Heat Timer control sequence, putting up a head of steam at intervals and duration as required by outdoor temperatures. The existing boilers will be used to heat the entire building and will be upgraded with new controls so that they are capable of maintaining a constant steam pressure in the heating season.

3. Renovated Residential Units will receive fin-tube radiation and fan-powered steam convectors, which will both provide heating to the renovated Residential Units. These terminal units have individual controls that allow Unit Owners to regulate their own use of heating. Supplemental heat will also be provided in exterior bathrooms via electric radiant flooring.

4. The existing heating system designed for renovated and non-renovated Residential Units is adequate to maintain comfortable conditions and complies with New York City Code. All existing piping for the system will remain, except as modified to connect to new terminal units in renovated Residential Units and Common Areas, or as required for architectural changes to the building.

5. The steam heating is accomplished by a two existing 150 BHP boilers with domestic hot water coils in the units. The boilers are Best Boilers Model 5C-150 with Industrial Combustion Burners capable of burning No 6 Fuel Oil. These boilers and burners were installed in 2002. The burners will be modified to burn No 2 Fuel Oil. These boilers can be expected to have a remaining useful life of more than 20 years with proper maintenance and operation.

6. Fuel oil for the boiler comes from an existing 7,000 gallon oil tank and heaters. The tanks were installed in 1999 and can be expected to have a remaining useful life of more than 20 years with proper maintenance.

7. The building's existing piping system will remain as is for all mechanical and plumbing systems except as modified to connect to new terminal heating equipment, plumbing fixtures or as required by architectural changes. Where steam new piping is installed or existing steam piping is re-insulated, insulation will be 1.5" thick for pipes 1.25" NPS and smaller with approximate R value of 6.5 and 2" think on pipes 1.5"NPS and larger with approximate R value of 8.5. Insulation will be molded fiberglass with thermal conductivity of 0.23 at 75 degrees F.

8. Replacing of heating risers is not feasible because the risers are not accessible in occupied apartments and must remain in service during the renovations. The heating riser system is at or near the end of its expected life as being original to the building in 1929.

9. O&M manuals for all new heating system components shall be provided to the condominium management. No balancing report will be done on the steam heating system.

10. Commercial tenants will be permitted to connect to existing steam risers so provide perimeter heating in their spaces.

GAS SUPPLY

1. The existing gas service is a 3 inch low pressure service provided by Con Edison. Each Residential Unit has a dedicated Con Ed gas meter located in the cellar. Individual gas risers run from the gas meter room to each Residential Unit. Gas is used in Residential Units for cooking only. Gas meters are furnished by Con Edison.

2. For those commercial tenants that use gas, gas is provided through dedicated branches and each commercial tenant is separately metered by Con Edison.

3. Gas piping is black steel, presumably original (1929). The existing gas risers will remain in place and will remain active in the apartments that will not be renovated. The renovated apartments will be fed from a new master meter and will be provided with new piping. Existing meter rigs that serve renovated apartments will be removed and their gas risers abandoned.

AIR CONDITIONING

1. For cooling, a dedicated Variable Refrigerant Flow, Direct Expansion Split Systems (VRF DX Split) will be provided for each renovated Residential Units, for Amenity and Common Areas, and for each retail space. All condensers for these DX Splits systems will be located on mechanical roof spaces. The rooftop unit will be properly isolated to prevent vibration from being transmitted to the units below. The units will be located and screened to prevent noise transmission to residential units from exceeding code limits. Refrigerant piping will have sufficient flexibility at connections to condensing units to prevent vibration transmission from traveling through the lines to units below. The steel dunnage supporting the units will require periodic maintenance to prevent corrosion.

2. Existing common area corridors are not currently air conditioned. They are ventilated by windows and gravity ventilation shafts and heated by existing cast iron radiators. The Sponsor will provide cooling in the common area corridors via a DX split system with fan-coils at each floor, and ventilation from the existing ventilation stacks.

3. Existing common areas in the cellar and on the ground floor will be cooled via a DX split system with multiple fan-coils, and ventilation from new louvers connected to the fan coils.

4. Renovated Residential Units will be cooled via a dedicated Variable Refrigerant Flow, Direct Expansion Split Systems (VRF DX Split) for each renovated Residential Units. All condensers for these DX Splits systems will be located on mechanical roof spaces. Electrical power for the condensers will be fed from the residential unit it serves.

5. Air conditioning equipment for renovated Residential Units and existing common areas will be adequately sized to maintain code required comfort conditions and will comply with the New York State Energy Code.

6. Un-renovated units will not be provided with air conditioning. Owners of un-renovated units shall be permitted to have window air conditioning units installed provided that such units are properly supported and pitched to prevent condensate from entering exterior walls.

VENTILATION

1. Kitchens in non-renovated Residential Units are ventilated by existing windows.

2. Renovated Residential Units with new kitchens will also be ventilated by existing windows.

3. Bathrooms in non-renovated Residential Units are ventilated by existing windows.

4. Renovated Residential Units with new interior bathrooms will be mechanically ventilated. Fans in these bathrooms shall produce 2.5 sones or less noise.

5. Exterior ductwork will be aluminum or stainless steel for dryer exhaust and galvanized for toilet exhaust and corridor supply air to prevent corrosion.

6. The laundry room will be provide with air conditioning, tempered outside air for ventilation, a transfer grille with fire damper from corridor for additional make-up air and a laundry exhaust system. The laundry exhaust system will consist of connections to each dryer, a common duct riser to the roof and a roof mounted exhaust fan and associated control system. The fan shall be one intended for use with laundry exhaust and the ductwork will be aluminum or stainless steel to prevent corrosion.

7. The cellar rooms will be ventilated in accordance with code requirements and common rooms will be provided with outside ventilation air quantities as follows:

   a. Fitness Room: 200 -cfm
   b. Game Room: 200-cfm
   c. Children's Play Room: 200-cfm
   d. Laundry Room: 100-cfm
   e. Practice Room: 50 -cfm
   f. Corridor: 800-cfm

ELECTRICAL SYSTEMS

1. Service from Main Switchgear

   There are two existing electrical services to the site; one for the North building and one for the South building. The existing installation for each service is a 400 ampere, 120/208 volt, 3-phase, 4-wire feeder from the street to their respective service end boxes.

   The North electrical service has six (6) service switches connected to the building side for the service end box; three (3) for building and retail tenant loads and three (3) for residential tenant loads. The South electrical service has one (1) service switch connected to the building side of the service end box. Connected to the load side of this service switch is one (1) switch for building loads, one (1) switch for retail tenant loads, the elevator distribution panel and three (3) switches for residential loads.

   Both electrical services will be upgraded to 800 amperes each via the installation of a second set of wires from the street to each service end box.

2. Service to the Building and Individual Units

   1. Electricity is and will continue to be provided by Consolidated Edison. All apartments are and will continue to be directly metered by Con Ed. The existing Residential meters for the North building are located within the North electric switchgear room; for the South building in the South laundry room.
   2. Each non-renovated Residential Unit will continue to be directly metered and billed by Con Ed. The North residential meters will remain for the non-renovated Residential Units. The South residential meters will be removed to accommodate renovations to the South laundry room. Non-renovated Residential Units in the South building will have their existing panels and feeders re-fed from new residential meter banks.
   3. Renovated Residential Unit panels in both buildings will be served from new meter banks located approximately every other floor.

3. Compartment Switchgear

   For the North building, the three (3) existing service switches for the residential meter bank will be disconnected from the service end box. A single, new service switch will be installed in the North electric service room and be wired to the service end box. The load side of this new service switch will then re-feed the three (3) existing switches for the non-renovated North side residential units and feed a new switch for the renovated North side elevators and a new Residential distribution board. The new Residential distribution board will be located in the electrical switchgear room and feed residential meter banks in the North building on floors two, four, six, eight and ten. The new North side residential

meter banks will serve only the renovated Residential Units in the North building but will be large enough to accommodate the non-renovated Residential Units in the future.

For the South building, a new switch for the renovated South side elevators and a new residential distribution board will be installed and wired to the load side of the single existing service switch. The new Residential distribution board will be located in the electrical switchgear room and feed residential meter banks in the South building on floors two, three, five, seven, nine and eleven. The new South side meter banks will serve all renovated and non-renovated Residential Units in the South building.

4. Unit Service

Non-renovated Residential Unit panels are individually fed from a 2-pole circuit breaker at the existing meter banks. The breaker sizes vary from 40 amperes to 90 amperes.

Renovated Residential Unit panels will be fed from 2-pole, 100 ampere circuit breaker, in accordance with New York City Electrical Code Requirements. The increase of electric service to the units is largely due to the addition of electric clothes dryers and dedicated air conditioning equipment for each unit.

5. Adequacy

A. Service

The capacity provided for the renovated Residential Unit panel feeder will be in accordance with NEC requirements in 120/208V, single phase 3-wire, 100 amperes. Renovated Residential Unit panel boards will provide from 18 to 24 circuits. Combination apartments will have multiple 100 ampere feeders serving multiple panels. Service will be adequate for modern usage and will take into account all equipment provided in Residential Units such as washing machines, clothes dryers, appliance circuits, air conditioning, etc.

B. Lighting Fixtures for Renovated Residential Units

Switched lighting fixtures will be provided in bathrooms, foyers, kitchens, living rooms, bedrooms and dining rooms. Fixtures will be either incandescent, fluorescent or halogen type in bathrooms, foyers, dining room, bedrooms and kitchens. Long hallways and rooms with two or more entrances will have three-way switching. Bedrooms will have three-way switching with controls at the room entrance and at the nightstand.

C. Convenience Outlets, Appliance Outlets for Renovated Residential Units

Ground fault receptacles (GFCI) will be provided in all kitchens and bathrooms. Appliance receptacles will be provided in kitchens and dining rooms. Convenience receptacles will be provided to meet requirements of the New York City Electrical Code. Arc-fault circuit protection and tamper-resistant receptacles will be provided where required by code.

D. Convenience Outlets, Appliance Outlets for Non-Renovated Residential Units

Ground fault receptacles are currently installed in kitchens and bathrooms in non-renovated residential units. Arc-fault circuit protection and tamper-resistant receptacles are not currently installed in non-renovated residential units.

6. Public Areas

A. Lighting

Existing lighting consists of fluorescent and incandescent fixtures throughout the base building. New fluorescent and/or incandescent lighting will be furnished to some of common areas of the base building.

B. Receptacles

All receptacles located on the building exterior will be GFCI receptacles mounted in weather-proof enclosures. All receptacles located in the children play areas will be tamper-resistant receptacles.

INTERCOMMUNICATION, ETC.

1. Telephone

Existing telephone services enters the Building from Lexington Avenue and is routed throughout the building via risers located in common area corridors.

"Local" telephone, Internet and cable television service is and will continue to be provided by Verizon and/or Time Warner. Every Unit Owner will continue to be required to pay his individual telephone, Internet and/or cable television charges as well as any initial charges for activating individual outlets in the Unit.

The charges with respect to telephone, Internet and/or cable television in the Commercial unit are and will be separately paid for by each commercial unit owner and/or tenant.

The telephone, Internet & cable television charges with respect to the commons areas of the building (such as the concierge's desk, screening room, maintenance offices, etc.) will be borne by all Residential Unit Owners as a common expense and apportioned to each Residential Unit Owner as provided in the First Year's Budget.

2. Closed Circuit Television

Existing closed circuit television cameras are located on the ground floor, in elevators and laundry room with viewing monitors at the vestibule entrance and in the cellar level superintendent's office.

3. Intercom System

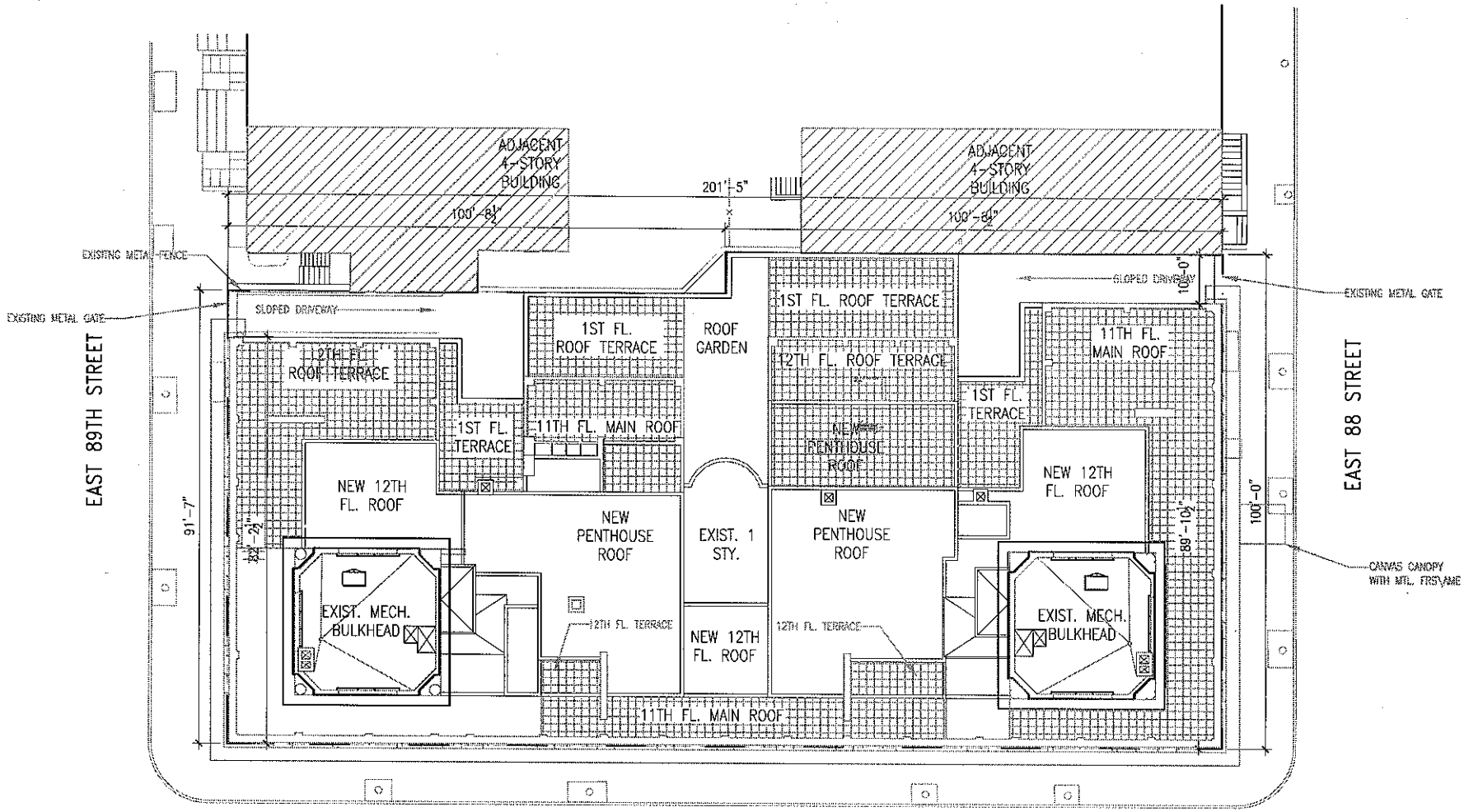
Existing intercom system consists of a handset that connects tenants to the doorman. Renovated Residential Units will be equipped with new intercom system using the existing cabling infrastructure. The new intercom will be linked to the front desk / doorman.

EDWARDS & ZUCK, P.C.

STATE OF NEW YORK
PETER J. SPOSATO
062489-1
LICENSED PROFESSIONAL ENGINEER

By: _____
Name: Peter J. Sposato, P.E.
Title: Principal

DOCUMENT NO. 5



Site Plan

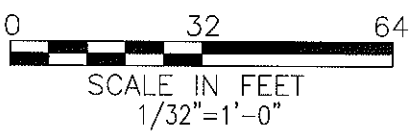
141 East 88th Street

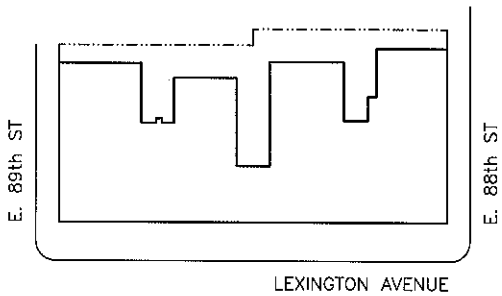
New York , New York

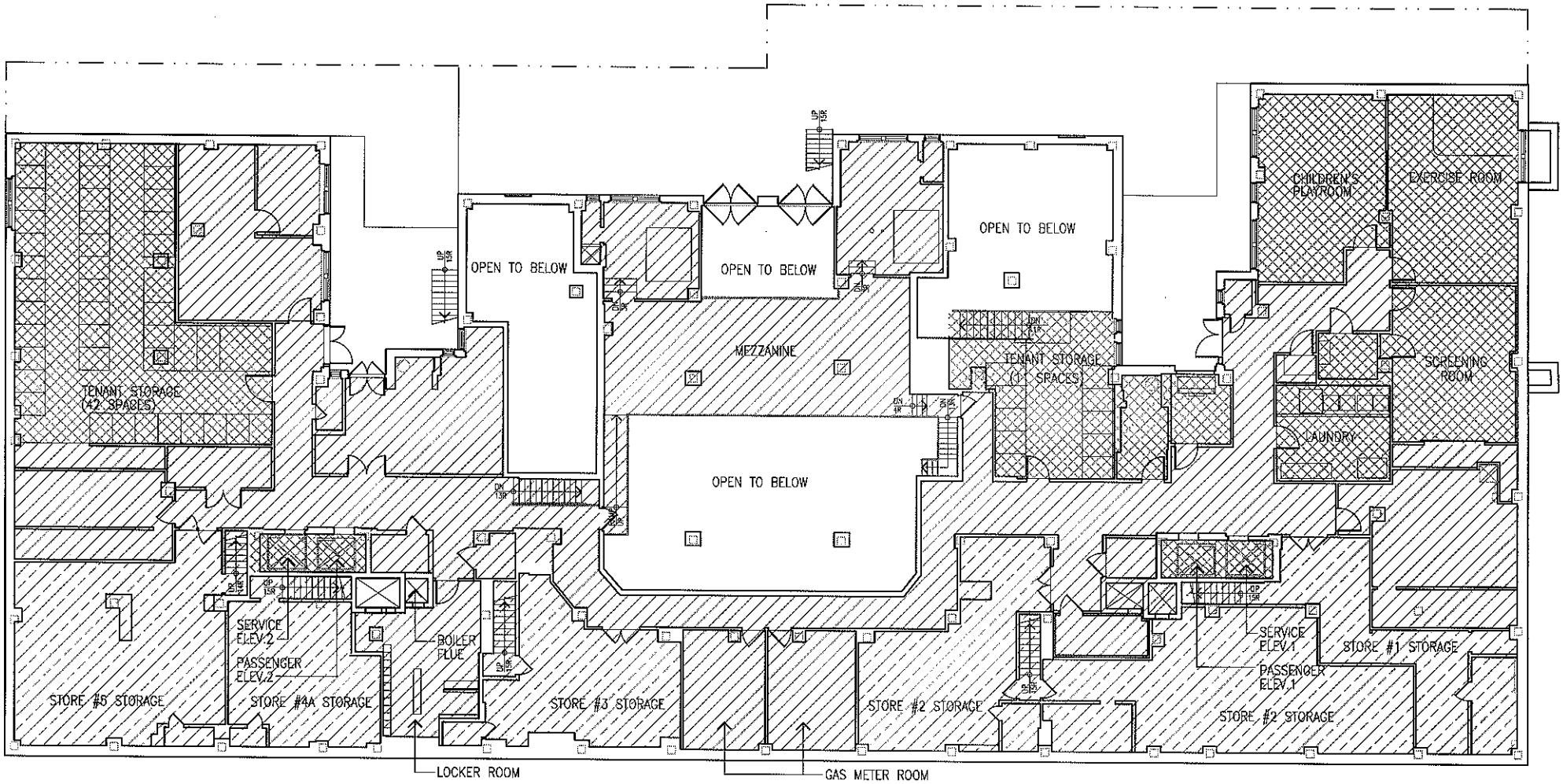
282

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012







LEGEND

- RESIDENTIAL UNIT
- RESIDENTIAL COMMON ELEMENT
- RESIDENTIAL LIMITED COMMON ELEMENT
- COMMERCIAL UNIT
- GENERAL COMMON ELEMENT

Cellar Floor Layout

141 East 88th Street

New York , New York

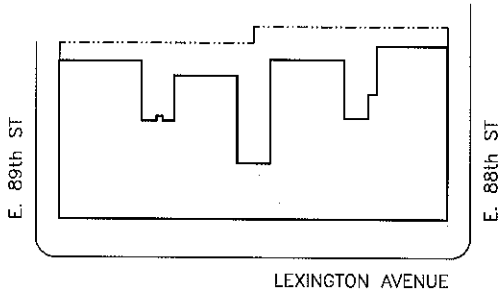
283

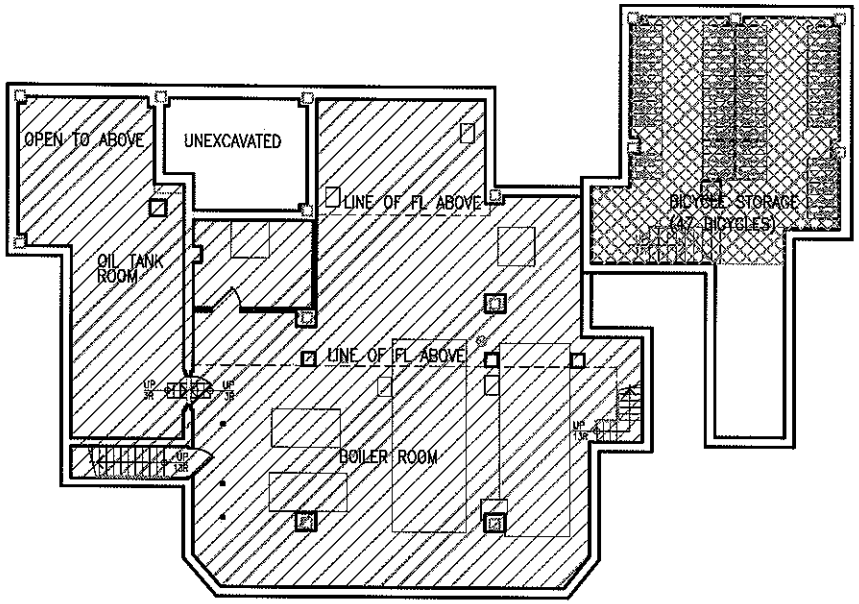
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1/20"=1'-0"





Sub-Cellar Floor Layout

141 East 88th Street

New York , New York

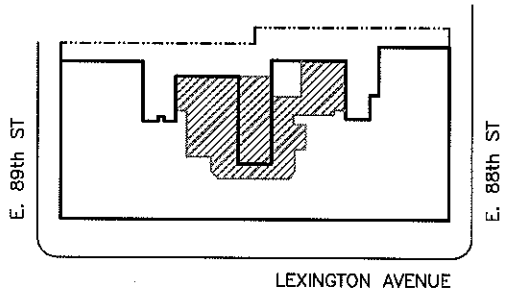
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

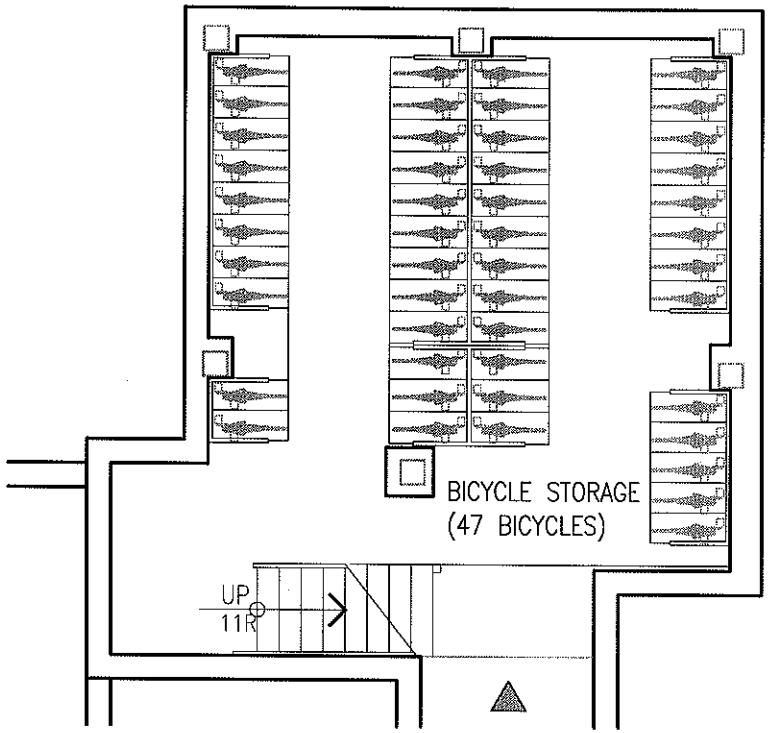
AUGUST 31, 2012

0 20 40
SCALE IN FEET
1" = 20'-0"

LEGEND

- RESIDENTIAL UNIT
- RESIDENTIAL COMMON ELEMENT
- RESIDENTIAL LIMITED COMMON ELEMENT
- COMMERCIAL UNIT
- GENERAL COMMON ELEMENT





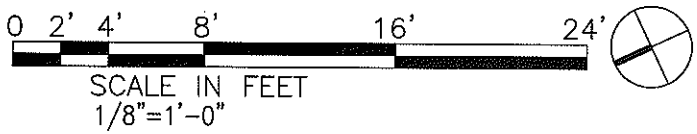
Bicycle Room Layout
(Sub-Cellar Level)

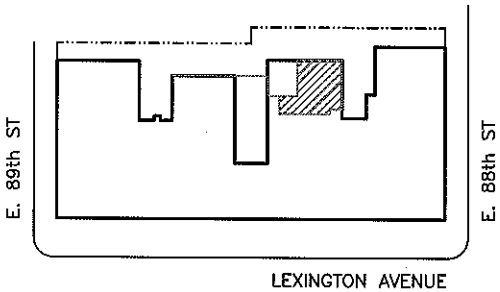
141 East 88th Street

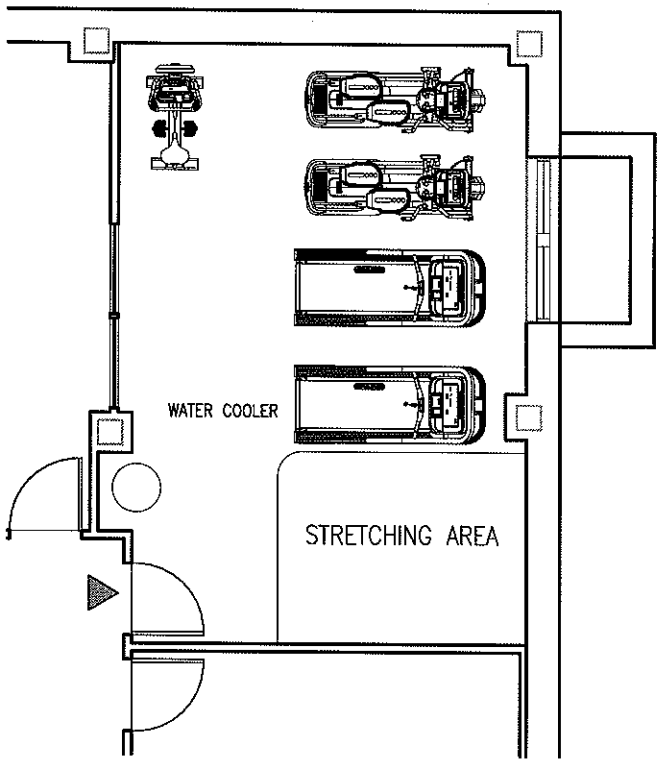
New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012







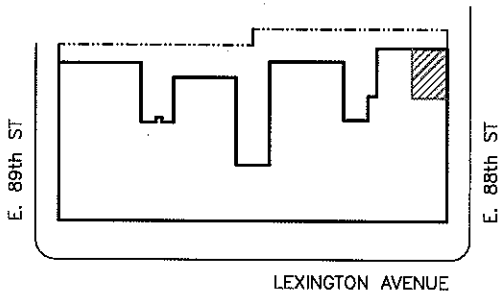
Exercise Room Layout
(Cellar Level)

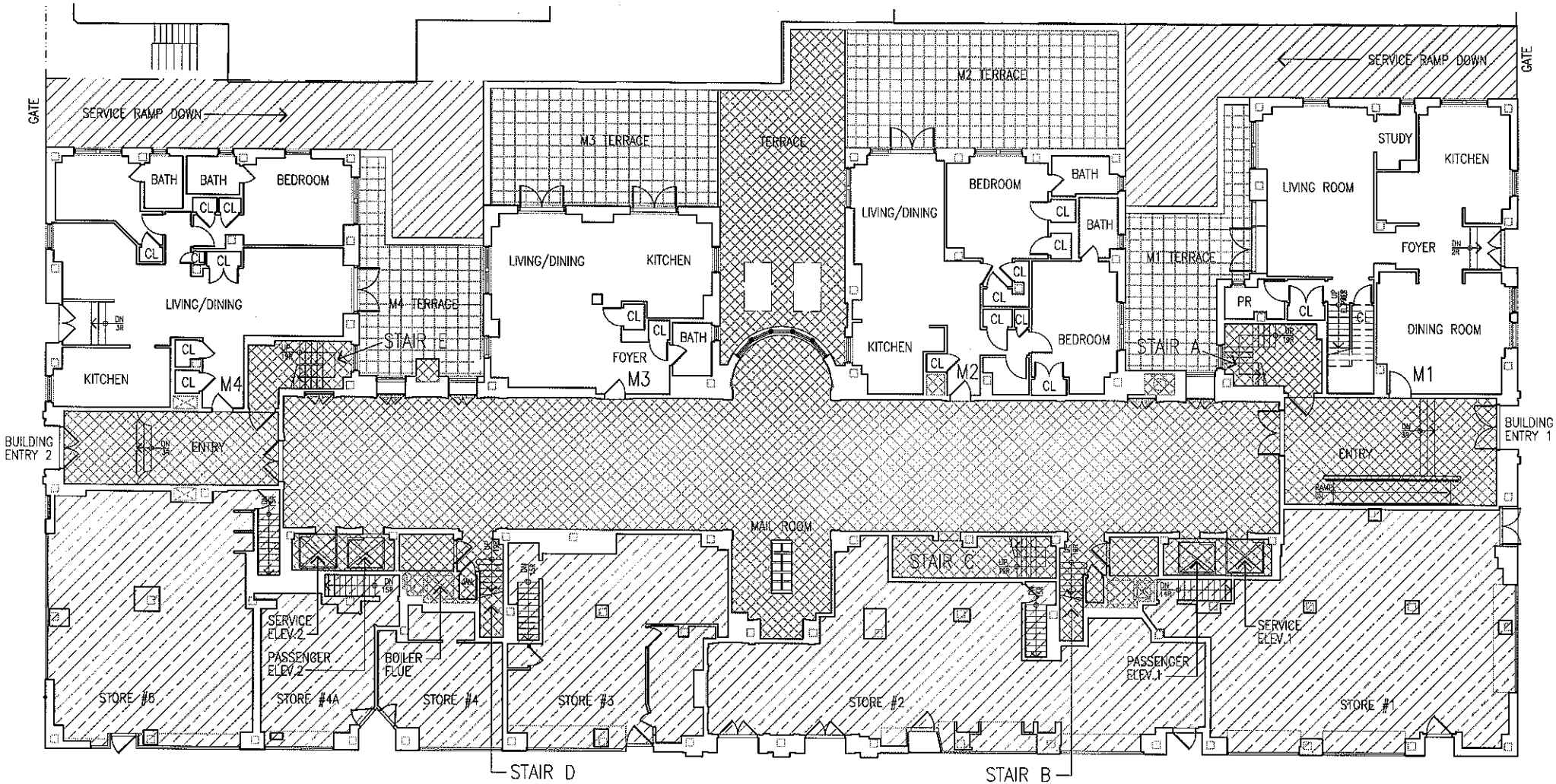
141 East 88th Street

New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012





LEGEND

- RESIDENTIAL UNIT
- RESIDENTIAL COMMON ELEMENT
- RESIDENTIAL LIMITED COMMON ELEMENT
- COMMERCIAL UNIT
- GENERAL COMMON ELEMENT

1st Floor Layout

141 East 88th Street

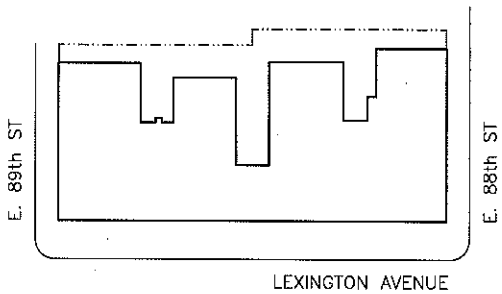
New York , New York

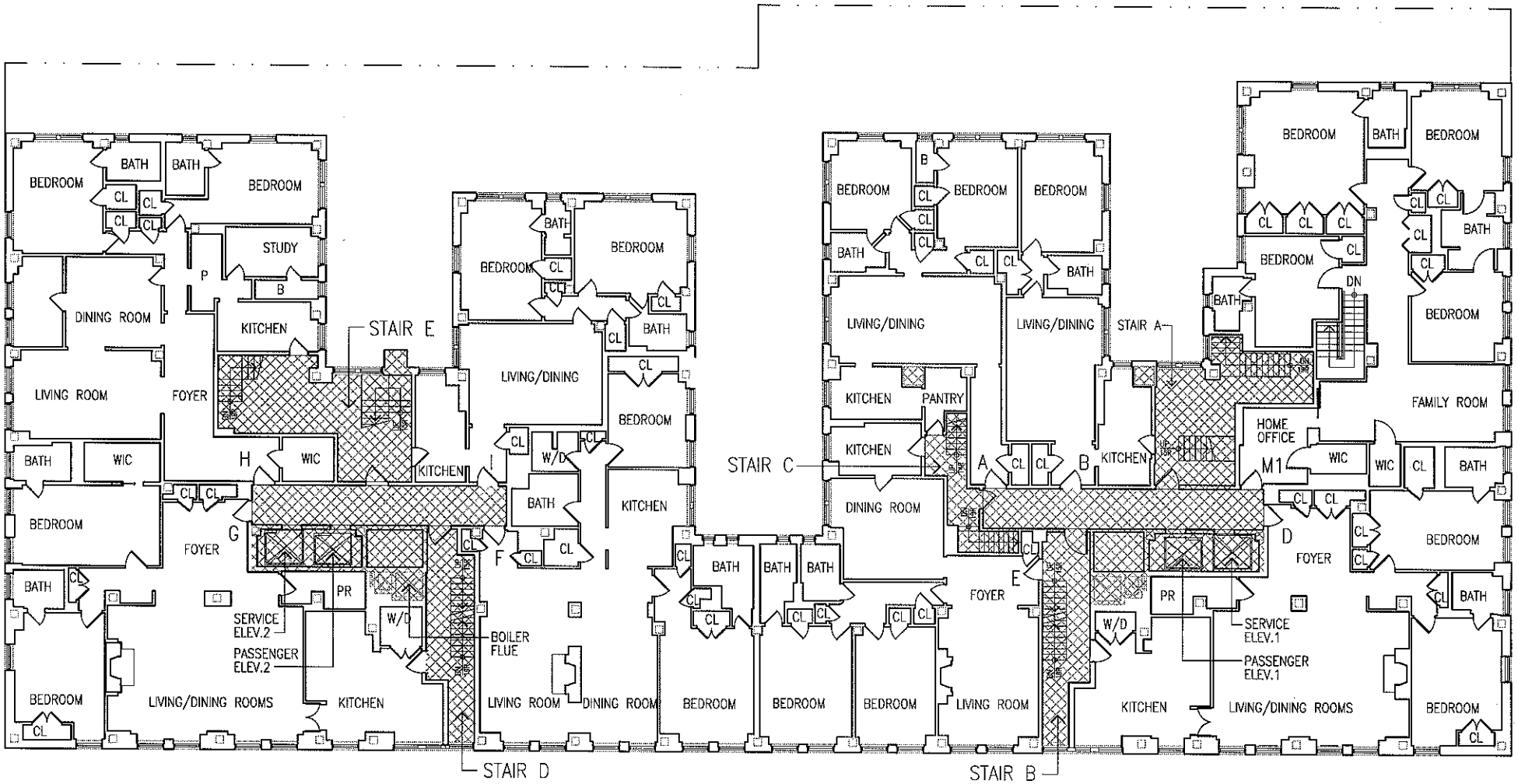
287

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40
SCALE IN FEET
1"=20'-0"





LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

2nd Floor Layout

141 East 88th Street

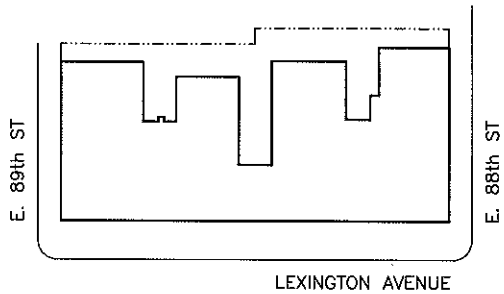
New York , New York

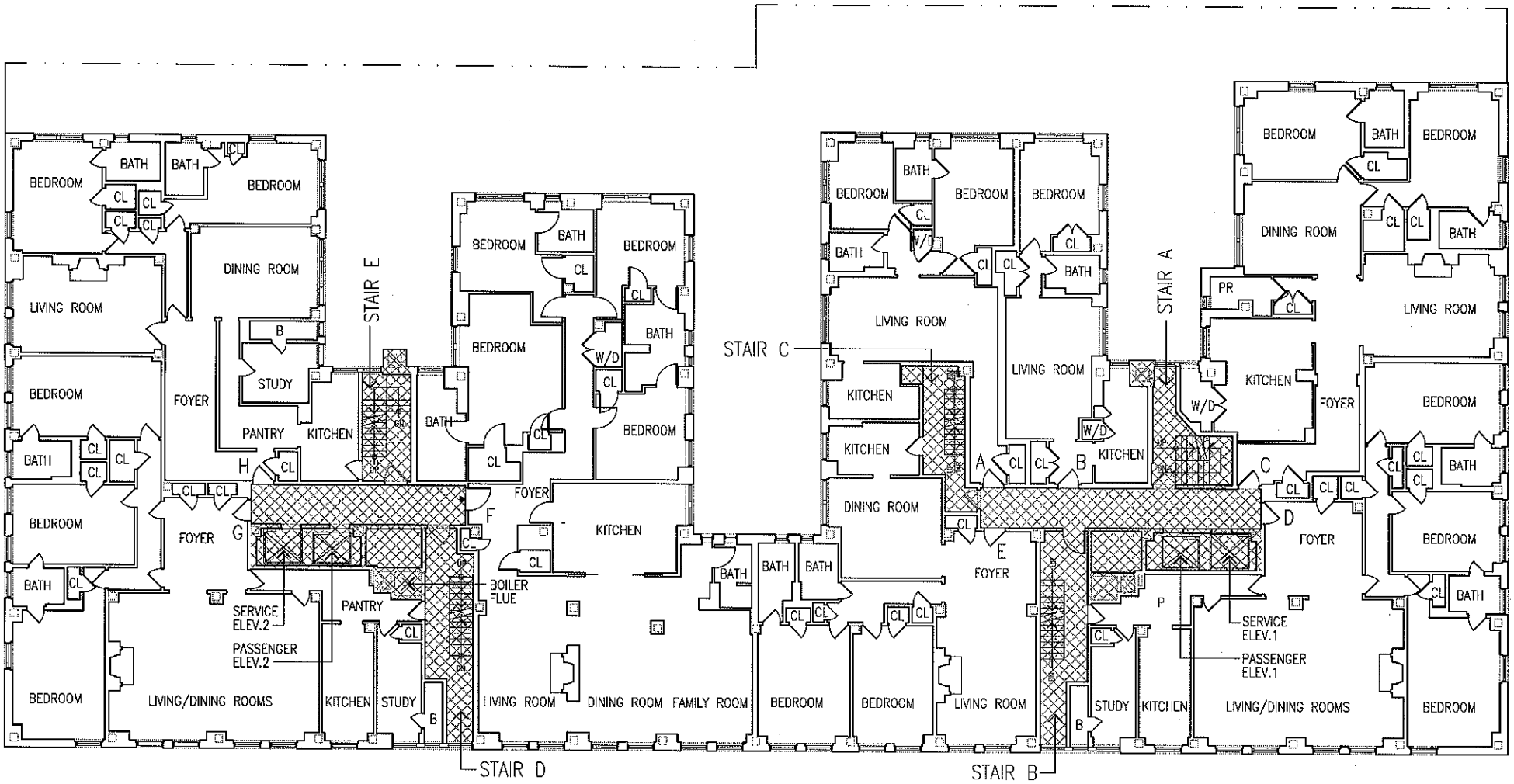
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"





3rd Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

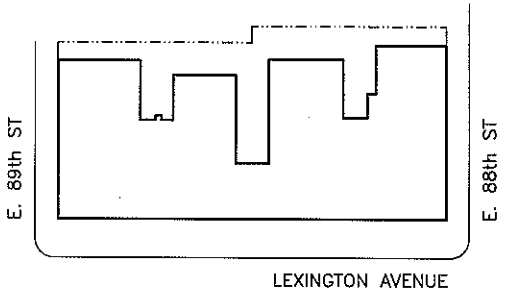
New York , New York

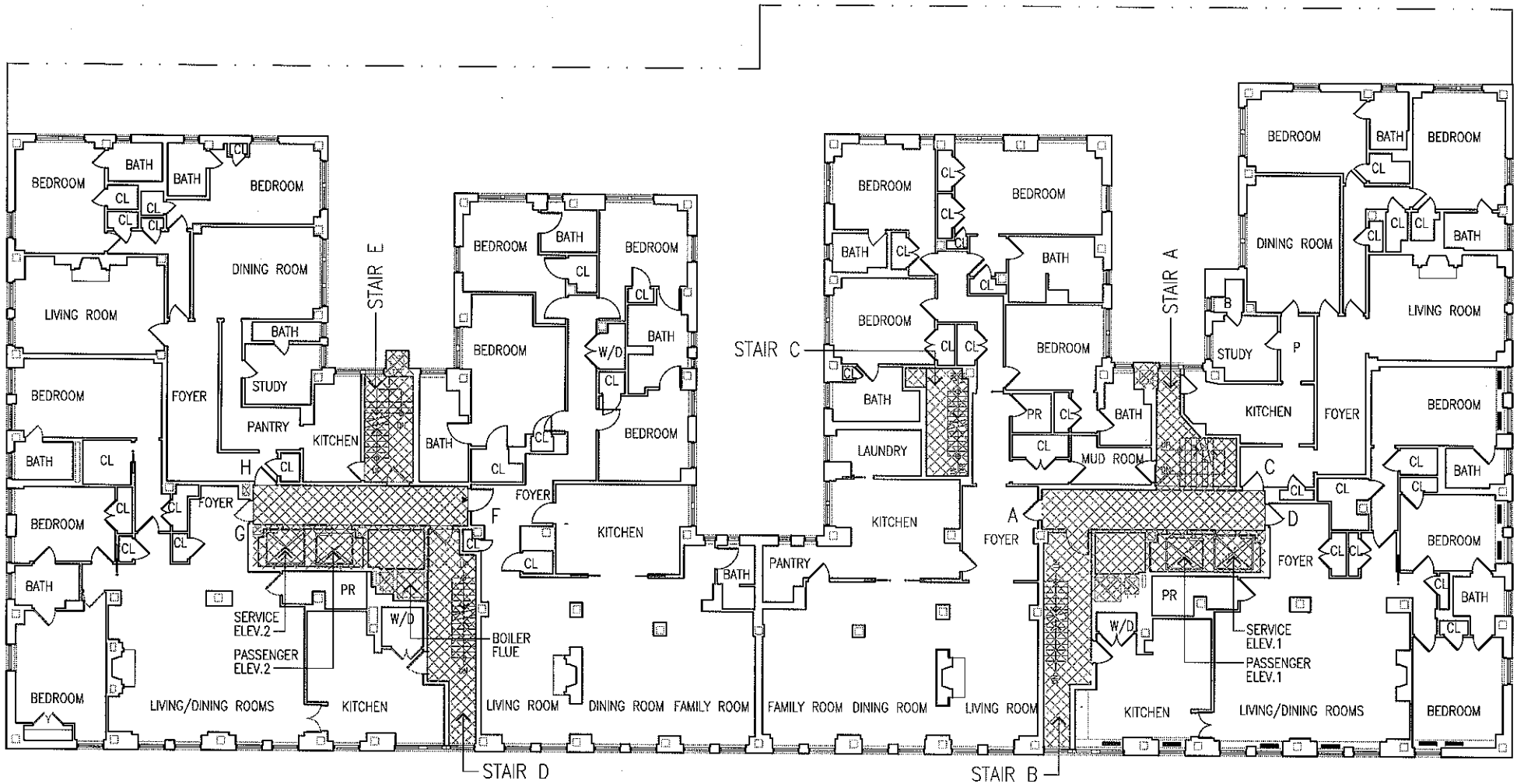
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"





4th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

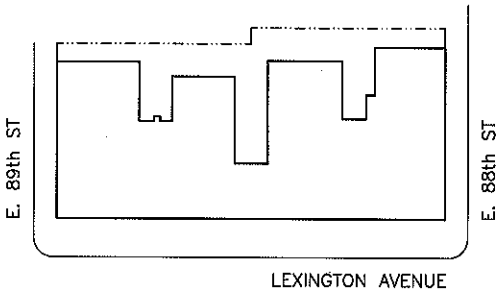
New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"



5th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

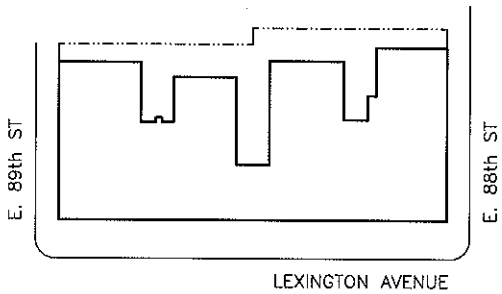
New York , New York

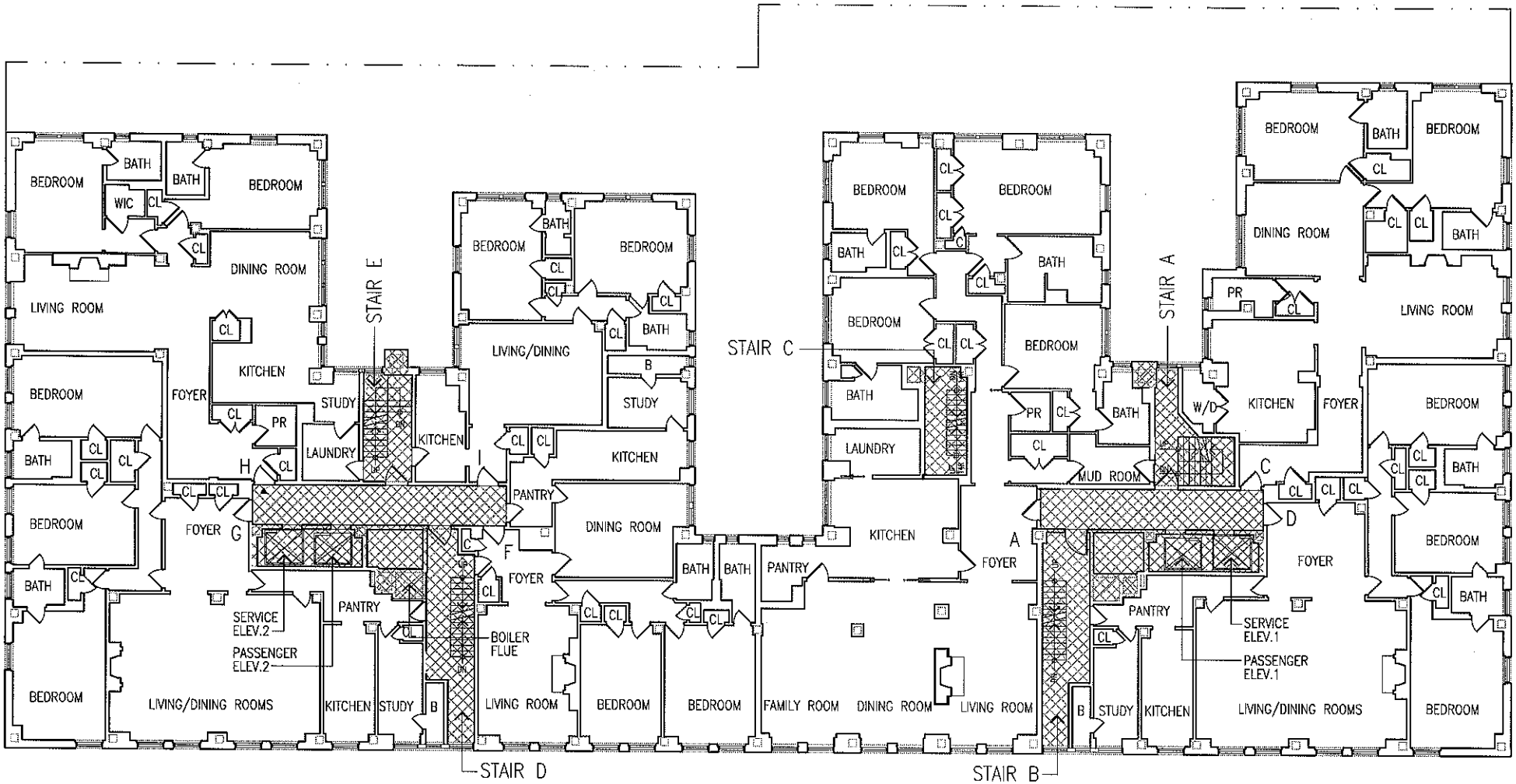
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"





LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

6th Floor Layout

141 East 88th Street

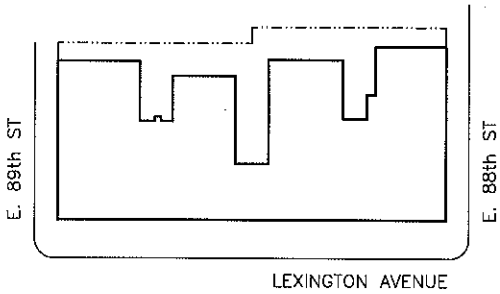
New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"



7th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

New York , New York

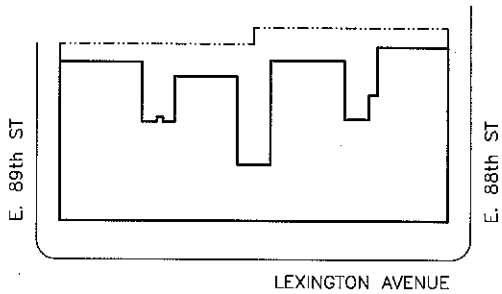
293

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"



8th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

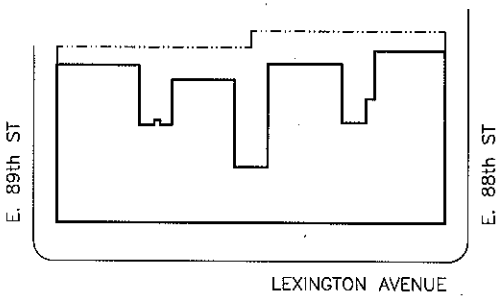
New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"



9th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

New York , New York

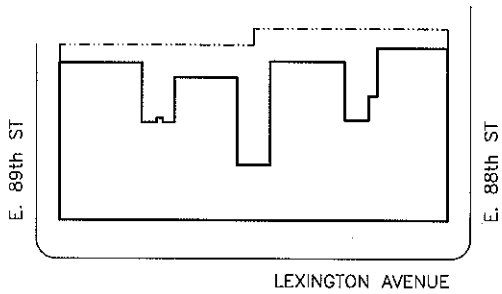
295

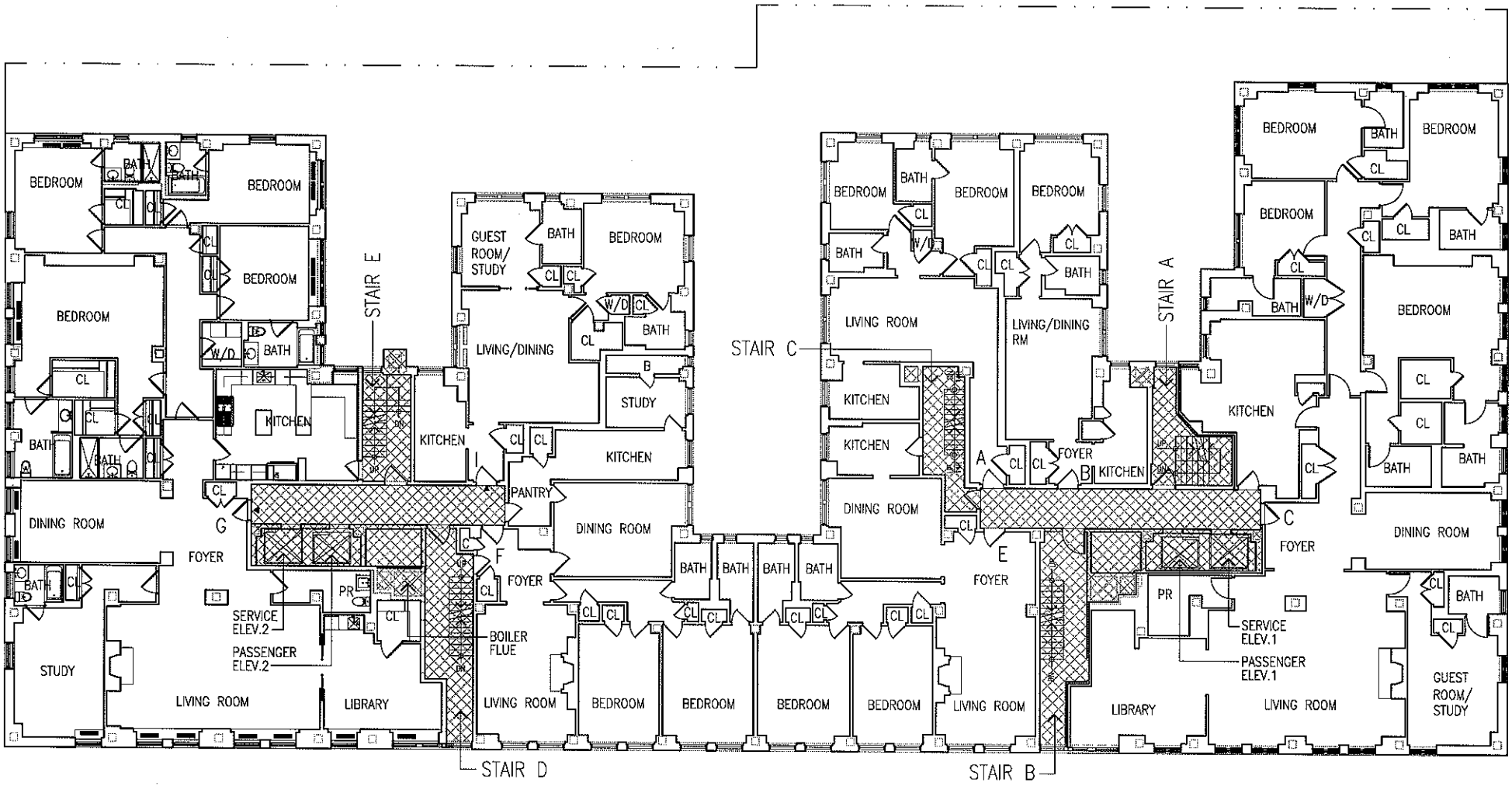
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"





10th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

New York , New York

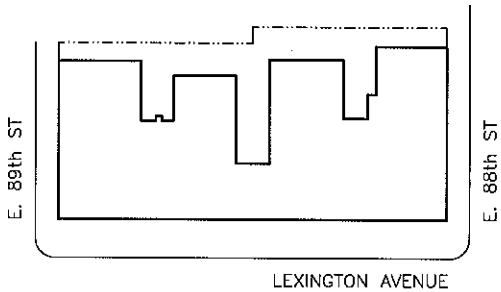
296

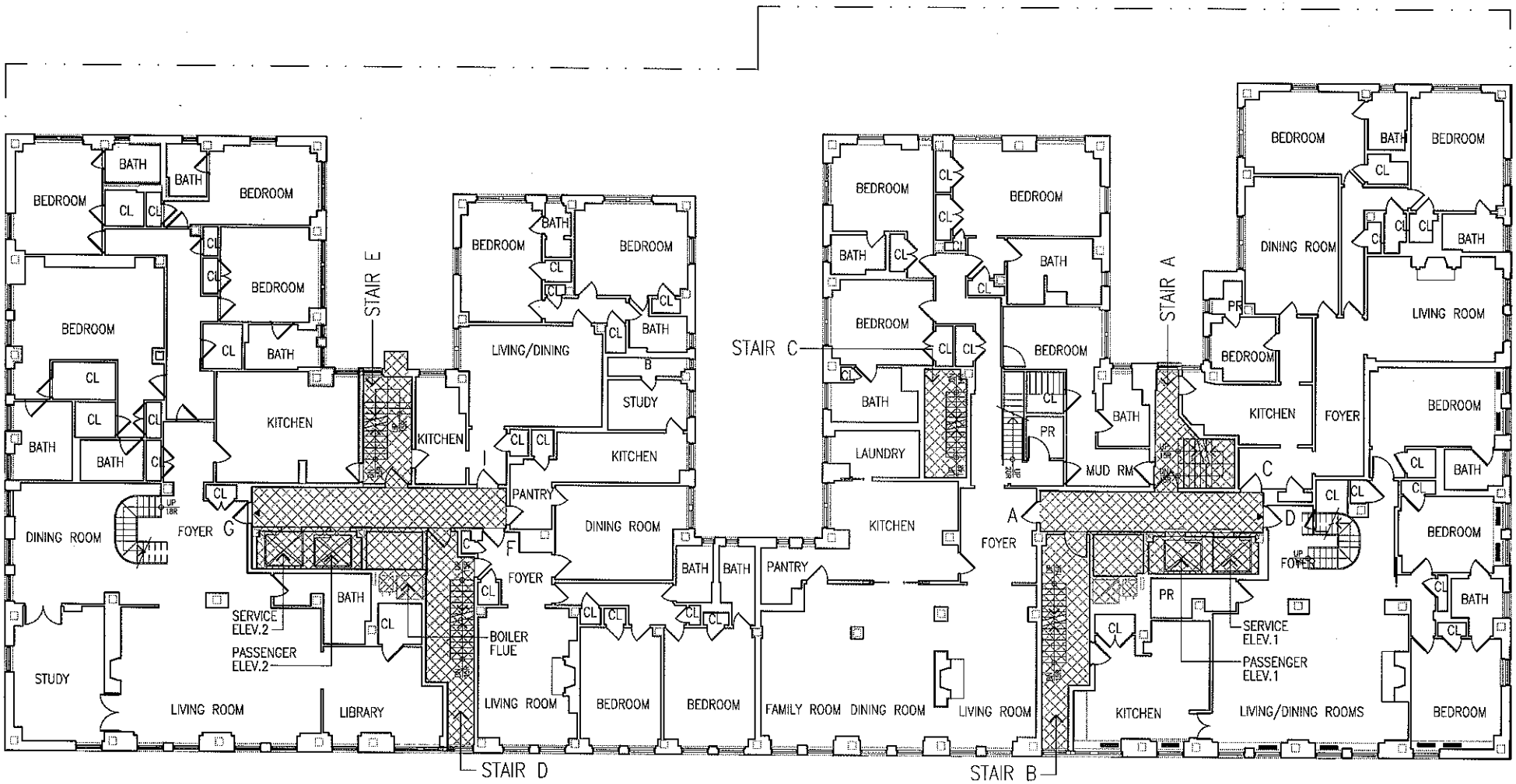
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"





11th Floor Layout

LEGEND

RESIDENTIAL UNIT

RESIDENTIAL COMMON ELEMENT

141 East 88th Street

New York , New York

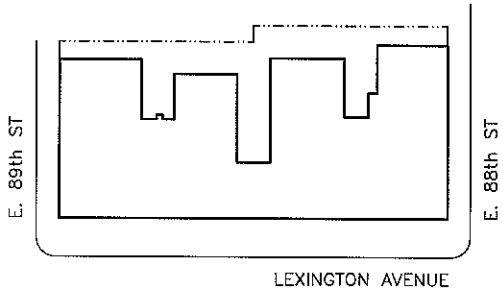
297

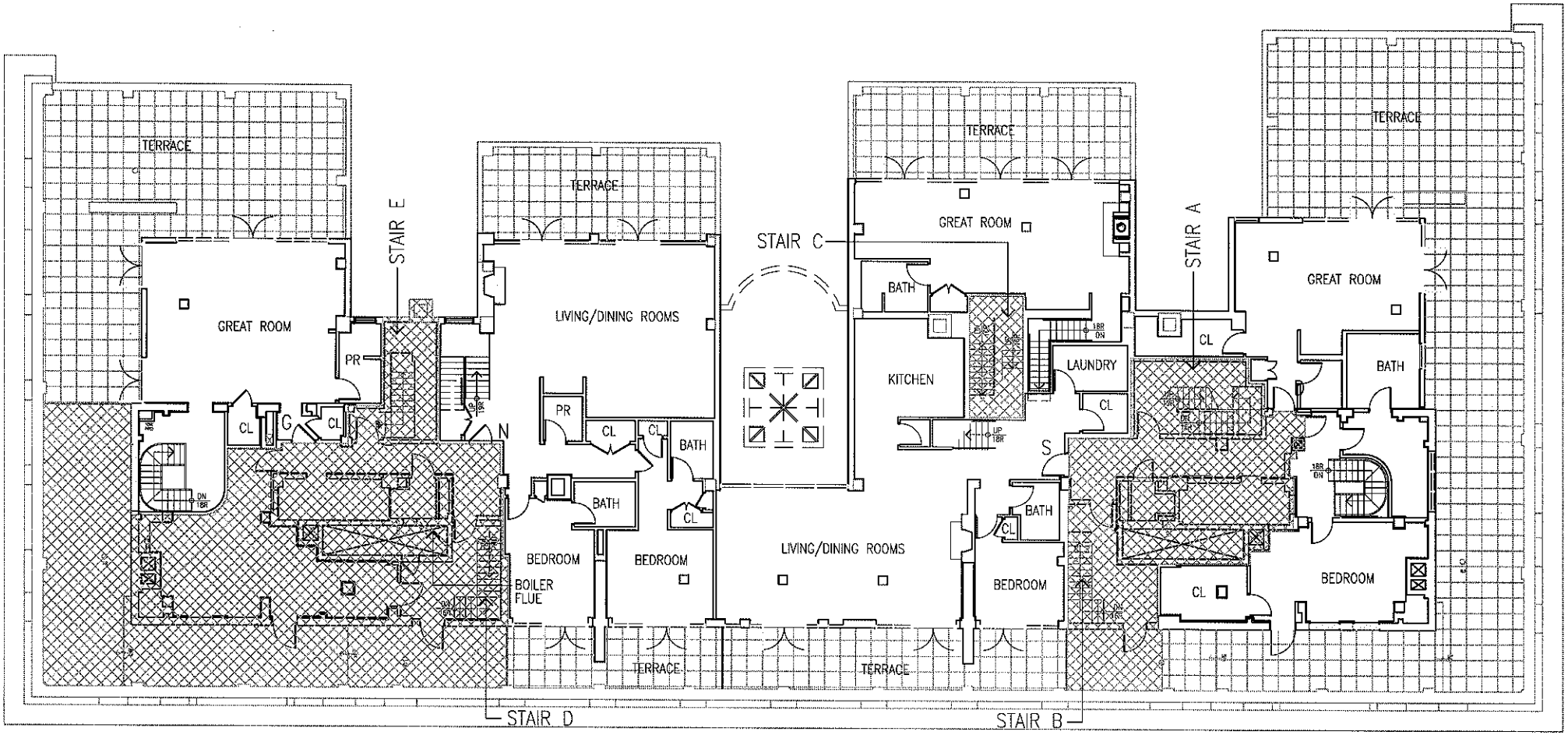
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

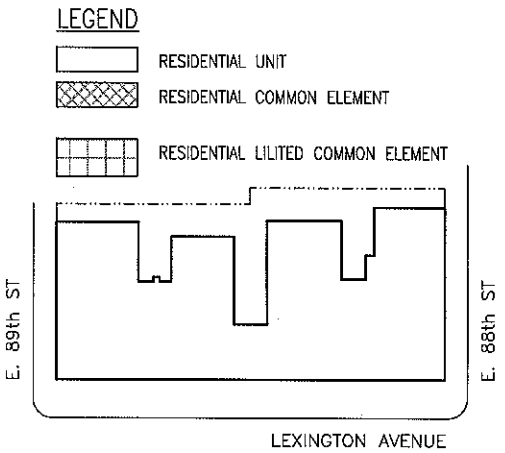
0 20 40

SCALE IN FEET
1"=20'-0"





12th Floor Layout

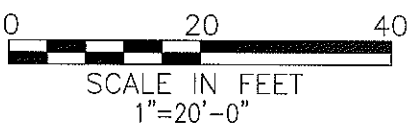


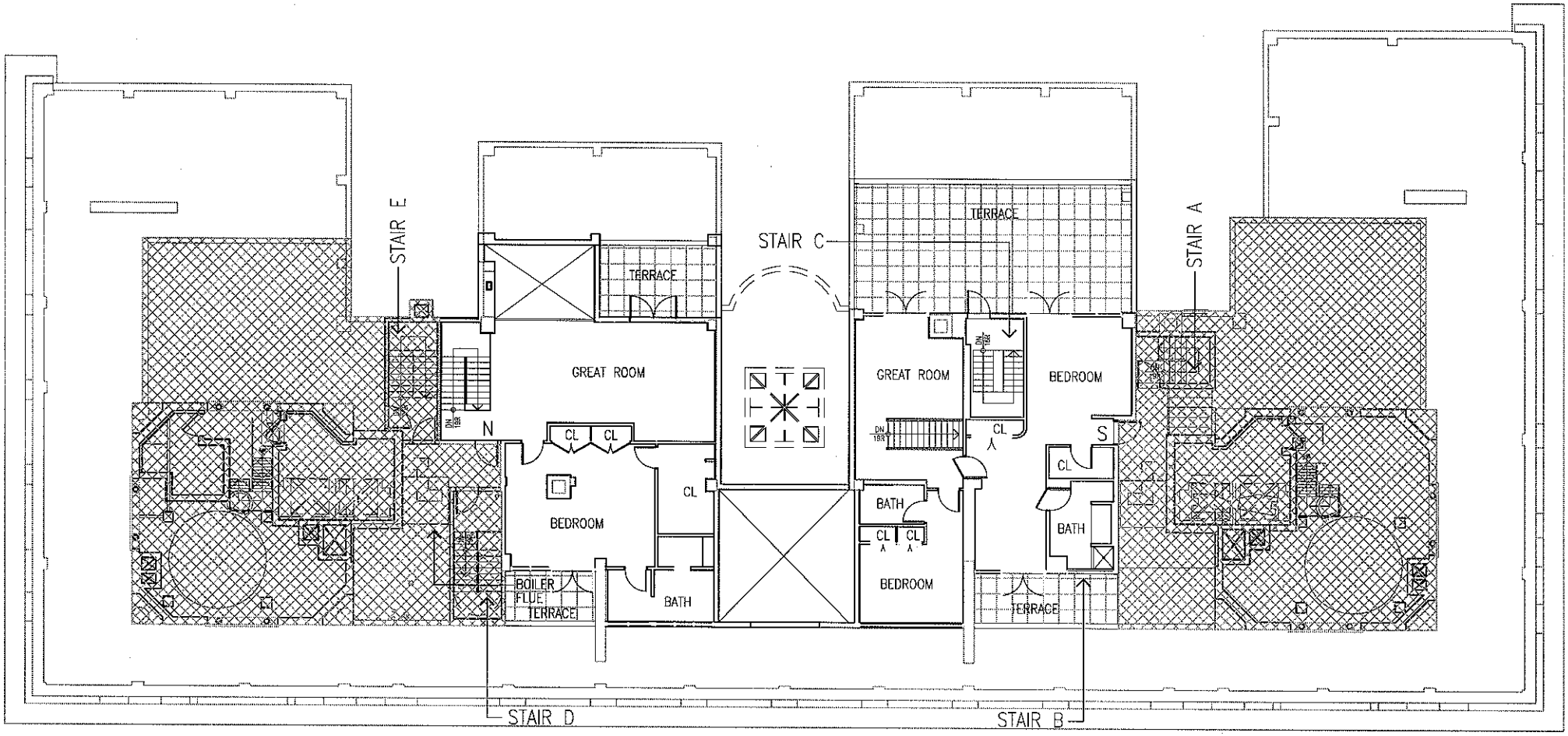
141 East 88th Street

New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

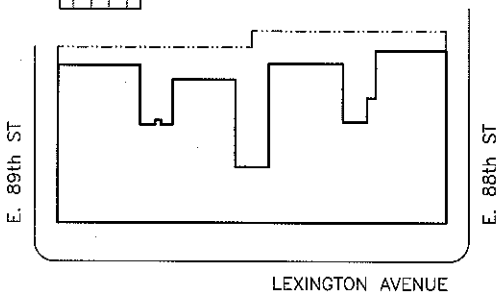




13th Floor Layout

LEGEND

- RESIDENTIAL UNIT
- RESIDENTIAL COMMON ELEMENT
- RESIDENTIAL LILITED COMMON ELEMENT



141 East 88th Street

New York , New York

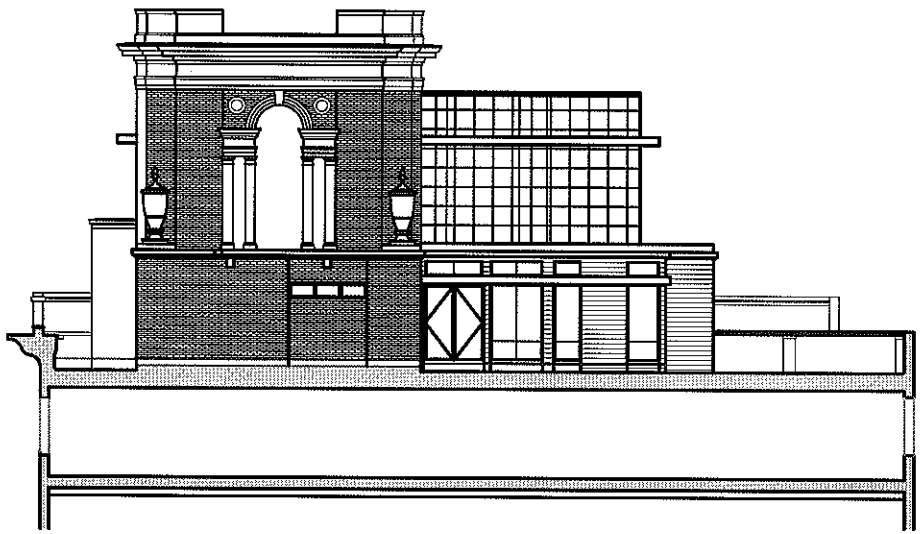
299

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

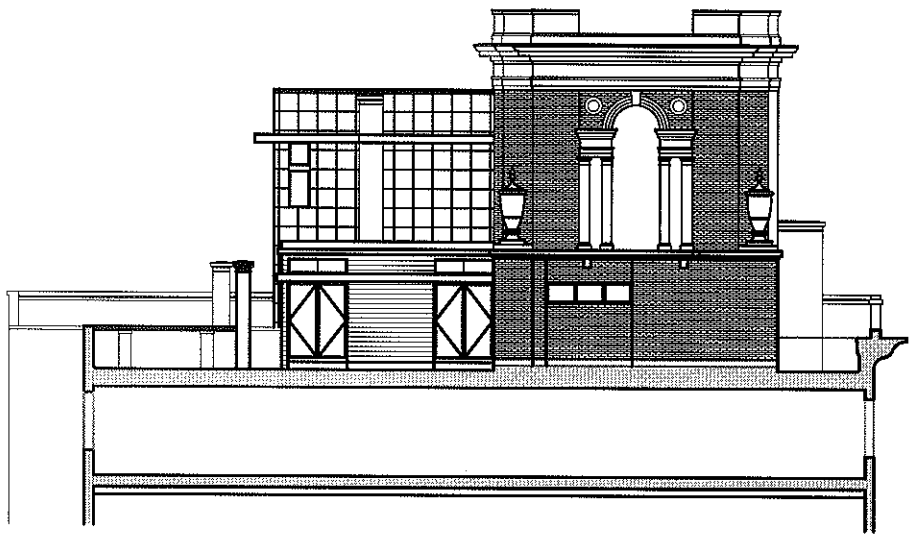
AUGUST 31, 2012

0 20 40

SCALE IN FEET
1"=20'-0"



South Penthouse Elevation



North Penthouse Elevation

141 East 88th Street

New York , New York

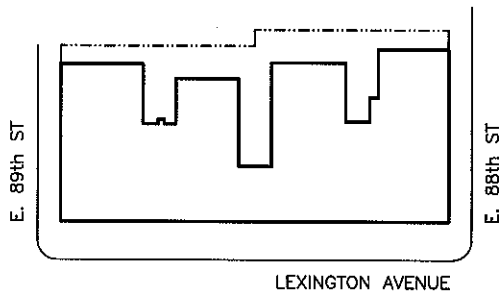
300

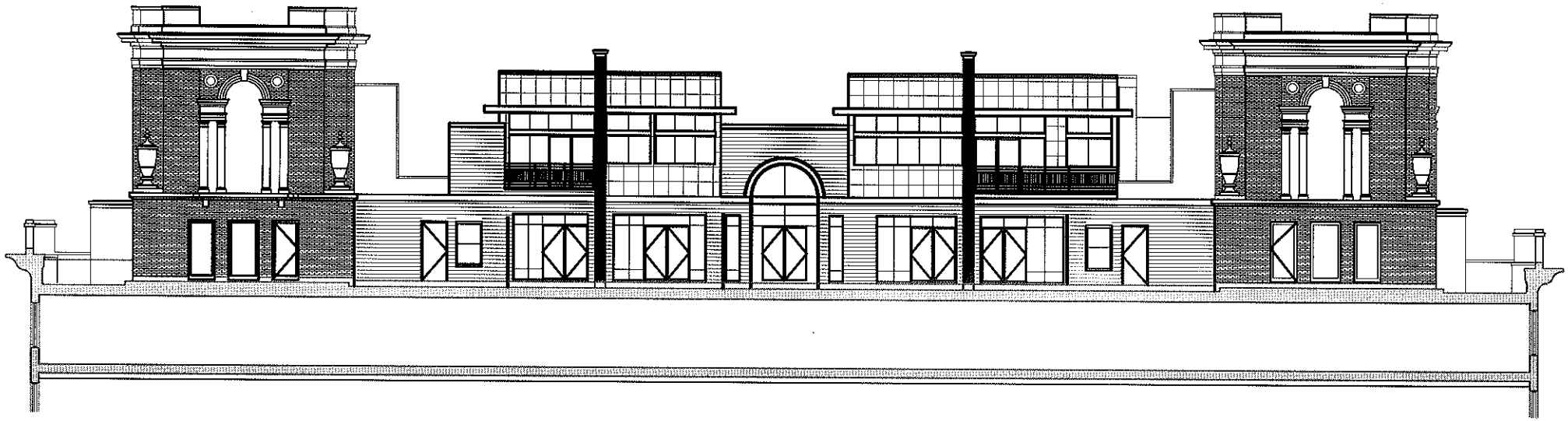
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

0 20 40

SCALE IN FEET
1" = 20'-0"





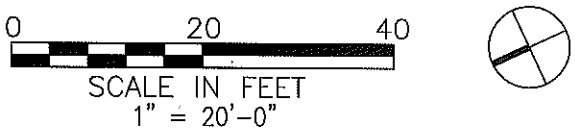
West Penthouse Elevation

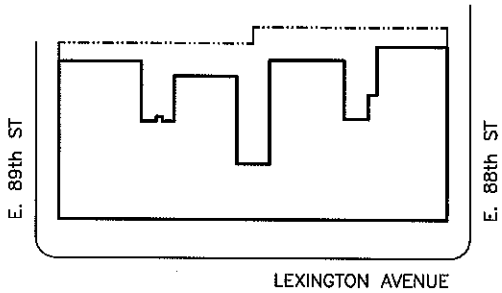
141 East 88th Street

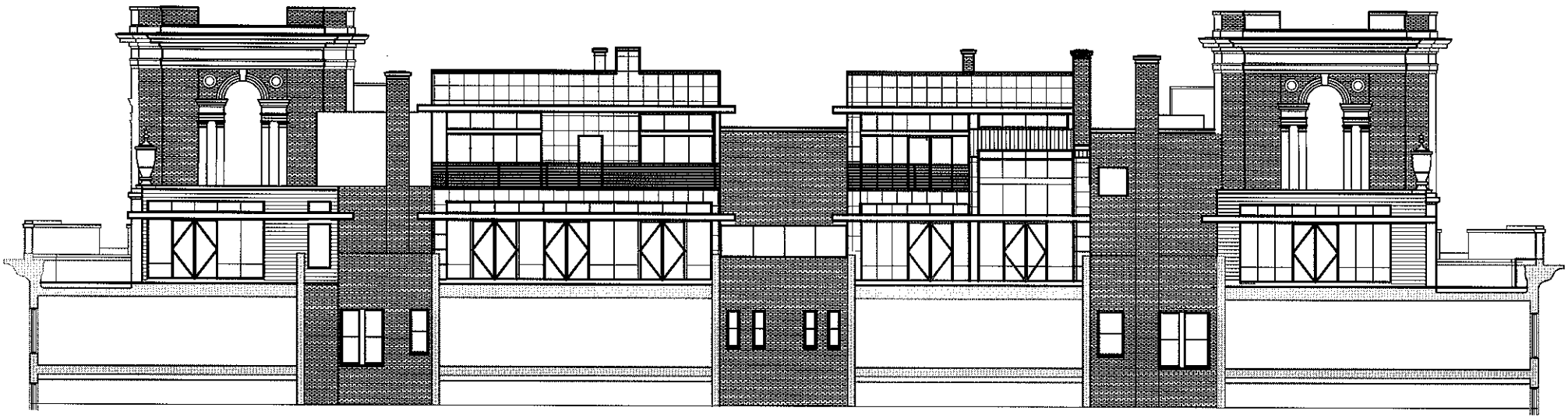
New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012







East Penthouse Elevation

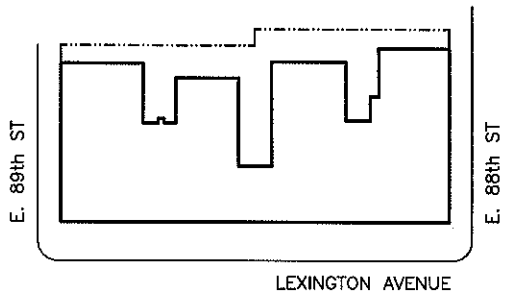
141 East 88th Street

New York , New York

302

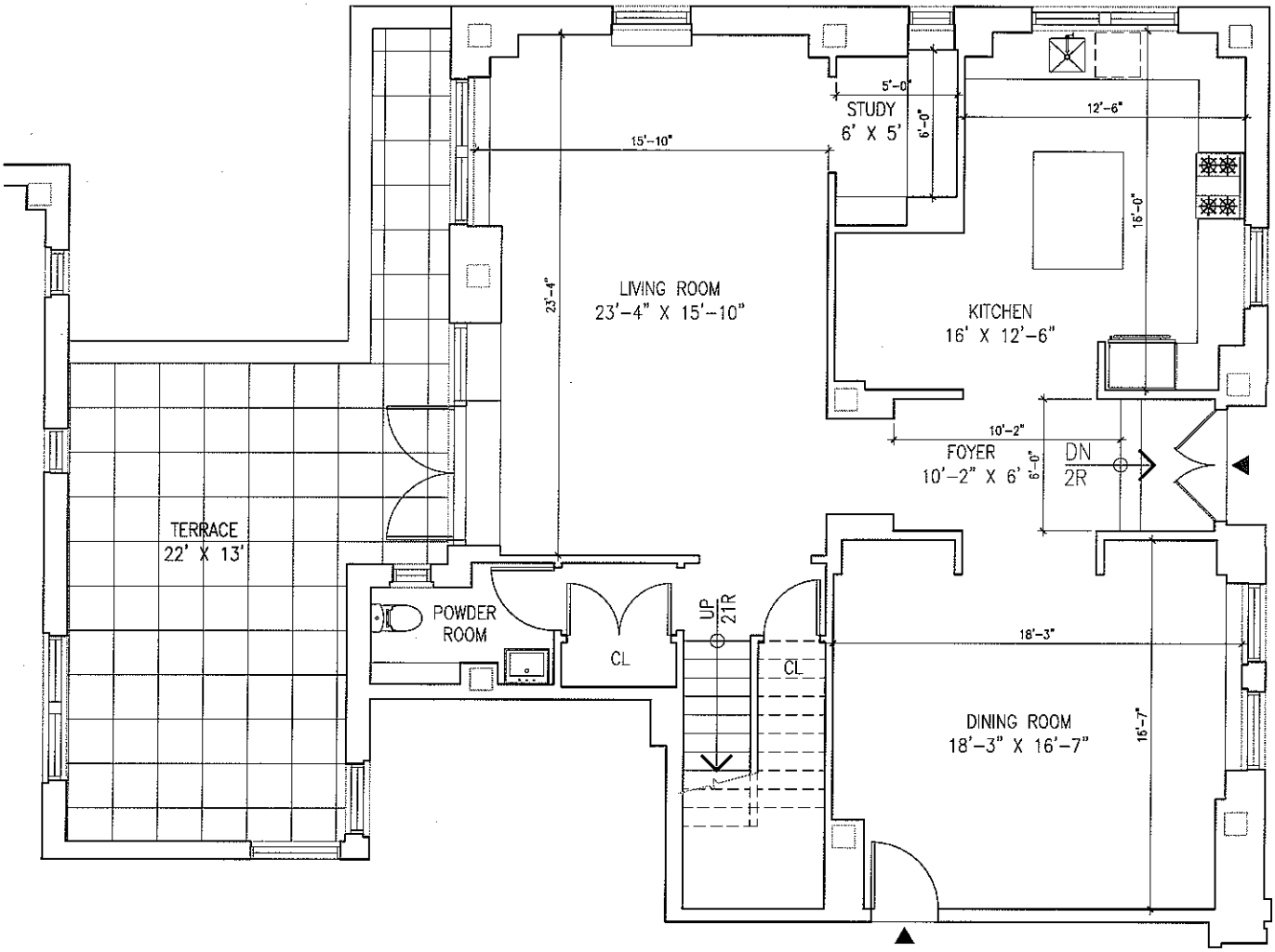
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012



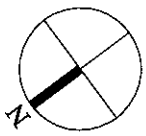
141 East 88th Street

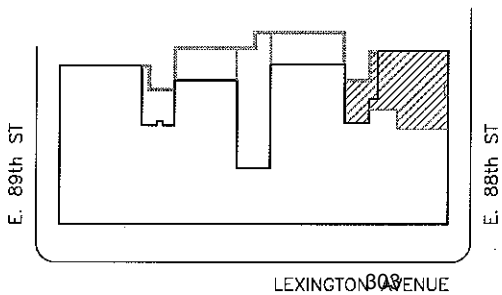
New York , New York



APARTMENT M1
LOWER LEVEL
1,407 SF

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



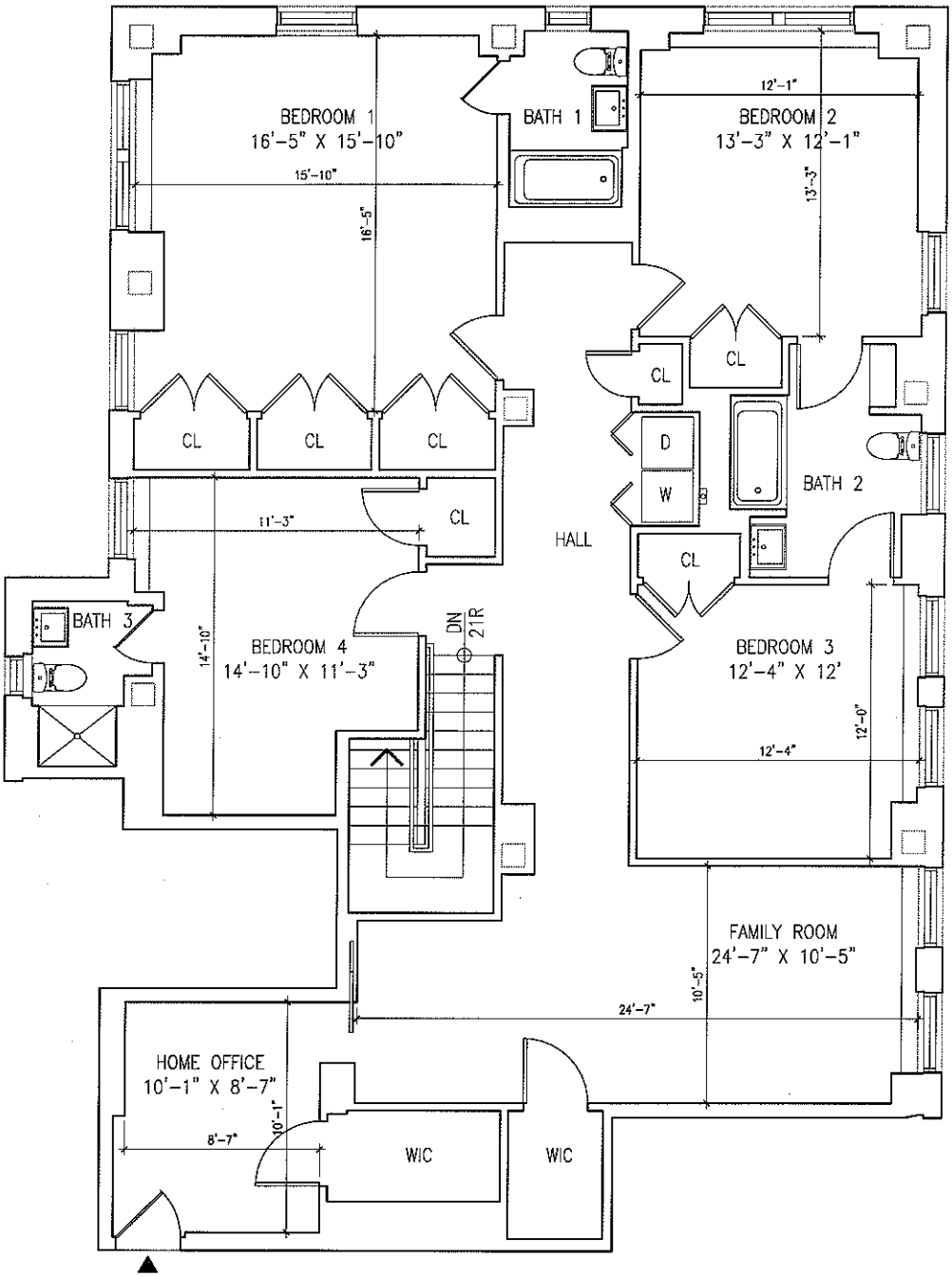


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

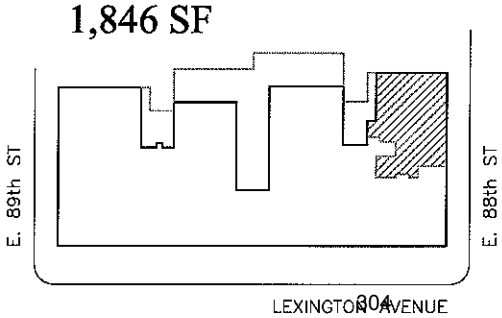
AUGUST 31, 2012

141 East 88th Street

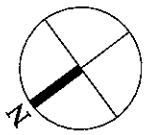
New York , New York



APARTMENT M1
UPPER LEVEL
1,846 SF



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

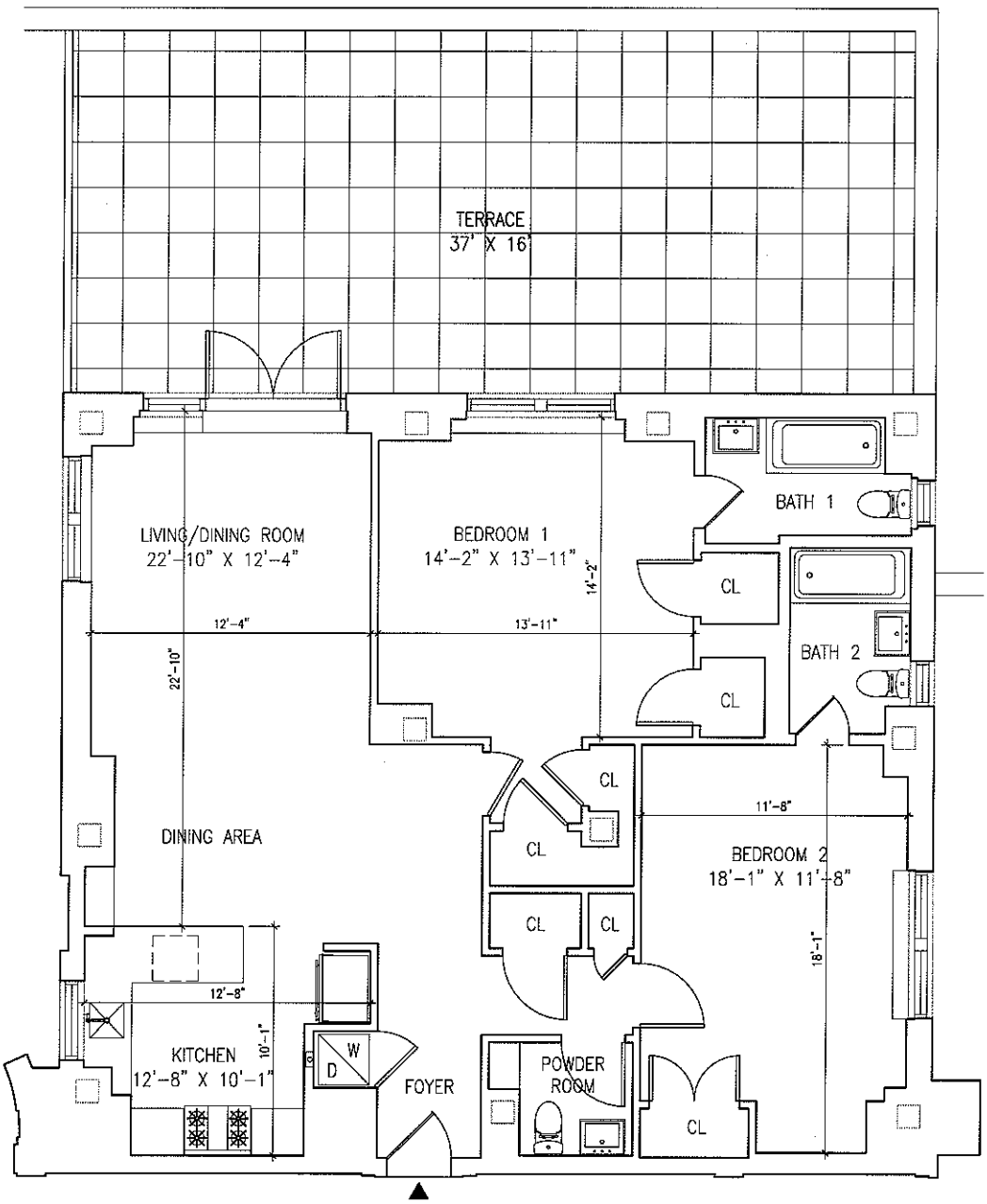


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

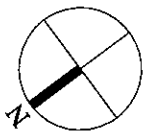
New York , New York

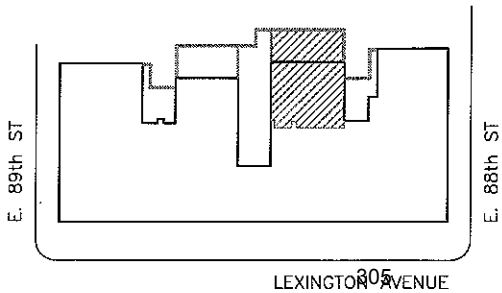


APARTMENT M2

1,299 SF

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



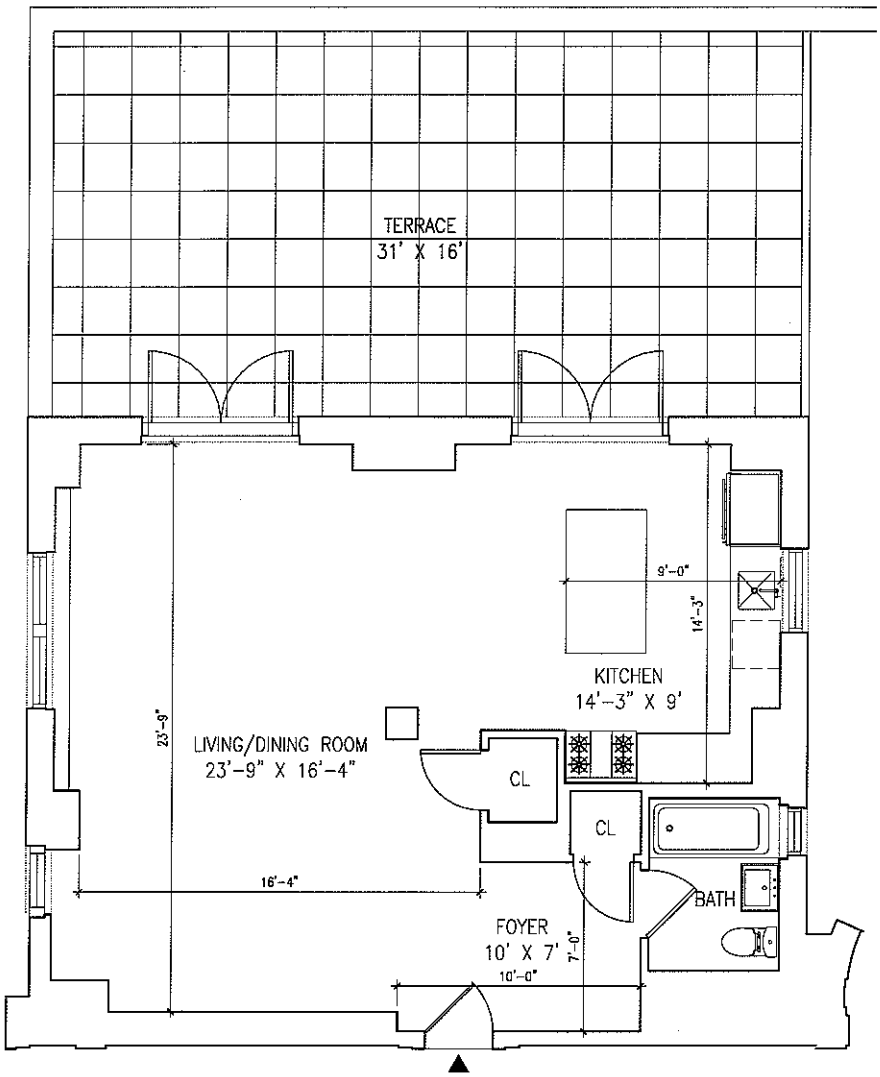


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

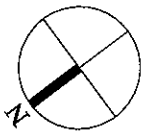
New York , New York

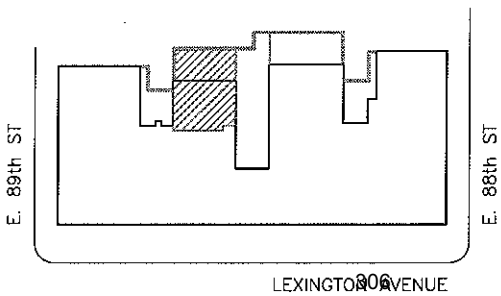


APARTMENT M3

826 SF

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



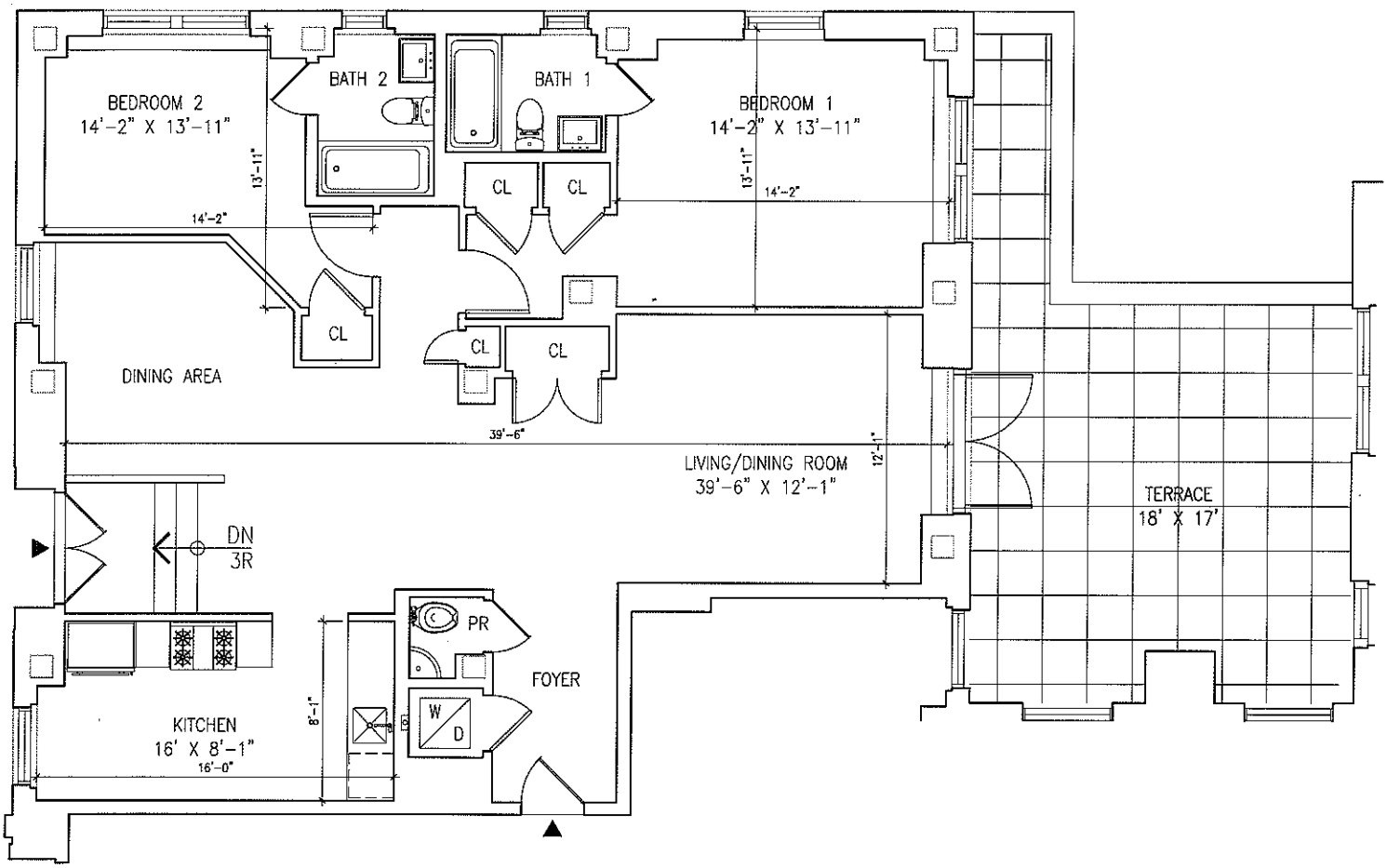


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

New York , New York



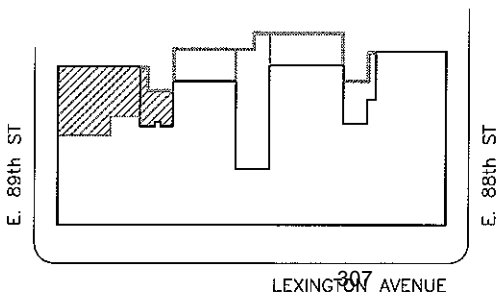
APARTMENT M4
1,371 SF

0 2' 4' 8' 16' 24'

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

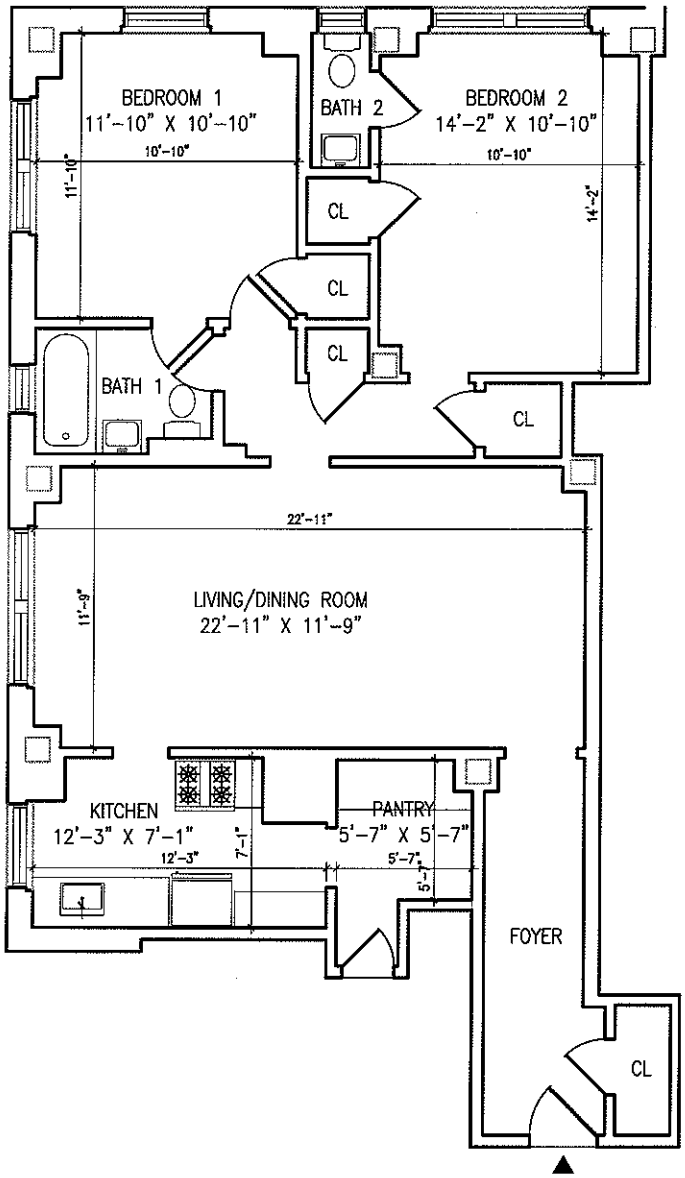
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

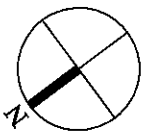
New York , New York

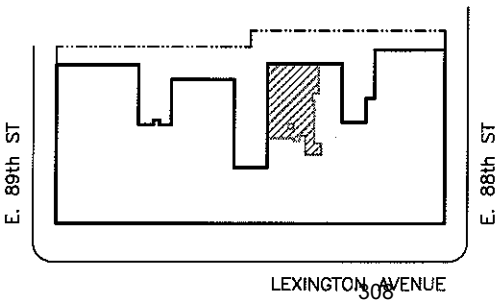


APARTMENT 2A
1029 SF

0 2' 4' 8' 16' 24'

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



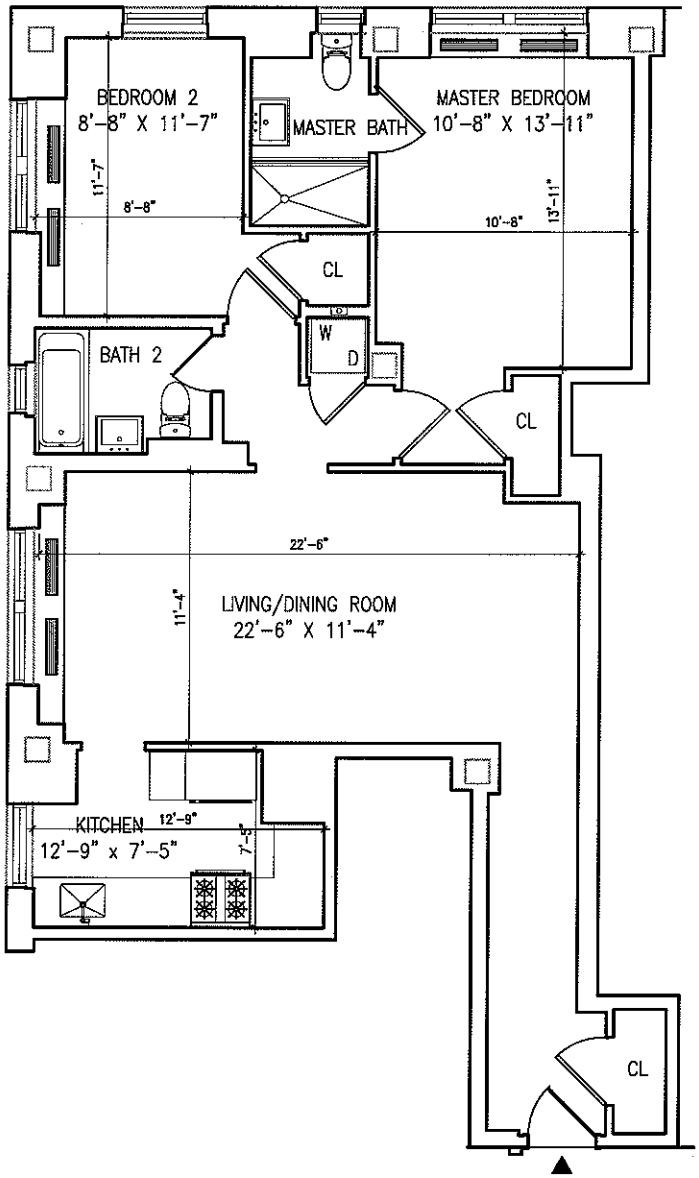


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

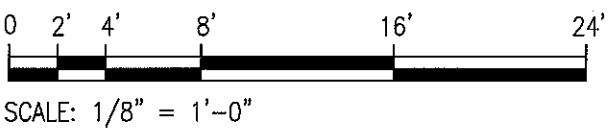
AUGUST 31, 2012

141 East 88th Street

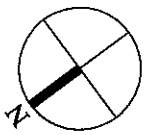
New York , New York

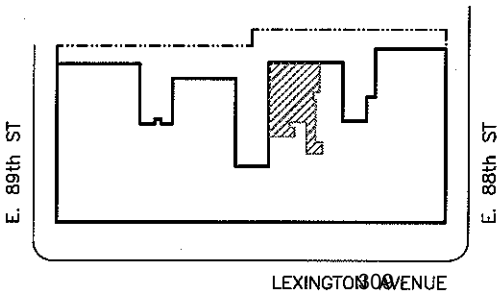


APARTMENTS 3A, 10A
980 SF



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



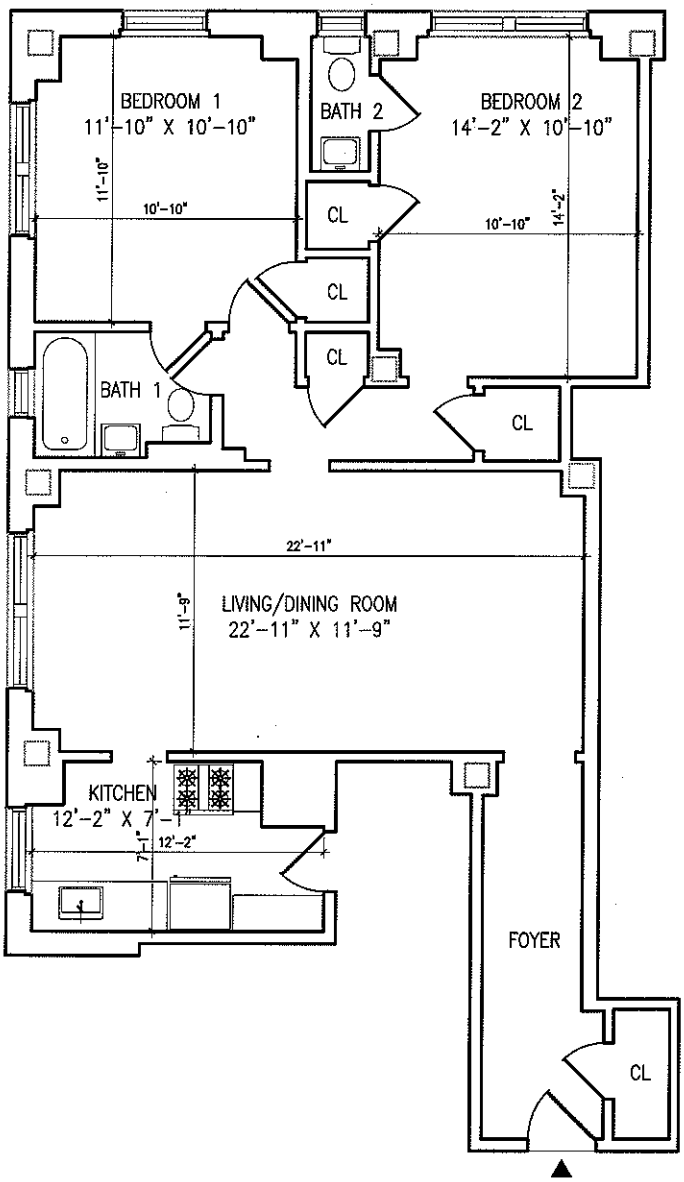


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

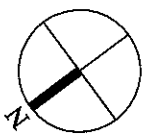
New York , New York

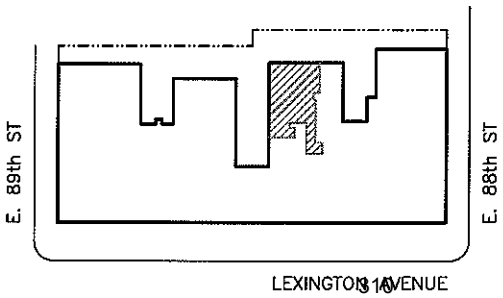


APARTMENTS 7A
980 SF

0 2' 4' 8' 16' 24'

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



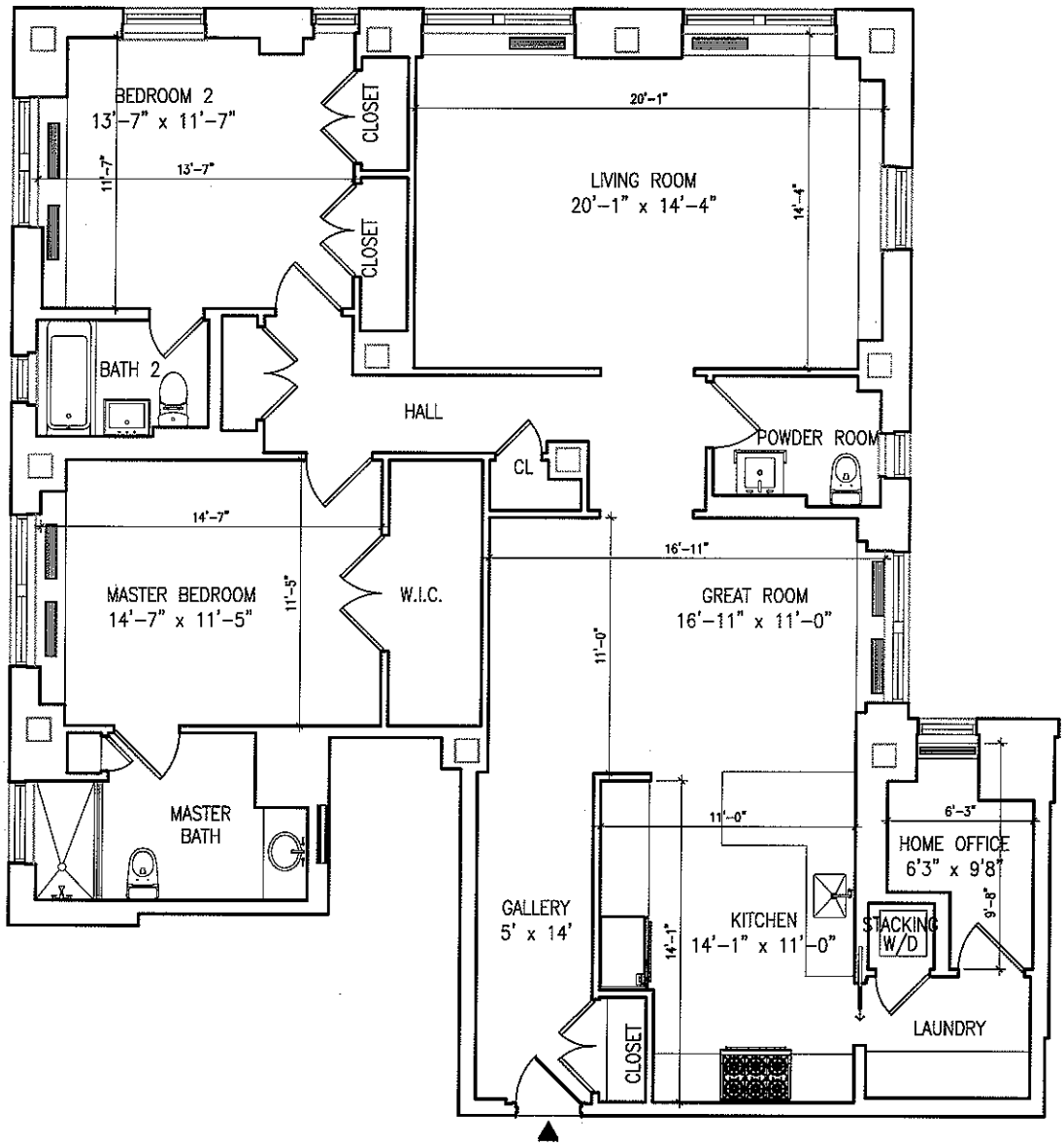


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

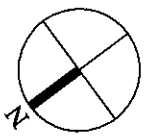
141 East 88th Street

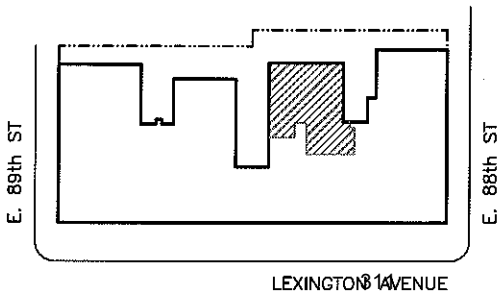
New York , New York



APARTMENTS 8A
1700 SF

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





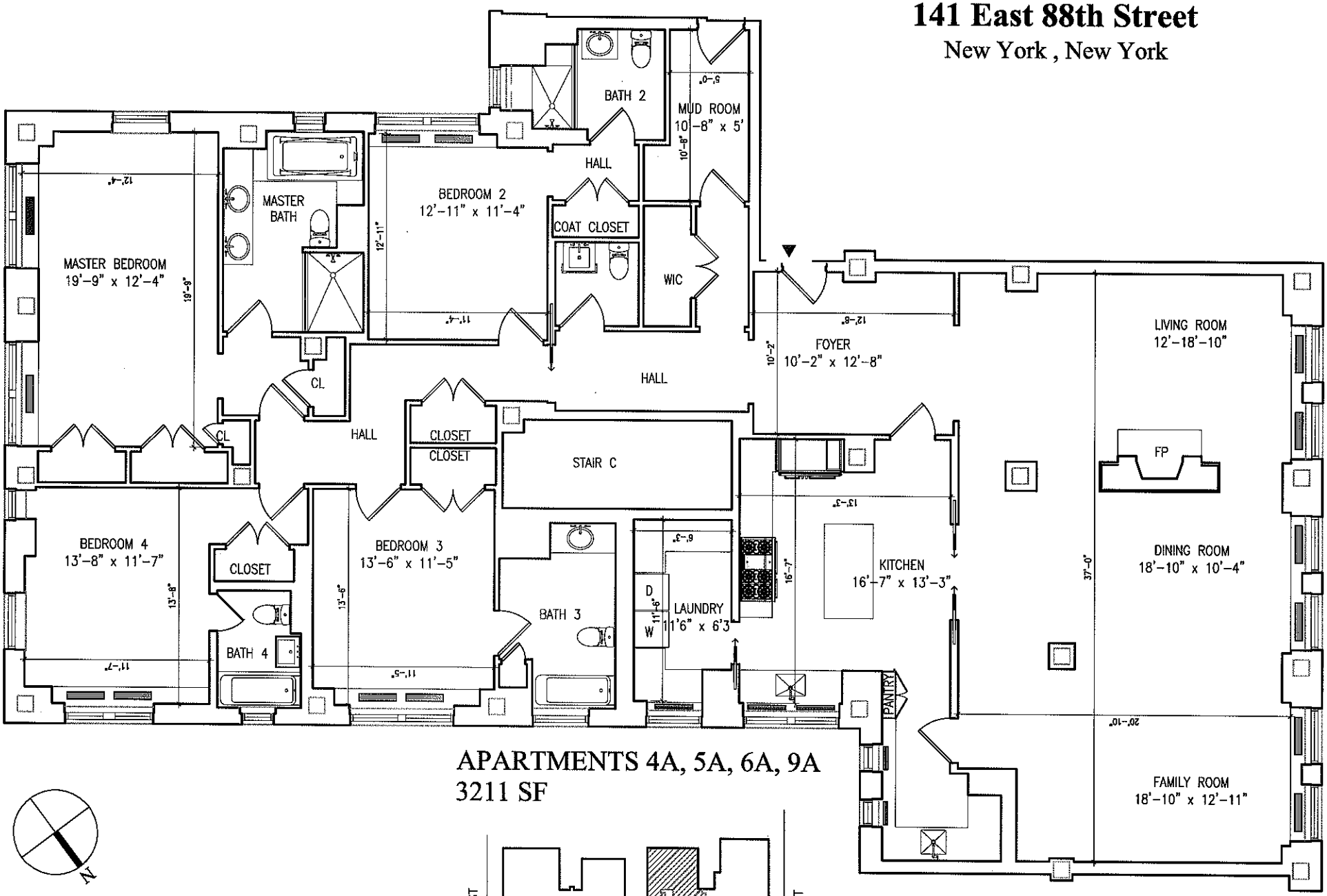
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

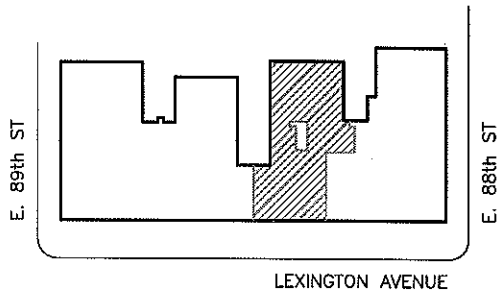
141 East 88th Street

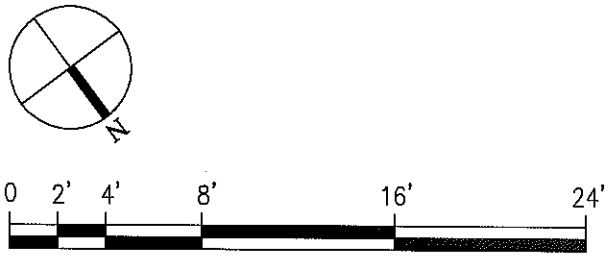
New York , New York

312



APARTMENTS 4A, 5A, 6A, 9A
3211 SF





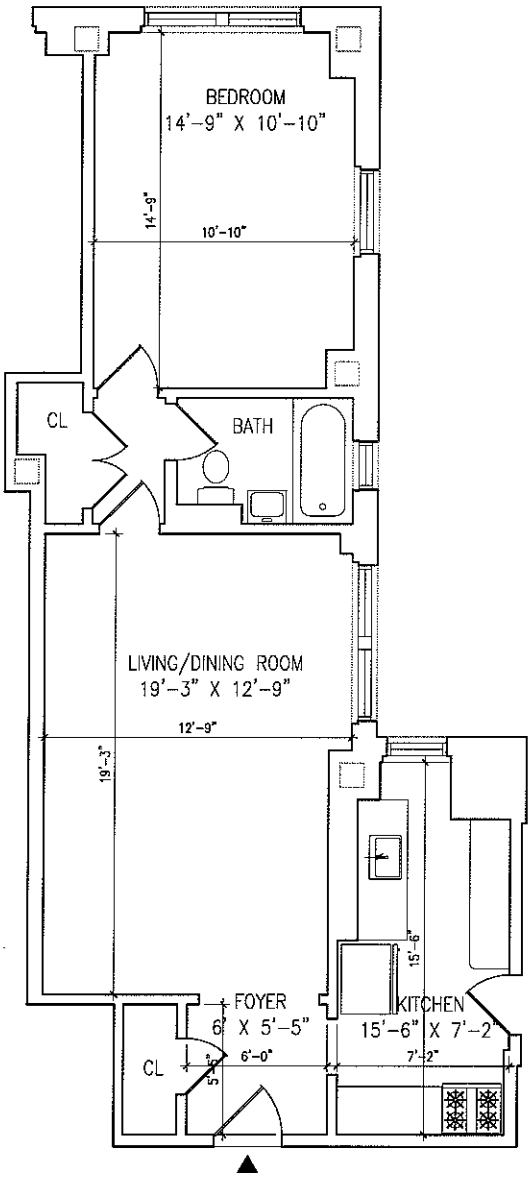
SCALE: 1/8" = 1'-0"

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

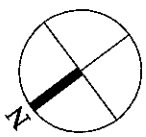
New York , New York

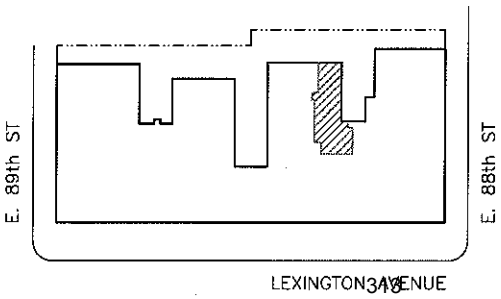


APARTMENTS 2B, 7B, 10B
720 SF

0 2' 4' 8' 16' 24'

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



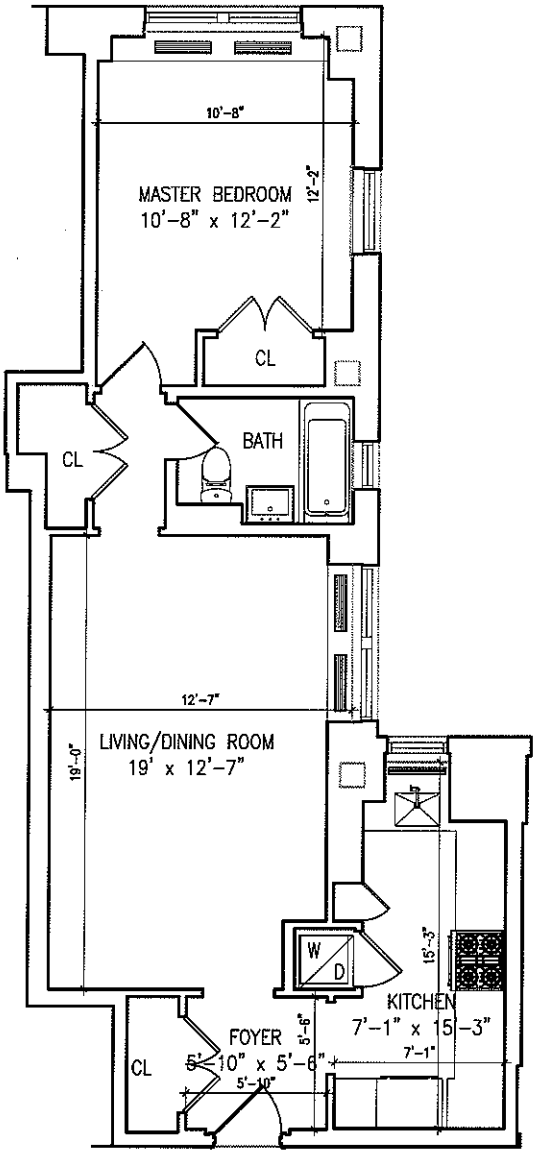


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

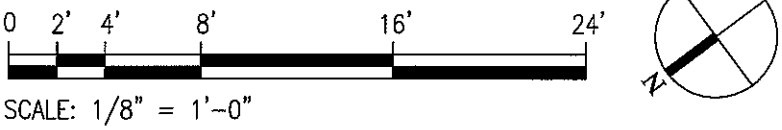
AUGUST 31, 2012

141 East 88th Street

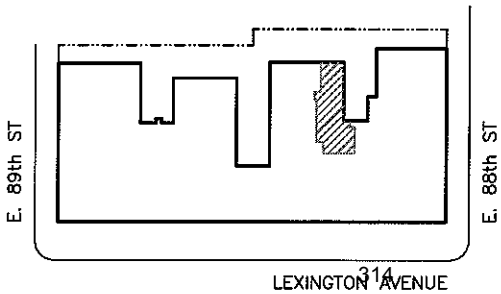
New York , New York



APARTMENTS 3B
720 SF



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

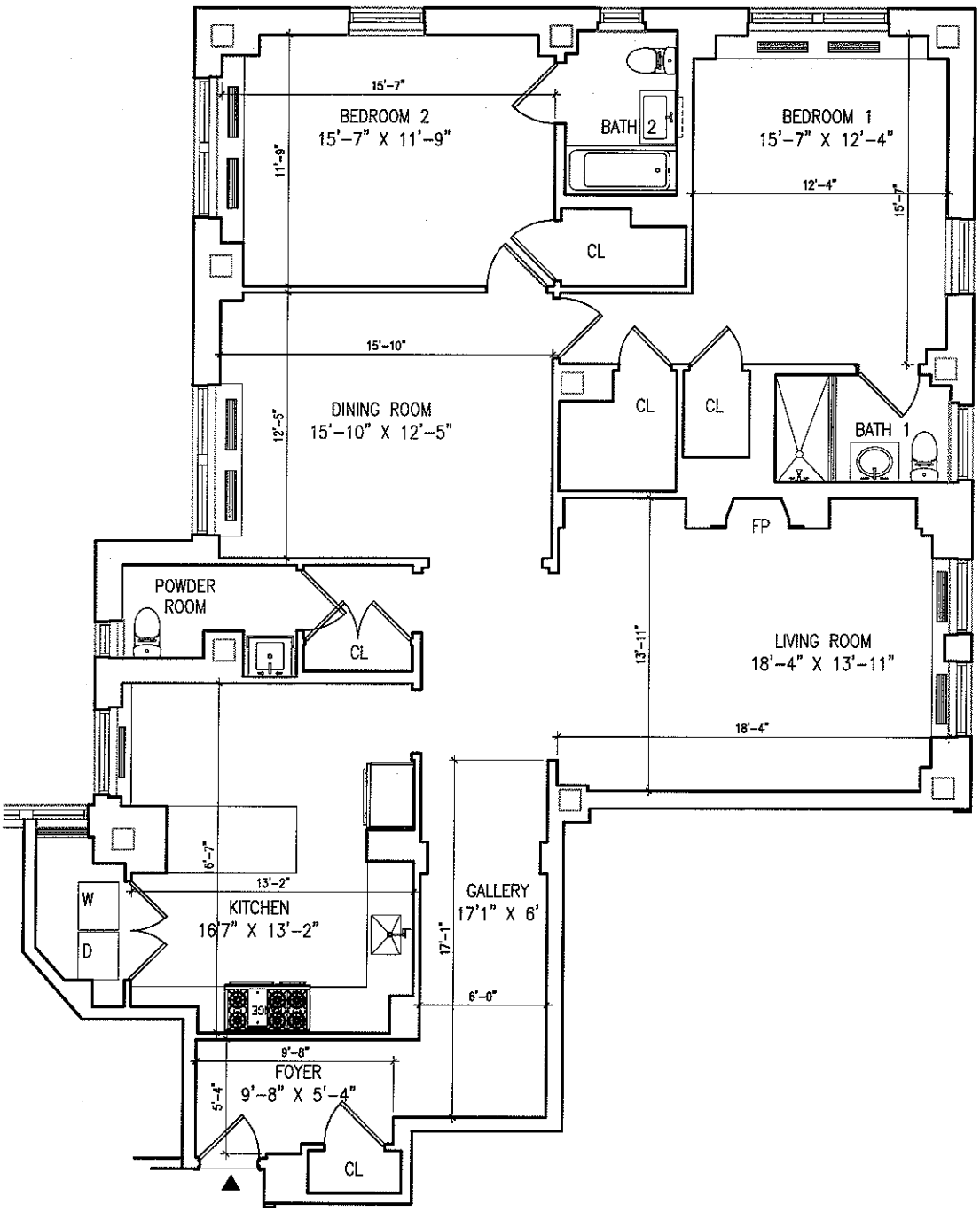


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

New York , New York



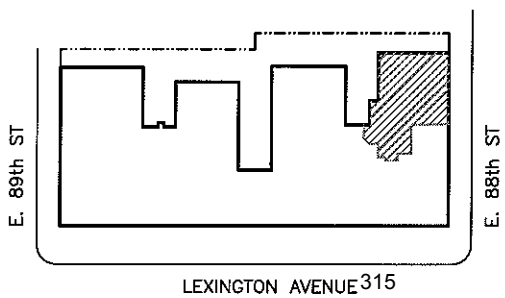
APARTMENTS 3C, 6C, 7C, 8C
1790 SF

0 2' 4' 8' 16' 24'

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

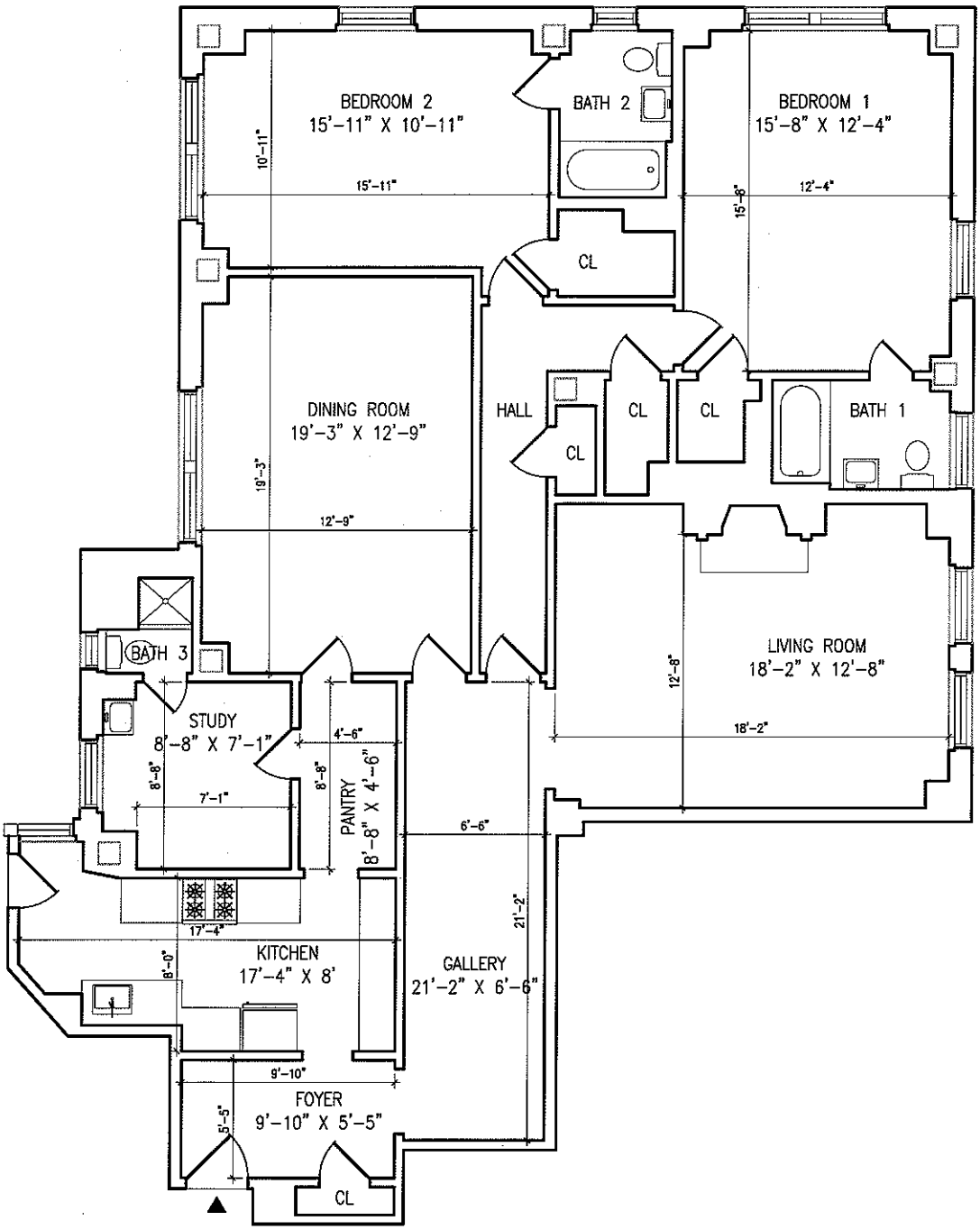
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

New York , New York



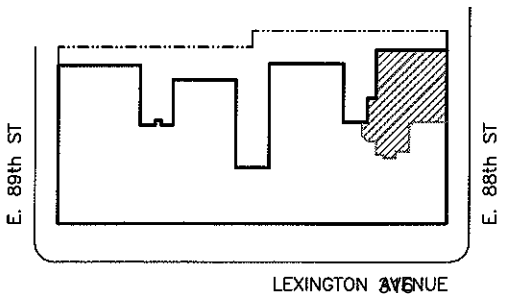
APARTMENT 4C, 5C, 9C, 11C
1790 SF

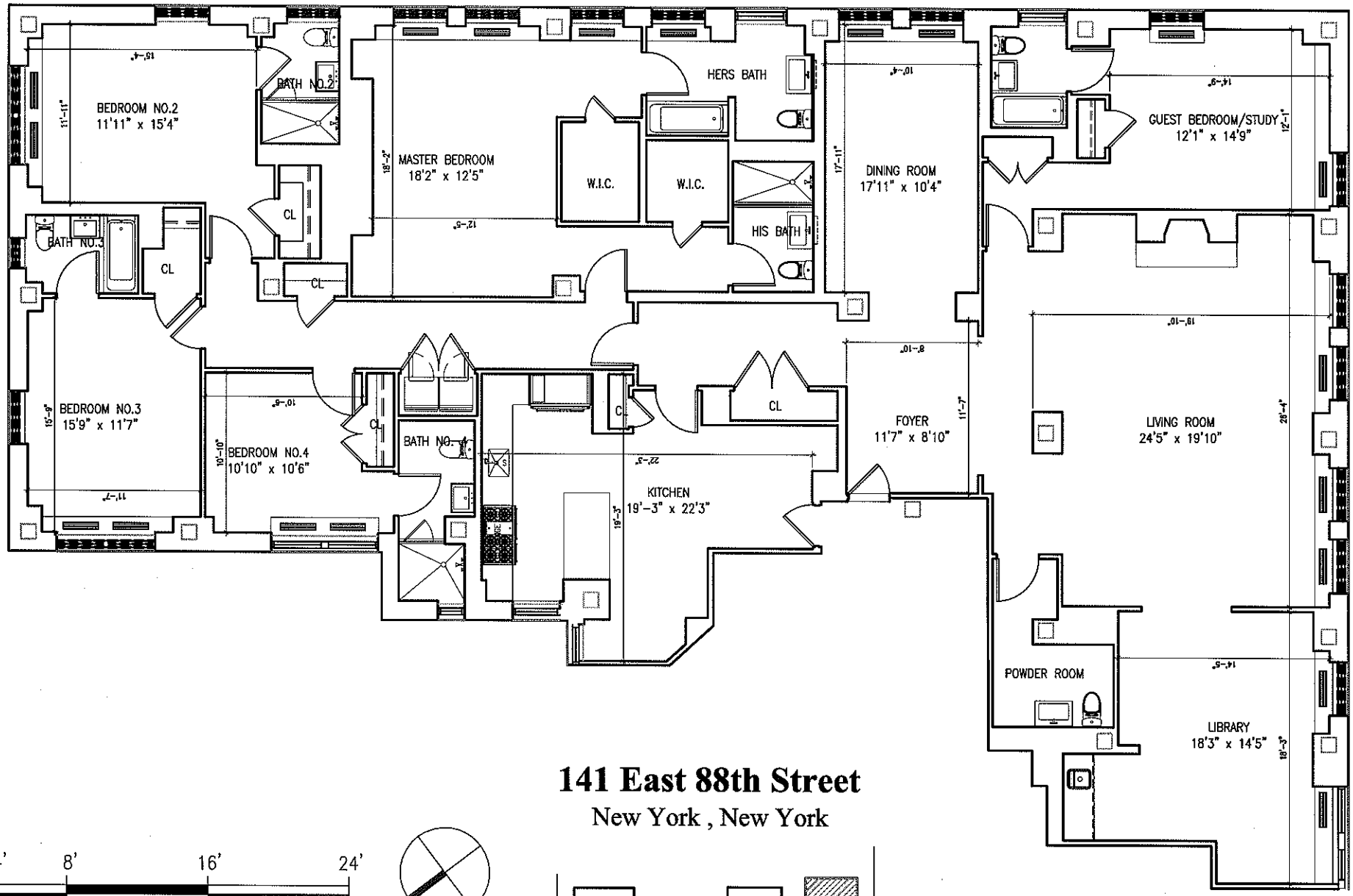
0 2' 4' 8' 16' 24'

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

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

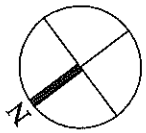


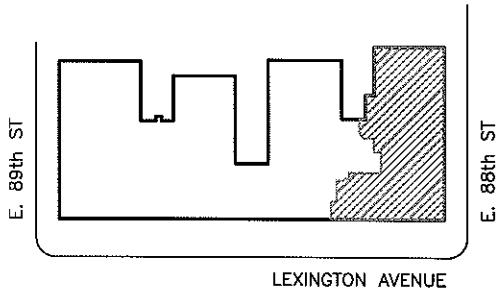


141 East 88th Street

New York , New York

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





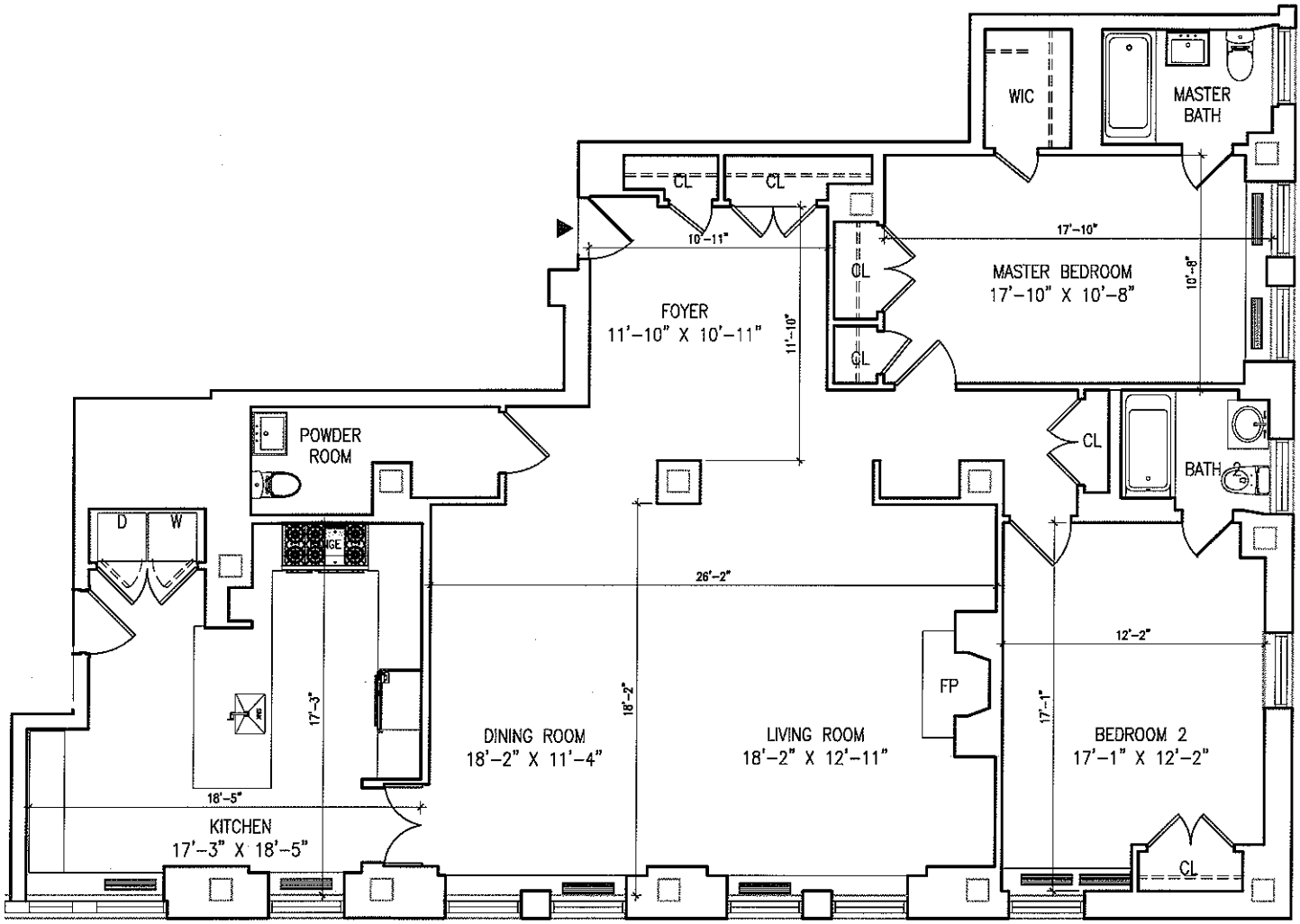
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

APARTMENTS 10C
3847 SF

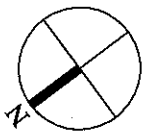
141 East 88th Street

New York , New York



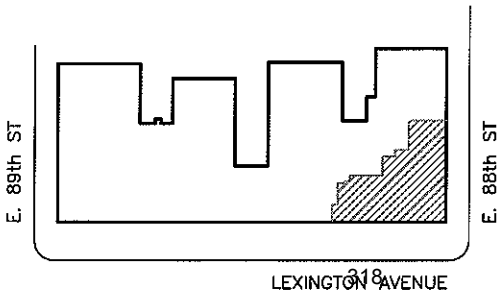
APARTMENT 2D
1818 SF

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



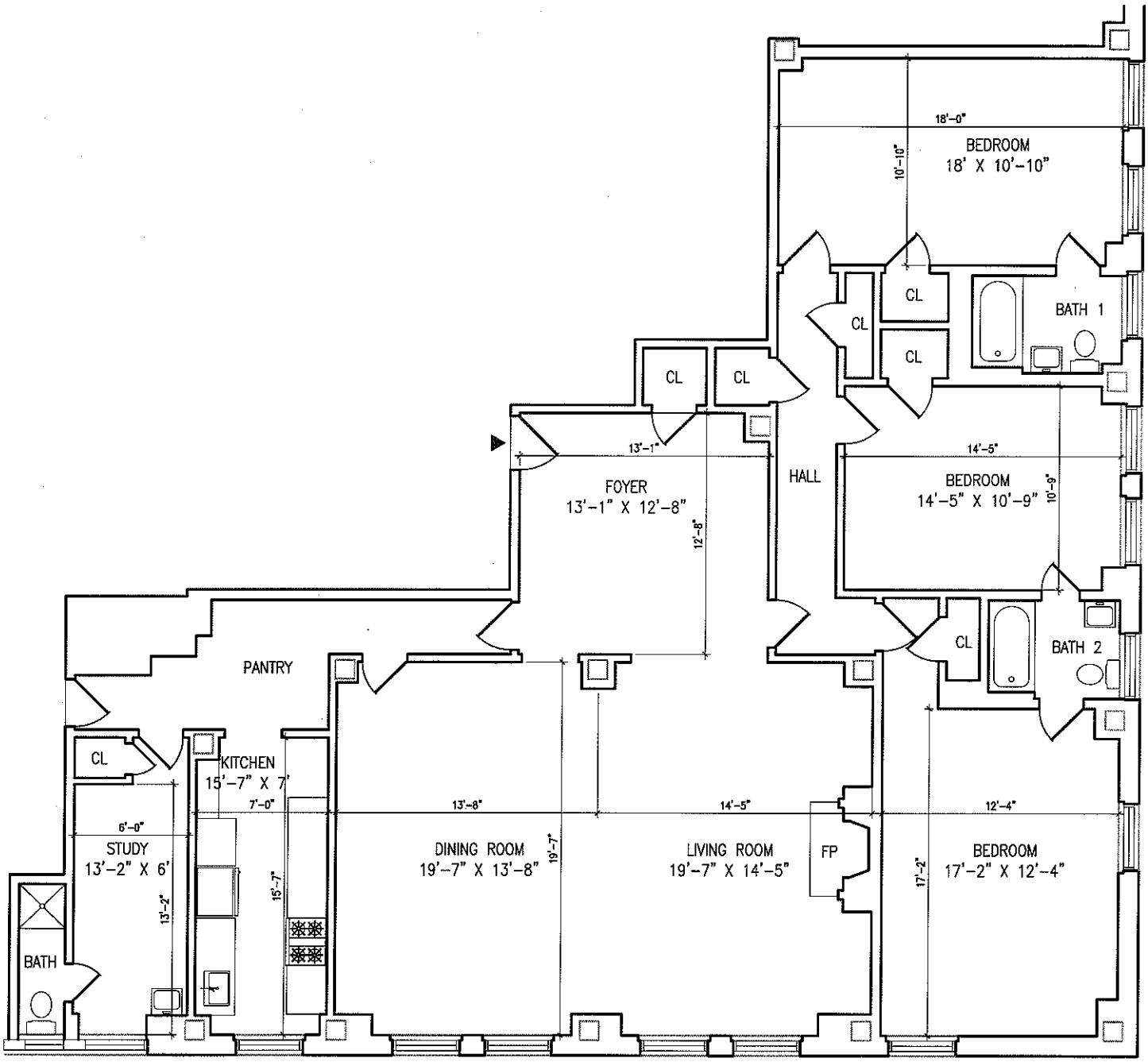
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



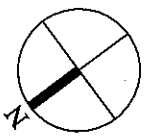
141 East 88th Street

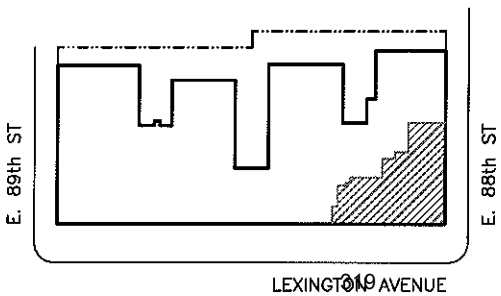
New York , New York



APARTMENTS 3D, 5D, 6D. 7D
2060 SF

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



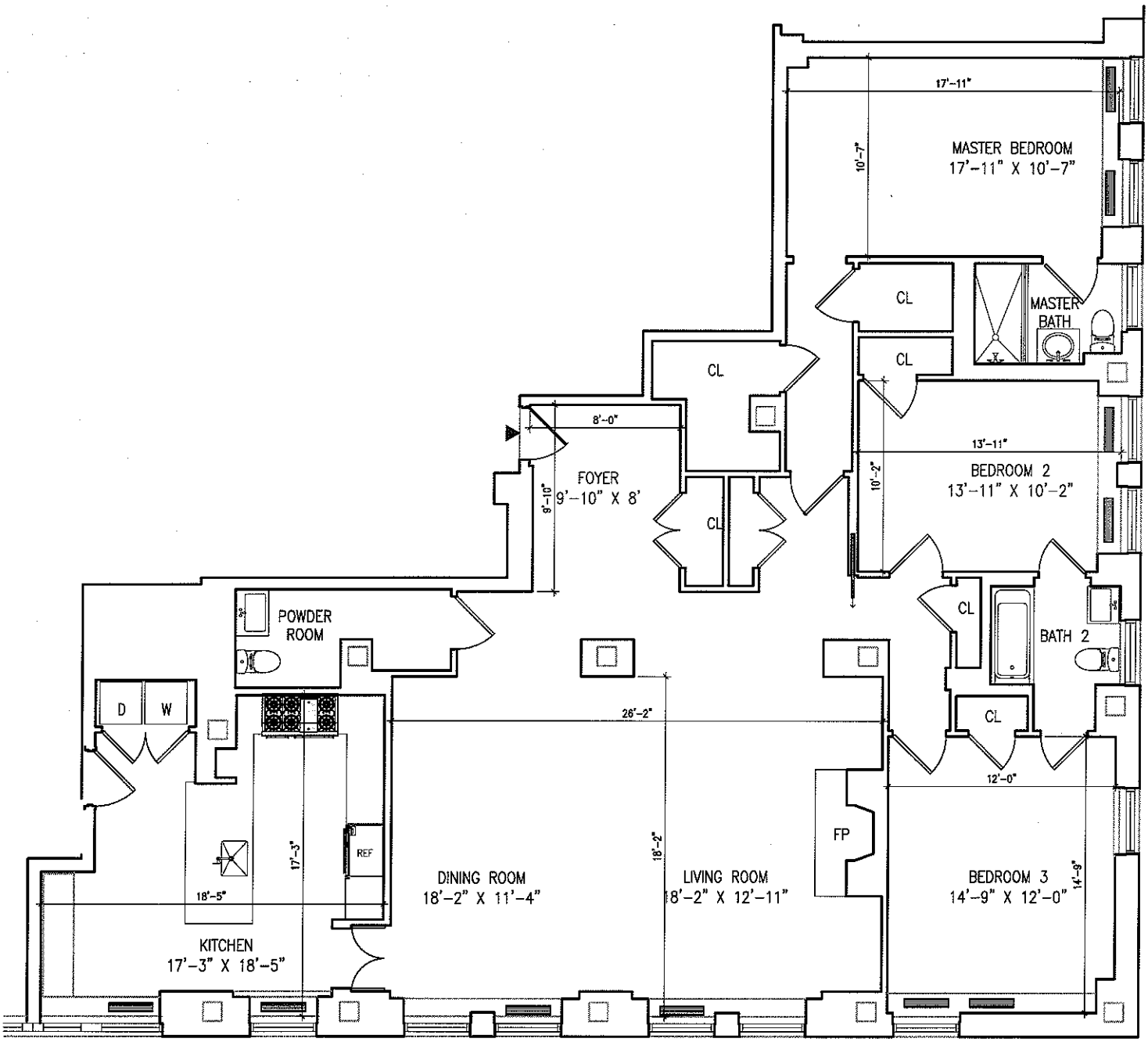


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

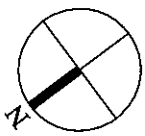
141 East 88th Street

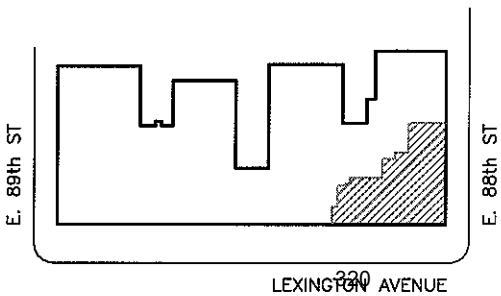
New York , New York



APARTMENTS 4D, 8D, 9D
2060 SF

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



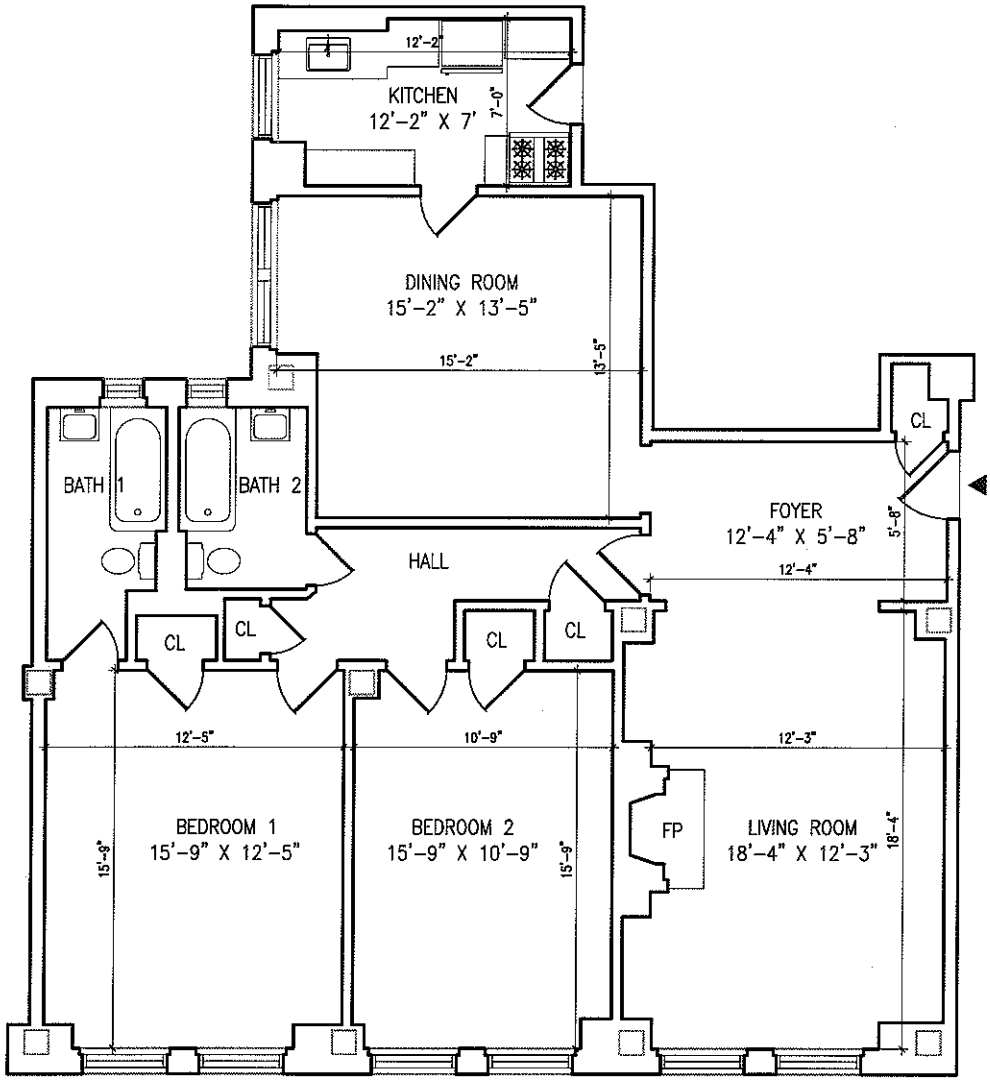


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

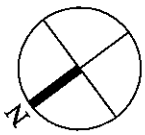
141 East 88th Street

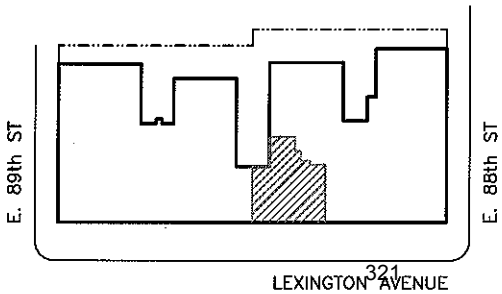
New York , New York



APARTMENTS 2E
1314 SF

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



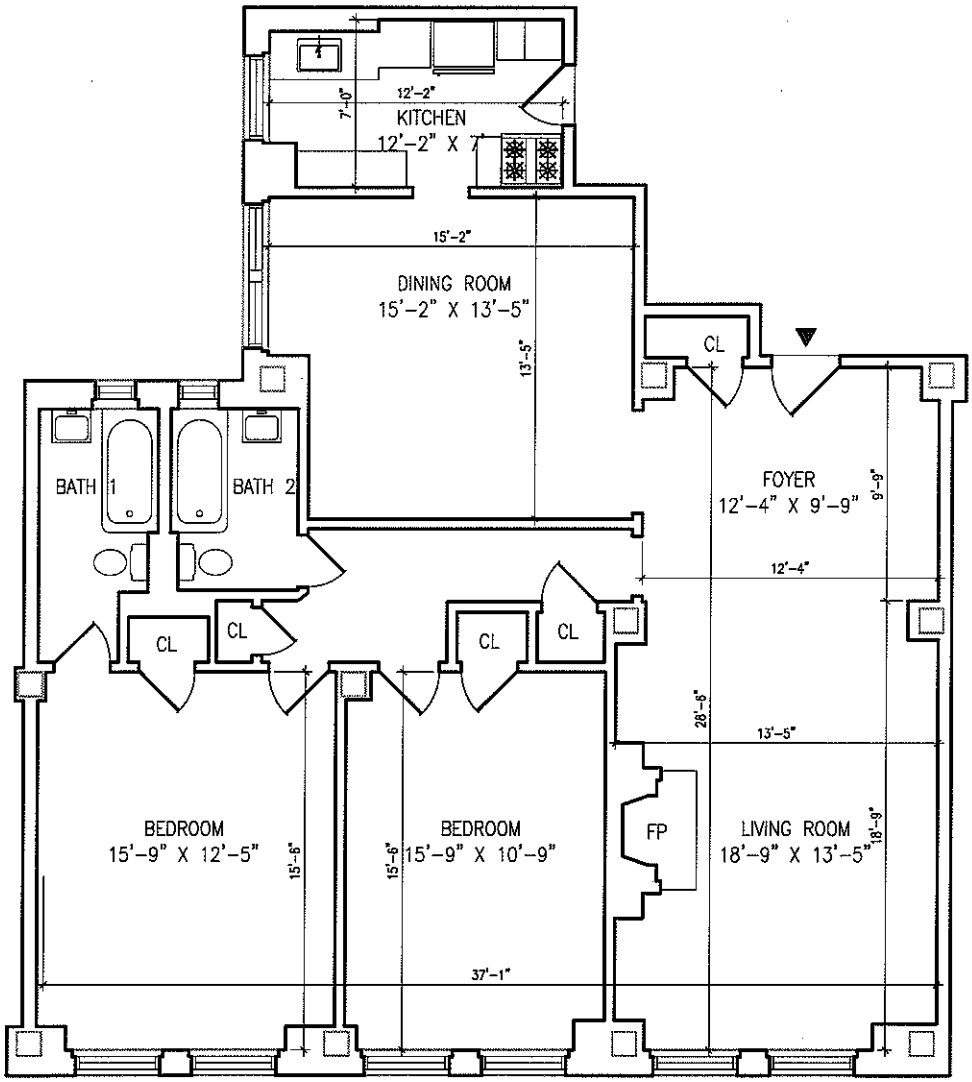


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

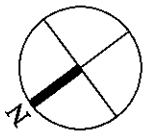
141 East 88th Street

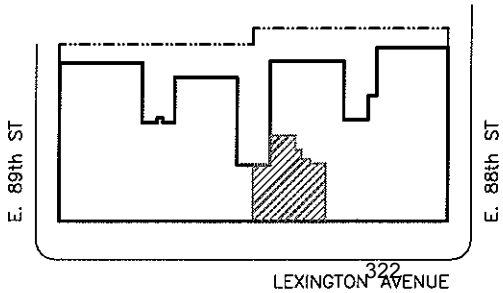
New York , New York



APARTMENTS 3E, 8E, 10E
1359 SF

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



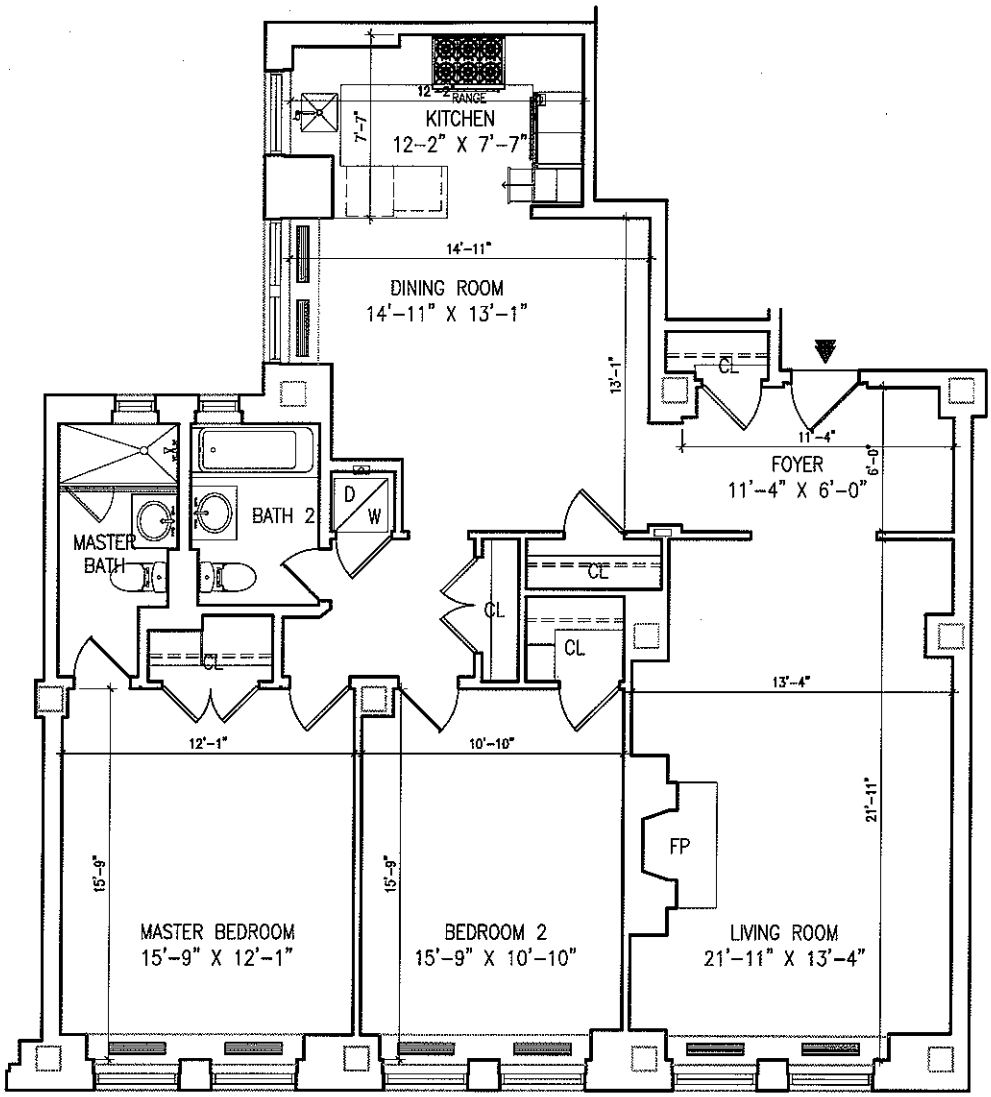


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

New York , New York



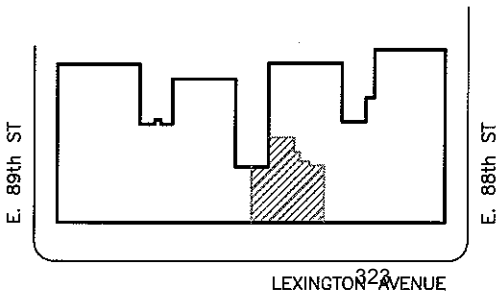
APARTMENTS 7E
1350 SF

0 2' 4' 8' 16' 24'

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

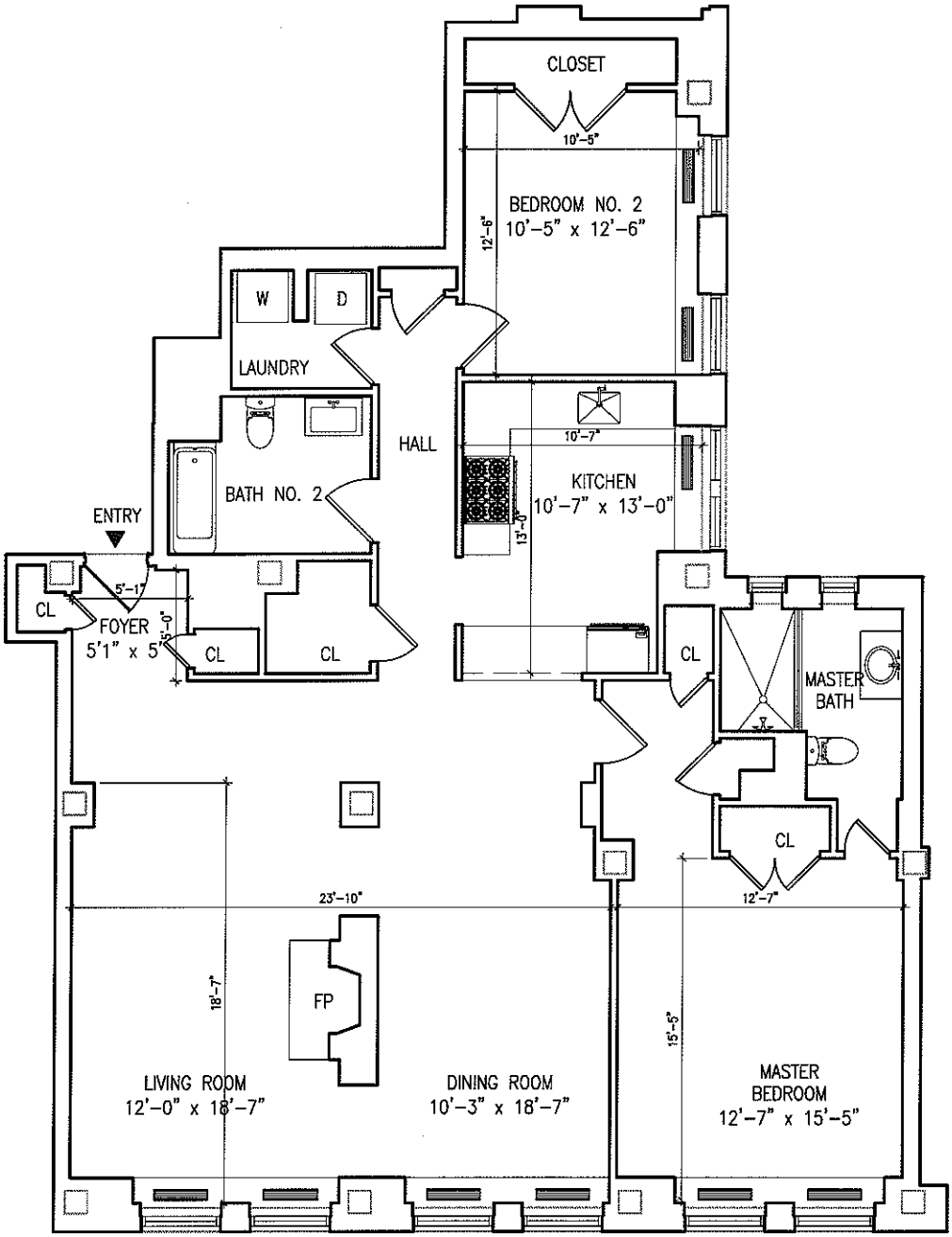
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

New York , New York

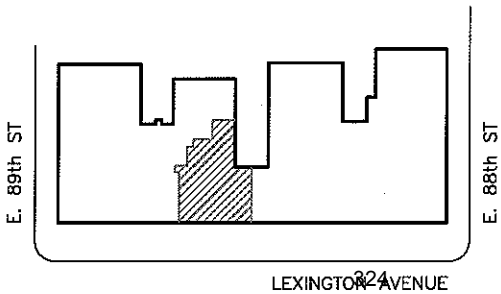


APARTMENTS 2F, 8F, 9F
1575 SF

0 2' 4' 8' 16' 24'

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

N

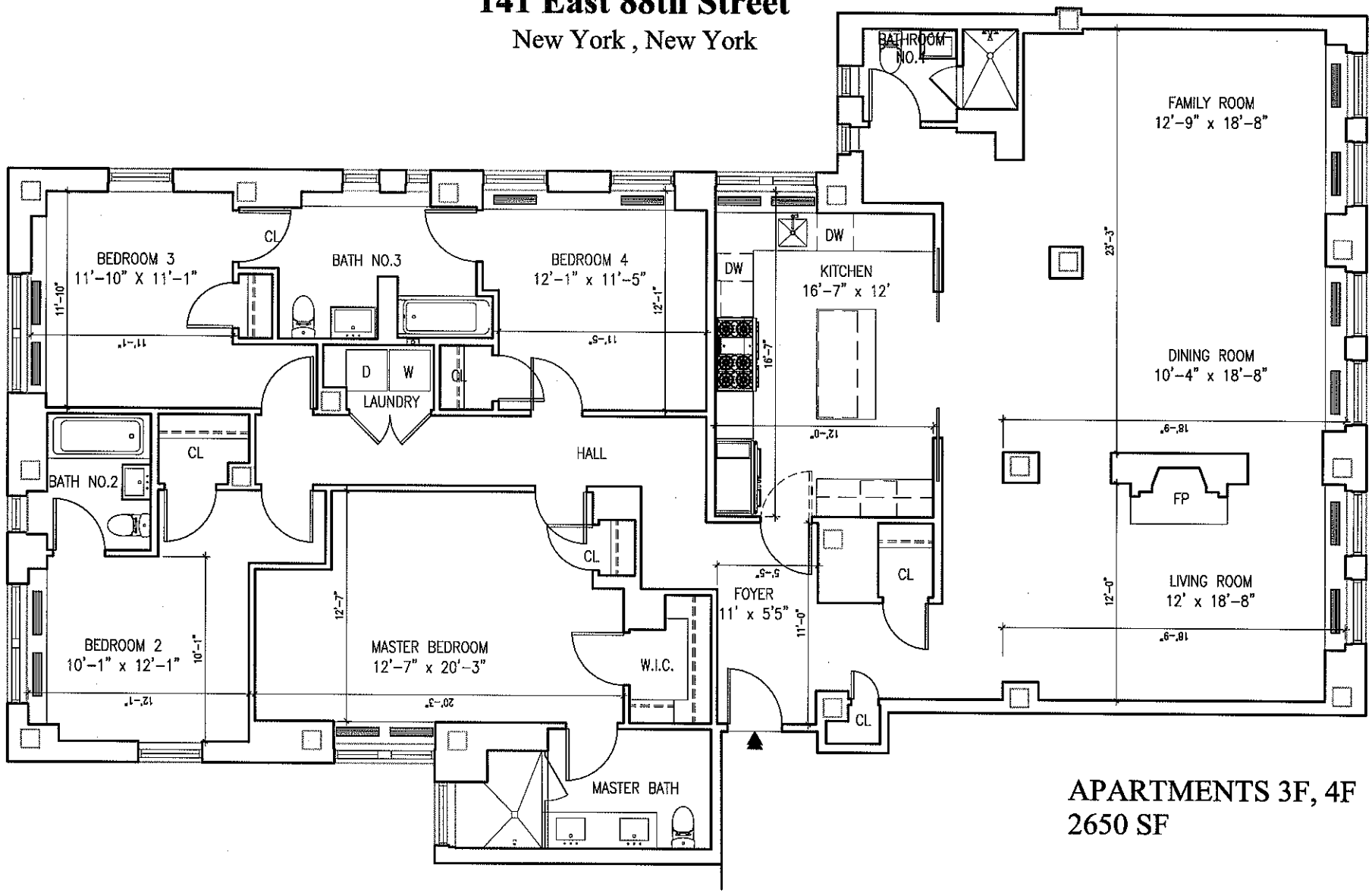


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

New York , New York



APARTMENTS 3F, 4F
2650 SF

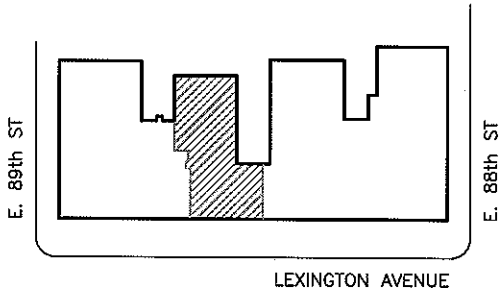
0 2' 4' 8' 16' 24'

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

N

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

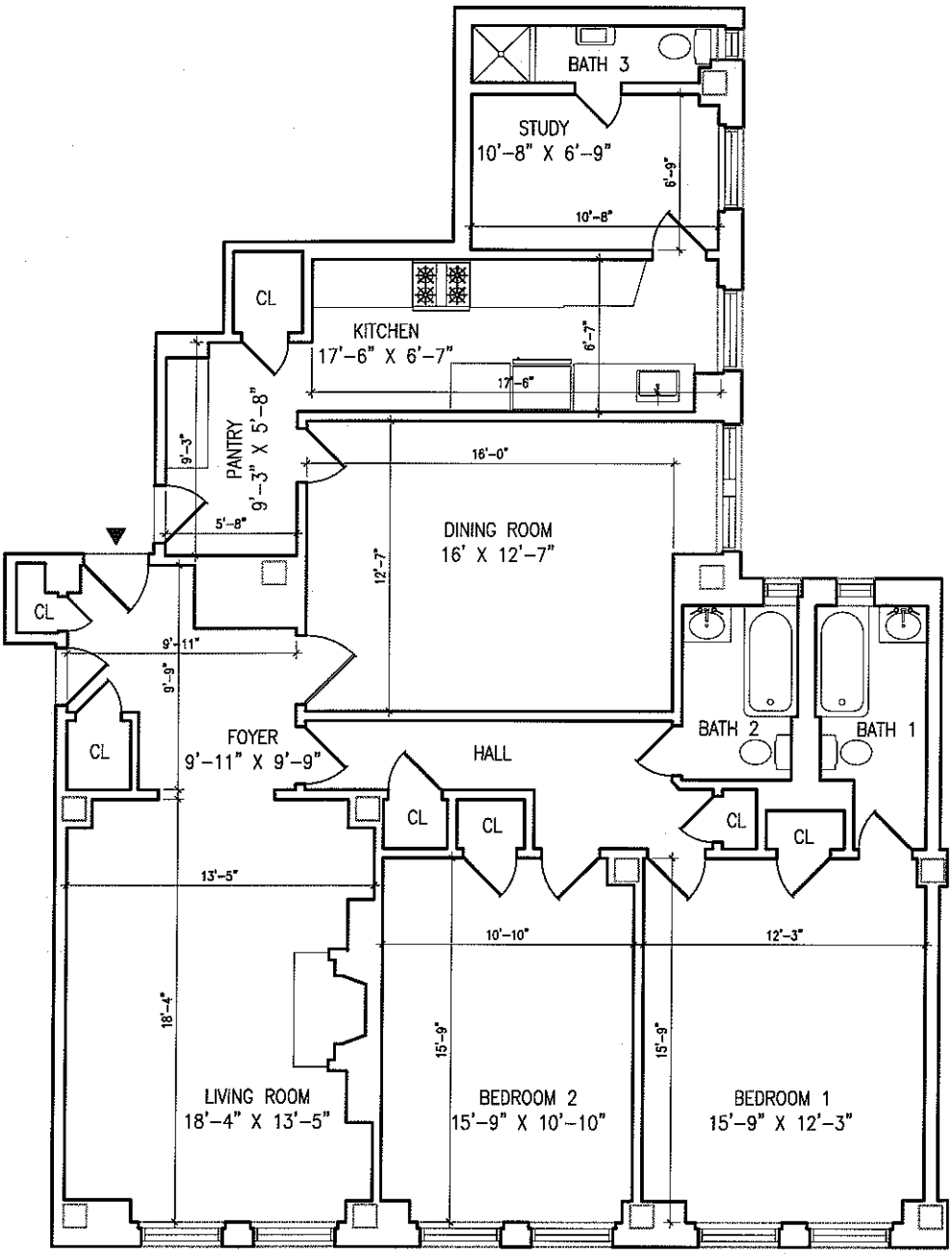
AUGUST 31, 2012



325

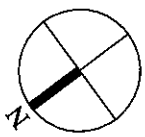
141 East 88th Street

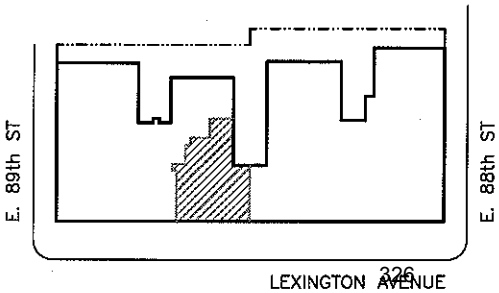
New York , New York



APARTMENTS 5F, 6F, 7F, 10F, 11F
1575 SF

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



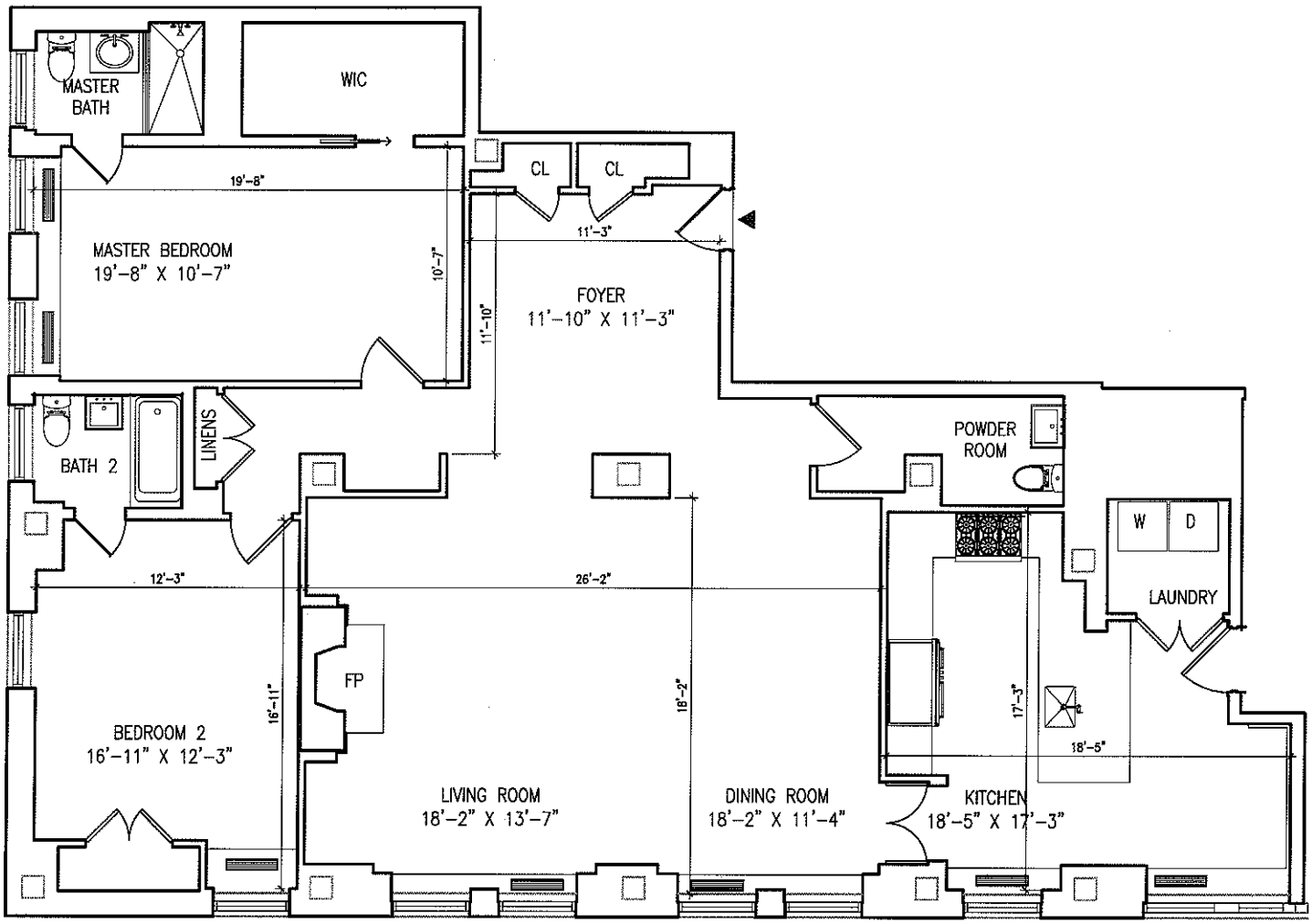


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

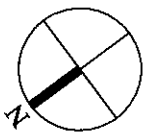
141 East 88th Street

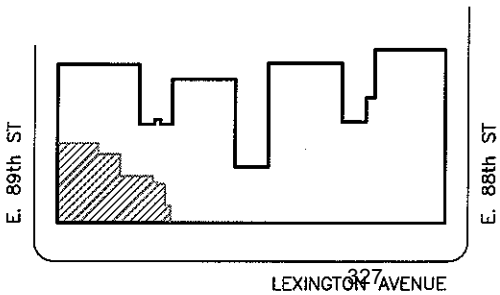
New York , New York



APARTMENT 2G
1847 SF

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



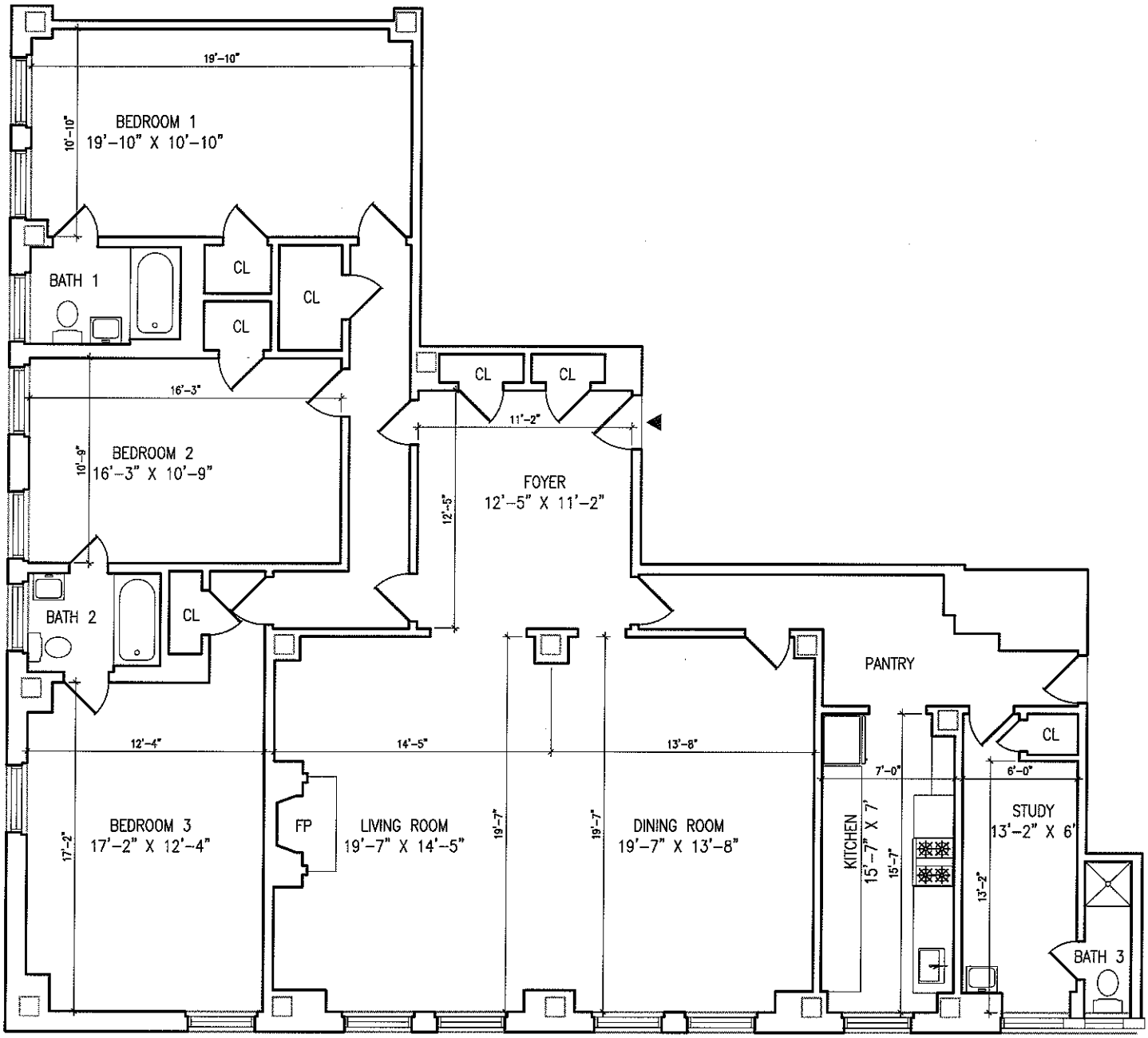


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

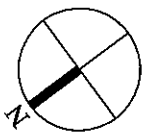
141 East 88th Street

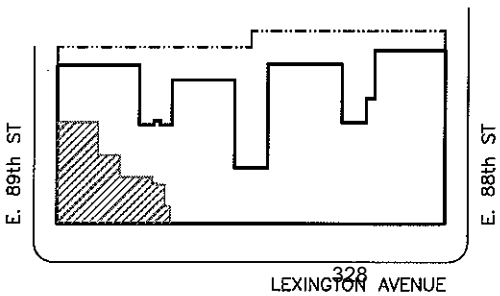
New York , New York



APARTMENTS 3G, 6G, 7G, 8G, 9G
2090 SF

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



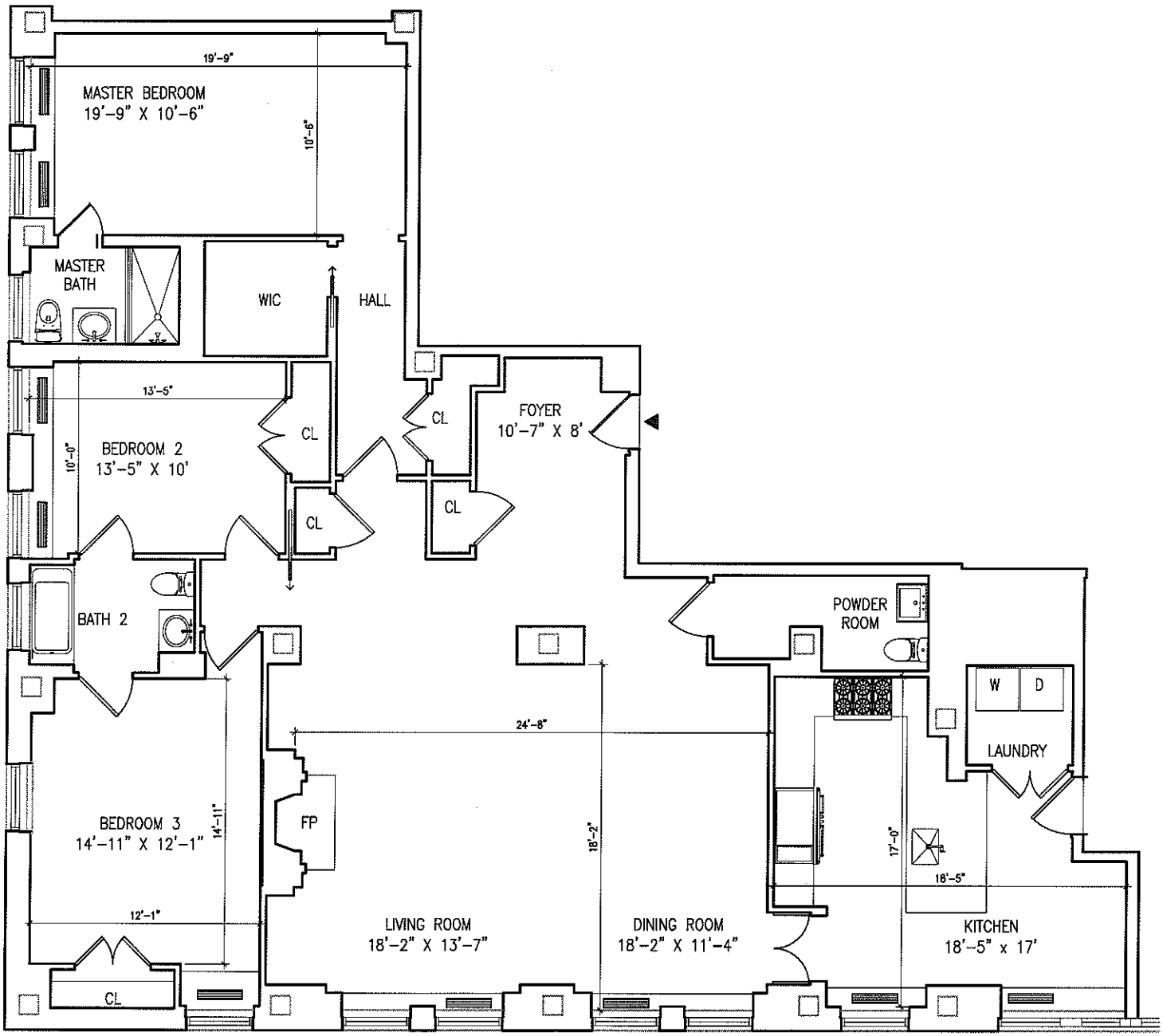


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

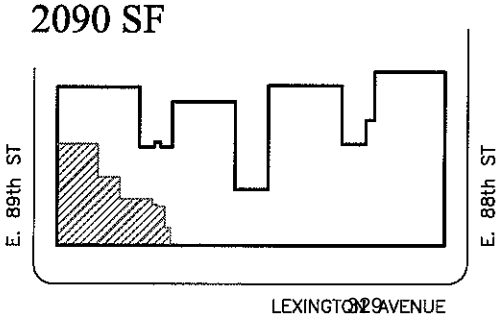
AUGUST 31, 2012

141 East 88th Street

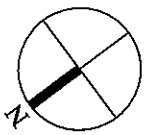
New York , New York



APARTMENTS 4G, 5G
2090 SF

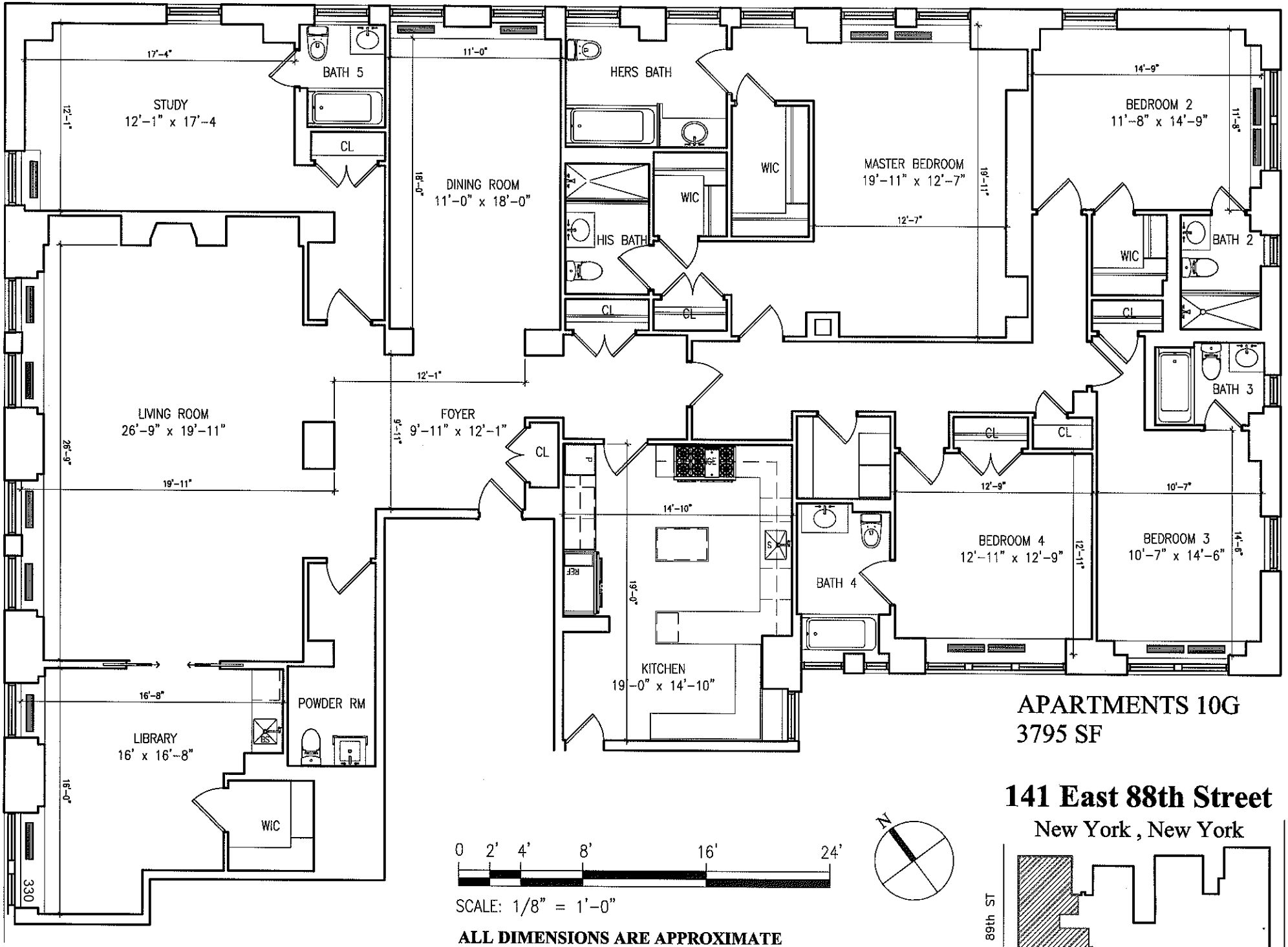


SCALE: 1/8" = 1'-0"



ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

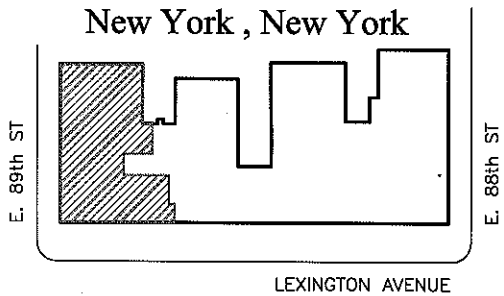
AUGUST 31, 2012



APARTMENTS 10G
3795 SF

141 East 88th Street

New York , New York



0 2' 4' 8' 16' 24'

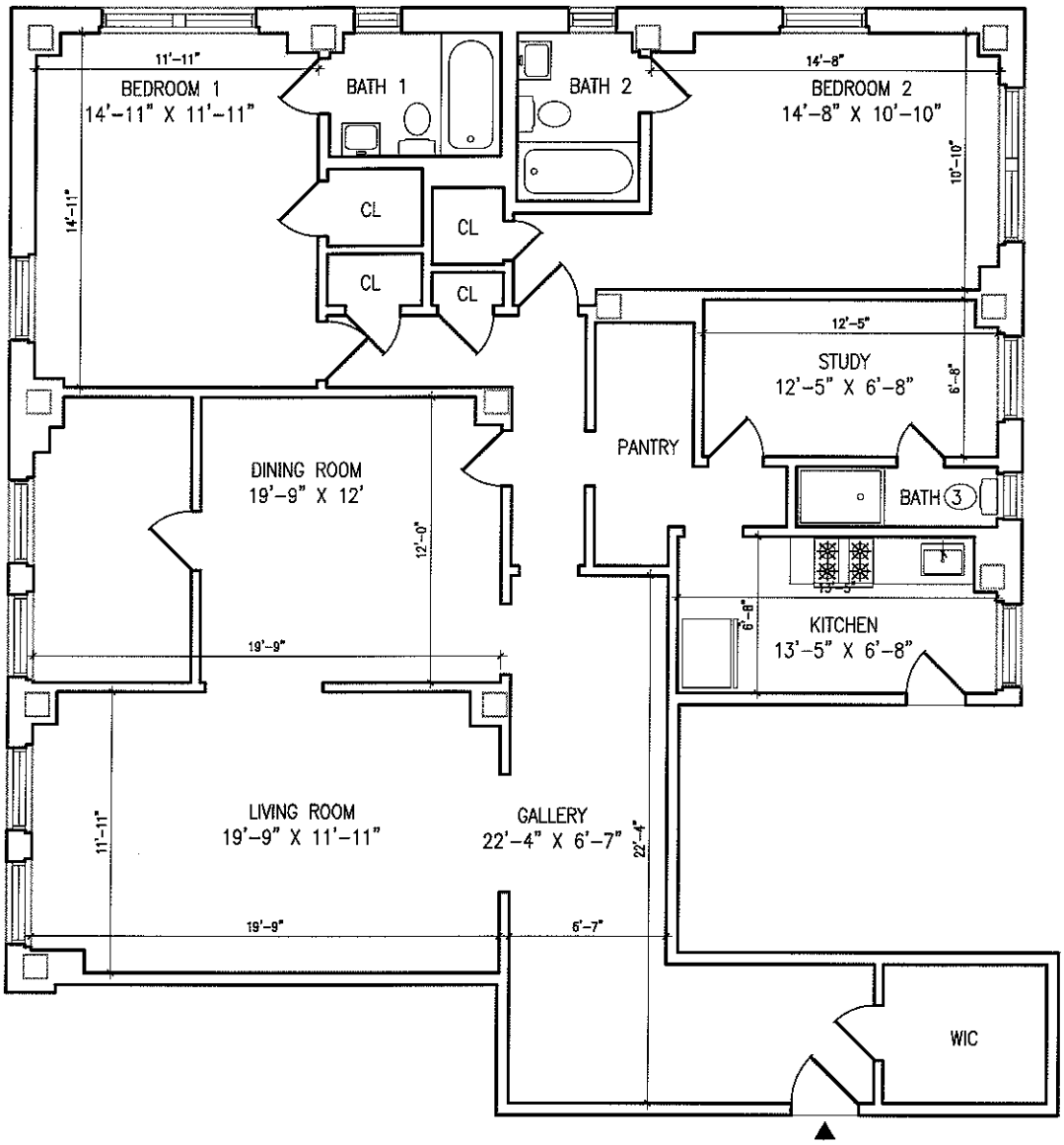
SCALE: 1/8" = 1'-0"

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

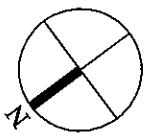
141 East 88th Street

New York , New York



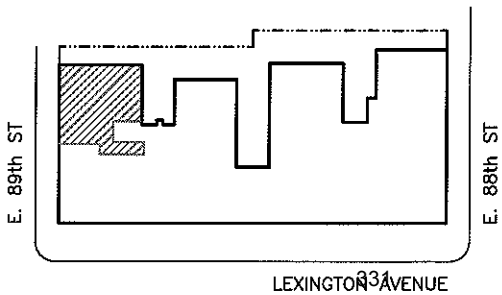
APARTMENT 2H
1722 SF

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



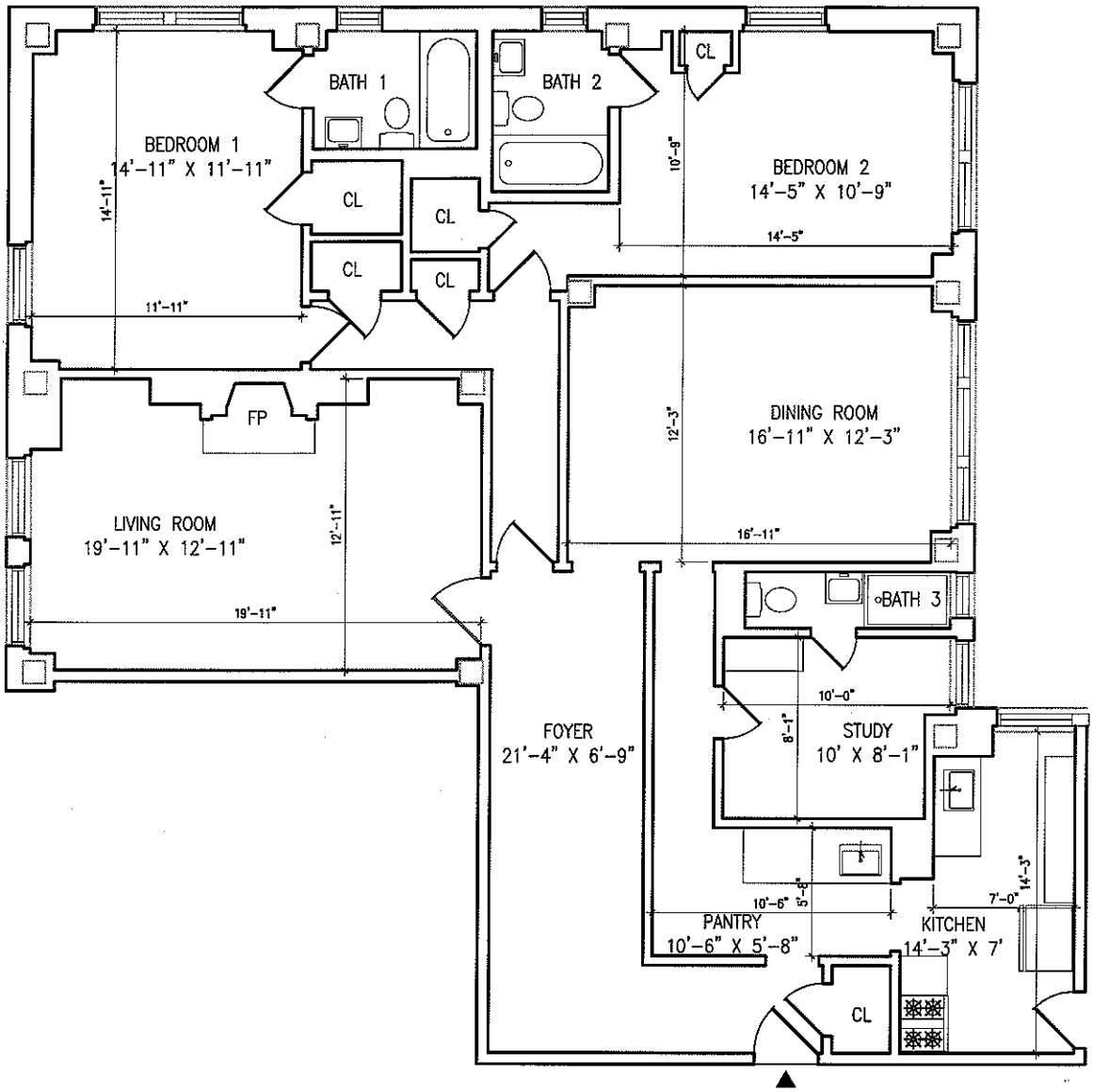
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

New York , New York



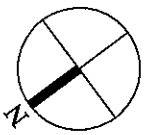
APARTMENTS 3H, 4H, 7H, 8H, 9H
1705 SF

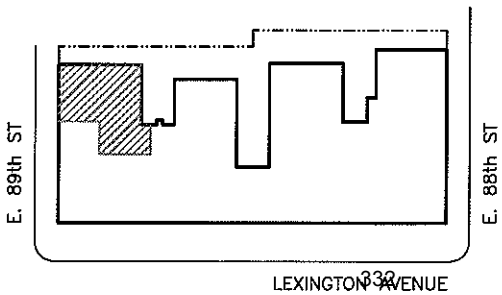
0 2' 4' 8' 16' 24'

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

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

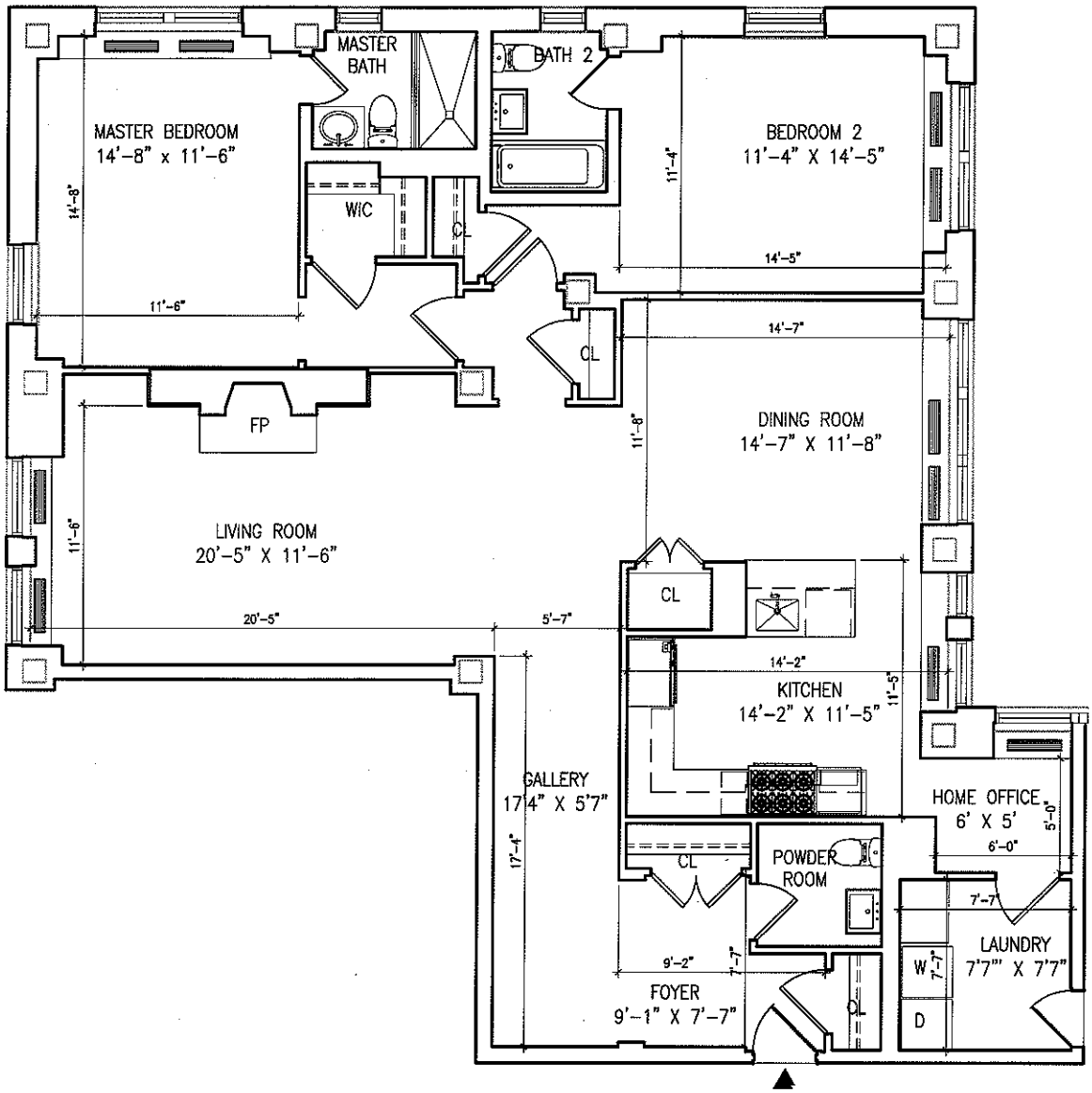
AUGUST 31, 2012





141 East 88th Street

New York , New York



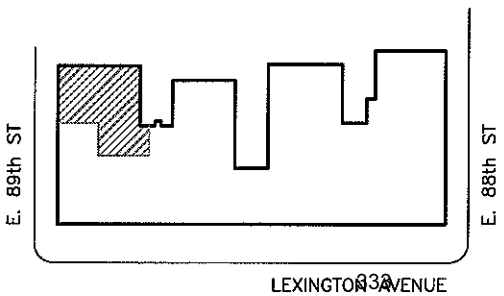
APARTMENTS 5H, 6H
1705 SF

0 2' 4' 8' 16' 24'

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

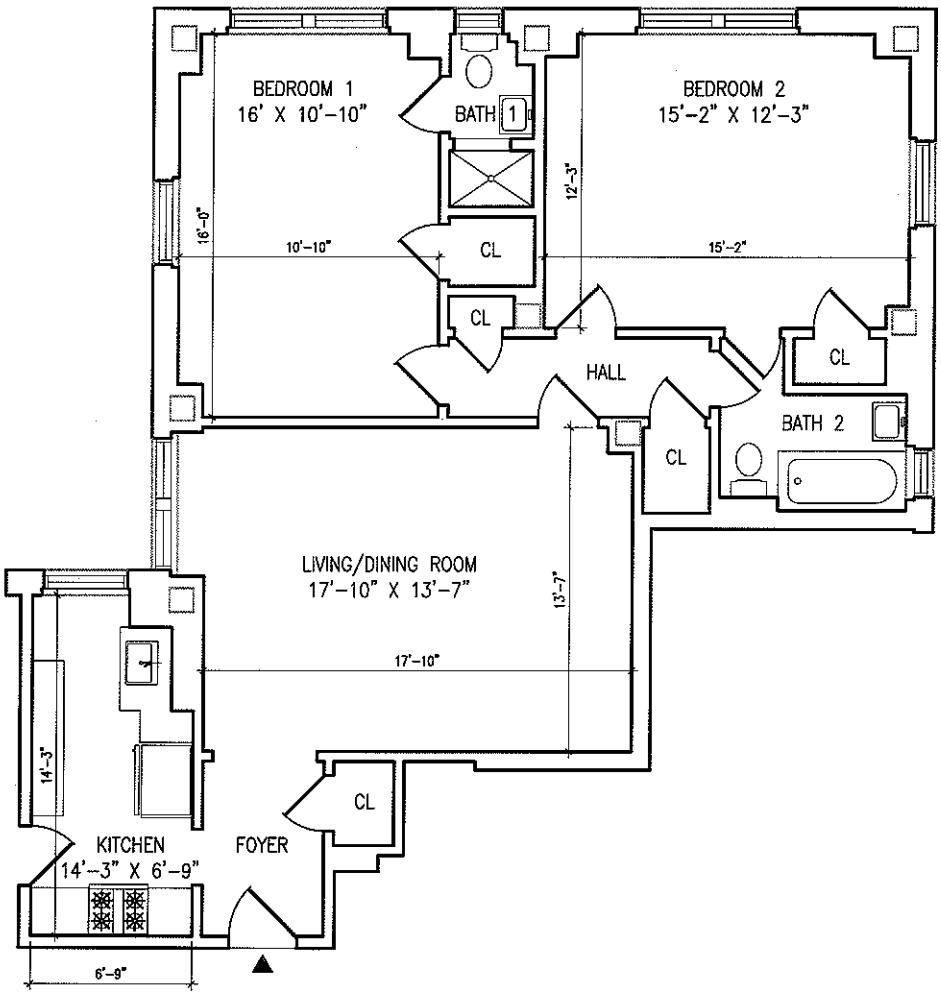
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



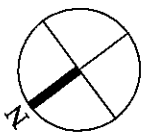
141 East 88th Street

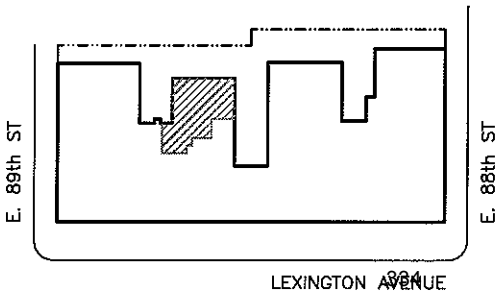
New York , New York



APARTMENTS 2I, 6I, 8I, 9I, 11I
1040 SF

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



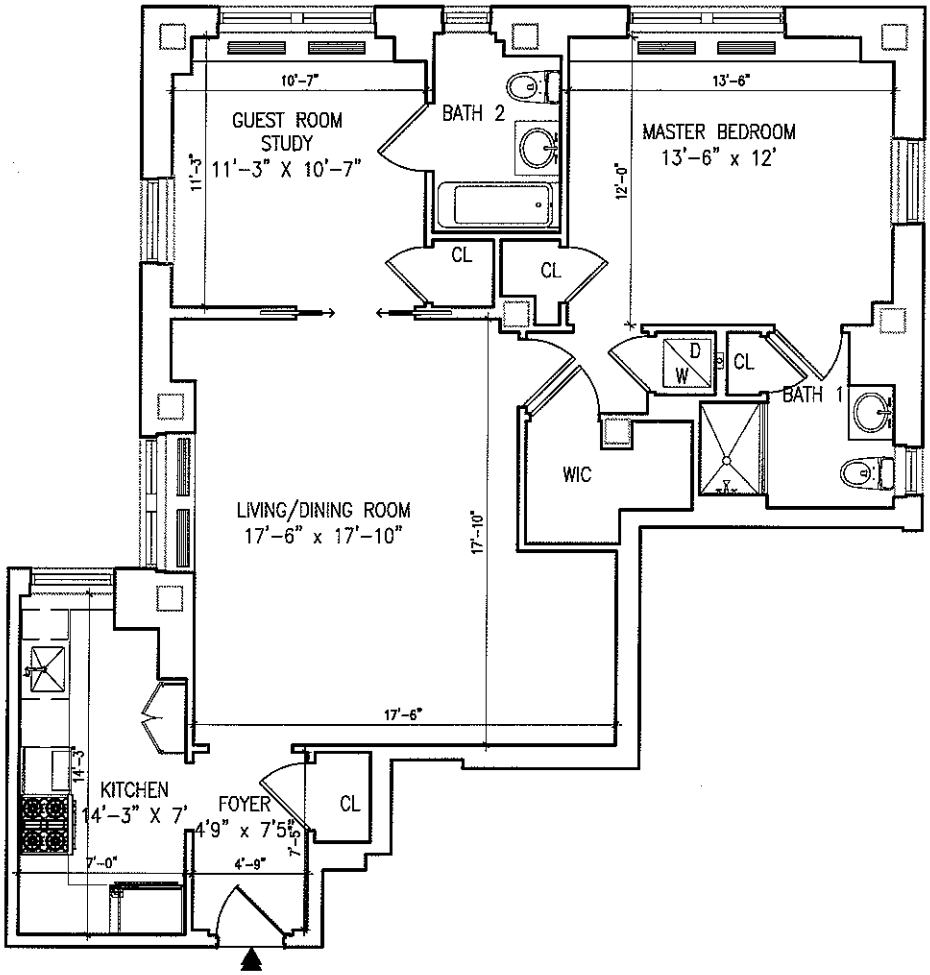


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

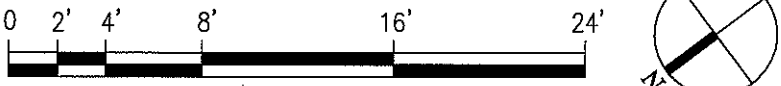
AUGUST 31, 2012

141 East 88th Street

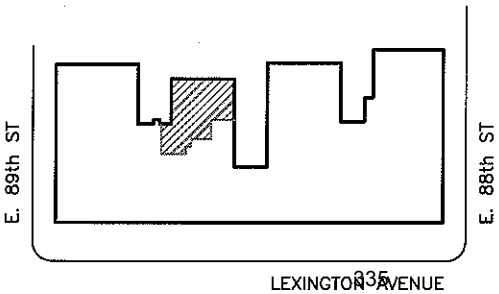
New York , New York



APARTMENTS 5I, 7I, 10I
1040 SF

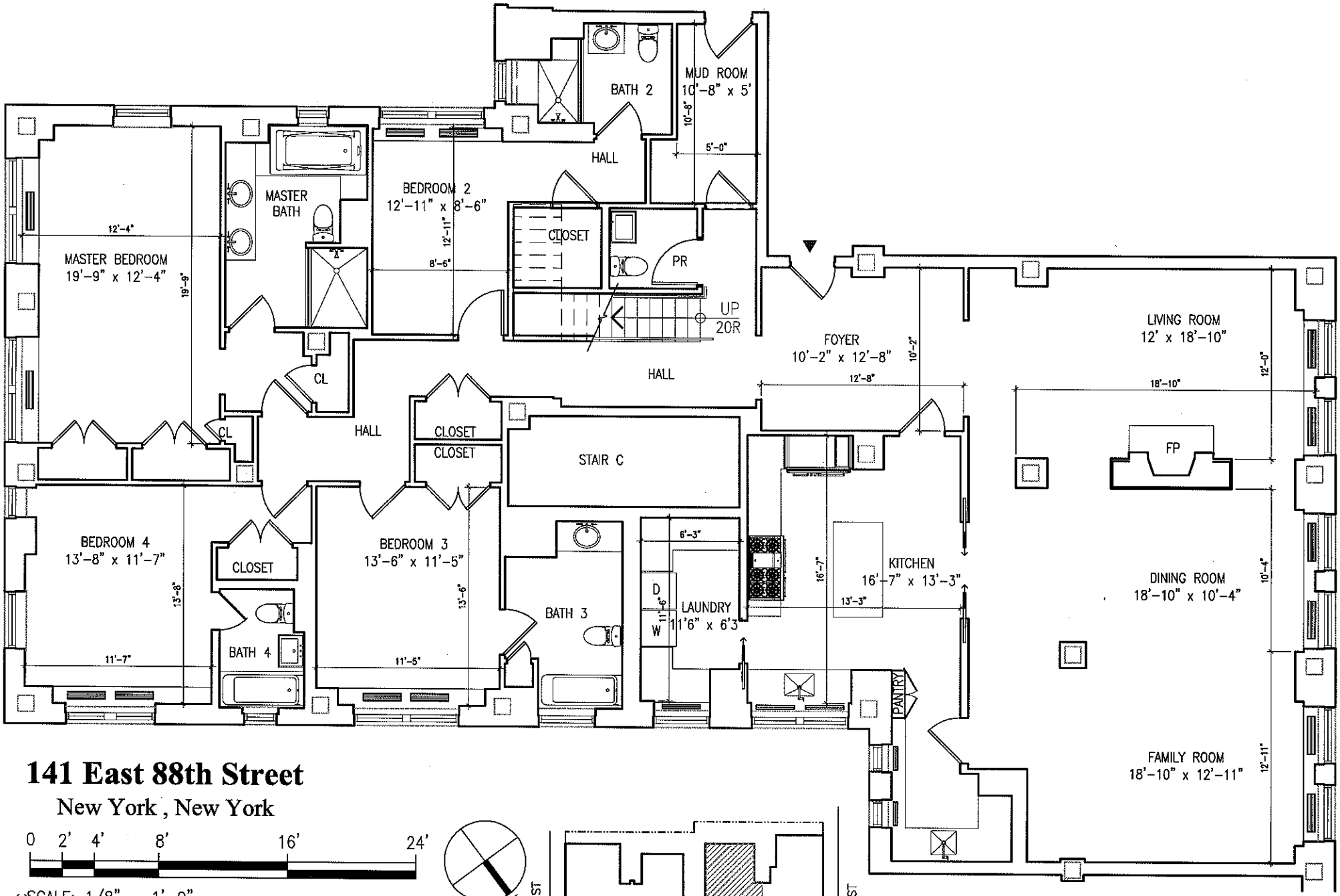


SCALE: 1/8" = 1'-0"



ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

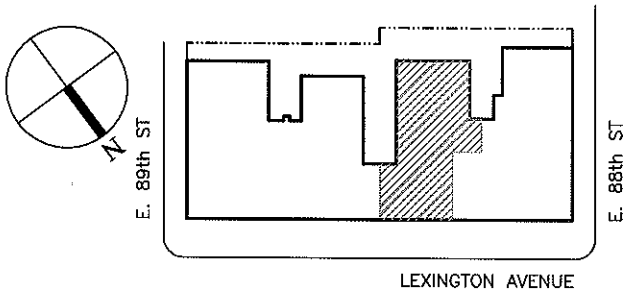
New York , New York

0 2' 4' 8' 16' 24'

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

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



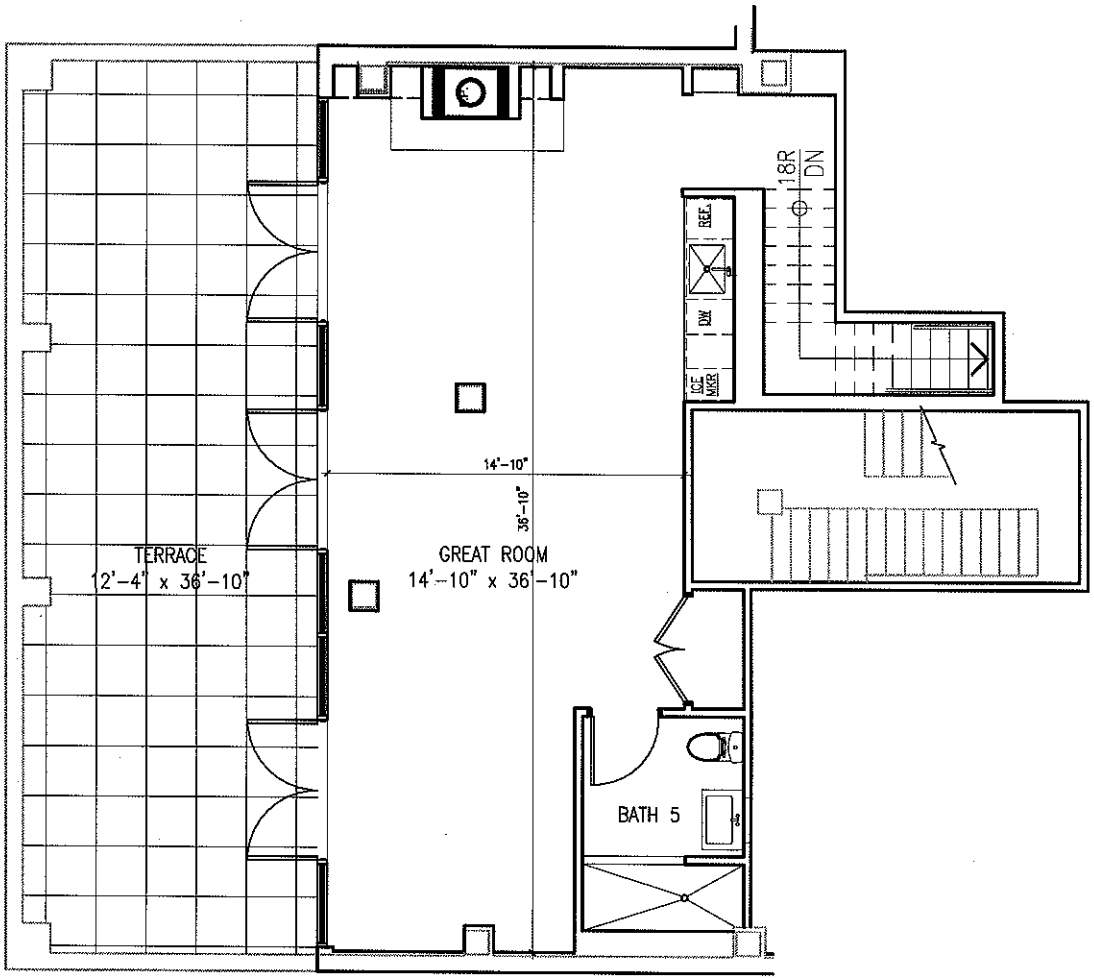
PENTHOUSE 11A

1st FLOOR

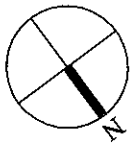
3,211 SF

141 East 88th Street

New York , New York



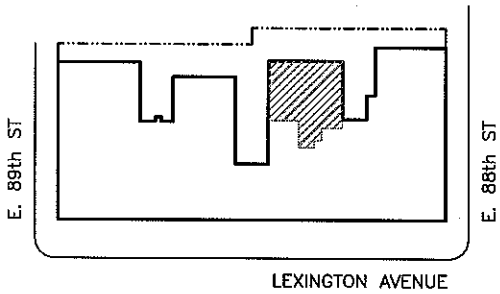
SCALE: 1/8" = 1'-0"



PENTHOUSE 11A

2nd FLOOR

759 SF

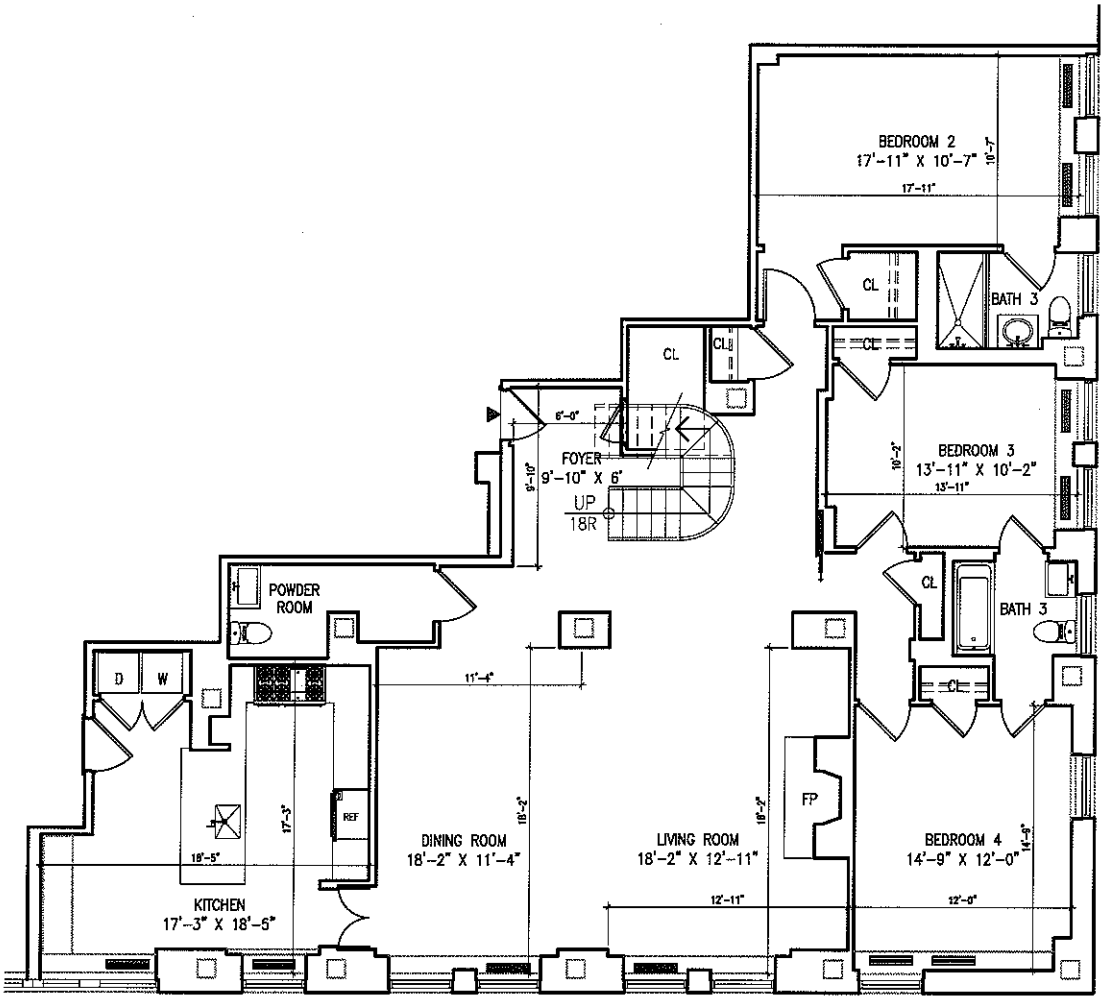


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

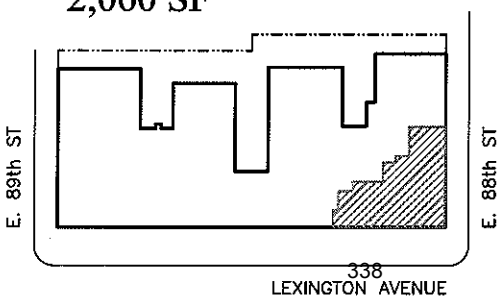
New York , New York



PENTHOUSE 11D

1st FLOOR

2,060 SF



0 2' 4' 8' 16' 24'

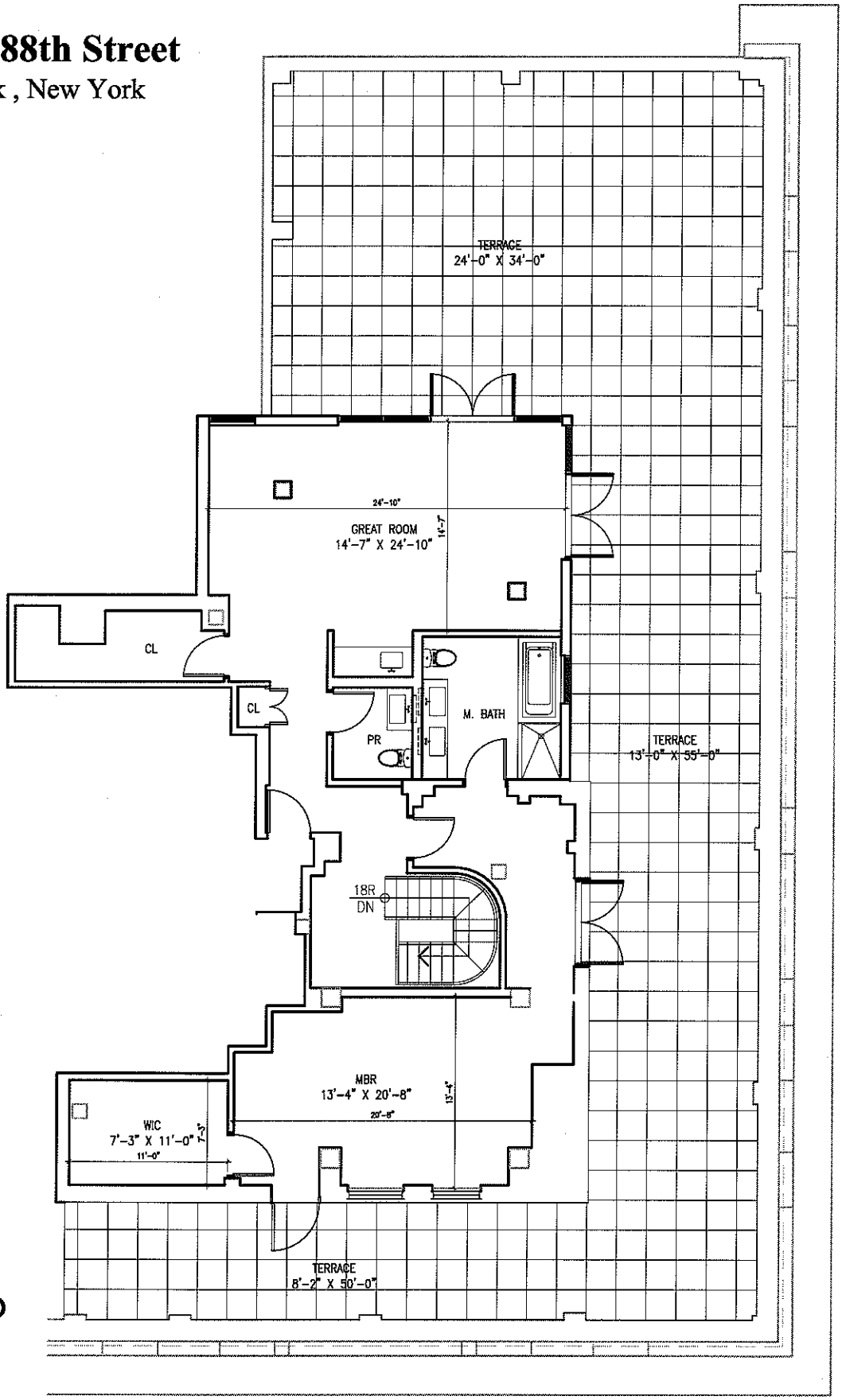
SCALE: 3/32" = 1'-0"

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

New York , New York



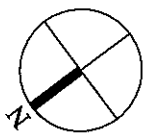
PENTHOUSE 11D

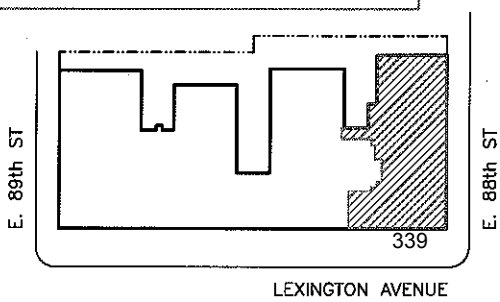
2nd FLOOR

1,487 SF

0 2' 4' 8' 16' 24'

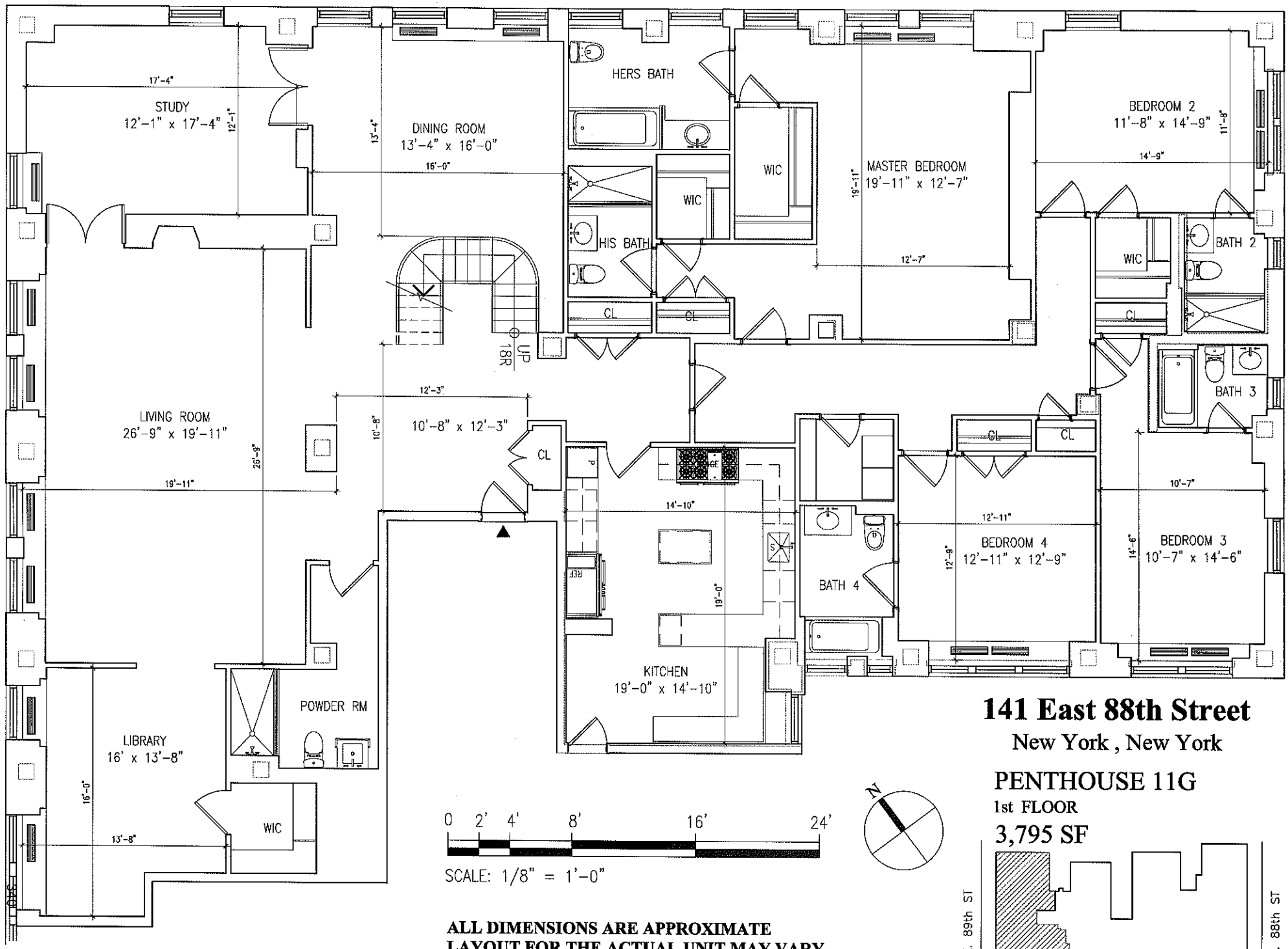
SCALE: 3/32" = 1'-0"





ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

New York , New York

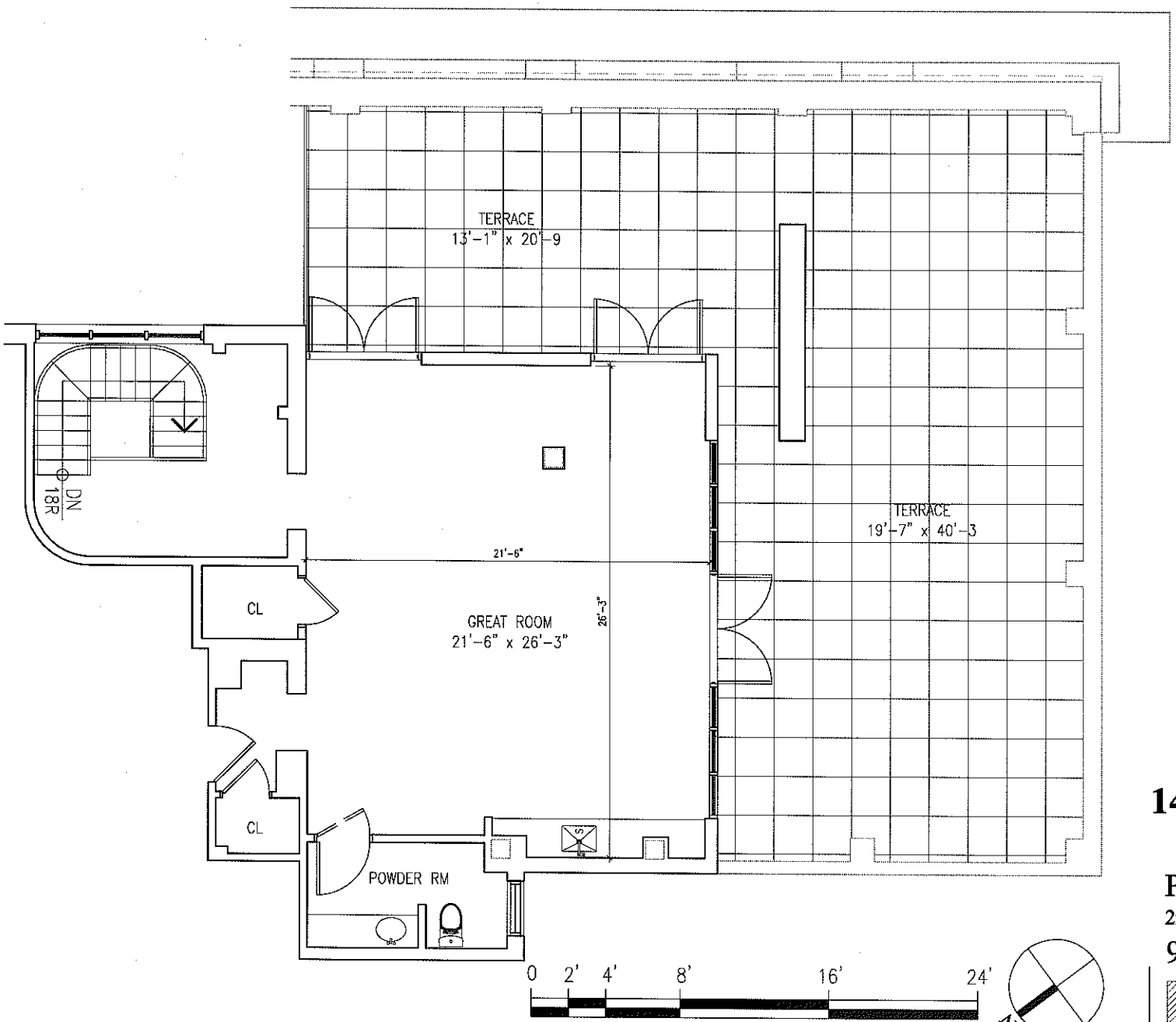
PENTHOUSE 11G

1st FLOOR

3,795 SF

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

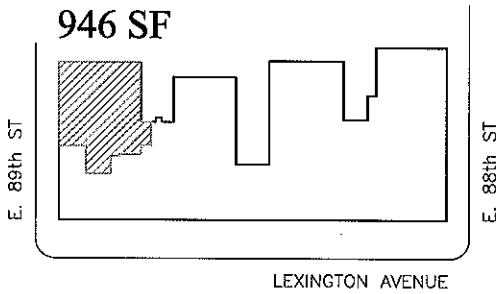
141 East 88th Street

New York , New York

PENTHOUSE 11G

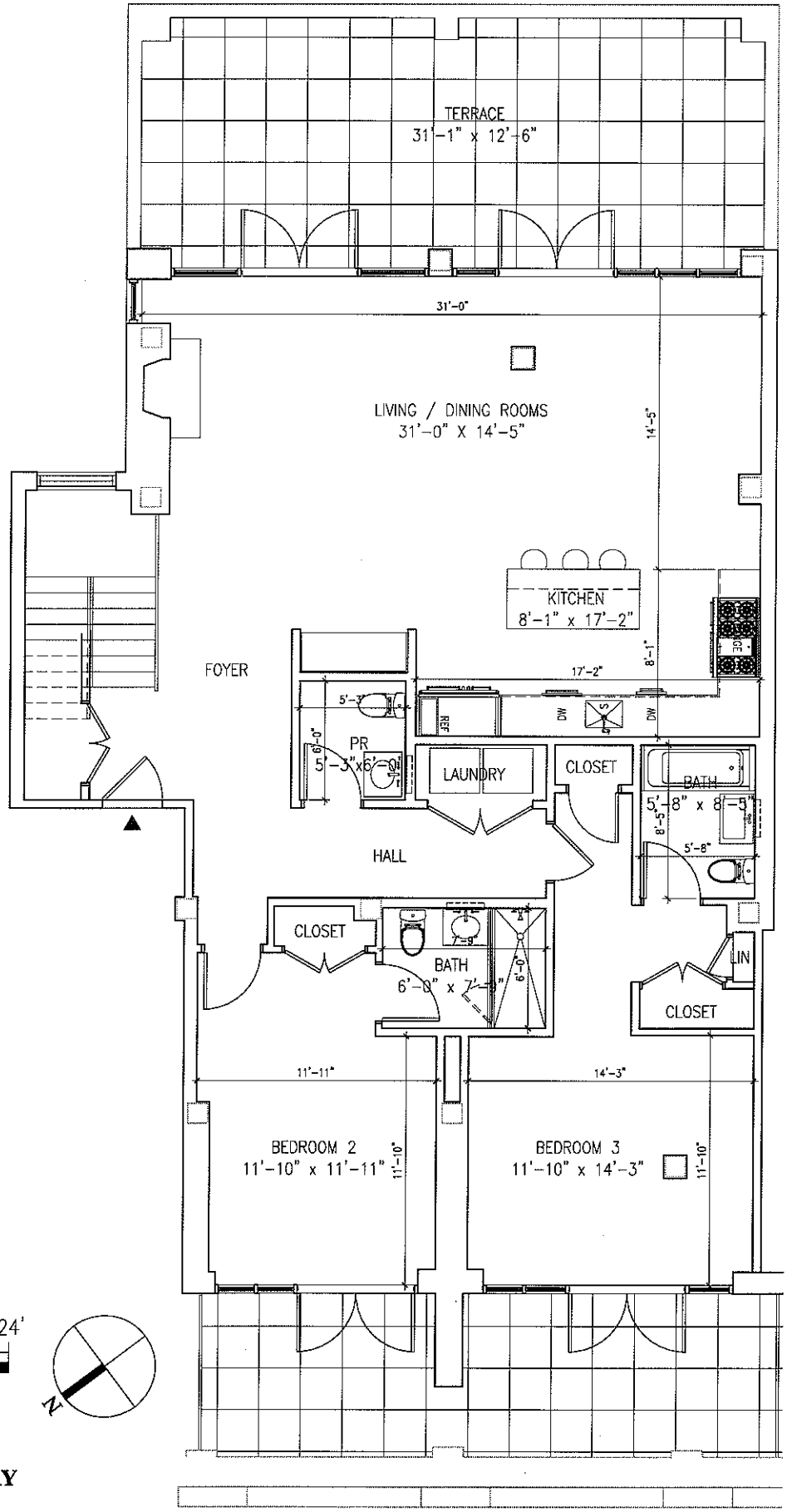
2nd FLOOR

946 SF



141 East 88th Street

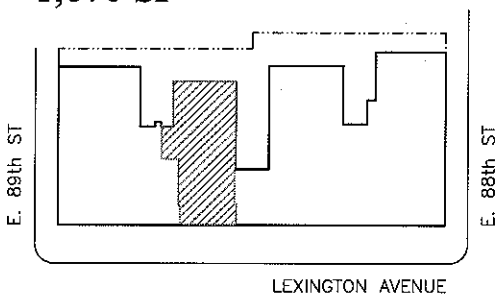
New York , New York



PENTHOUSE N

1st FLOOR

1,670 SF



0 2' 4' 8' 16' 24'

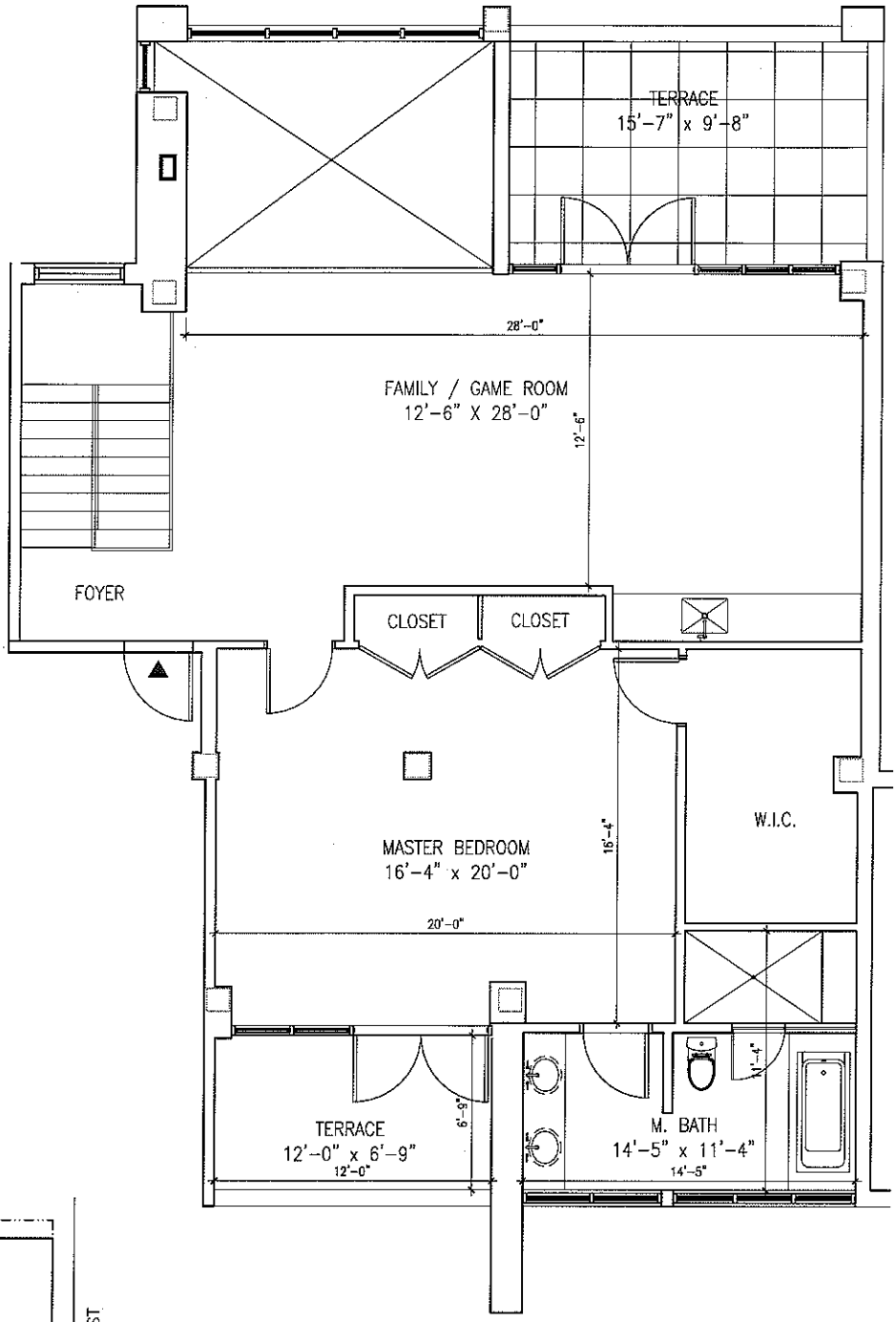
SCALE: 1/8" = 1'-0"

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

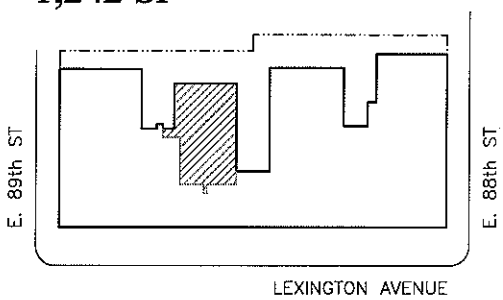
New York , New York

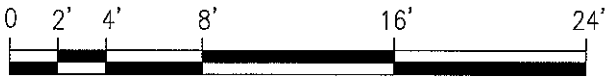


PENTHOUSE N

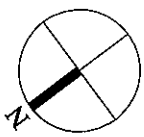
2nd FLOOR

1,242 SF





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

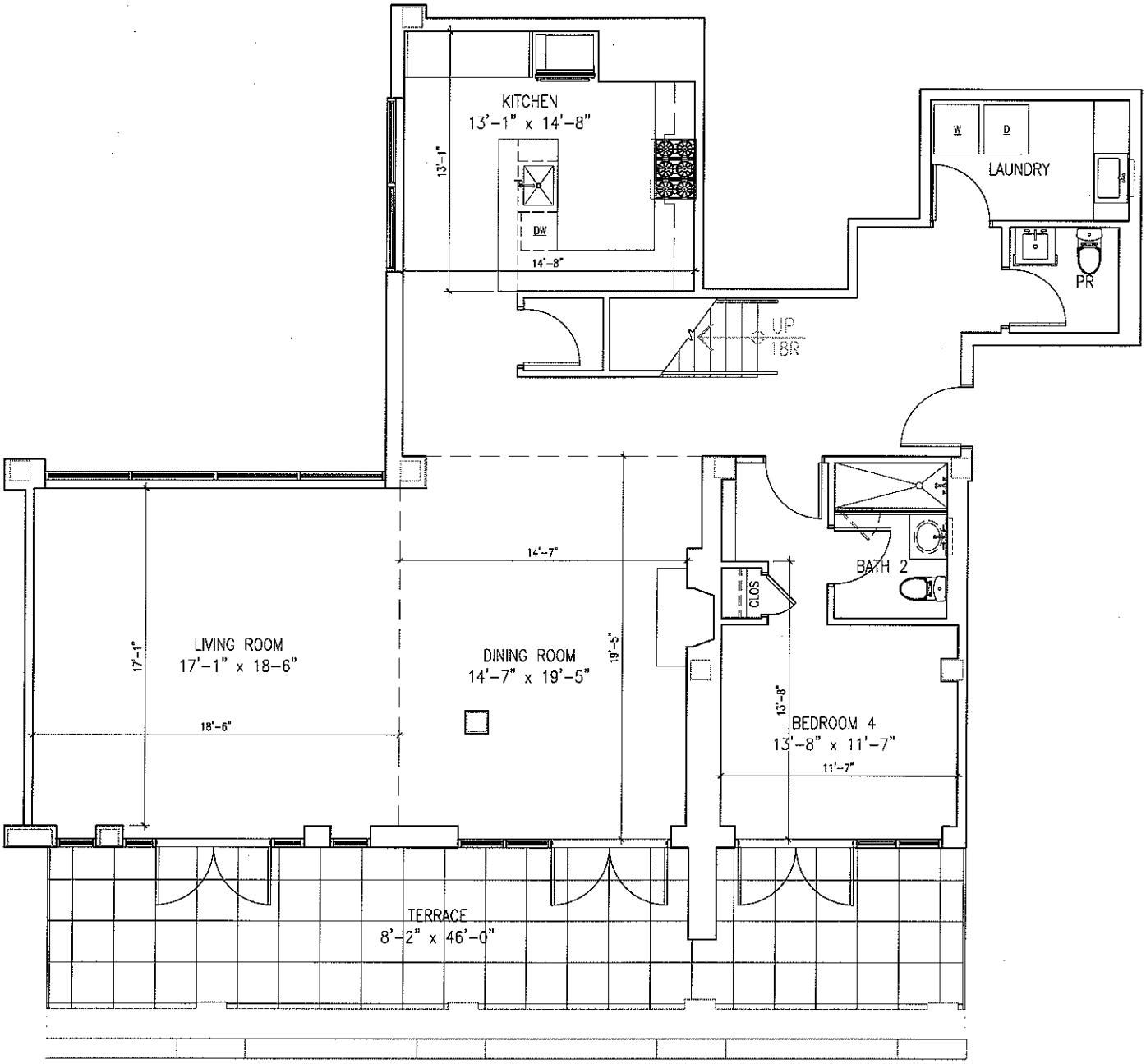


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

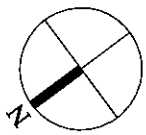
New York , New York



PENTHOUSE S

1st FLOOR

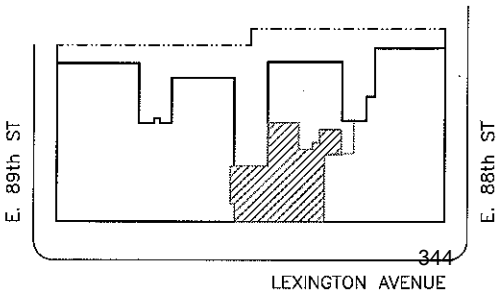
1,524 SF



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

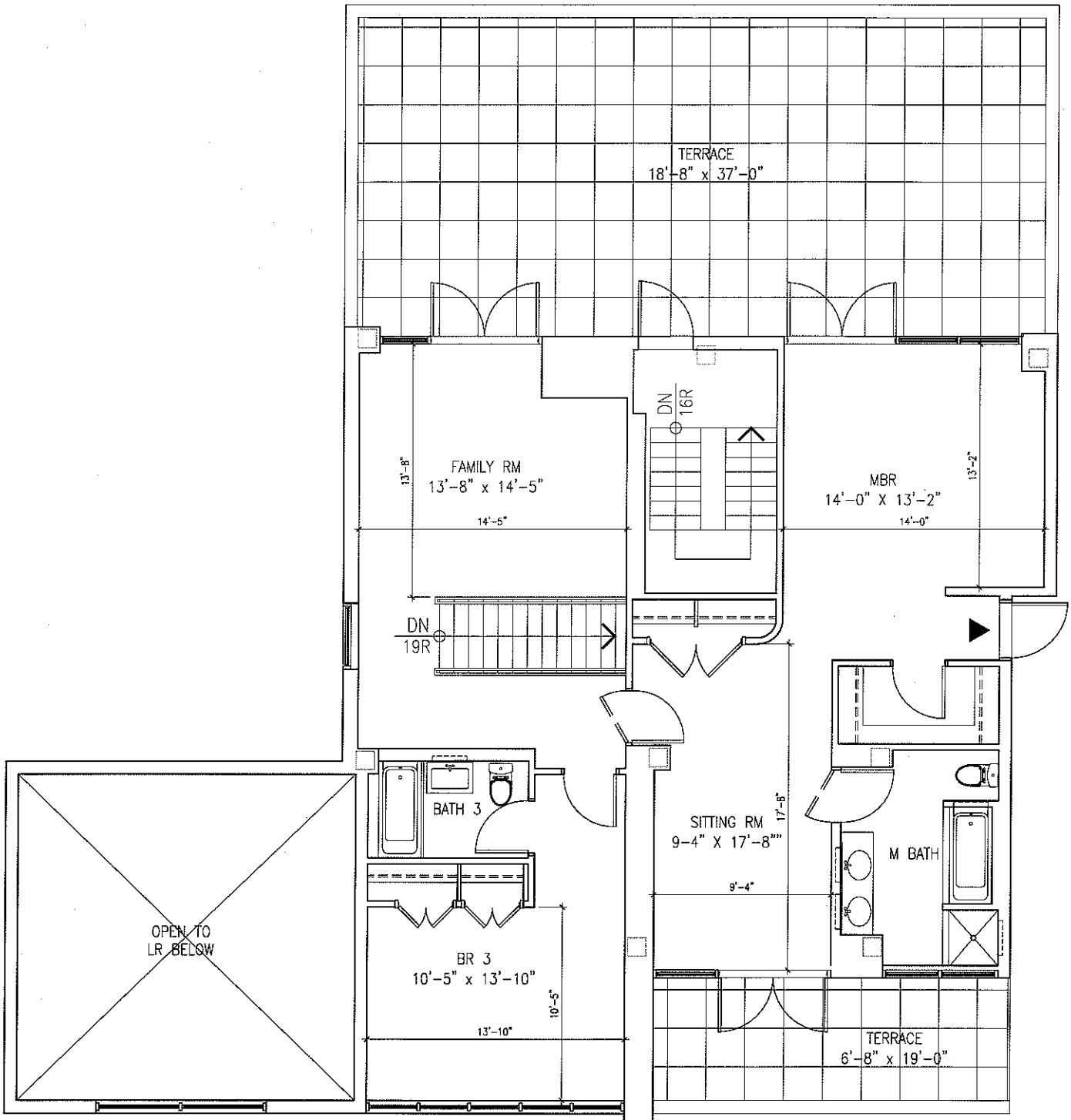
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

New York , New York



PENTHOUSE S

2nd FLOOR

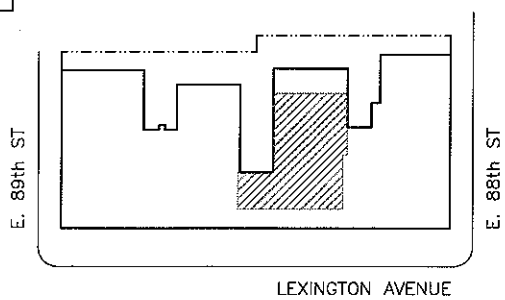
1,282 SF

0 2' 4' 8' 16' 24'

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

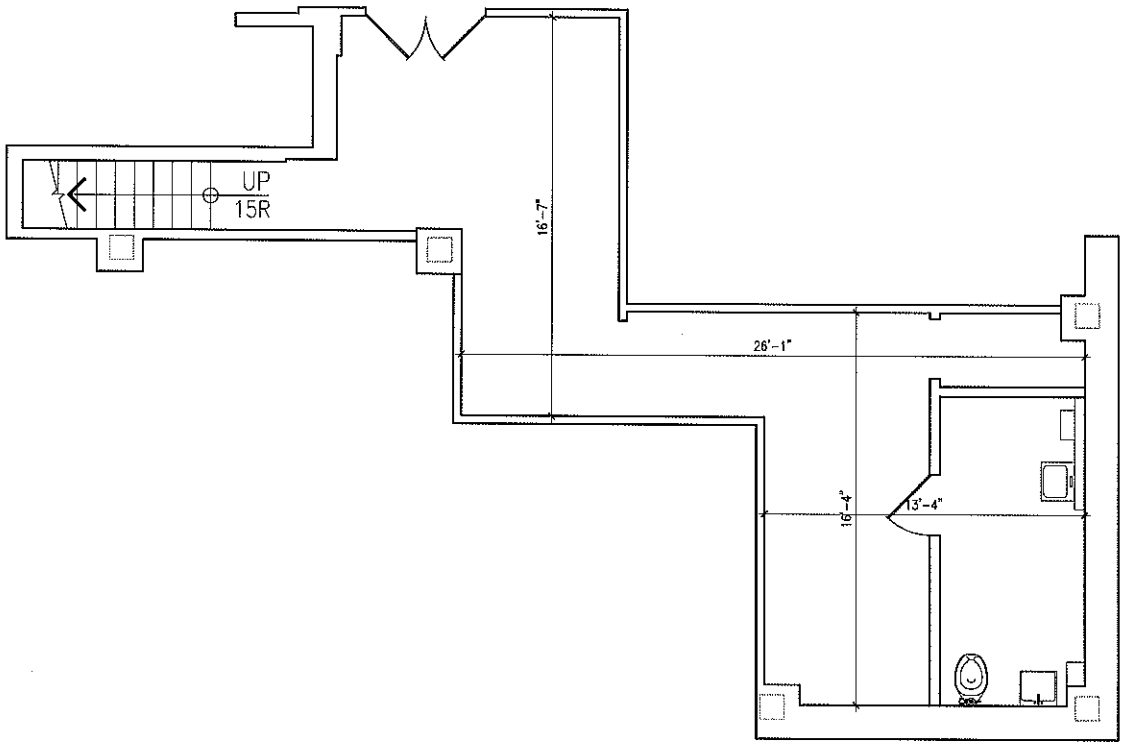
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012



141 East 88th Street

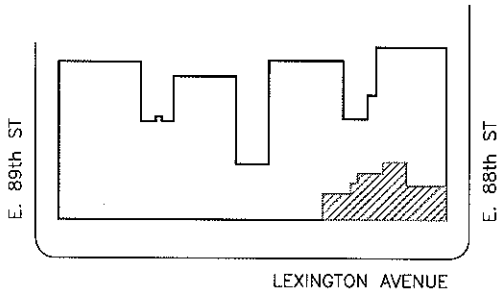
New York , New York



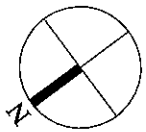
COMMERCIAL UNIT #1

CELLAR LEVEL

506 SF



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

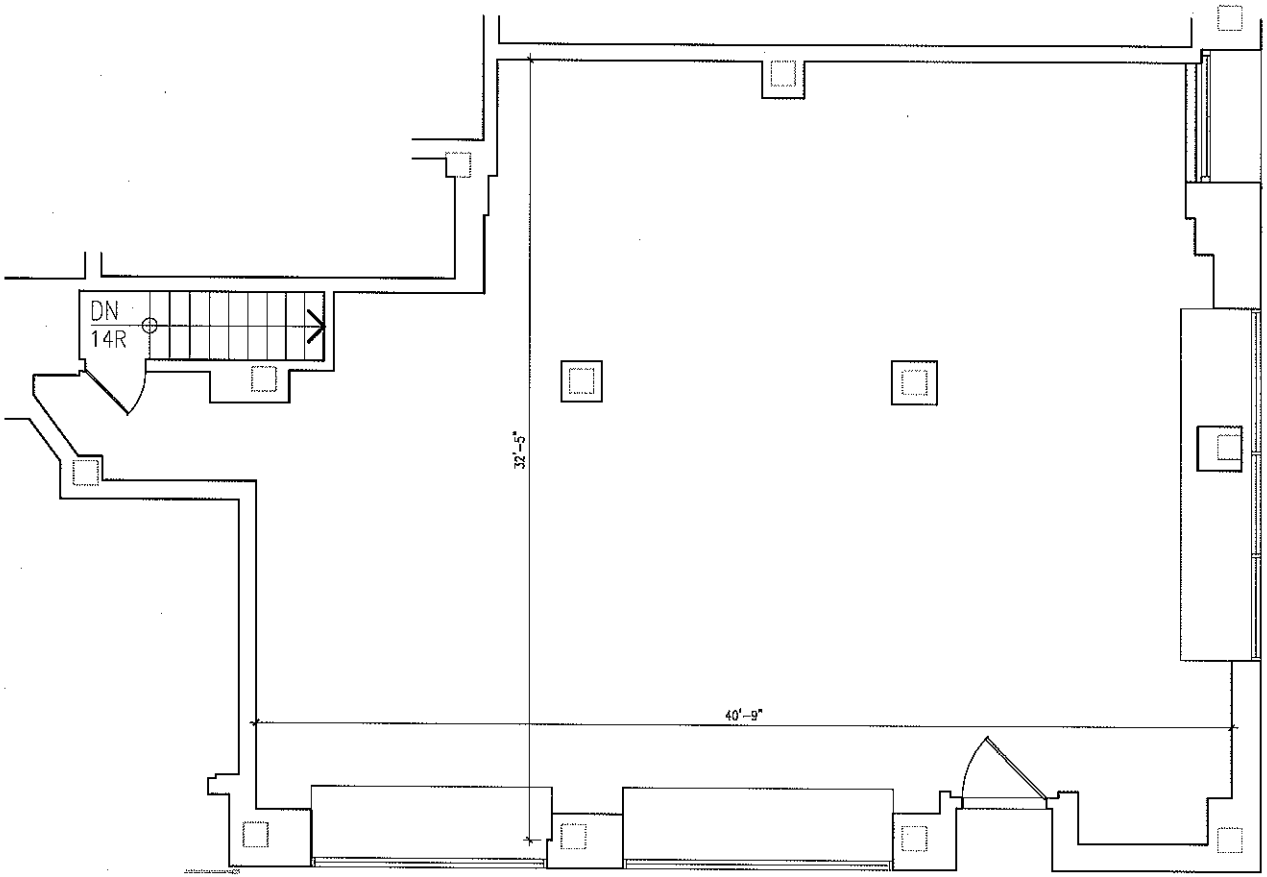


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

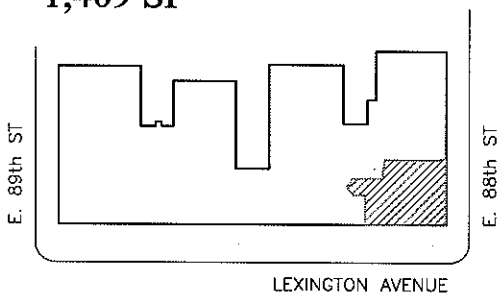
New York , New York



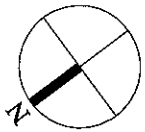
COMMERCIAL UNIT #1

GROUND LEVEL

1,409 SF



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

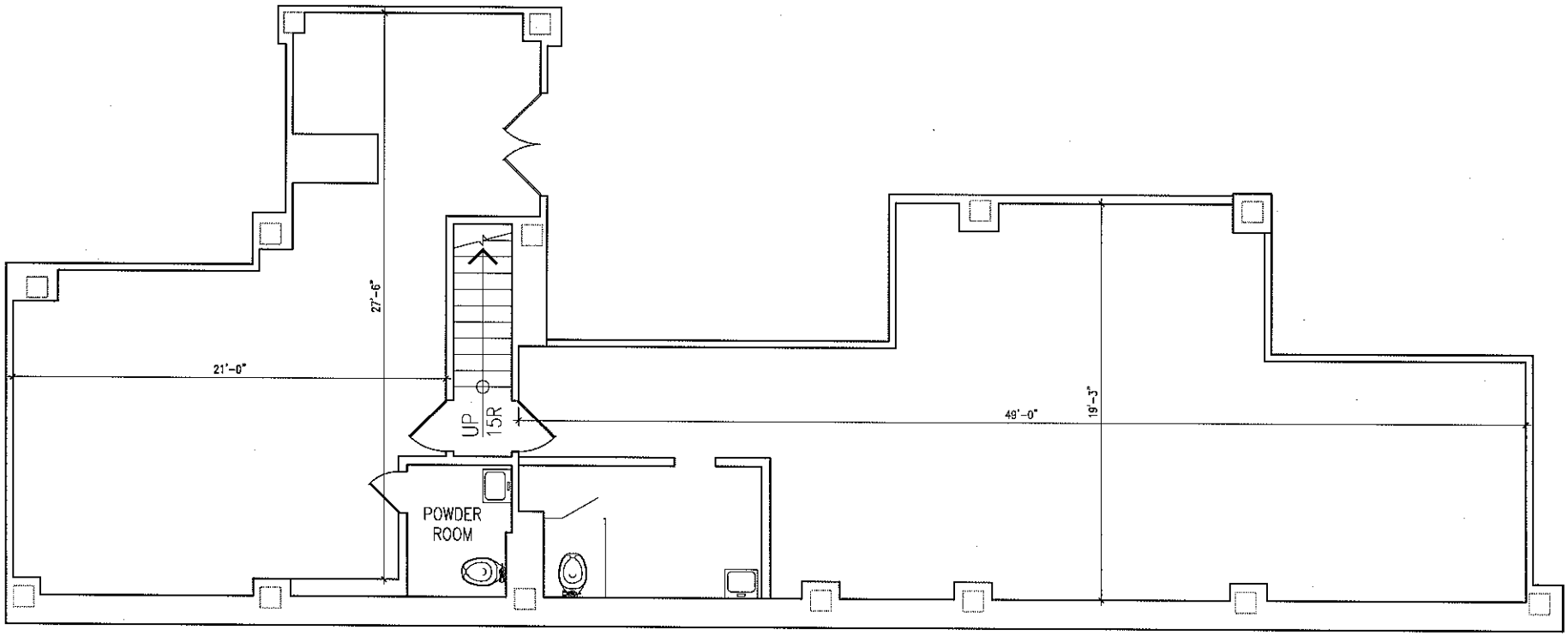


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

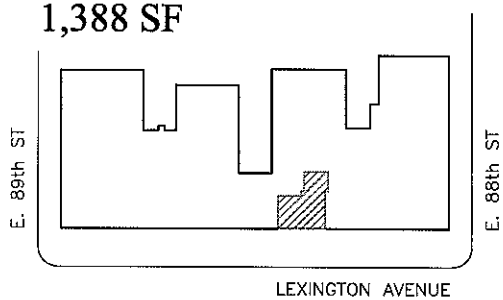
New York , New York



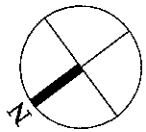
COMMERCIAL UNIT #2

CELLAR LEVEL

1,388 SF



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

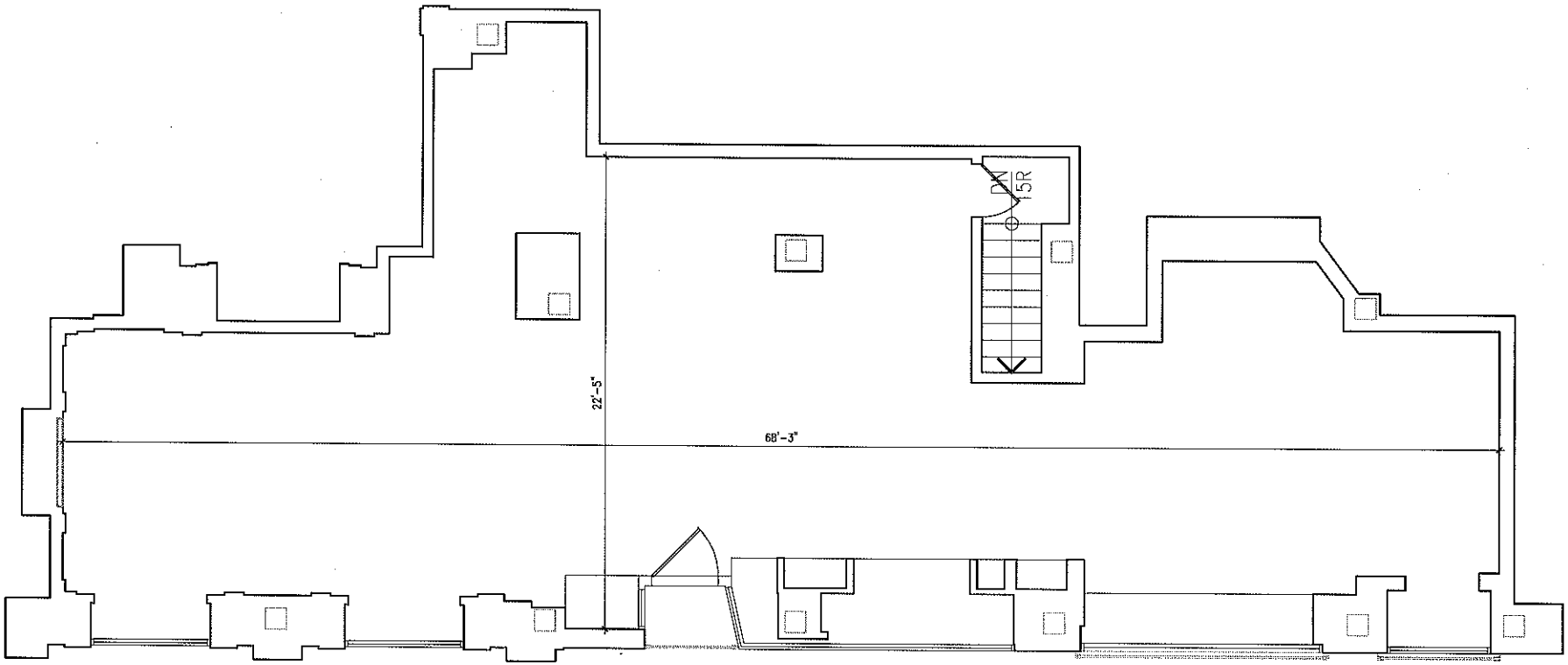


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

141 East 88th Street

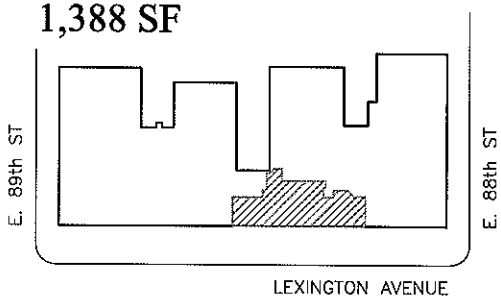
New York , New York



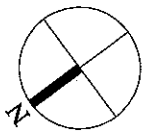
COMMERCIAL UNIT #2

GROUND LEVEL

1,388 SF



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

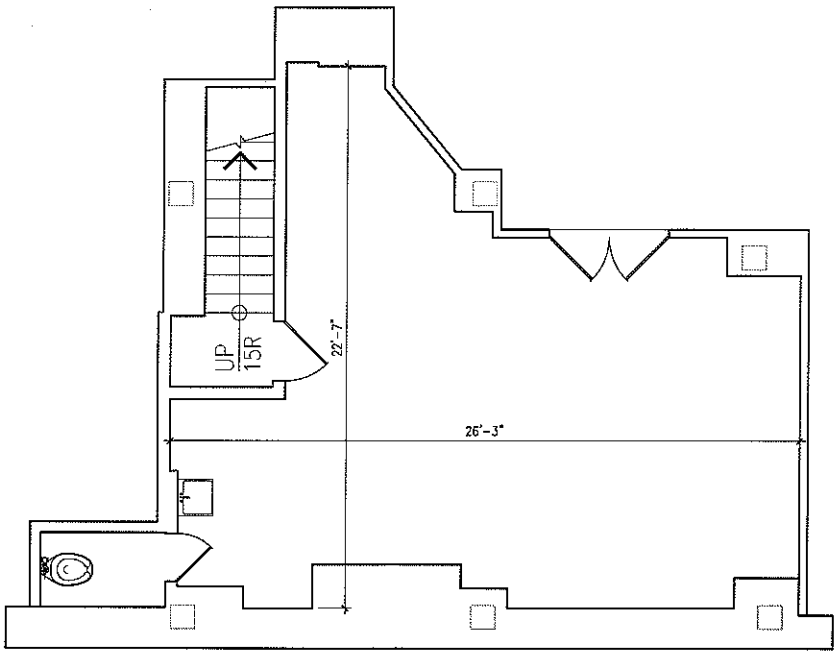


ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

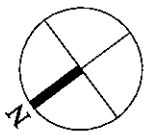
AUGUST 31, 2012

141 East 88th Street

New York , New York



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



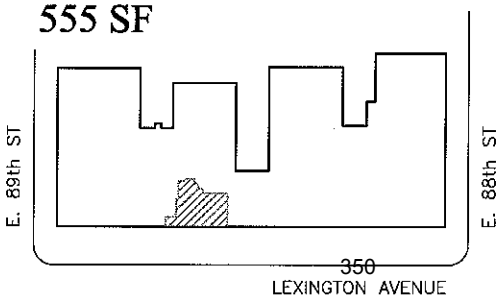
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #3

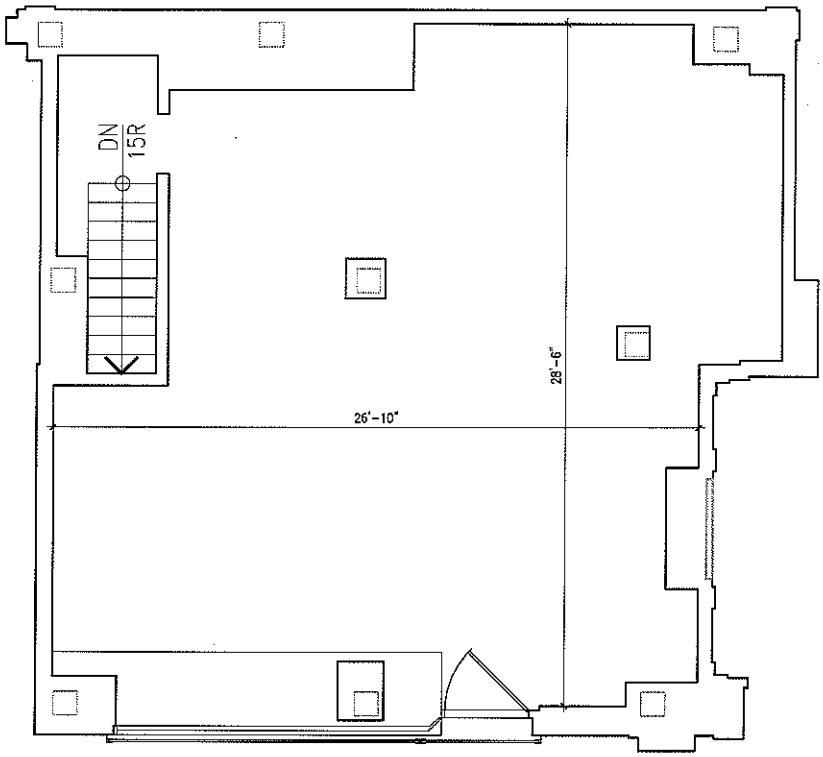
CELLAR LEVEL

555 SF

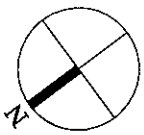


141 East 88th Street

New York , New York



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



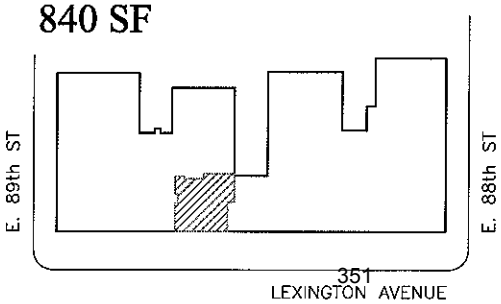
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #3

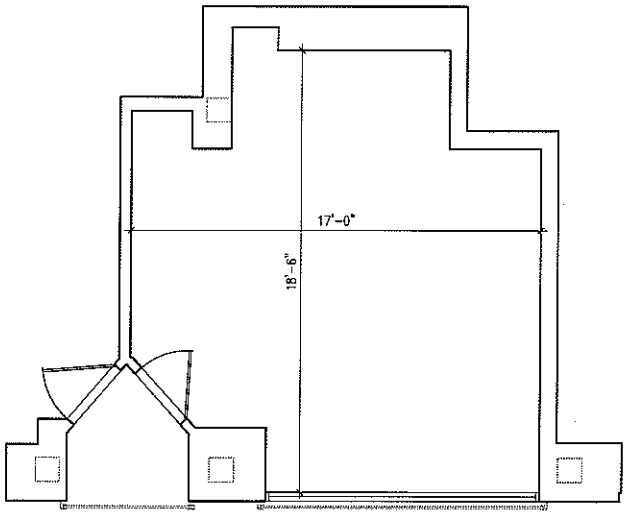
GROUND LEVEL

840 SF

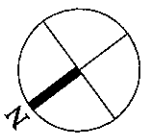


141 East 88th Street

New York , New York



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



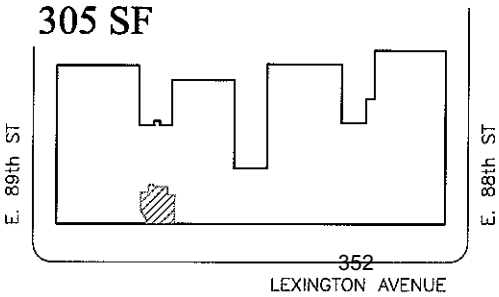
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #4

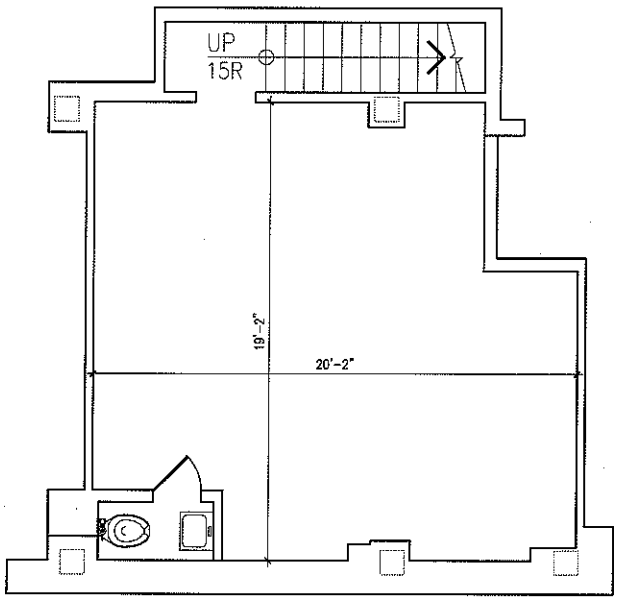
GROUND LEVEL

305 SF

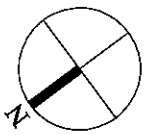


141 East 88th Street

New York , New York



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



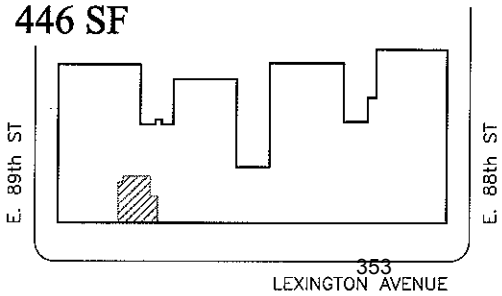
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #4A

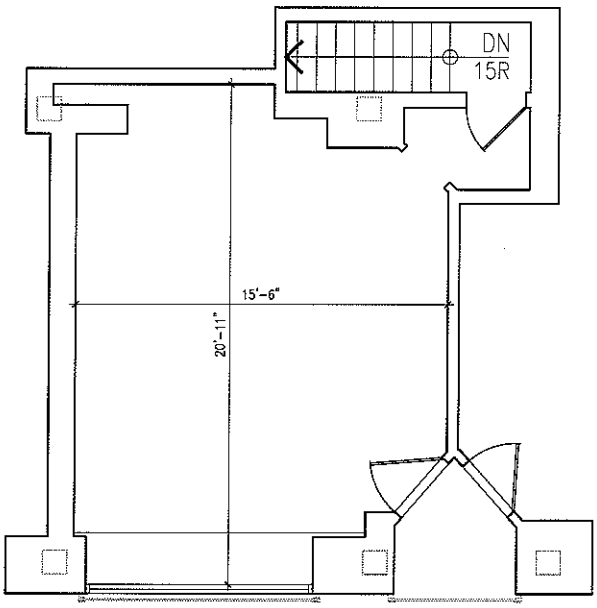
CELLAR LEVEL

446 SF

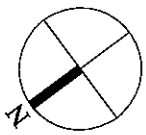


141 East 88th Street

New York , New York



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



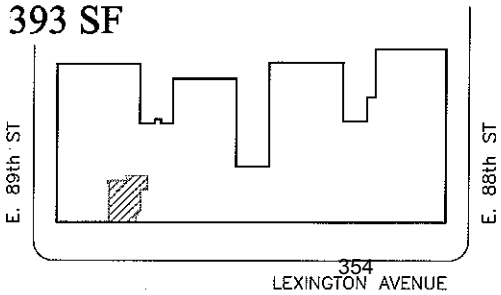
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #4A

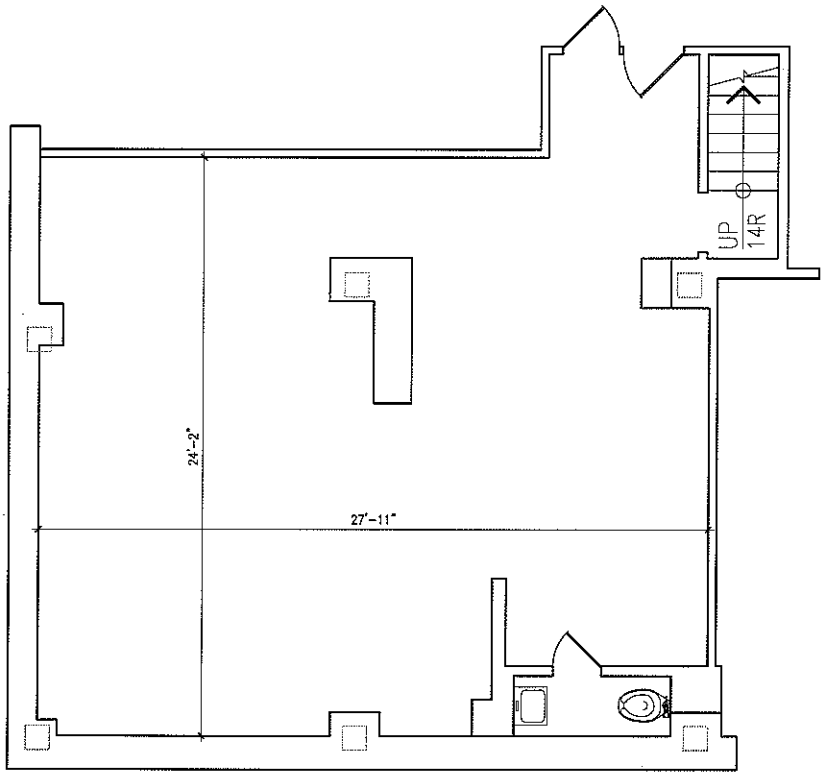
GROUND LEVEL

393 SF

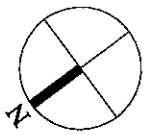


141 East 88th Street

New York , New York



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



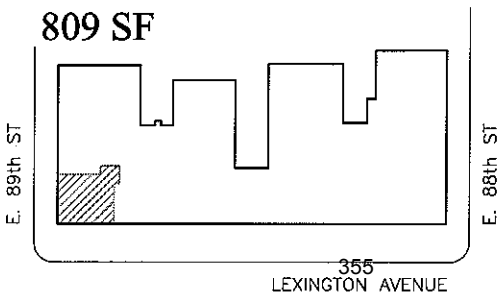
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #5

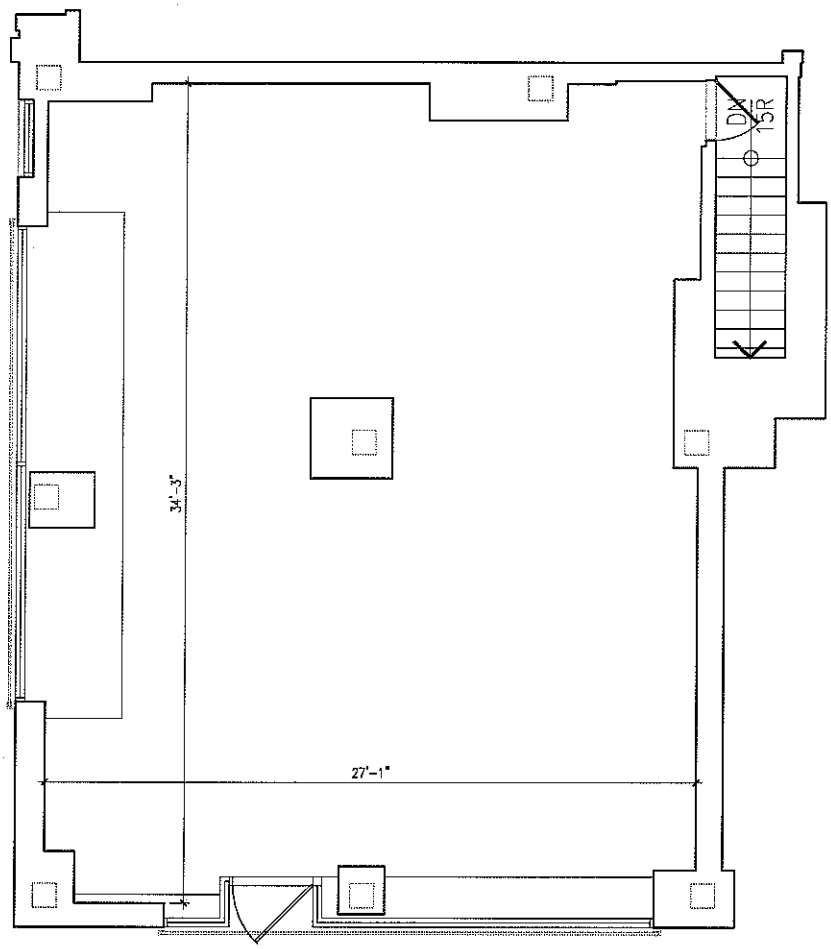
CELLAR LEVEL

809 SF

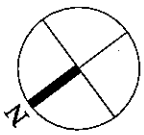


141 East 88th Street

New York , New York



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



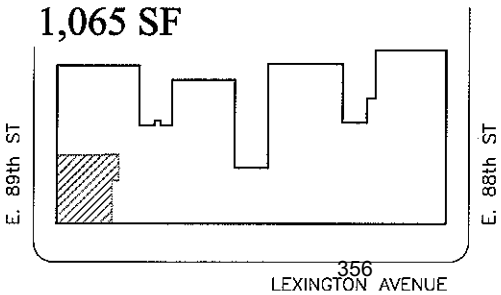
ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNIT MAY VARY

AUGUST 31, 2012

COMMERCIAL UNIT #5

GROUND LEVEL

1,065 SF



DOCUMENT NUMBER 6

Advanced Environmental Corp.

Asbestos Containing Materials Survey Report
141 East 88th Street
New York New York

Prepared For:

141 East 88th Street LLC
826 Broadway
New York, NY 10001

Prepared By:

Advanced Environmental Corp.
347 Fifth Avenue, Suite 404
New York, New York 10016
(212) 545-1855

December 2, 2011

Project No. 2233.031

Certification of Results

This report has been prepared by Advanced Environmental Corp., for the exclusive use of 141 East 88th Street LLC and its designated agents. Photocopying of the document by parties other than those designated by client or use of the document for purposes other than it is intended or that is in conflict with terms and conditions of the executed contract between the parties.

Respectfully Submitted This 2nd day of December, 2011.

Advanced Environmental Corp.

Edward Namath
Principal
New York City Certified Asbestos Investigator
Certification No. 115329

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY **ES-1**

1.0 PURPOSE AND SCOPE OF WORK **1**

2.0 BUILDING DESCRIPTION **1**

3.0 ASBESTOS SURVEY AND SAMPLING PROGRAM **2**

3.1 INSPECTION PERSONNEL 2
3.2 ANALYTICAL METHODS 2
3.3 DEFINITION OF KEY INSPECTION TERMS 3
3.4 INSPECTION METHODS 4

4.0 OBSERVATIONS AND FINDINGS **6**

4.1 MATERIALS CLASSIFIED AS ACM 6
4.2 MATERIAL CLASSIFIED AS NON-ASBESTOS CONTAINING BUILDING MATERIALS 7
4.3 INACCESSIBLE AREAS 8

5.0 CORRECTIVE ACTION OPTIONS **8**

6.0 RECOMMENDATIONS **9**

7.0 LIMITATIONS **10**

LIST OF APPENDICES

Appendix A Table 1 - ACBM Quantities, Condition Assessment, and Recommended Action
Appendix B PLM Sample Analysis Results
Appendix C TEM Sample Analysis Results
Appendix D Licenses and Certifications
Appendix E Laboratory Certifications

Executive Summary

On September 14, 2011 & October 19, 2011, Advanced Environmental Corp. (AEC) performed an asbestos survey of the building located at 141 East 88th Street. The scope of the survey included the inspection and identification of both friable and non-friable suspect ACM (friable materials can be reduced to powder under ordinary hand pressure). The object of this study was to:

- Locate, identify and quantify accessible ACM in the building.
- Submit a report detailing the observation and findings;
- Prepare an assessment of the condition of existing ACMs with recommendations.

During our initial site visit on September 14, 2011, ACM pipe insulation was observed while performing an inspection of representative vacant apartments in the building. Therefore, a second site visit was performed on October 19, 2011 after notice was given by the building to the tenants.

AEC did not utilize information from any previous asbestos investigative surveys. An inspection was performed to visually locate, identify and quantify accessible ACMs. Bulk samples of suspect materials were collected and submitted for analysis to determine asbestos content.

The following materials are documented as asbestos containing based on sampling or assumed to contain asbestos.

- Pipe and Fitting Insulation
- Duct Insulation
- Wooden Radiator Cover Insulation
- Vinyl Floor Tiles in Apartments (assumed in occupied units) and Retail Space
- Perimeter Wall Tar behind Plaster

The following suspect materials were found to be non-asbestos-containing based on sampling and analysis conducted as part of our survey effort.

- Wall and Ceiling Plaster
- Gypsum / Sheetrock – Throughout
- 9" x 9" Floor Tiles, Pink – Penthouse # 4
- 12"x 12" Floor Tile, Black – Penthouse #4, Foyer
- 12"x 12" Floor Tile, Grey – 10th Floor, Apartment 10D
- 12"x 12" Floor Tile – Freight Elevator
- Radiator Backing – Throughout, Behind Metal Radiator Covers

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

Our survey did not include exterior materials. Limited exploratory demolition was performed to investigate or detect whether ACM may be present behind sealed areas (i.e. pipe chases, in walls). In representative vacant apartment, probe holes were made at the wet columns serving the bathrooms and kitchens and ACM pipe insulation was found to be present. Probe holes were not made in columns were steam lines are present, however, on the basement level AEC was able to observe the steam pipes where they enter wet columns and pipe chases. Based on our observation asbestos containing thermal system insulation on pipes, is assumed to exist inside all floor trenches, wet columns and pipe chases on steam lines and domestic water risers.

Friable and non-friable ACM was found to be in damaged to good condition. Appendix A, Table 1 contains a complete listing of ACMs, estimated quantities, and condition assessments. The identified ACMs pose no significant exposure risk provided they are not directly contacted or disturbed such as during maintenance repair, or alteration activity.

Damaged ACM associated with thermal systems piping and ducting was observed in the following locations:

- Basement Areas – Throughout

AEC recommends that the aforementioned damaged thermal system insulation be repaired.

Removal of the ACM's is not warranted until a specific ACM will be impacted by a space renovation/demolition project where EPA NESHAPS, OSHA, or state and local regulations require such removal.

All such work should be executed in accordance with all applicable Federal (EPA, OSHA), New York State Department of Labor (NYS-DOL) and New York City Department of Environmental Protection (NYC-DEP) regulations. NYS and NYC regulations require the use licensed asbestos abatement contractors and third party air monitoring before, during, and after abatement activities

AEC recommend a licensed asbestos abatement contractor be retained to repair all identified damaged ACM. For all remaining friable and non-friable ACM, AEC recommends these materials be maintained an Operations and Maintenance (O&M) Program until renovations require their removal. Both building maintenance personnel and contractors retained to conduct maintenance and construction should be informed of the results of this survey as their activities may potentially impact ACM and release asbestos fibers.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

1.0 Purpose And Scope Of Work

On September 14, 2011 & October 19, 2011, Advanced Environmental Corp. (AEC) performed an asbestos survey of the building located at 141 East 88th Street, New York, NY. The scope of the survey included the inspection and identification of both friable and non-friable suspect ACM (friable materials can be reduced to powder under ordinary hand pressure). The object of this study was to:

- Locate, identify and quantify accessible ACM in the building.
- Submit a report detailing the observation and findings; and;
- Prepare an assessment of the condition of existing ACMs with recommendations.

During our initial site visit, assumed ACM pipe insulation was observed while performing an inspection of representative apartments in the building. Therefore, a second site visit was performed on October 19, 2011 after notice was given by the building to the tenants.

2.0 Building Description

The building is an 11-story apartment building with a penthouse, roof and basement located at 141 East 88th Street, New York, NY, NYC Department of Finance Block 561, Lot 5. The building is currently utilized for apartment rentals, retail spaces, and doctor's offices. The basement contains a laundry room, boiler room, storage rooms, gas and electric meter room, retail tenant space, and supers office. The roof contains elevator machine rooms and exhaust fan rooms.

The building was built circa 1928 and is constructed primarily of concrete and steel. The building superstructure consists of structural steel beams, columns, and concrete slab. The columns and deck are encased in concrete.

The perimeter walls are constructed of plaster. The interior walls and ceilings are constructed of plaster with some miscellaneous areas of sheetrock and ceiling tile. Flooring consists wood, floor tile, concrete, ceramic tiles, and miscellaneous floor sheeting's and tiles.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

3.0 Asbestos Survey And Sampling Program

Prior to conducting the visual inspection, discussions with building management and super were conducted to determine the areas that have been abated and recently renovated. No previous survey data was utilized.

3.1 Inspection Personnel

AEC personnel conducted a visual asbestos inspection throughout the facility. The inspector, Edward Namath is full-time AEC employee and an Environmental Protection Agency/Asbestos Hazard Emergency Response Act (EPA/AHERA) Inspector. In addition, Mr. Namath is a New York State Department of Health Licensed Asbestos Inspector (#92-00160 exp. 09/12) and New York City Department of Environmental Protection Certified Asbestos Investigator (# 115329 exp. 9/27/13).

An inspection was performed to visually locate, identify and quantify accessible suspected ACMs. Bulk samples of suspect materials were collected and submitted for analysis to determine asbestos content.

3.2 Analytical Methods

All samples collected were analyzed by AmeriSci New York (AmeriSci) located at 117 East 30th Street, New York, NY. AmeriSci's New York State Department of Health Environmental Laboratory Approval Program (ELAP) participant number is 11480.

Thirty-three (33) samples were submitted for petrography analysis using the EPA-endorsed Polarized Light Microscopy with Dispersion Staining (PLM/DS) method (EPA-600/M4-82-020).

The NYS-DOH requires that non-friable organically bound (NOB) materials (i.e. floor tiles, mastics, roofing) that do not show positive asbestos content by PLM must be further analyzed by ELAP item No. 198.4 protocol for Transmission Electron Microscopy (TEM) before they can be accepted as non-asbestos material. Eight (8) samples of flooring materials were further analyzed via TEM.

Samples were collected using wet techniques to prevent airborne fiber release. Each suspect material was sampled using a knife to cut through its entire thickness to ensure that a complete cross section was obtained. The sample was then placed in an appropriately labeled container, which was sealed and submitted to the laboratory for analysis.

The lower limit of estimation of the asbestos percentage for the PLM/DS method is approximately 1% by volume, and therefore materials which have low asbestos content are usually listed as Trace

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

or <1% (less than 1% by volume) and can be considered non asbestos-containing materials, according to Federal Regulations.

PLM bulk sample results can be found in Appendix B, and TEM Bulk Sample results can be found in Appendix C.

3.3 Definition Of Key Inspection Terms

Given the specific purposes of this inspection, the following definitions were used for the terms: suspect and non-suspect asbestos materials, homogeneous application or areas of suspect materials; inaccessible building areas, and confirmed asbestos-containing materials:

1. Suspect and Non-Suspect Materials: Suspect materials are defined as installed building materials that either were pre-formed (i.e., manufactured off-site) or were prepared and installed on-site and have a history of being manufactured with asbestos. For the purpose of this inspection, the following materials were considered non-suspect and were not assessed or sampled if observed:

   - Glass
   - Metal
   - Wood or Wood Components
   - Rubber or Synthetic Foam
   - Pink or Yellow Fiberglass Insulation on Pipes or Other Mechanical Components
   - Brick, Granite, Marble, or Other Stonework
   - Ceramic Tiles and Grouting
   - Carpeting, Curtains, Wallpaper or Other Synthetic Goods
   - Concrete or Mortar

2. Homogeneous Applications or Areas: Are suspect materials which serve the same function or purpose (e.g., floor or ceiling tiles); have similar color and texture; and were likely installed at or near the same time.

3. Inaccessible Building Areas: Are building areas, systems, structural components, or surfaces which could not be observed because: it was unsafe or impractical to disassemble or remove systems or covering; a human being cannot physically enter or observe the area or component; or we were denied access to an area or space. For the purposes of this inspection, these inaccessible areas were limited to areas inside ductwork or air handling units which could not physically be entered or be disassembled; any areas behind solid walls (chases) or above solid plaster ceilings which had no openings.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

Limited exploratory demolition was performed to investigate or detect whether ACM may be present behind sealed areas (i.e. pipe chases, in walls). In representative vacant apartment, probe holes were made at the wet columns serving the bathrooms and kitchens and ACM pipe insulation was found to be present. Probe holes were not made in columns were steam lines are present, however, on the basement level AEC was able to observe the steam pipes where they enter wet columns and pipe chases.

Based on our observation and previous experience in similar buildings, asbestos containing thermal system insulation on pipes is assumed to exist inside all wet columns and pipe chases on steam lines and domestic water risers.

Although AEC cannot conclusively determine the presence or absence of ACM in inaccessible areas of the building that could not be accessed, it is believed that the material in these areas are homogeneous based on our experience in similar type buildings, and as a result, are likely to be considered ACM.

4. Confirmed Asbestos-Containing Materials: Are suspect materials where at least one (1) of the collected bulk samples contained an asbestos concentration of 1% or more. According to EPA/AHERA criteria, all bulk samples of a homogeneous area of suspect ACM must be found to contain trace amounts or less than 1% asbestos to conclude that the material is not ACM.

5. Presumed Asbestos-Containing Materials (PACM): Means thermal system insulation and surfacing material found in buildings constructed no later than 1980. Building owners may demonstrate PACM does not contain asbestos by performing tests of the material containing PACM which determines that no asbestos is present. For the purposes of this survey, in occupied units, all flooring not clearly wood, cork, concrete, marble, or ceramic was PACM.

3.4 Inspection Methods

The inspection was conducted in a systematic manner using AEC's standard safety procedures and inspection steps. These steps included:

1. Interviews with knowledgeable building officials about construction and renovation details, utility systems, and review of available records that would help identify suspect materials in the building.

2. A detailed visual inspection of all accessible building areas to locate, quantify, and assess the condition of materials suspected to contain asbestos.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

3. Collection of representative bulk samples of each homogeneous area of suspect material.

   To prevent release of any airborne asbestos, these samples were collected by first carefully wetting the suspect materials, and then removing a small full-thickness sample and placing it in a sealed plastic bag.

4. Analysis of the bulk samples collected by AmeriSci, a NYS DOH ELAP and NVLAP-accredited laboratory using the EPA Polarized Light Microscopy (PLM) and / or Transmission Electron Microscopy (TEM).

5. A through review of the inspection findings, sampling protocols, and lab results to ensure proper and consistent identification and characterization of all asbestos-containing materials (ACM) and Presumed Asbestos Containing Materials (PACM).

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

4.0 Observations And Findings

This section discusses homogeneous applications of suspect materials and the results of any related bulk samples that were collected. It also assesses the condition of each homogeneous application that was determined to be asbestos-containing or presumed asbestos containing. Recommendations concerning these ACMs are presented in Appendix A Table 1 (attached). The following Sections, 4.1 and 4.2 summarize pertinent data about the homogeneous applications that were classified as ACM and non-ACM, respectively.

Appendix A, Table 1 summarizes ACM location, quantities, condition assessment, and recommended action.

4.1 Materials Classified As ACM or PACM

A. **Vinyl floor tiles and linoleum:** Various types of vinyl floor tiles and linoleum were observed throughout the building. These are considered non-friable materials that normally do not release airborne fibers because the tile surface is sealed and waxed. However, studies have shown airborne asbestos can be released when the tiles are dry stripped or buffed with abrasive pads, or when they are removed by hand so that they break into pieces. All vinyl floor tile and linoleum observed were all found to be in good condition at the time of the inspection, possessing minimal exposure potential.

For the purpose of this survey, all suspect flooring in occupied units are assumed to contain asbestos. AEC recommends samples of suspect flooring be collected on an as needed basis to determine asbestos content.

It should be noted that samples of flooring materials from vacant apartments tested negative for asbestos. Only a limited number of units inspected were found to have suspect flooring materials.

B. **Pipe and Fitting Insulation:** Asbestos-containing pipe insulation was found in the basement areas and apartments throughout the building. Pipe insulation consists of various types of magnesium, corrugated cardboard and aircell type material. ACM insulated pipes were observed in kitchen and bathroom pipe chases on the domestic water risers. No exposed pipe insulation was observed in any of the apartments inspected. Based on our observation, ACM insulated pipes are assumed to exist inside all wet columns and pipe chases on steam lines and domestic water risers.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

The pipe insulation was found to be damaged in the following locations:

- Basemen t Area - Throughout

All pipe insulation runs not consisting of fiberglass, foam rubber or styrofoam is assumed to be ACM based on survey results.

D. **Duct Insulation:** Insulation is present in the basement on ducts and breeching. This material was found to be in a damaged condition at the time of our inspection.

E. **Wooden Radiator Cover Heat Shield Insulation:** Asbestos-containing heat shield insulation on wooden radiator enclosures was found in one of apartment (PH-4). The heat shield insulation was primarily found to be in good condition.

F. **Waterproofing Wall Tar on Perimeter Walls:** Wall tar was observed on the interior face of concealed original perimeter walls. The wall tar is considered a non-friable materials that normally do not release airborne fibers because the fibers are bound within the matrix of the material.

The non-friable ACM perimeter wall tar was found to be in good condition. The wall tar is located on perimeter walls. Minor sections of the wall tar are currently exposed while most are located behind plaster. All exposed wall tar will be covered with sheetrock and/or plaster. Both applications present no exposure potential to future occupants as long as the wall tar is not impacted or disturbed in a manner to render it friable.

4.2 Material Classified As Non-Asbestos Containing Building Materials

Laboratory analysis detected no asbestos or trace amounts in representative samples of the following suspect materials:

- Wall and Ceiling Plaster
- Gypsum / Sheetrock – Throughout
- 9" x 9" Floor Tiles, Pink – Penthouse # 4
- 12"x 12" Floor Tile, Black – Penthouse #4, Foyer
- 12"x 12" Floor Tile, Grey – 10th Floor, Apartment 10D
- 12"x 12" Floor Tile – Freight Elevator
- Radiator Backing – Throughout, Behind Metal Radiator Covers

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

4.3 Inaccessible Areas

AEC's survey was non destructive in nature. Every attempt was made to access all areas of the building. Areas not accessed included above demising walls and plaster ceilings, in wall chases, pipe shafts, in elevator and air shafts, inside and above ducts that abut beams and decking, and on the exterior face of the building and roofs. Inspection of some of these areas would require demolition of the building components in order to gain access and therefore, AEC assumes ACM duct and pipe insulation exists in these areas.

No exploratory demolition was performed to investigate or detect whether ACM may be present behind sealed areas (i.e. pipe chases, in walls). In various apartments, AEC was able to observe pipes inside wet columns and pipe chases. Based on our observation, ACM insulated pipes are assumed to exist in all floor trenches, wet columns, heating system piping and kitchen and bathroom pipe chases.

AEC attempted to gain access to all of the apartments in the building. Please see Table 1 for a summary of inaccessible apartments and areas.

5.0 Corrective Action Options

AEC evaluated the condition and location of confirmed ACMs encountered during the survey to make recommendations for corrective action (if appropriate). Corrective action options range from managing the material in place to complete removal.

Corrective actions are designed to ensure the safety of all individuals who either work in the vicinity of the ACMs or perform duties which have the potential for ACMs disturbance. Selection of an appropriate corrective action is based upon the physical nature of the material, the potential for disturbance of the material, the configuration and functional use of the structure, local environmental conditions, and regulations. Final recommendations for corrective action are based on the professional expertise and judgment of the AEC using the EPA AHERA Final Rule as a guideline. The correction actions listed below outline the five types of control options recognized as acceptable by the US EPA.

<u>Corrective Action Option I: Asbestos Management Plan and Operations and Maintenance Program (O & M Program)</u>

Once asbestos-containing building materials are found in a building, an Asbestos Management Plan should be implemented. The Plan should include an Operations and Maintenance (O & M) Program that identifies required work practices and procedures designed to minimize or eliminate the exposure of building occupants to asbestos fibers. The O & M Program should be designed to achieve this goal by delineating proper maintenance, repair, and worker protection measures to be used in the building. This will ensure the prevention of airborne fiber release by minimizing asbestos disturbance or damage, and monitoring the

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

conditions of the asbestos material. An O & M Program is recommended for each type of ACMs, including surfacing materials, thermal system insulation and miscellaneous materials.

Corrective Action Option II: Encapsulation

Encapsulation refers to the spraying of the ACMs with a sealant. Encapsulant are typically of the bridging (surface coating) or penetrative variety. The primary function of an encapsulant is to penetrate the ACMs, adhere to the substrate and form a tough skin over the material. Additionally, the encapsulant can withstand impact, is flexible, flame retardant, resists deterioration over time, and is generally not considered to be toxic. Care must be taken to ensure that the added weight of the encapsulant does not cause the base material to delaminate from its substrate surface due to the force of gravity.

Corrective Action Option III: Repair

Repair involves returning damaged ACBM to an undamaged condition or to an intact state by replacing limited sections or patching damaged areas.

Corrective Action Option IV: Enclosure

Enclosure involves the construction of air-tight walls[2], ceilings or conduits around the ACMs. Design of the enclosure must address the potential release of fibers during construction, structural integrity to withstand the added weight of the enclosures, accessibility of utilities, and local fire and building codes.

Corrective Action Option V: Removal

Removal involves, to the greatest extent practical, the complete removal, disposal, and replacement with a non-ACM product if necessary, of the asbestos-containing building material. Removal also requires encapsulation of the remaining structure to lock down residual fibers which may exist. Removal is generally required prior to renovation and/or demolition activities.

6.0 Recommendations

Recommended action(s) for each asbestos-containing building material encountered during the survey was determined by considering several hazard assessment factors including: physical condition; friability; accessibility; area activity; air movement; occupancy; and disturbance potential.

Specific recommendations for confirmed ACMs identified during the survey and their assigned Recommended Action are outlined in Appendix A, Table 1.

[2] No enclosure will be totally air-tight, however, the enclosure must be designed to greatly reduce air movement across the enclosure boundary.

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

Friable and non-friable ACM was found to be in damaged to good condition. Appendix A, Table 1 contains a complete listing of ACMs, estimated quantities, and condition assessments. The identified ACMs pose no significant exposure risk provided they are not directly contacted or disturbed such as during maintenance repair, or alteration activity.

AEC recommends that the aforementioned damaged thermal system insulation be repaired and work practices be implemented to prevent future disturbance or impact.

Removal of the remaining ACM's is not warranted until a specific ACM will be impacted by a space renovation/demolition project where EPA NESHAPS, OSHA, or state and local regulations require such removal.

All such work should be executed in accordance with all applicable Federal (EPA, OSHA), New York State Department of Labor (NYS-DOL) and New York City Department of Environmental Protection (NYC-DEP) regulations. NYS and NYC regulations require the use licensed asbestos abatement contractors and third party air monitoring before, during, and after abatement activities

AEC recommend a licensed asbestos abatement contractor be retained to repair or remove all identified damaged ACM. The areas of work should be restricted from access until completion. For all remaining friable and non-friable ACM, AEC recommends these materials be maintained an Operations and Maintenance (O&M) Program until renovations require their removal. Both building maintenance personnel and contractors retained to conduct maintenance and construction should be informed of the results of this survey as their activities may potentially impact ACM and release asbestos fibers.

AEC recommends that the ongoing Operations & Maintenance Program continue to be utilized for all remaining areas that contain ACM.

7.0 Limitations

Although AEC uses trained and certified inspectors in attempting to locate and identify material potentially containing asbestos. AEC does not warrant that all asbestos containing materials have been identified. It is possible that additional materials containing asbestos were not found because they were not visible or accessible to the surveyor. Moreover, it is possible that the actual quantities of materials containing asbestos which can be determined during the detailed design of a removal project, may differ from the quantities of materials estimated during the survey.

Prepared by:

Edward Namath
Principal

Review by:

Robert Puorro
Principal

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

APPENDIX A

Table 1

ACBM Quantities, Condition, Assessment, And Recommended Action

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
On Perimeter Brick Wall Behind Plaster	Waterproofing Tar	TBD		
Sub Basement, Boiler Room	Duct Insulation	625 SF	Good	O&M
Basement, Super's Office	Pipes and Fittings Insulation	120 LF	Damaged	Repair
Basement, Work Shop	Pipes and Fittings Insulation Duct Insulation	250 LF 125 SF	Damaged	Repair
Basement, Employee Locker Room	Pipes and Fittings Insulation	126 LF	Damaged	Repair
Basement, Laundry Room, North	Pipes and Fittings Insulation	147 LF	Damaged	Repair
Basement, Electrical Room, North	Pipes and Fittings Insulation Duct Insulation	12 LF 31 SF	Damaged	Repair
Basement, North Hallway	Pipes and Fittings Insulation Duct Insulation	440 LF 18 SF	Damaged	Repair
Basement, Chemical Room	Pipes and Fittings Insulation	77 LF	Damaged	Repair
Basement, Old Incinerator, North	Pipes and Fittings Insulation	19 LF	Damaged	Repair
Basement, Storage North	Pipes and Fittings Insulation Duct Insulation	67 LF 27 SF	Damaged Damaged	Repair Repair
Basement, West Hallway	Pipes and Fittings Insulation Duct Insulation	87 LF 108 SF	Damaged Damaged	Repair Repair
Basement, Montclair Cleaners Storage	Pipes and Fittings Insulation	150 LF	Damaged	Repair
Basement, Gas Meter Room, North	Pipes and Fittings Insulation	9 LF	Damaged	Repair
Basement, Gas Meter Room, South	Pipes and Fittings Insulation	55 LF	Damaged	Repair
Basement, 212 Bouquet Storage	Pipes and Fittings Insulation	88 LF	Damaged	Repair
Basement, South Hallway	Pipes and Fittings Insulation Duct Insulation	385 LF 375 SF	Damaged Damaged	Repair Repair
Basement, Electrical Room, South	Pipes and Fittings Insulation	63 LF	Damaged	Repair
Basement, Paint Shop	Pipes and Fittings Insulation	48 LF	Damaged	Repair

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Basement, Compactor Room, South	Pipes and Fittings Insulation	8 LF	Damaged	Repair
Basement, Tenant Storage	Pipes and Fittings Insulation Duct Insulation	375 LF 187 SF	Damaged Damaged	Repair Repair
Basement, Laundry Room, South	Pipes and Fittings Insulation Duct Insulation	237 LF 104 SF	Damaged Damaged	Repair Repair
Basement, Bike Storage Room	Pipes and Fittings Insulation	152 LF	Damaged	Repair
Basement, Boiler Room	Pipes and Fittings Insulation	172 LF	Damaged	Repair
Penthouse #5	NO ACCESS			
Penthouse #4	Radiator Cover Insulation Pipe Insulation Sealed in Chases	10 SF TBD	Good	O&M
Apartment 11A	NO ACCESS			
Apartment 11B	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 11C	NO ACCESS			
Apartment 11D	NO ACCESS			
Apartment 11E	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 11F	NO ACCESS			
Apartment 11G	Pipe Insulation Sealed in Chases Linoleum Flooring	TBD 40 SF	Inaccessible Good	O&M O&M
Apartment 11H	NO ACCESS			
Apartment 11I	NO ACCESS			
Apartment 11J	NO ACCESS			
Apartment 10A	NO ACCESS			
Apartment 10B	NO ACCESS			
Apartment 10C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 10D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 10E	NO ACCESS			

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Apartment 10F	NO ACCESS			
Apartment 10G	NO ACCESS			
Apartment 10H	NO ACCESS			
Apartment 10I	NO ACCESS			
Apartment 10J	NO ACCESS			
Apartment 9A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9B	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9E	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9F	NO ACCESS			
Apartment 9G	NO ACCESS			
Apartment 9H	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 9I	NO ACCESS			
Apartment 9J	NO ACCESS			
Apartment 8A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 8B	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 8C	NO ACCESS			
Apartment 8D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 8E	Pipe Insulation Sealed in Chases 9x9 Red Floor in Kitchen	TBD 72 SF	Inaccessible Good	O&M O&M
Apartment 8F	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 8G	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Apartment 8H	NO ACCESS			
Apartment 8I	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 8J	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 7A	NO ACCESS			
Apartment 7B	NO ACCESS			
Apartment 7C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 7D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 7E	Pipe Insulation Sealed in Chases 12x12 Floor Tile in Kitchen	TBD 72 SF	Inaccessible Good	O&M O&M
Apartment 7F	NO ACCESS			
Apartment 7G	NO ACCESS			
Apartment 7H	Pipe Insulation Sealed in Chases Linoleum in Kitchen and Closets	TBD 90 SF	Inaccessible Good	O&M O&M
Apartment 7I	NO ACCESS			
Apartment 7J	NO ACCESS			
Apartment 6A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 6B	NO ACCESS			
Apartment 6C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 6D	Pipe Insulation Sealed in Chases 12x12 White Floor Tile – Maids Room	TBD 85 SF	Inaccessible Good	O&M O&M
Apartment 6E	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 6F	NO ACCESS			
Apartment 6G	NO ACCESS			
Apartment 6H	NO ACCESS			

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Apartment 6I	Pipe Insulation Sealed in Chases 12x12 Floor Tile in Kitchen Linoleum in Closets	TBD 70 SF 30 SF	Inaccessible Good Good	O&M O&M O&M
Apartment 6J	NO ACCESS			
Apartment 5A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 5B	NO ACCESS			
Apartment 5C	Pipe Insulation Sealed in Chases 12x12 Floor Tile in Kitchen	TBD 165 SF	Inaccessible Good	O&M O&M
Apartment 5D	Pipe Insulation Sealed in Chases 12x12 Red Brick Pattern Floor Tile - Kitchen	TBD 140 SF	Inaccessible Good	O&M O&M
Apartment 5E	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 5F	NO ACCESS			
Apartment 5G	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 5H	NO ACCESS			
Apartment 5I	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 5J	NO ACCESS			
Apartment 4A	NO ACCESS			
Apartment 4B	NO ACCESS			
Apartment 4C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 4D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 4E	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 4F	NO ACCESS			
Apartment 4G	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 4H	NO ACCESS			
Apartment 4I	NO ACCESS			

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Apartment 4J	NO ACCESS			
Apartment 3A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 3B	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 3C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 3D	Pipe Insulation Sealed in Chases Linoleum in Kitchen & Hall	TBD 300 SF	Inaccessible Good	O&M O&M
Apartment 3E	NO ACCESS			
Apartment 3F	NO ACCESS			
Apartment 3G	NO ACCESS			
Apartment 3H	NO ACCESS			
Apartment 3I	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 3J	NO ACCESS			
Apartment 2A	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2B	NO ACCESS			
Apartment 2C	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2D	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2E	Pipe Insulation Sealed in Chases Linoleum in Kitchen	TBD 75 SF	Inaccessible Good	O&M O&M
Apartment 2F	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2G	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2H	NO ACCESS			
Apartment 2I	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 2J	NO ACCESS			

Table 1
ACBM Quantities, Condition, Assessment, And Recommended Action
141 East 88th Street, New York, New York

Location	*Material Description*	*Estimated Quantity*	*Condition*	*Recommended Action*
Apartment 1H	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 1I	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Apartment 1BC	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Bike Shop	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Pizza Shop	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Flower Shop	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Cleaners	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M
Locksmith	Pipe Insulation Sealed in Chases 12x12 Gray Floor Tile	TBD	Inaccessible	O&M
Deli	Pipe Insulation Sealed in Chases	TBD 150 SF	Inaccessible Good	O&M O&M
Runners Shop	Pipe Insulation Sealed in Chases	TBD	Inaccessible	O&M

347 Fifth Avenue, Suite 404, New York, New York 10016 Phone 212-545-1855 Fax 212-545-0757

APPENDIX B

PLM Sample Analysis Results

AmeriSci New York
117 EAST 30TH ST.
NEW YORK, NY 10016
TEL: (212) 679-8600 • FAX: (212) 679-3114

PLM Bulk Asbestos Report

Advanced Environmental Corp.
Attn: Robert Puorro
347 Fifth Avenue
Suite 404
New York, NY 10016

Date Received 09/07/11 **AmeriSci Job #** 211091712
Date Examined 09/08/11 **P.O. #**
ELAP # 11480 **Page** 1 **of** 8
RE: 2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-01	211091712-01.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 10th Floor, Hallway - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-01	211091712-01.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 10th Floor, Hallway - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 1 %, Non-fibrous 99 %			
090711AS-02	211091712-02.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 10th Floor, Apartment 10D - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-02	211091712-02.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 10th Floor, Apartment 10D - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-03	211091712-03	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile, Grey / 10th Floor, Apartment 10D			
Analyst Description: Grey/Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 1.9 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-04	211091712-04	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile, Grey / 10th Floor, Apartment 10D			
Analyst Description: Grey/Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 1 %			
090711AS-05	211091712-05.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9E - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-05	211091712-05.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9E - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Animal hair Trace, Cellulose 1 %, Non-fibrous 99 %			
090711AS-06	211091712-06.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 6th Floor, Apartment 6E - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-06	211091712-06.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 6th Floor, Apartment 6E - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Cellulose Trace, Non-fibrous 100 %			
090711AS-07	211091712-07	*Yes*	28.5 % (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: Tar On Brick Wall, Behind Plaster / Throughout			
Analyst Description: Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** Chrysotile 28.5 % **Other Material:** Non-fibrous 7.1 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-08	211091712-08	*Yes*	33.6 % (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: Tar On Brick Wall, Behind Plaster / Throughout			
Analyst Description: Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** Chrysotile 33.6 % **Other Material:** Non-fibrous 8.4 %			
090711AS-09	211091712-09	*Yes*	66.7 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Corrugated Air Cell Insulation / Throughout, In Columns And Chases			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 66.7 % **Other Material:** Cellulose 30 %, Non-fibrous 3.3 %			
090711AS-10	211091712-10	*Yes*	66.7 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Corrugated Air Cell Insulation / Throughout, In Columns And Chases			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 66.7 % **Other Material:** Cellulose 30 %, Non-fibrous 3.3 %			
090711AS-11	211091712-11	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Gypsum / Throughout			
Analyst Description: Brown/White, Heterogeneous, Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 15 %, Non-fibrous 85 %			
090711AS-12	211091712-12	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Gypsum / Throughout			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 1 %, Non-fibrous 99 %			
090711AS-13	211091712-13.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 4th Floor, Apartment 4D - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-13	211091712-13.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 4th Floor, Apartment 4D - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 1 %, Non-fibrous 99 %			
090711AS-14	211091712-14	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 9" x 9" Floor Tiles, Pink / Penthouse # 4			
Analyst Description: Red, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 19.5 %			
090711AS-15	211091712-15	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 9" x 9" Floor Tiles, Pink / Penthouse # 4			
Analyst Description: Red, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 25.2 %			
090711AS-16	211091712-16.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / Penthouse # 4 - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-16	211091712-16.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / Penthouse # 4 - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 1 %, Non-fibrous 99 %			
090711AS-17	211091712-17	*Yes*	80 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Radiator Insulation / Penthouse # 4			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 80.0 % **Other Material:** Non-fibrous 20 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-18	211091712-18	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile, Black / Penthouse # 4, Foyer			
Analyst Description: Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 37.5 %			
090711AS-19	211091712-19	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile, Black / Penthouse # 4, Foyer			
Analyst Description: Black, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 34.9 %			
090711AS-20	211091712-20	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile / Freight Elevator			
Analyst Description: OffWhite, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 41.4 %			
090711AS-21	211091712-21	*No*	NAD (by NYS ELAP 198.6) by David W. Roderick on 09/08/11
Location: 12" x 12" Floor Tile / Freight Elevator			
Analyst Description: OffWhite, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 39.4 %			
090711AS-22	211091712-22	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Radiator Backing / Throughout			
Analyst Description: Brown, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 99 %, Non-fibrous 1 %			
090711AS-23	211091712-23	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Radiator Backing / Throughout			
Analyst Description: Brown, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 99 %, Non-fibrous 1 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-24	211091712-24	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Radiator Backing / Throughout			
Analyst Description: Brown, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Cellulose 99 %, Non-fibrous 1 %			
090711AS-25	211091712-25.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9F - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-25	211091712-25.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9F - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-26	211091712-26.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 8th Floor, Apartment 8F - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-26	211091712-26.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 8th Floor, Apartment 8F - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Cellulose Trace, Non-fibrous 100 %			
090711AS-27	211091712-27.1	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 3rd Floor, Apartment 3I - Finish Coat			
Analyst Description: White, Homogeneous, Non-Fibrous, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-27	211091712-27.2	*No*	NAD (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Wall / Ceiling Plaster / 3rd Floor, Apartment 3I - Base Coat			
Analyst Description: Grey, Homogeneous, Non-Fibrous, Cementitious, Bulk Material **Asbestos Types:** **Other Material:** Non-fibrous 100 %			
090711AS-28	211091712-28	*Yes*	66.7 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 66.7 % **Other Material:** Cellulose 30 %, Non-fibrous 3.3 %			
090711AS-29	211091712-29	*Yes*	66.7 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 66.7 % **Other Material:** Cellulose 30 %, Non-fibrous 3.3 %			
090711AS-30	211091712-30	*Yes*	50 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 50.0 % **Other Material:** Cellulose 45 %, Non-fibrous 5 %			
090711AS-31	211091712-31	*Yes*	44.4 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement			
Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 44.4 % **Other Material:** Fibrous glass 20 %, Non-fibrous 35.6 %			
090711AS-32	211091712-32	*Yes*	80 % (by NYS ELAP 198.1) by David W. Roderick on 09/08/11
Location: Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement			
Analyst Description: OffWhite, Homogeneous, Fibrous, Bulk Material **Asbestos Types:** Chrysotile 80.0 % **Other Material:** Non-fibrous 20 %			

See Reporting notes on last page

AmeriSci Job #: **211091712**
Client Name: Advanced Environmental Corp.

PLM Bulk Asbestos Report

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

Client No. / HGA	Lab No.	Asbestos Present	Total % Asbestos
090711AS-33	211091712-33	*Yes*	40 % (by NYS ELAP 198.1) by David W. Roderick on 09/06/11

Location: Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement

Analyst Description: Grey, Homogeneous, Fibrous, Bulk Material
Asbestos Types: Chrysotile 40.0 %
Other Material: Fibrous glass 20 %, Non-fibrous 40 %

Reporting Notes:
Analyzed by: David W. Roderick Jana Fisher for DR.
*NAD/NSD =no asbestos detected; NA =not analyzed; NA/PS=not analyzed/positive stop; PLM Bulk Asbestos Analysis by EPA 600/M4-82-020 per 40 CFR 763 (NVLAP Lab Code 200546-0). ELAP PLM Method 198.1 for NY friable samples or 198.6 for NOB samples (NY ELAP Lab ID11480); Note:PLM is not consistently reliable in detecting asbestos in floor coverings and similar non-friable organically bound materials. NAD or Trace results by PLM are inconclusive, TEM is currently the only method that can be used to determine if this material can be considered or treated as non asbestos-containing in NY State (also see EPA Advisory for floor tile, FR 59,146,38970,8/1/94) National Institute of Standards and Technology Accreditation requirements mandate that this report must not be reproduced except in full without the approval of the lab.This PLM report relates ONLY to the items tested. AIHA Lab # 102843, RI Cert#AAL-094, CT Cert#PH-0186, Mass Cert#AA000054.

Reviewed By:_____ END OF REPORT

Advanced Environmental Corp.

Chain of Custody
Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-14	9" x 9" Floor Tiles, Pink	Penthouse #4	
090711AS-15	9" x 9" Floor Tiles, Pink	Penthouse #4	
090711AS-16	Wall/ Ceiling Plaster	Penthouse #4	211091713
090711AS-17	Radiator Insulation	Penthouse #4	
090711AS-18	12" x 12" Floor Tile, Black	Penthouse #4, Foyer	
090711AS-19	12" x 12" Floor Tile, Black	Penthouse #4, Foyer	
090711AS-20	12" x 12" Floor Tile	Freight Elevator	
090711AS-21	12" x 12" Floor Tile	Freight Elevator	
090711AS-22	Radiator Backing	Throughout	
090711AS-23	Radiator Backing	Throughout	
090711AS-24	Radiator Backing	Throughout	
090711AS-25	Wall/ Ceiling Plaster	9th Floor, Apartment 9F	
090711AS-26	Wall/ Ceiling Plaster	8th Floor, Apartment 8F	

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 - 7:00 AM

Sample #(s) _____ – _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

Advanced Environmental Corp.

Chain of Custody
Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-27	Wall/ Ceiling Plaster	3rd Floor, Apartment 3I	
090711AS-28	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-29	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	211091712
090711AS-30	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-31	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-32	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-33	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 - 7:00 AM

Sample #(s) _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

Advanced Environmental Corp.

Chain of Custody
Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-01	Wall/ Ceiling Plaster	10th Floor, Hallway	
090711AS-02	Wall/ Ceiling Plaster	10th Floor, Apartment 10D	
090711AS-03	12" x 12" Floor Tile, Grey	10th Floor, Apartment 10D	211-09171 2
090711AS-04	12" x 12" Floor Tile, Grey	10th Floor, Apartment 10D	
090711AS-05	Wall/ Ceiling Plaster	9th Floor, Apartment 9E	
090711AS-06	Wall/ Ceiling Plaster	6th Floor, Apartment 6E	
090711AS-07	Tar on Brick Wall, Behind Plaster	Throughout	
090711AS-08	Tar on Brick Wall, Behind Plaster	Throughout	
090711AS-09	Corrugated Air Cell Insulation	Throughout, In columns and Chases	
090711AS-10	Corrugated Air Cell Insulation	Throughout, In columns and Chases	
090711AS-11	Gypsum	Throughout	
090711AS-12	Gypsum	Throughout	
090711AS-13	Wall/ Ceiling Plaster	4th Floor, Apartment 4D	

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 – 7:00 AM

Sample #(s) _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

APPENDIX C

TEM Bulk Sample Analysis Results

AmeriSci Job #: **211091712**

Client Name: Advanced Environmental Corp.

Table I
Summary of Bulk Asbestos Analysis Results
2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

AmeriSci Sample #	Client Sample#	HG Area	Sample Weight (gram)	Heat Sensitive Organic %	Acid Soluble Inorganic %	Insoluble Non-Asbestos Inorganic %	** Asbestos % by PLM/DS	** Asbestos % by TEM
01.1	090711AS-01		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 10th Floor, Hallway - Finish Coat								
01.2	090711AS-01		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 10th Floor, Hallway - Base Coat								
02.1	090711AS-02		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 10th Floor, Apartment 10D - Finish Coat								
02.2	090711AS-02		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 10th Floor, Apartment 10D - Base Coat								
03	090711AS-03		0.309	40.1	57.9	1.9	NAD	NAD
Location: 12" x 12" Floor Tile, Grey / 10th Floor, Apartment 10D								
04	090711AS-04		0.381	38.8	60.1	1.0	NAD	NAD
Location: 12" x 12" Floor Tile, Grey / 10th Floor, Apartment 10D								
05.1	090711AS-05		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9E - Finish Coat								
05.2	090711AS-05		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9E - Base Coat								
06.1	090711AS-06		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 6th Floor, Apartment 6E - Finish Coat								
06.2	090711AS-06		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 6th Floor, Apartment 6E - Base Coat								
07	090711AS-07		0.435	59.5	4.8	7.1	Chrysotile 28.5	NA
Location: Tar On Brick Wall, Behind Plaster / Throughout								
08	090711AS-08		0.281	53.7	4.3	8.4	Chrysotile 33.6	NA
Location: Tar On Brick Wall, Behind Plaster / Throughout								
09	090711AS-09		—	—	—	—	Chrysotile 66.7	NA
Location: Corrugated Air Cell Insulation / Throughout, In Columns And Chases								
10	090711AS-10		—	—	—	—	Chrysotile 66.7	NA
Location: Corrugated Air Cell Insulation / Throughout, In Columns And Chases								
11	090711AS-11		—	—	—	—	NAD	NA
Location: Gypsum / Throughout								
12	090711AS-12		—	—	—	—	NAD	NA
Location: Gypsum / Throughout								

See Reporting notes on last page

AmeriSci Job #: 211091712

Client Name: Advanced Environmental Corp.

Table I
Summary of Bulk Asbestos Analysis Results
2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

AmeriSci Sample #	Client Sample#	HG Area	Sample Weight (gram)	Heat Sensitive Organic %	Acid Soluble Inorganic %	Insoluble Non-Asbestos Inorganic %	** Asbestos % by PLM/DS	** Asbestos % by TEM
13.1	090711AS-13		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 4th Floor, Apartment 4D - Finish Coat								
13.2	090711AS-13		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 4th Floor, Apartment 4D - Base Coat								
14	090711AS-14		0.200	54.5	26.0	19.5	NAD	NAD
Location: 9" x 9" Floor Tiles, Pink / Penthouse # 4								
15	090711AS-15		0.226	57.5	17.3	25.2	NAD	NAD
Location: 9" x 9" Floor Tiles, Pink / Penthouse # 4								
16.1	090711AS-16		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / Penthouse # 4 - Finish Coat								
16.2	090711AS-16		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / Penthouse # 4 - Base Coat								
17	090711AS-17		—	—	—	—	Chrysotile 80.0	NA
Location: Radiator Insulation / Penthouse # 4								
18	090711AS-18		0.379	20.8	41.7	37.5	NAD	NAD
Location: 12" x 12" Floor Tile, Black / Penthouse # 4, Foyer								
19	090711AS-19		0.473	21.1	44.0	34.9	NAD	NAD
Location: 12" x 12" Floor Tile, Black / Penthouse # 4, Foyer								
20	090711AS-20		0.599	23.7	34.9	41.4	NAD	NAD
Location: 12" x 12" Floor Tile / Freight Elevator								
21	090711AS-21		0.454	23.6	37.0	39.4	NAD	NAD
Location: 12" x 12" Floor Tile / Freight Elevator								
22	090711AS-22		—	—	—	—	NAD	NA
Location: Radiator Backing / Throughout								
23	090711AS-23		—	—	—	—	NAD	NA
Location: Radiator Backing / Throughout								
24	090711AS-24		—	—	—	—	NAD	NA
Location: Radiator Backing / Throughout								
25.1	090711AS-25		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9F - Finish Coat								
25.2	090711AS-25		—	—	—	—	NAD	NA
Location: Wall / Ceiling Plaster / 9th Floor, Apartment 9F - Base Coat								

See Reporting notes on last page

AmeriSci Job #: 211091712

Client Name: Advanced Environmental Corp.

Table I
Summary of Bulk Asbestos Analysis Results

2233.031; 141 East 88th St., New York, NY - Basement & Vacant Apt. (Report Amended 12/2/2011)

AmeriSci Sample #	Client Sample#	HG Area	Sample Weight (gram)	Heat Sensitive Organic %	Acid Soluble Inorganic %	Insoluble Non-Asbestos Inorganic %	** Asbestos % by PLM/DS	** Asbestos % by TEM
26.1	090711AS-26		---	---	---	---	NAD	NA
Location:	Wall / Ceiling Plaster / 8th Floor, Apartment 8F - Finish Coat							
26.2	090711AS-26		---	---	---	---	NAD	NA
Location:	Wall / Ceiling Plaster / 8th Floor, Apartment 8F - Base Coat							
27.1	090711AS-27		---	---	---	---	NAD	NA
Location:	Wall / Ceiling Plaster / 3rd Floor, Apartment 3I - Finish Coat							
27.2	090711AS-27		---	---	---	---	NAD	NA
Location:	Wall / Ceiling Plaster / 3rd Floor, Apartment 3I - Base Coat							
28	090711AS-28		---	---	---	---	Chrysotile 66.7	NA
Location:	Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement							
29	090711AS-29		---	---	---	---	Chrysotile 66.7	NA
Location:	Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement							
30	090711AS-30		---	---	---	---	Chrysotile 50.0	NA
Location:	Corrugated Air Cell Insulation Pipe / Duct / Throughout, Basement							
31	090711AS-31		---	---	---	---	Chrysotile 44.4	NA
Location:	Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement							
32	090711AS-32		---	---	---	---	Chrysotile 80.0	NA
Location:	Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement							
33	090711AS-33		---	---	---	---	Chrysotile 40.0	NA
Location:	Magnesium Pipe Insulation Pipe / Duct / Throughout, Basement							

Analyzed by: Madell E. Collins_____; Date Analyzed 9/8/2011

**Quantitative Analysis (Semi/Full); Bulk Asbestos Analysis - PLM by EPA 600/M4-82-020 per 40 CFR or ELAP 198.1 for New York friable samples or ELAP 198.6 for New York NOB samples; TEM (Semi/Full) by EPA 600/R-93/116 (not covered by NVLAP Bulk accreditation) or ELAP 198.4; for New York samples; NAD = no asbestos detected during a quantitative analysis; NA = not analyzed; Trace = <1%; Quantitation for beginning weights of <0.1 grams should be considered as qualitative only; Qualitative Analysis: Asbestos analysis results of "Present" or "NVA = No Visible Asbestos" represents results for Qualitative PLM or TEM Analysis only (no accreditation coverage available from any regulatory agency for qualitative analyses); AIHA Lab # 102843, NVLAP Lab Code 200546-0, NYSDOH ELAP Lab ID#11480.

Warning Note: PLM limitation, only TEM will resolve fibers <0.25 micrometers in diameter. TEM bulk analysis is representative of the fine grained matrix material and may not be representative of non-uniformly dispersed debris for which PLM evaluation is recommended (i.e. soils and other heterogenous materials).

Reviewed By:_____

Advanced Environmental Corp.

Chain of Custody
Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-14	9" x 9" Floor Tiles, Pink	Penthouse #4	
090711AS-15	9" x 9" Floor Tiles, Pink	Penthouse #4	
090711AS-16	Wall/ Ceiling Plaster	Penthouse #4	2 1 1 0 9 1 7 1 2
090711AS-17	Radiator Insulation	Penthouse #4	
090711AS-18	12" x 12" Floor Tile, Black	Penthouse #4, Foyer	
090711AS-19	12" x 12" Floor Tile, Black	Penthouse #4, Foyer	
090711AS-20	12" x 12" Floor Tile	Freight Elevator	
090711AS-21	12" x 12" Floor Tile	Freight Elevator	
090711AS-22	Radiator Backing	Throughout	
090711AS-23	Radiator Backing	Throughout	
090711AS-24	Radiator Backing	Throughout	
090711AS-25	Wall/ Ceiling Plaster	9th Floor, Apartment 9F	
090711AS-26	Wall/ Ceiling Plaster	8th Floor, Apartment 8F	

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 - 7:00 AM

Sample #(s) _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

Advanced Environmental Corp.

Chain of Custody
Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-27	Wall/ Ceiling Plaster	3rd Floor, Apartment 3I	
090711AS-28	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-29	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-30	Corrugated Air Cell Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-31	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-32	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	
090711AS-33	Magnesium Pipe Insulation, Pipe/ Duct	Throughout, Basement	

211091712

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 - 7:00 AM

Sample #(s) _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

Advanced Environmental Corp.

Chain of Custody

Client & Project Location – 141 East 88th St, New York, NY Basement & Vacant Apt

Sample Number	Material	Location	Quantity
090711AS-01	Wall/ Ceiling Plaster	10th Floor, Hallway	
090711AS-02	Wall/ Ceiling Plaster	10th Floor, Apartment 10D	
090711AS-03	12" x 12" Floor Tile, Grey	10th Floor, Apartment 10D	211-09171 2
090711AS-04	12" x 12" Floor Tile, Grey	10th Floor, Apartment 10D	
090711AS-05	Wall/ Ceiling Plaster	9th Floor, Apartment 9E	
090711AS-06	Wall/ Ceiling Plaster	6th Floor, Apartment 6E	
090711AS-07	Tar on Brick Wall, Behind Plaster	Throughout	
090711AS-08	Tar on Brick Wall, Behind Plaster	Throughout	
090711AS-09	Corrugated Air Cell Insulation	Throughout, In columns and Chases	
090711AS-10	Corrugated Air Cell Insulation	Throughout, In columns and Chases	
090711AS-11	Gypsum	Throughout	
090711AS-12	Gypsum	Throughout	
090711AS-13	Wall/ Ceiling Plaster	4th Floor, Apartment 4D	

Sample Type: ☒ PLM ☒ TEM NOB ☐ Other _____ Requested Completion Date/Time 09/08/11 - 7:00 AM

Sample #(s) _____ Total Samples # _____ Batch # _____

Relinquished by: _____ Date: 9/7/11 Time: _____ Project # 2233.031

Received by: _____ Date: 9/7 Time: 1634 Laboratory Name: AmeriSci

Special Instructions: _____

347 Fifth Avenue, Suite 404, New York, NY 10016 - Phone 212-545-1855 Fax 212-545-0757

Appendix D

Licenses and Certifications

NYC DEP Asbestos Control Program
Asbestos Certificate

NAMATH,
EDWARD G
INVESTIGATOR
115329
EXPIRES: 9/27/2013
DOB: [redacted]

Must be carried on all asbestos projects

STATE OF NEW YORK - DEPARTMENT OF LABOR
ASBESTOS CERTIFICATE

EDWARD G NAMATH
CLASS(EXPIRES)
D INSP(09/12) I PD (09/12)

CERT# 92-00160
DMV# 519377973
MUST BE CARRIED ON ASBESTOS PROJECTS

New York
INSPECTOR

Certified Lead-Based
Paint Professional

Certification No NY-I-3616-3	
Date of Birth [redacted]	Expiration Date 05/13/2013
Address [redacted]	
Badge Holder's Name Edward Gary Namath	
Badge Holder's Signature Edward Namath	

If found, drop in any mailbox
Postmaster: Please return to:
US EPA
1200 Pennsylvania Ave, NW
(MC-7404T)
Washington, DC 20460
or call 1-800-424-LEAD

DMV ID: 519 377 973

This c[illegible] n to a
NYCDI[illegible] request.
Repor[illegible] (CDEP
Asbestos Control Program, 6th floor
59-17 Junction Blvd., Flushing, NY 11373

EYES [redacted]
HAIR [redacted]
HGT [redacted]

IF FOUND RETURN TO:
NYSDOL - L&C UNIT
ROOM 161A BUILDING 12
STATE OFFICE CAMPUS
ALBANY NY 12240

NEW YORK STATE - DEPARTMENT OF LABOR
DIVISION OF SAFETY AND HEALTH
LICENSE AND CERTIFICATE UNIT
STATE CAMPUS BUILDING 12
ALBANY, NY 12240

ASBESTOS HANDLING LICENSE

Advanced Environmental Corp
Suite 404
347 Fifth Avenue

New York, NY 10016

FILE NUMBER: 99-0548
LICENSE NUMBER: 39326
LICENSE CLASS: RESTRICTED
DATE OF ISSUE: 06/15/2011
EXPIRATION DATE: 07/31/2012

Duly Authorized Representative - Robert Ruorro

This license has been issued in accordance with applicable provisions of Article 30 of the Labor Law of New York State and of the New York State Codes, Rules and Regulations (12 NYCRR Part 56). It is subject to suspension or revocation for a (1) serious violation of state, federal or local laws with regard to the conduct of an asbestos project, or (2) demonstrated lack of responsibility in the conduct of any job involving asbestos or asbestos material.

This license is valid only for the contractor named above and this license or a photocopy must be prominently displayed at the asbestos project worksite. This license verifies that all persons employed by the licensee on an asbestos project in New York State have been issued an Asbestos Certificate, appropriate for the type of work they perform, by the New York State Department of Labor.

Maureen A. Cox

Maureen A. Cox, Director
FOR THE COMMISSIONER OF LABOR

SH 432 (4-07)

STATE OF NEW YORK - DEPARTMENT OF LABOR
ASBESTOS CERTIFICATE

ANTON SHAMILOV
CLASS(EXPIRES)
C-TEC(03/12) C-INSP(03/12)
H PM (03/12) I PD (03/12)

CERT# 09-11797
DMV# 612045934
MUST BE CARRIED ON ASBESTOS PROJECTS

EYES [redacted]
HAIR [redacted]
HGT [redacted]

IF FOUND RETURN TO:
NYSDOL - L&C UNIT
ROOM 161A BUILDING 12
STATE OFFICE CAMPUS
ALBANY NY 12240

Appendix E

Laboratory Certifications

National Voluntary Laboratory Accreditation Program

SCOPE OF ACCREDITATION TO ISO/IEC 17025:2005

AmeriSci New York
DBA: AmeriSci New York
117 E. 30th Street
New York, NY 10016
Mr. Paul Mucha
Phone: 212-679-8600 Fax: 212-679-2711
E-Mail: pmucha@amerisci.com
URL: http://www.amerisci.com

BULK ASBESTOS FIBER ANALYSIS (PLM) NVLAP LAB CODE 200546-0

NVLAP Code	*Designation / Description*
18/A01	EPA-600/M4-82-020: Interim Method for the Determination of Asbestos in Bulk Insulation Samples.

2011-07-01 through 2012-06-30
Effective dates

Sally S. Bruce
For the National Institute of Standards and Technology

NVLAP-01S (REV. 2005-05-19)

United States Department of Commerce
National Institute of Standards and Technology

NVLAP®

Certificate of Accreditation to ISO/IEC 17025:2005

NVLAP LAB CODE: 200546-0

AmeriSci New York
New York, NY

is accredited by the National Voluntary Laboratory Accreditation Program for specific services, listed on the Scope of Accreditation, for:

BULK ASBESTOS FIBER ANALYSIS

This laboratory is accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. This accreditation demonstrates technical competence for a defined scope and the operation of a laboratory quality management system (refer to joint ISO-ILAC-IAF Communique dated January 2009).

2011-07-01 through 2012-06-30
Effective dates

DEPARTMENT OF COMMERCE * UNITED STATES OF AMERICA *

Sally S. Bruce
For the National Institute of Standards and Technology

NVLAP-01C (REV. 2009-01-28)

UNITED STATES DEPARTMENT OF COMMERCE
National Institute of Standards and Technology
Gaithersburg, Maryland 20899

May 17, 2011

Mr. Paul Mucha
America Science TEAM New York, Inc.
DBA: AmeriSci New York
117 E. 30th Street
New York, NY 10016

NVLAP Lab Code: 200546-0

Dear Mr. Mucha:

I am pleased to inform you that continuing accreditation for specific test methods in Airborne Asbestos Fiber Analysis (TEM) is granted to your organization under the National Voluntary Laboratory Accreditation Program (NVLAP). This accreditation is effective until June 30, 2012, provided that your organization continues to comply with accreditation requirements contained in the NVLAP Procedures.

Your Certificate of Accreditation is enclosed along with a statement of your Scope of Accreditation. You may reproduce these documents in their entirety and announce your organization's accreditation status using the NVLAP symbol and/or term in business publications, the trade press, and other business-oriented literature. Accreditation does not relieve your organization from observing and complying with any applicable existing laws and/or regulations.

We are pleased to have you participate in NVLAP and look forward to your continued association with this program. If you have any questions concerning your NVLAP accreditation, please direct them to Hazel M. Richmond, Program Manager, Laboratory Accreditation Program, National Institute of Standards and Technology, 100 Bureau Dr. Stop 2140, Gaithersburg, MD 20899-2140; (301) 975-4016.

Sincerely,

Sally S. Bruce

Sally S. Bruce, Chief
Laboratory Accreditation Program

Enclosure(s)

United States Department of Commerce
National Institute of Standards and Technology

NVLAP®

Certificate of Accreditation to ISO/IEC 17025:2005

NVLAP LAB CODE: 200546-0

AmeriSci New York
New York, NY

is accredited by the National Voluntary Laboratory Accreditation Program for specific services, listed on the Scope of Accreditation, for:

AIRBORNE ASBESTOS FIBER ANALYSIS

This laboratory is accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. This accreditation demonstrates technical competence for a defined scope and the operation of a laboratory quality management system (refer to joint ISO-ILAC-IAF Communique dated January 2009).

2011-07-01 through 2012-06-30
Effective dates

DEPARTMENT OF COMMERCE * UNITED STATES OF AMERICA *

Sally A. Bruce
For the National Institute of Standards and Technology

NVLAP-01C (REV. 2009-01-28)

DOCUMENT NUMBER 7

DECLARATION
Establishing a Plan for Condominium Ownership
of the Premises known as
141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue
New York, New York 10128

Pursuant to Article 9-B of the Real Property
Law of the State of New York

Name: Philip House Condominium

Declarant:
141 East 88th Street, LLC
c/o The Cheshire Group, L.L.C.
826 Broadway, 11th Floor
New York, New York 10003

Date of Declaration:

The land affected by the within instrument lies in
Block 1517, f/k/a Lots 20 and 50, n/k/a Lots

on the Tax Map of the Borough of Manhattan, City of New York,

Prepared by:

Herrick, Feinstein LLP
2 Park Avenue
New York, New York 10016

INDEX TO DECLARATION

ARTICLE 1 DEFINITIONS....1
ARTICLE 2 SUBMISSION OF THE PROPERTY....1
ARTICLE 3 THE LAND....1
ARTICLE 4 THE BUILDING....2
ARTICLE 5 THE UNITS....2
ARTICLE 6 COMMON ELEMENTS....4
ARTICLE 7 USE OF BUILDING AND UNITS....7
ARTICLE 8 CHANGES TO THE RESIDENTIAL SECTION....8
ARTICLE 9 CHANGES TO THE COMMERCIAL SECTION....9
ARTICLE 10 PERSON TO RECEIVE SERVICE....9
ARTICLE 11 DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS....10
ARTICLE 12 ENCROACHMENTS....10
ARTICLE 13 ACCESS TO COMMON ELEMENTS....11
ARTICLE 14 EASEMENTS AND NAME OF CONDOMINIUM....11
ARTICLE 15 POWER OF ATTORNEY....14
ARTICLE 16 ACQUISITION OF UNITS BY BOARD....14
ARTICLE 17 COVENANTS RUNNING WITH THE LAND....15
ARTICLE 18 AMENDMENTS OF DECLARATION....16
ARTICLE 19 TERMINATION OF CONDOMINIUM....19
ARTICLE 20 WAIVER....19
ARTICLE 21 CAPTIONS....19
ARTICLE 22 CERTAIN REFERENCES....20
ARTICLE 23 SEVERABILITY....20
ARTICLE 24 COVENANT OF FURTHER ASSURANCES....20
ARTICLE 25 SUCCESSORS AND ASSIGNS....21
ARTICLE 26 CONSENTS....21
ARTICLE 27 INCORPORATION BY REFERENCE....22

Exhibits

A. Description of the Land
B. Description of the Units
C. Definitions
D. By-Laws

DECLARATION
OF
PHILIP HOUSE CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

141 East 88th Street, LLC, a Delaware limited liability company, having an office at 826 Broadway, 11th Floor, New York, New York 10003, 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

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 "Philip House 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").

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 19,307 square feet.

ARTICLE 4

THE BUILDING

4.1 The Building comprises eleven (11) structural floors and one (1) penthouse floor above grade and a cellar level below grade. The total height of the Building is approximately one hundred thirteen (113) feet from the sidewalk to the main roof. The penthouse floor rises to a height of approximately one hundred twenty-five (125) feet above the main floor and the roof of the water tower rises to a height of approximately one hundred forty-three (143) feet above the main floor. The Building is classified as a Class 1 fireproof construction consisting of steel columns and beams supporting concrete slabs. The foundation walls are rubble stone and the exterior walls are constructed of brick masonry facing with terra cotta block back up. The first four floors are clad in limestone

4.2 The Building contains ninety-four (94) Residential Units including the Resident Manager's Unit and seven (7) Commercial Units. The Residential Units are located on the first through eleventh 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 owner of the Commercial Units is herein called the "Commercial Unit Owner" unless the context otherwise requires, or "Commercial Unit Owner(s)" if there may be more than one Commercial Unit Owner or "Commercial Unit Owners" if there are more than one Commercial Unit Owner, and 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 location in the Building; (iv) its approximate area; (v) the number of bedrooms and bathrooms contained therein (for Residential Units only); (vi) the portions of the Common Elements to which such Unit has immediate access; and (vii) the Common Interest of such Unit. The precise location of each Unit within the Building is shown on the Floor Plans.

5.3 Each Residential Unit is measured horizontally on each of one or more floors from the exterior side of the exterior wall of the Building to the midpoint of the

interior walls and partitions separating one Unit from another Unit, or the midpoint of the interior walls and partitions separating a Unit form public corridors, stairs, elevators and other mechanical equipment spaces or any Common Element or Limited Common Elements or to the opposite exterior side of the exterior walls of the Building, as the case may be. Columns, mechanical pipes and chimney flues (whether along the perimeter or within the Unit) are not deducted from the Units. Measured vertically, each Unit will be measured from from the top of the floor slab below (located under the finished flooring and sub floor materials) to the underside of the floor slab above.

The Commercial Unit consists of the area measured horizontally on each of one of one or more floors from the exterior side of the exterior walls of the Building to the midpoint of the interior walls and partitions separating the Unit from corridors, stairways, elevator shaft, other General Common Elements, Limited Common Elements or other Units, or to the opposite exterior side of the exterior walls of the Building, as the case may be. Columns and mechanical pipes (whether along the perimeter or within the Unit) are not deducted from the square foot area of the Units. Measured vertically, the Commercial Unit will consist of the volume from the top of the floor slab below (located under the finished flooring and sub floor materials) to the underside of the floor slab above.

5.4 Each Unit includes the front entrance door and any other entrance doors. windows and skylights which open or form the border of such Unit, smoke detectors, carbon-monoxide detectors, all plumbing, gas, and heating fixtures and equipment such as refrigerators, dishwashers, heating, ventilating and air conditioning ("HVAC") units (including the fans inside the units), heating equipment, ranges and other appliances, as may be affixed, attached or appurtenant to such Unit and serving such Unit exclusively. Plumbing, gas and heating fixtures and equipment as used in the preceding sentence shall include exposed gas and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment that a Unit Owner may install within a wall or ceiling, or under the floor; but shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceilings or floors. Each Unit includes (i) all lighting and electrical fixtures and appliances within the Unit, and (ii) any special equipment, fixtures or Facilities affixed, attached or appurtenant to the Unit and serving or benefiting only that Unit. Notwithstanding anything contained in this Article 5 to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, wall-to-wall carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of the Unit owned by such Unit Owner, and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity or mechanical and electrical systems of such Unit or of the Building or result in a violation of any law, ordinance or regulation of any governmental authority having jurisdiction.

5.5 The Commercial Units will include all elevators, 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, operation 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, 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 pursuant to Article 5 hereof or as part of any of the Limited Common Elements pursuant to Sections 6.5 hereof);

6.4.3 the rooms and Facilities located as follows: electric room, boiler room, oil tank room, all located on the cellar level; and the water tank and related Facilities located on the roof;

6.4.4 the mechanical equipment area on roof and water tower;

6.4.5 the internal incinerator chimneys; and

6.4.6 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, steam lines supply and return 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 service and passenger elevators and their respective shafts, pits, bulkheads, Facilities and machine rooms, the boiler and oil tank rooms, pump rooms and areas, the lobby, mail room, concierge station, storage and sitting area;

(iv) CATV risers and other telecommunications cables and all other Facilities located on the Property serving or benefiting exclusively the Residential Section;

(v) 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;

(vi) fire staircases and their landings and stairs from the landing on the cellar to the roof;

(vii) the roof and two gardens;

(viii) the windows (including panes, casements and frames) in the Residential Section, including windows exclusively opening into a Residential Unit;

(ix) bicycle storage room

(x) multi-purpose and screening room

(xi) the gym;

(xii) the children's playroom; and

(xiii) 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) the area above the roof which is allocated for the exclusive use of the residents of a Unit as shown on the floor plans, including the terrace pavers or other material covering the roof surface, but not the roof itself ;

(ii) condenser units located in the mechanical equipment area on the roofs 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, separate cold water 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 windows (including panes, casements and frames) in the Commercial Section other than windows that are part of the Commercial Units; and

(v) 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.

6.5.4 the Commercial Limited Common Elements include the following:

(i) condenser units located in the mechanical equipment area on the roofs that are designated for the exclusive use and benefit of individual Commercial Unit Owners.

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 owned or leased by any legal entity without limitation consistent with the requirements of law and 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.

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, each Commercial Unit Owner(s) shall have the right, without the consent of the Condominium Board or any other Unit Owner, to make non-structural alterations to its Unit(s) and remove or replace security gates; and, subject to the consent of the Board of Managers, 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) make structural alterations, additions or improvements, whether 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 each 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 Units; 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 Commercial Unit Owner 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.

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 Cooper

Square Realty, 622 Third Avenue, New York, New York 10017. 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 Common Interests of all Residential Units.

11.3 The percentage interest of each Commercial Unit in the Commercial Common Elements shall be 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 other Common Element, (b) any Unit encroaches upon any other Unit or upon any portion of the 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 or made by Declarant or the Commercial Unit Owner(s) in accordance with this Declaration or the By-Laws or (iii) any alteration, repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element after damage by fire or other casualty or any taking by 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 such encroachment and 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 AND NAME OF CONDOMINIUM

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 fire stairs in the Building.

14.4 The Condominium Board, the Managing Agents, the resident manager or 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 14.6 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 to 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 and Sponsor Successor(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 and similar equipment on the roofs and facade of the Building and elsewhere on the Common Elements and the conduits and other Facilities relating thereto, other than those portions of the roof, 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 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 shall be the exclusive property of Declarant or its assignees or licensees, and neither the Condominium nor any other Unit Owners shall have any rights with respect thereto. All of the rights of Declarant and Sponsor Successors under this Section 14.8 are freely assignable by Declarant, Sponsor-Successors, and any of their assignees, for any or no consideration, at their option. 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 Declarant shall have the right to use the lobby of the Building and any of the Units for purposes of selling individual Units.

14.10 The Condominium and the Building shall be designated and known as "Philip House 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 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, provided that this power shall apply only for Residential Unit Owners in connection with an acquisition of lease of a Residential Unit which may only be on behalf of all Residential Unit Owners, and only for Commercial Unit Owners in connection with an acquisition or lease of a Commercial Unit which may only be on behalf of all Commercial Unit Owners, (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

16.1 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.

16.2 The Condominium Board shall have the authority to purchase, on behalf of all Unit Owners, an alternate Residential Unit to be used as the residence of the resident manager or superintendent of the Building and, in such event, title to such Residential Unit, together with its Appurtenant Interest, shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests.

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 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 or 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 or the Commercial Unit 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 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 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 part of the Commercial Unit is designated as a newly created Commercial Common Element or a Commercial 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 condominium units; (iii) any newly created commercial condominium units resulting from a subdivision; (iv) the alteration of boundary walls between or among any newly created commercial condominium units, or otherwise; (v) the reapportionment of the percentage interests in the Common Elements among such newly created commercial condominium units; (vi) such designation of a Commercial Common Element or Commercial Limited Common Element as part of a newly created commercial condominium unit; (vii) or such designation of part of the Commercial Unit as a newly created Commercial Common Element or Commercial 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 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, 18.3 and 18.4 may not be modified, amended, added to or deleted, in whole or in part, without the consent of the Condominium Board.

18.6 Notwithstanding any provision contained herein to the contrary, any amendment of a material adverse nature to the mortgagees must be agreed to by mortgagees that represent at least 51% in Common Interest of all of those Unit Owners that are subject to mortgages. For these purposes, the provisions of Article 7, Section 7.6 regarding Mortgage Representatives of Permitted Mortgagees shall not be applicable. Implied approval by a mortgagee may be assumed when the mortgagee fails to submit a response to any written proposal for an amendment within 60 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a return receipt requested.

ARTICLE 19

TERMINATION OF CONDOMINIUM

19.1 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.

19.2 To the extent permitted by law, any action to terminate the legal status of the Condominium for any reason must be agreed to by mortgagees that represent at least 51% in Common Interest of all of those Unit Owners that are subject to mortgages. For these purposes, the provisions of Article 7, Section 7.6 of the By-Laws regarding Mortgage Representatives of Permitted Mortgagees shall not be applicable.

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

of such Unit Owner or other party and such document or action shall be binding on such Unit Owner or other party.

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 Units.

ARTICLE 27

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_____, 200__.

_____, L.L.C.

By: _____
Name:
Title:

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

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.

_____
Notary Public

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 the corner formed by the intersection of the Southerly side of East 89th Street with the westerly side of Lexington Avenue;

RUNNING THENCE southerly along the easterly side of Lexington Avenue, 201 feet 5 inches to the northerly side of East 88th Street;

THENCE easterly along the northerly side of East 88th Street, 100 feet;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the center line of the block;

THENCE westerly along the center line of the block, 8 feet 5 inches;

THENCE northerly parallel with the easterly side of Lexington Avenue, 100 feet 8-1/2 inches to the southerly side of East 89th Street; and

THENCE westerly along the southerly side of East 89th Street, 91 feet 7 inches to the point or place of BEGINNING.

EXHIBIT B

TO BE COMPLETED AT TIME OF SUBMISSION OF DECLARATION

Unit Designation	Tax Lot Number	Location (in Portion of Building Facing Direction Set Forth below)	Approximate Area in Sq. Ft.	Number of Rooms/Baths	Common Elements to which Unit has Immediate Access	Percentage Interest in the General Common Elements
Total						

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 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue, New York, New York 10128, 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 Section 6.5 of the Declaration.

"Commercial Section" shall have the meaning ascribed to such term in Section 5.1 of 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 Section 5 .1 of 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 Philip House 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."

"CPI Factor" means the fraction, expressed as a percentage, the numerator of which is the Consumer Price Index (defined below) for January of the year with respect to which the calculation of the CPI Factor is being made, and the denominator of which is the Consumer Price Index for January of the year in which this Declaration was recorded. The "Consumer Price Index" is the Consumer Price Index for all Urban Consumers, New York-Northeastern New Jersey, All Items, (1982-84=100), issued by the Bureau of Labor Statistics of the United States Department of Labor, or any successor index thereto, appropriately adjusted. If such Consumer Price Index shall hereafter be converted to a different standard reference base or a change is made in the term components or the number of items contained in such Consumer Price Index, or if such Consumer Price Index is altered, modified, converted or revised in any other way, such Consumer Price Index shall be adjusted to the figure that would have been arrived at had the change in the manner of computing such Consumer Price Index in effect on the date this Declaration was recorded not been altered. In the event that such Consumer Price Index is no longer issued, the parties shall use such conversion factor, formula or table as may be published by Prentice Hall, Inc., or failing such publication, by any other nationally recognized publisher of similar statistical information as is then generally recognized and accepted for similar determinations of cost-of-living increases, as selected by the Condominium Board.

"Declarant" means (a) 141 East 88th Street, LLC, a Delaware limited liability company, which is sometimes referred to as "Sponsor" and/or (b) any Sponsor Successor, as the context may require.

"Declaration" means this declaration as executed by 141 East 88th Street, 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, mail boxes, 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.

"First Year Budget" shall have the meaning ascribed to such term in Section 2.3.1(c) of the By-Laws.

"Floor Plans" means the floor plans of the Building certified by Beyer Blinder Belle Architects and Planners, LLP, 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 fifty percent (50%) 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 88th Street NY Funding, LLC or any other mortgagor of 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 Section 2.4 of 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 said Section 2.4.

"Majority of Residential Unit Owners," "Majority of Commercial Unit Owners" and "Majority of Unit Owners" shall have the meaning ascribed to such terms in Section 3.10 of 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 terms of Section 7.6 of the By-Laws. So long as Declarant owns at least one (1) Unsold Residential Unit, and 88th Street NY Funding LLC (or another mortgagee of Declarant) has a lien on the Building, 88th Street NY Funding LLC (or such other mortgagee of Declarant) shall be a Mortgage Representative.

"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, 88th Street NY Funding LLC and other 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.

"Residential Unit Owner" shall have the meaning ascribed to such term in Section 5.1 of the Declaration.

"Resident Manager's Unit" means the Unit designated on Schedule A and in the Floor Plans as Unit 2A, unless it is otherwise changed.

"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 141 East 88th Street, LLC, or (ii) any Person who, at any time, (a) purchases from 141 East 88th Street, LLC, or otherwise succeeds to the ownership of (x) ten (10) or more Units or (y) twenty percent (20%) of the total number of units in the Condominium, whichever is less, 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 Closet" means one of the new storage spaces being constructed by Declarant which may be provided to Purchasers of Residential Units in connection with the assignment of a Storage License.

"Storage License" means the exclusive right to use a certain area of the Building intended for storage, known as a "Storage Closet," which is initially granted to Declarant 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 provide to Purchasers of Residential Units.

"Structural" or "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 heating, ventilation and cooling 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.

DOCUMENT NUMBER 8

EXHIBIT D TO DECLARATION

BY-LAWS

OF

PHILIP HOUSE CONDOMINIUM

141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue
New York, New York 10128

TABLE OF CONTENTS

ARTICLE 1 GENERAL 1
1.1 Purpose 1
1.2 Definitions 1
1.3 Applicability of By-Laws 1
1.4 Principal Office of Condominium 1

ARTICLE 2 BOARD OF MANAGERS 1
2.1 Number, Term and Qualification. 1
2.2 Powers and Duties 2
2.3 Certain Limitations on Powers of the Condominium Board. 5
2.4 Managing Agents and Managers 6
2.5 First Board 7
2.6 Resignation and Removal 7
2.7 Vacancies 7
2.8 Regular Meetings of the Board 7
2.9 Special Meetings of the Board 7
2.10 Resolutions of the Board 8
2.11 Waiver of Notice 8
2.12 Determinations by the Board; Quorums. 8
2.13 Compensation 8
2.14 Liability of the Board and Unit Owners. 8
2.15 Fidelity Bonds 9
2.16 Committees 9
2.17 Principal Offices of the Board 10
2.18 Status of the Board 10
2.19 Incorporation of the Board 10
2.20 Board as Agent of Unit Owners 10
2.21 Prohibited Transactions 10

ARTICLE 3 UNIT OWNERS 11
3.1 Annual Meetings. 11
3.2 Place of Meetings 11
3.3 Special Meetings 11
3.4 Notice of Meetings and Actions Taken 11
3.5 Adjournment of Meetings 12
3.6 Order of Business 12
3.7 Title to Units 12
3.8 Voting. 12
3.9 Election of Board Members; Rights of Declarant 13
3.10 Majority of Unit Owners 14
3.11 Quorum 14
3.12 Majority Vote 14

ARTICLE 4 OFFICERS 15
4.1 Designation 15
4.2 Election of Officers 15
4.3 Resignation and Removal of Officers 15
4.4 Presidents 15
4.5 Vice Presidents 15
4.6 Secretaries 16
4.7 Treasurers 16
4.8 Execution of Documents 16
4.9 Compensation of Officers 16

ARTICLE 5 NOTICES 16
5.1 Notices 16
5.2 Waiver of Service of Notice 17

ARTICLE 6 OPERATION OF THE PROPERTY 17
6.1 Determination of Common Expenses and Fixing of Common Charges 17
6.2 Insurance. 20
6.3 Repair or Reconstruction after Fire or Other Casualty. 22
6.4 Payment of Common Charges. 23
6.5 Collection of Common Charges 24
6.6 Default in Payment of Common Charges 24
6.7 Foreclosure of Liens for Unpaid Common Charges 25
6.8 Statement of Common Charges 25
6.9 Maintenance and Repairs. 25
6.10 Violations of Maintenance Obligations. 27
6.11 Structural Alterations, Additions, Improvements and Repairs of Units. 28
6.12 Alterations, Additions, Improvements or Repairs to Common Elements 29
6.13 Use of the Units. 30
6.14 Use of Common Elements. 32
6.15 Other Provisions as to Use. 32
6.16 Right of Access. 33
6.17 Residential Rules and Regulations 34
6.18 Real Estate Taxes, Water Charges and Sewer Rents 34
6.19 Fuel 34
6.20 Gas 34
6.21 Electricity 34
6.22 Utilities Serving the Common Elements 34
6.23 Abatement and Enjoinment of Violations by Unit Owners. 34
6.24 Compliance with Applicable Rent Laws; Indemnification. 35

ARTICLE 7 MORTGAGES 36
7.1 Notice to Condominium Board 36
7.2 Restrictions on Mortgaging 36
7.3 Notices to Mortgagees 36
7.4 Performance by Permitted Mortgagees 37

7.5 Examination of Books....37
7.6 Representatives of Mortgagees....37
7.7 Consent of Mortgagees....38

ARTICLE 8 SELLING AND LEASING OF UNITS....38
8.1 General....38
8.2 Right of First Refusal....38
8.3 Acceptance of Offer....39
8.4 Failure to Accept Offer....41
8.5 Termination of the Right of First Refusal....41
8.6 Exceptions to the Right of First Refusal....42
8.7 Term of Lease....43
8.8 No Severance of Ownership....43
8.9 Payment of Common Charges....43
8.10 Power of Attorney....43
8.11 Gifts and Devises, Etc....43
8.12 Charges Imposed on Sale or Lease of Residential Units....43
8.13 Notices Concerning Residential Unit Occupancy and Changes in Ownership....44
8.14 Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common....44
8.15 Subordination, Non-disturbance and Attornment Agreements....44
8.16 Estoppel and Agreement for benefit of Commercial Unit Lender....44

ARTICLE 9 CONDEMNATION....45

ARTICLE 10 RECORDS AND AUDITS....47
10.1 Records....47
10.2 Availability of Documents....47

ARTICLE 11 ARBITRATION....47
11.1 General Procedure....47
11.2 Costs and Expenses....47
11.3 Agreement by Parties....48

ARTICLE 12 MISCELLANEOUS....48
12.1 Waiver....48
12.2 Captions....48
12.3 Certain References....48
12.4 Severability....48
12.5 Insurance Trustee....48
12.6 Successors and Assigns....49
12.7 Covenant of Further Assurances....49
12.8 Waiver of Diplomatic or Sovereign Immunity....50

ARTICLE 13 AMENDMENT TO BY-LAWS....51
13.1 Amendments by Unit Owners....51

13.2 Amendments Affecting Declarant or the Commercial Unit Owners 51
13.3 Amendments Affecting Mortgagees 52

ARTICLE 14 AMENDMENTS CONCERNING THE COMMERCIAL UNITS 52

ARTICLE 15 STORAGE LICENSES 53

ARTICLE 16 RIGHTS TO EXCLUSIVE USE OF RESIDENTIAL HALLWAY SPACE 53

SCHEDULE A RESIDENTIAL RULES AND REGULATIONS 54

BY-LAWS

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, sublessees 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, except for Declarant and Sponsor Successors, 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 seven persons: the six 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 an individual who is 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, a majority of the Board must be either (i) Residential Unit Owners who occupy their Residential Units or Family Members of such Residential Unit Owners 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 material adverse effect on the Commercial Section or on a Commercial Unit owner 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 a Commercial Unit Owner 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, multiplied by the CPI Factor, in any one fiscal year (regardless of the balance of any loans outstanding from previous years), 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(l) 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 operation, 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) Leasing or purchasing an apartment for use as the residence of the building superintendent or resident manager, either in the Building or elsewhere (in compliance with Applicable Law) and, in connection therewith, amending, modifying, extending, renewing, and executing all necessary documents, and otherwise dealing in any way with respect to such apartment.

(r) 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.

(s) Purchasing Units at foreclosure or other similar sales, in the Name of the Condominium Board or its designee, on behalf of all Unit Owners.

(t) 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.

(u) Imposing move-in fees and charges, and transfer fees in connection with the sale or lease of a Residential Unit, in addition to those set forth elsewhere in these By-Laws, provided that no such fees or charges or any other conditions of transfer or lease may be imposed upon Declarant or a Sponsor Successor or upon a Purchaser in a transaction with Declarant or a Sponsor Successor.

(v) Licensing or leasing Common Elements.

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 5% 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), (l), (m), (n), (o), (p), (q), (r), (s), (t) and (u). 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 (c) 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 at 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 whether (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. The Commercial Member shall be on the Executive Committee if he or she so elects. 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 State 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 or her duties, and shall exercise his or her 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 either (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 2.21.1, 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 seven (7) 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) Appointmen of inspectors of election (when so required);

(i) Election of members of the Board (when so required);

(j) Unfinished business;

(k) New business; and

(l) 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 .0001% 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 all the Commercial Units, 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 either 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, of owners of more than 33 1/3% 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 are 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. The Condominium Board is required to maintain reasonable reserves, but not less than is required to meet applicable FNMA (or a similar entity, but not FHA) mortgage guidelines, and take such steps, including, but not limited to, obtaining a reserve fund study, or completing a funding plan, as may be required in connection therewith. 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. The Condominium Board shall assess the Common Expenses allocated to Commercial Units as Common Charges to the Commercial Unit Owners. Such Common Charges shall be limited as follows:

(a) In any budget year, no Common Charges may be assessed against the Commercial Units for the following expenses, which may not be charged to the Commercial Units in any amount:

- exterior maintenance of the Building above the first floor (including exterior maintenance performed pursuant to Local Law 11)
- electricity

- water charges and sewer rent
- the Resident Manager's Unit
- labor of building personnel other than the Resident Manager, the handyman and one (1) porter
- service contract other than those for fire extinguishers, the water tank, water treatment, supplies, burner service and telephone
- structural repairs or replacements with respect to any Residential Limited Common Element.

(b) In any budget year, Common Charges may be assessed against the Commercial Units for the following expenses, only in the percentages provided, and no other expenses may be charged to the Commercial Units:

- 4.54% of each of the following building wide charges: labor expenses related only to the Resident Manager, one handyman and one porter, electricity, oil for heat and hot water (or gas or other utility for heat and hot water if building wide oil systems are replaced), gas for cooking and dryers, repairs and maintenance excluding costs for exterior building maintenance above the first floor, service contracts only for fire extinguishers, water tank, water treatment, supplies, burner service and telephone and no other service contracts, insurance, management fee, legal & audit fees, contingencies, telephone and communication expenses, printing and postage, sprinkler and minor general expenses not to exceed .05% of the budget.

6.1.1.2 Subject to the above limitations, 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.

6.1.2 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, and such amounts, determined by the Condominium Board, as may be required for the rental or purchase of an apartment to be used as the Residential Manager's Unit and all costs and expenses associated therewith.

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 more than 5.4% of any Special Assessment shall be allocated to the Commercial Unit Owners and no Special Assessment which is attributable to expenses for exterior maintenance of the Building above the first floor (including exterior maintenance performed pursuant to Local Law 11), 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.**

6.2.1 The Condominium Board shall be required to obtain and maintain, to the extent obtainable, the following insurance: (a) fire insurance with all risk extended property 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) plate glass insurance to the extent, if any, determined by the Condominium Board to be necessary; (f) water damage insurance to the extent, if any, determined by the Condominium 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 Condominium Board may from time to time determine to be necessary or appropriate. The Condominium Board shall be required to obtain flood insurance to the extent required by FHA or similar guidelines. (Assuming the Condominium is located outside of a 100 year flood plain area, as is believed, the Condominium Board shall cooperate with a mortgage lender in obtaining a final Letter of Map Amendment or with a final Letter of Map Revision as applicable). 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 shall, 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, at a future date, 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 at the time such requirement is instituted.

6.2.7 Unit Owners shall not be prohibited from carrying other 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 a Commercial Unit 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 been first paid out of such Unit Owner's share of funds, such amounts as may be necessary to discharge or reduce all unpaid liens on such Unit Owner's Unit in order of priority of such liens. To the extent permitted by law, any action to terminate the legal status of the Condominium after substantial destruction must be agreed to by mortgagees that represent

at least 51% in Common Interest of all of those Unit Owners that are subject to mortgages. For these purposes, the provisions of Article 7, Section 7.6 regarding Mortgage Representatives of Permitted Mortgagees shall not be applicable. 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. Notwithstanding any other provision of the Declaration or By-Laws or any other document, in no event shall a Unit Owner or any other party have priority over any rights of a first mortgagee of any Unit pursuant to its mortgage in the case of payment to the Unit Owner of insurance proceeds for losses.

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. No Unit Owner may be exempted from liability for all or part of such Unit Owner's Common Charges by waiving use of an Common Elements or by abandonment of such Unit Owner's Unit, or because of dissatisfaction with any part of operations of the Condominium or for any other reason.

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 or her (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.

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 Mortgage of record and to liens for real estate taxes on the Unit. Any first mortgagee who obtains title to a Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for any Common Charges or Special Assessments accrued before acquisition of the title to the Unit by the mortgagee including, but not limited to, fees or costs related to collection of unpaid Common Charges or Special Assessments.

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.

6.5 **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. The Condominium Board may establish similar fees for the failure of a Commercial Unit Owner to make timely payment of Common Charges or Special Assessments, but the late fees payable by a Commercial Unit Owner may not exceed 1% of the amount due as an initial late charge together with interest on unpaid amounts of 1% per month. 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 by Residential Unit Owners, 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 attorn 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 (e) 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 The Commercial Unit Owners will not be responsible for exterior maintenance, including exterior maintenance performed pursuant to Local Law 11, with respect to the Building's facade above the first floor. The Commercial Unit Owners will, however, be required to share the cost of the mandatory periodic inspections of the Building's facade pursuant to Local Law 11 or any successor statute.

6.9.2.2 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.

6.9.2.3 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.

6.9.2.4 The exterior surface of all windows in the Residential Units, if so determined by the Condominium Board, shall be washed and cleaned by the Board and the cost and expense thereof shall be a Common Expense borne solely by the Residential Unit Owners. Otherwise, the exterior 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.

6.9.2.5 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 or as set forth in these By-laws, no Unit Owner shall make any structural alteration, addition, improvement or structural 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. Further, the consent to structural alterations, additions, improvements or structural repairs by the Commercial Unit Owner by the Condominium Board may not be unreasonably withheld or delayed.

6.11.2 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.

6.11.3 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.

6.11.4 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.

6.11.5 Until such time as Declarant's renovations to the Building are complete and Declarant so advises, neither the Condominium Board nor any Unit Owner other than Declarant shall use or cause to be used in any part of the Building any labor forces which are incompatible with the labor forces performing work in or about the Building on behalf of Declarant.

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 $1,000,000 in first year of Condominium operations, and thereafter multiplied by the CPI Factor, in the aggregate in any subsequent 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 $1,000,000 multiplied by the CPI Factor, 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.

6.13.6 Each Residential Unit Owner shall notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit, and, if required by law, shall install, at the Unit Owner's Expense, window guards or window stops in all windows in the Unit. The Unit Owner shall maintain all window guards and window stops in the Unit and shall not remove same unless permitted by law and after informing the Managing Agent.

6.13.7 In the event Declarant or a Commercial Unit Owner seeks to change an existing use of a Commercial Unit, Declarant or the Commercial Unit Owner, as the case may be, shall have the right to amend the certificate of occupancy of the Building to the extent necessary to reflect such changed usage. In that event, the Condominium Board shall cooperate with the Declarant or the Commercial Unit Owner, at the requesting party's expense, and execute all applications, authorizations and other instruments required to enable the Declarant or the Commercial Unit Owner to amend the certificate of occupancy, provided the Condominium Board shall not incur any liability, cost or expense in connection therewith. In

any event, Declarant or the Commercial Unit Owner shall have the authority to execute the required documents in accordance with Subsection 6.11.3 of these By-laws.

6.14 **Use of 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.

6.14.5 The owner of any two or more Residential Units whose location within the Condominium is such that the Units are exclusively served or benefited by a portion of the residential hallway adjacent thereto, may request to enter into an agreement with Sponsor, the form of which is attached to the Reservation of Rights and Hallway License Agreement in Part II of the Plan, for the exclusive right to use such portion of the residential hallway as an entranceway or similar vestibule (including the right to enclose such portion) and no amendment to the Declaration or reallocation of Common Interests shall be made as a result thereof, provided such owner agreed to abide by the terms of the Reservation of Rights and Hallway License Agreement .

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 Residential Unit Owners shall have a right of access to the common residential roof gardens for recreational purposes during designated hours set forth in the Residential Rules and Regulations. Unit Owners shall not be permitted on to any other portion of the Building's roof except in order to access the roof gardens.

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 Building and for hot water in the Units shall be paid by the Condominium Board and charged to the Unit Owners as a Common Expense.

6.20 **Gas.** Except for those Units as to which the cost and expense of cooking gas shall be paid by the Condominium Board and charged to the Unit Owners as a Common Expense, 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 for Units shall be supplied through a separate meter for each such Unit, and the cost of electricity consumed or used in each such Unit shall be payable directly to the utility company. However, the Condominium Board shall have the right, exercisable in its sole discretion, to require that electricity be supplied to the Condominium or the Residential Units through one or more common meters. In such an event, the cost thereof shall be borne by each Unit Owner or tenant, as the case may be, based upon the consumption or usage of electricity in his Unit, as determined by sub-metering, survey, or any other reasonable method prescribed by the Condominium Board and permitted by Applicable Law, and shall be payable either to the Condominium Board or to the utility company servicing the Buildings, as directed by the Condominium Board.

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 incurred 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 Residential 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. The form used for a mortgage of a Commercial Unit shall be any form acceptable to the parties. A 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 **Notices to Mortgagees.** The Condominium Board provide timely notice to the affected mortgagee or mortgagees and any guarantor of the mortgage on any Unit of:

(a) Any condemnation or casualty loss that affects either a material portion of the Property or the Unit securing the applicable mortgage;

(b) Any sixty (60) day delinquency in the payment of Common Charges or Special Assessments owed by a Unit Owner with respect to the Unit securing the applicable mortgage;

(c) A lapse, cancellation or material modification of any insurance policy maintained for the Condominium by the Condominium Board.

(d) Any proposed action that requires the consent of a specified percentage of mortgagees under the Condominium Documents.

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, and provided that no more than ten percent (10%) of the Units may be owned by an investor other than Declarant, 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 PHILIP HOUSE 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 or (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. The Condominium Board shall promptly upon request issue a certificate of exemption acknowledging that the right of first refusal shall not 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 l 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 a Unit Owner delivering a deed in lieu of such foreclosure, or by the mortgagee taking title to a Unit pursuant to any other remedy in the mortgage, and the acceptance of a deed or assignment in lieu of foreclosure in the event of default by a Unit Owner, such that the Condominium's right of first refusal will not adversely impact the rights of a mortgagee or its assignee to accomplish any of the foregoing;

8.6.7 by any mortgagee or its assignee which has acquired title to any Unit;

8.6.8 in accordance with the provisions of Section 8.11 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. In no event shall this provision apply to the sale or lease of a Commercial Unit.

8.12.2 In addition to any charge collected pursuant to Subsection 8.12.1 above, the Condominium Board shall collect from the purchasers from each Residential Unit Owner, before any sale of a Residential Unit is consummated, an amount equal to two months' Common Charges for the Unit as a contribution to working capital. 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. In no event shall this provision apply to the sale of a Commercial Unit.

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.

8.16 **Estoppel and Agreement for benefit of Commercial Unit Lender.** The Condominium Board will enter into an estoppel and agreement with any owner of a Commercial Unit upon acquisition, or subsequently, when requested by a Commercial Unit Owner or its existing or proposed lender in form acceptable to the Commercial Unit Owner. The estoppel and agreement shall contain all or any of the following representations and statements to the extent requested by the Commercial Unit Owner or its lender: confirmation that the Declaration, By-Laws and tax lot drawings as amended as provided to the Commercial Unit Owner are complete, correct and in full force and effect; a statement as to the amount of common charges and

assessments and all other amounts due the Condominium by the Commercial Unit Owner at a time or event specified by the Commercial Unit Owner, confirmation of all payments made to that date and a statement as to the monthly Common Charges and Special Assessments payable following Closing; confirmation of the then current budget of the Condominium and the amounts due by the applicable Commercial Unit Owner, and an agreement that the calculation of payments due by the Commercial Unit Owner or services provided to the Commercial Unit Owner will not be changed without its consent; an agreement to deliver all notices which are sent to the to the Commercial Unit Owner to its lender or lender's designee at the address provided; confirmation that any lender to a Commercial Unit Owner or its designee shall be deemed a Permitted Mortgagee by the Condominium; confirmation that the current use of the Commercial Units is lawful; agreement that the tenant of the Commercial Unit Owner is a third party beneficiary of the obligations of the Condominium to a Commercial Unit Owner; confirmation to the lender of the provisions of the Declaration allowing the Commercial Unit Owner to make alterations to the Commercial Unit subject only to the consent of any other Commercial Unit Owner, and an agreement to permit the tenant of the Commercial Unit Owner to undertake such alterations if designated by the Commercial Unit Owner; agreement that the Condominium shall have the same rights to consent to the actions of the tenant of a Commercial Unit Owner as it does to an action of the Commercial Unit Owner; agreement to provide the lender of a Commercial Unit Owner ten days prior notice of any action or sanction it has determined to take against the Commercial Unit Owner; and a confirmation to the Commercial Unit Owner's lender that it knows of no posted violations or pending bankruptcy with respect to the Commercial Unit other than those set forth in the Plan and any additional ones that it sets forth in the estoppel and agreement;

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, multiplied by the CPI Factor, 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 number and 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. To the extent permitted by law, any action to terminate the legal status of the Condominium after condemnation occurs must be agreed to by mortgagees that represent at least 51% in Common Interest of all of those Unit Owners that are subject to mortgages. For these purposes, the provisions of Article 7, Section 7.6 regarding Mortgage Representatives of Permitted Mortgagees shall not be applicable. Notwithstanding any other provision of the Declaration or By-Laws or any other document, in no event shall a Unit Owner or any other party have priority over any rights of a first mortgagee of any Unit pursuant to its mortgage in the case of payment to the Unit Owner of condemnation awards for losses to or taking Condominium Units and/or any Common Elements. 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 for 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 are 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 its offices, at the date hereof, at 111 Eighth Avenue, New York, New York 10011 (unless otherwise directed by the Condominium Board) 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 Mortgagees.** Notwithstanding any provision contained herein to the contrary, any amendment of a material adverse nature to the mortgagees must be agreed to by mortgagees that represent at least 51% in Common Interest of all of those Unit Owners that are subject to mortgages. For these purposes, the provisions of Article 7, Section 7.6 regarding Mortgage Representatives of Permitted Mortgagees shall not be applicable. Implied approval by a mortgagee may be assumed when the mortgagee fails to submit a response to any written proposal for an amendment within 60 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a return receipt requested.

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 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 Closets, will be the subject of licenses granted by the Board to Declarant, subject to Storage License Agreements. Such Storage Licenses will in turn be conveyed 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 Closet, and shall require monthly fees to be paid to the Condominium Board in the amount of $50.00 per month, and thereafter as set by the Condominium Board from and after the expiration of the Initial Control Period. 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. Any person who is not a Unit Owner to whom the Declarant has transferred a Storage License (a) shall have an easement in its favor to use the Common Elements to access the Storage Closet and (b) may only sell or transfer a Storage License to a Unit Owner.

ARTICLE 16

RIGHTS TO EXCLUSIVE USE OF RESIDENTIAL HALLWAY SPACE

Certain portions of the residential hallways, known as the Adjacent Hallway Space, will be the subject of a license granted by the Board to Declarant, subject to a Reservation of Rights and Hallway License Agreement (hereinafter referred to as the "Hallway License Agreement"). Rights under the Hallway License Agreement will in turn be sold by Declarant at Declarant's discretion to owners of two or more Residential Units whose location within the Condominium is such that the Units are exclusively served or benefited by a portion of the residential hallway adjacent thereto. An assignee of rights under the Hallway License Agreement shall be entitled to the exclusive use of the hallway space adjacent to his Residential Units and to enclose such hallway space for use as an entranceway or similar vestibule within his combined Residential Units. If a Residential Unit Owner enters into a contract to sell his combined Residential Units, such contract shall be deemed to include any rights under the Hallway License Agreement owned by such Residential Unit Owner and the right of first refusal set forth in Article 8 shall be deemed to apply to such rights. No Residential Unit Owner shall sell or transfer his rights under the Hallway License Agreement except to a purchaser of his combined Residential Units. The foregoing provision shall be inapplicable to the Declarant.

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. All service and delivery persons will be required to deliver all packages to the front desk in the lobby, where such packages will be held for pick-up by Residential Unit Owners. In the case of packages containing perishable food items, including restaurant and grocery deliveries, service or delivery persons must first check in with building personnel at the front desk and, upon being approved by the Residential Unit Owner, will be permitted to make deliveries directly to individual Residential Units. If the Residential Unit Owner is not home to approve a delivery of perishable food items, such delivery will be rejected.

15. Trunks and heavy baggage shall be taken in or out of the Residential Section only by the elevators and entrance or other ares designated by the Condominium Board or the Managing Agent for that purpose.

16. No refuse from the Residential Units shall be sent to the below-grade levels of the Building except at such times and in such manner as the Condominium Board or the Managing Agent may direct.

17. 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.

18. No occupant of the Residential Section shall send any employee of the Residential Section or its Managing Agent out of the Building on any private business.

19. 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.

20. Corridor doors shall be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

21. 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.

22. 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.

23. Complaints regarding the services of the Residential Section shall be made in writing to the Condominium Board or to the Managing Agent.

24. 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.

25. 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; (f) 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.

26. The Building's roof deck shall be available for recreational use by Residential Unit Owners, their Family Members, guests, employees, agents, visitors, tenants, sublessees and licensees between the hours of 9:00 a.m. and 9:00 p.m. At all other times, except as permitted under the Declaration and By-Laws, Residential Unit Owners, their families, guests, employees, agents, visitors, tenants, sublessees or licensees shall not for any reason enter upon or attempt to enter upon the roof of the Building.

27. The Building's exercise room shall be available for use by Residential Unit Owners, their Family Members, guests, employees, agents, visitors, tenants, sublessees and licensees ages 18 and over between the hours of 9:00 a.m. and 9:00 p.m.

28. The Building's play room shall be available for use by Residential Unit Owners, their Family Members, guests, employees, agents, visitors, tenants, sublessees and licensees between the hours of 9:00 a.m. and 6:00 p.m. Children using the play room must be accompanied by an adult at all times.

29. 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.

30. 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.

31. If any key or keys, except the keys required to be provided to the Condominium Board or the Managing Agent pursuant to paragraph 19 above, are entrusted by a Residential Unit Owner or by any member of such Unit Owner's family or by such Unit Owner's agent, employee, tenant, sublessee, licensee or visitor to an employee of the Condominium Board or the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in paragraph 21 above) be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or in connection therewith, provided, however, reasonable care under the circumstances was given to such Unit Owner's personal belongings and property.

32. The Board shall have the right from time to time to relocate any portion of the Common Elements devoted to storage or service purposes.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

DOCUMENT NUMBER 9

ESCROW AGREEMENT

AGREEMENT made this 16th day of July 2011, between 141 East 88th Street, LLC ("SPONSOR") as SPONSOR of the offering plan, and Leon Seidman, Esq. ("ESCROW AGENT"), as ESCROW AGENT.

WHEREAS, SPONSOR is the sponsor of a condominium offering plan for the sale of Condominium Units in a condominium located at number 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128 (the "Premises") (such plan being called the "Plan"); and

WHEREAS, ESCROW AGENT is authorized to act as an ESCROW AGENT hereunder in accordance with General Business Law ("GBL") Section 352-e (2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as ESCROW AGENT for the Deposits by purchasers on account of the purchase price of units in such Condominium (collectively, "Units" and each a "Unit") under the Plan, together with all accrued interest thereon, pursuant to the terms of this Escrow Agreement. All sums comprising part of the Deposit unconditionally tendered, together with the interest thereon comprises a portion of the "Deposit."

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers on account of the purchase price of Units under the Plan. The escrow account is being opened with Bank of America, having an address at 1886 Broadway, New York, New York 10023

1.2 The name of the account is "Leon Seidman, as escrow agent under the Plan for Philip House Condominium."

1.3 Members of the ESCROW AGENT are the sole signatories on such account (the "escrow account").

1.4 The escrow account shall be an interest-bearing account.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All sums comprising part of the Deposit received by ESCROW AGENT from each prospective purchaser of a Unit under the Plan, on account of the purchase price thereunder, prior to closing of such Unit, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All

instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of "Leon Seidman as escrow agent." Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly after receipt by ESCROW AGENT of such instrument following any attempts to deposit it; but, in any event, following such unsuccessful attempts to deposit it, ESCROW AGENT shall mail or otherwise send such instrument to such prospective purchaser within five (5) business days of such receipt of such instrument by ESCROW AGENT. In the event of such return of such instrument, then such instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Escrow Agreement.

2.2 For purposes of this Section 2.2, an unconditional tender and delivery of the Deposit shall be deemed to have been made if the Deposit is delivered together with an Agreement in the form agreed to by SPONSOR without any request for a change in such form or the terms of such Agreement. Within ten (10) business days after unconditional tender and delivery to the Selling Agent of the Deposit required to be submitted by a purchaser on account of the purchase of a unit under the Plan, together with the Agreement for the purchase of such unit, ESCROW AGENT shall notify such purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. Subject to the provisions of the next sentence, if such purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to the Selling Agent of the Deposit then such purchaser may cancel the purchase and rescind such purchaser's Agreement so long as such right to rescind is exercised within ninety (90) days after such purchaser's unconditional tender and delivery of the Deposit to the Selling Agent, if any, or such purchaser may apply to the Attorney General for relief. However, a purchaser shall not be entitled either to rescind such purchaser's Agreement or to receive a refund of such purchaser's Deposit where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely deposited and notice as provided above was timely mailed to such purchaser in accordance with all regulations of the Attorney General or at any time after the Deposit has been deposited in the escrow account.

3. RELEASE OF FUNDS.

3.1 "Consummation of the Plan" shall mean the first closing of title for the sale of a Unit under the Plan and in accordance with its requirements.

3.2 ESCROW AGENT shall continue to hold a purchaser's Deposit in escrow until: (a) otherwise directed in one or more writings signed (whether on the same or separate counterparts) by each of SPONSOR and such purchaser, or (b) otherwise directed in a determination of the Attorney General, pursuant to the dispute resolution procedures contained in the Attorney General's regulations, or (c) a judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit, or (d) such Deposit is paid by ESCROW AGENT into a court of competent jurisdiction, or (e) such Deposit is paid to SPONSOR as provided below, or (f) such Deposit is paid to such purchaser as provided below.

3.3 SPONSOR shall not object to the release of the Deposit of any purchaser to such purchaser, provided such purchaser has not defaulted and has timely and validly rescinded such

purchaser's Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

3.4 If there is no written agreement between SPONSOR and a purchaser to release the Deposit paid by such purchaser, ESCROW AGENT shall not pay such Deposit to SPONSOR until after ten (10) business days following the date that ESCROW AGENT has given such purchaser written notice that ESCROW AGENT intends to pay to SPONSOR such Deposit. Thereafter, such Deposit may be paid to SPONSOR unless such purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received, within such 10 business day period, notice from such purchaser that such application has been made.

4. RECORD KEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL RIGHTS AND OBLIGATIONS OF ESCROW AGENT.

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

5.2 A fiduciary relationship, pursuant to this Escrow Agreement, shall exist between ESCROW AGENT and purchasers who have paid Deposits which are held by ESCROW AGENT, and ESCROW AGENT acknowledges such fiduciary obligations.

5.3 ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein. If there is any conflict or inconsistency between the provisions of this Escrow Agreement and either the Plan or the Agreement (as defined in the Plan), the provisions of this Escrow Agreement shall be controlling.

5.4 If conflicting demands are made or notices are served upon ESCROW AGENT with respect to this Escrow Agreement, or if ESCROW AGENT shall hold a good faith belief that the rights of a claimant to any Deposit are not absolutely clear, the signatories hereto agree that ESCROW AGENT may refuse to comply with any such claim or demand and, except as hereinafter set forth in this Escrow Agreement, may withhold and stop all further proceedings in the performance of this Escrow Agreement so long as such disagreement shall continue. In so doing, ESCROW AGENT shall not be or become liable for damages or interest to any of the signatories hereto or to any other person for its failure to comply with such conflicting or adverse

demands or notices. ESCROW AGENT may continue to so refrain and so refuse to act until (i) the rights of the adverse claimants have been finally adjudicated in a court having and assuming jurisdiction of the parties and/or the Deposit, as the case may be, or (ii) all differences, with respect to any Deposit, shall have been resolved by mutual agreement of SPONSOR and the purchaser who paid such Deposit, and ESCROW AGENT shall have been notified thereof in writing signed by both of said parties. In the alternative, ESCROW AGENT may, but shall not be obligated to, file a suit in interpleader for a declaratory judgment for the purpose of having the respective rights of the claimants adjudicated, and/or may deposit any Deposit with a court of competent jurisdiction, in which event SPONSOR agrees to pay all costs, expenses and attorneys' fees incurred by ESCROW AGENT in connection therewith. If ESCROW AGENT shall deposit any Deposit with such court, the ESCROW AGENT shall be fully released and discharged from any and all further duties and obligations hereunder with respect to such Deposit.

5.5 ESCROW AGENT shall not be responsible for any interest on any Deposit except for such as is actually received by ESCROW AGENT.

5.6 SPONSOR hereby agrees to indemnify ESCROW AGENT from, and to hold it harmless against, any loss, liability or expense (including, without limitation, attorneys' fees and expenses) incurred without gross negligence, willful default, or bad faith on the part of ESCROW AGENT, arising out of or in connection with its entering into this Escrow Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim or liability.

5.7 In any action or proceeding, ESCROW AGENT may represent SPONSOR, even if such action or proceeding relates to or involves any Deposit, at the same time as ESCROW AGENT is holding such Deposit pursuant to this Escrow Agreement.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver to ESCROW AGENT each Deposit on account of the sale of a unit under the Plan which has been received by SPONSOR or such agents prior to closing of the sale of such unit within one business day of receipt thereof.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Escrow Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor ESCROW AGENT; or

(c) All Deposits held by ESCROW AGENT have been paid by ESCROW AGENT from the escrow account as provided in this Escrow Agreement.

ESCROW AGENT shall not be responsible for any delay between either i) any such cancellation by SPONSOR of the designation of ESCROW AGENT or ii) the resignation of ESCROW AGENT, and, in either such case, the date on which an amendment to the Plan appointing a successor ESCROW AGENT has been filed by the Department of Law and notice thereof has been given to ESCROW AGENT. Once any such cancellation of the designation of ESCROW AGENT has been given to ESCROW AGENT, or once ESCROW AGENT has given to SPONSOR notice of resignation as ESCROW AGENT, then in either case ESCROW AGENT shall not be obligated to accept thereafter any new Deposits in the escrow account.

7.2 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 Deposits held by it in escrow to the new successor ESCROW AGENT set forth in such amendment to the Plan, provided ESCROW AGENT has received a copy of such amendment.

8. SUCCESSORS AND ASSIGNS.

8.1 This Escrow Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

9.1 This Escrow Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from the Deposits nor from any interest accruing thereon (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Escrow Agreement) and that compensation to ESCROW AGENT, if any, shall not be deducted from the Deposits (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Escrow Agreement) by any financial institution under any circumstance. SPONSOR shall reimburse to ESCROW AGENT any fees or charges incurred in connection with the establishment and maintenance of the escrow account.

11. SEVERABILITY.

11.1 If any provision of this Escrow Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Escrow Agreement or the application of such provision to other persons or to other

circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Escrow Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

13. NOTICE.

13.1 All notices and communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or sent by regular, certified or registered mail, with or without return receipt requested, postage prepaid, addressed as follows:

To SPONSOR:	141 East 88th Street, LLC c/o The Cheshire Group, L.L.C. 826 Broadway, 11th Floor New York, New York 10003
To ESCROW AGENT:	Leon Seidman, Esq. 142 West End Avenue New York, New York 10023

or at such other address as any of the above may have furnished, as the address of such party, to the other parties in a notice given in accordance with the provisions of this Section. All notices sent in accordance with this Section shall be deemed given upon personal delivery or five (5) days after the date of mailing, as the case may be.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Escrow Agreement as of the day and year first written above.

ESCROW AGENT:

LEON SEIDMAN

By: Leon Seidman
Name:
Title:

SPONSOR:

141 EAST 88TH STREET, LLC

By: Susan Steinitt
Name:
Title:

HF 7063140v.1 #12316/0019

DOCUMENT NUMBER 10

STORAGE LICENSE AGREEMENT

AGREEMENT made as of this ____ day of _____, 200__ ("Agreement") by and between the Board of Managers of Philip House Condominium on behalf of all Unit Owners, with an office at 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128 (the "Board" or "Licensor"), and 141 East 88th Street, LLC, having an office at c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor, New York, New York 10003 ("Sponsor").

WHEREAS, Philip House Condominium (the "Condominium") is governed by a certain Declaration of Condominium dated _____, 200__, recorded in the Office of the Register of the City of New York on _____, 200__, 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 certain portions of the Building identified on the Floor Plans set forth in the Plan (as hereinafter defined) as Storage #__ through Storage #__, there are Residential Common Elements in which storage closets (the "Storage Closets") 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 of the Declaration, owns all Residential Units in the Condominium; and

WHEREAS, Sponsor desires the right to the exclusive use of an individual Storage Closet, and the right to assign an individual Storage Closet 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 an individual Storage Closet in Storage # ___ (the "Individual Storage Closet") 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 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. Licensee agrees to pay on the first day of each month fees ("Monthly Fees") in the amount of $50.00 until changed by the Condominium Board after the Initial Control Period (as defined in the Declaration). The foregoing requirement to pay Monthly Fees shall not apply to Sponsor or Sponsor's Successor.

4. The Individual Storage Closet 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 Closet.

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 Space outside of the Individual Storage Closet; or (b) allow any other person to use the License except in accordance with the terms hereof.

6. This License may be assigned by Sponsor or a Sponsor Successor at any time without the consent of the Board or any other party. Otherwise it is not assignable. Unless it is held by Sponsor or a Sponsor Successor, this License shall automatically terminate at such time as Licensee no longer owns a Residential Unit in the Condominium or does not pay the Monthly Fees. If this License is held by Sponsor or Sponsor's successor in interest, only Sponsor or Sponsor's successor in interest may terminate it at the election of Sponsor or Sponsor's Successor

7. 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 Closet.

8. 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.

9. 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, provided that Licensor shall first give Licensee fifteen (15) days' written notice and the right to cure the default.

10. 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.

11. 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 Closet until Licensee cures such default or (ii) terminate this Agreement upon written notice to Licensee.

12. The Board or its agents shall have the right, but not the obligation, to enter the Individual Storage Closet in an emergency at any time, and, at other reasonable times upon prior notice to Licensee, to inspect and examine the Individual Storage Closet and to make such

repairs, replacements and improvements as the Board shall deem necessary, or to remove any contents of the Individual Storage Closet that the Board deems to be prohibited, unsafe or unsanitary.

13. This Agreement shall constitute a License only and shall not be construed under any circumstances to be a sale of the Individual Storage Closet or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between Licensor and Licensee with respect to this Agreement.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

LICENSOR:

BOARD OF MANAGERS OF PHILIP HOUSE CONDOMINIUM

By: _____
Name:
Title:

SPONSOR:

141 EAST 88TH STREET, LLC

By: _____
Susan Hewitt, President

ASSIGNMENT AND ASSUMPTION OF STORAGE LICENSE

This ASSIGNMENT AND ASSUMPTION OF STORAGE LICENSE (this "Assignment"), dated as of the __ day of _____, 200__, is executed by and between _____ ("Assignor"), having an address at _____ 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 Closet in the area identified as Storage # ___, between the Board of Managers of Philip House 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 binding 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:

By: _____
Name:
Title:

ASSIGNEE:

By: _____
Name:
Title:

EXHIBIT A

License Agreement

DOCUMENT NUMBER 11

RESERVATION OF RIGHTS AND HALLWAY LICENSE AGREEMENT

AGREEMENT made as of this ____ day of _____, 200__ ("Agreement") by and between the Board of Managers of Philip House Condominium on behalf of all Unit Owners, with an office at number 141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128 (the "Board" or "Licensor"), and 141 East 88th Street, LLC having an office at c/o The Cheshire Group, L.L.C., 826 Broadway, 11th Floor, New York, New York 10003 ("Sponsor").

WHEREAS, Philip House Condominium (the "Condominium") is governed by a certain Declaration of Condominium dated _____, 200__, recorded in the Office of the Register of the City of New York on _____, 200__, 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, 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, from time to time there may be common ownership of two or more Residential Units whose location within the Condominium is such that they are exclusively served or benefited by a portion of the residential hallway adjacent thereto (such portions of the residential hallways are referred to herein, collectively, as the "Adjacent Hallway Space," and, individually, as an "Individual Hallway Space") (two or more Residential Units so described are referred to herein as a "Combined Unit") and the owners of a Combined Unit may desire to enclose an Individual Hallway Space; and

WHEREAS, Sponsor desires to reserve, acquire and retain the right to the exclusive use of the Adjacent Hallway Space, to the extent that any such space is created, and to assign certain rights under this Agreement to owners of a Combined Unit in Sponsor's sole discretion;

NOW THEREFORE, in consideration of the sum of $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 the Adjacent Hallway Space and Sponsor hereby accepts the License from Licensor for a term commencing on the date hereof.

2. The License entitles Sponsor to (i) identify and claim Adjacent Hallway Space and (ii) assign the rights to exclusive use of such Adjacent Hallway Space, provided that no new Adjacent Hallway Space may be created by Sponsor after twenty (20) years from the date hereof.

3. Sponsor agrees that the use of the Adjacent Hallway Space shall be limited to use as entryways, foyers and similar vestibules serving Combined Units. No other uses shall be permitted.

4. No Individual Hallway Space shall extend beyond the distance that is one (1) foot from any common area stairway or two (2) feet from any door to Unit that is not the Combined Unit.

5. With the exception of Sponsor, any holder of rights to an Individual Hallway Space ("Individual Hallway Rights") shall be required to pay to the Condominium on the first day of each month fees ("Monthly Fees") in an amount determined by dividing the total square footage of the Individual Hallway Space by the total square footage of the Combined Unit and multiplying the result by the Common Charges allocated to the Combined Unit. The failure to pay Monthly Fees shall constitute a default in the payment of Common Charges under the By-Laws. The failure to pay Common Charges shall constitute a default in the payment of Monthly Fees hereunder.

6. Sponsor may freely assign its rights under this Agreement to an owner of a Combined Unit (an "Assignee") at any time in Sponsor's sole discretion, without the consent of the Board, using the form of assignment and assumption annexed hereto.

7. The same rights and remedies available to the Board under the Condominium Documents for failure to pay Common Charges shall also be available to the Board for failure to pay Monthly Fees. Such rights and remedies include, but are not limited to, the right to establish reasonable late charges for the failure to timely pay Monthly Fees on or before the tenth (10th) day of each month and the right to enforce a default of this Agreement.

8. So long as any Combined Unit remains a Combined Unit, the rights appurtenant to it under this Agreement shall remain in full force and effect, regardless of assignment, unless such rights are voluntarily surrendered by Sponsor or Sponsor's Assignee. In the event any Combined Unit is no longer a Combined Unit, this Agreement, to the extent it applies to such Combined Unit, shall be immediately cancelled and shall have no further force or effect.

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. If an Assignee defaults in its obligations hereunder or under the Condominium Documents, and such default is not cured within thirty (30) days of receipt of notice from the Board thereof, the Board may, in addition to the rights and remedies set forth in the Condominium Documents, terminate this Agreement, to the extent it applies to such Assignee's Individual Hallway Space, upon written notice to such Assignee and cause such Assignee at Assignee's expense to remove any structural improvements to the Individual Hallway Space and to restore the Individual Hallway Space to its condition prior to enclosure.

11. The Board or its agents shall have the right, but not the obligation, to enter any

Individual Hallway Space in an emergency at any time, and, at other reasonable times upon prior notice to Sponsor or an Assignee, to inspect and examine such Individual Hallway Space and to make such repairs, replacements and improvements as the Board shall deem necessary, or to remove any contents of the Individual Hallway Space that the Board deems to be prohibited, unsafe or unsanitary.

12. This Agreement shall constitute a License only and shall not be construed under any circumstances to be a sale of the Adjacent Hallway Space or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between Licensor and Sponsor with respect to this Agreement.

13. Following an assignment by Sponsor, the Assignee 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 the assignee or the assignee's family, employees, agents, guests and invitees in connection with this Agreement.

14. Following an assignment by Sponsor, the Assignee 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 the Assignee defaults under this Agreement beyond any applicable grace period, enforcing Assignee's obligations hereunder.

15. 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.

16. 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.

17. 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.

18. 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.

19. Any failure by Licensor to insist upon strict performance by Sponsor or any Assignee 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 Sponsor and Assignees of any and all of the provisions of this Agreement to be performed by Sponsor or Assignees.

[Signatures follow on the next page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

LICENSOR:

BOARD OF MANAGERS OF PHILIP HOUSE CONDOMINIUM

By: _____
Name:
Title:

SPONSOR:

141 EAST 88TH STREET, LLC

By: _____
Susan Hewitt, President

ASSIGNMENT AND ASSUMPTION OF RIGHTS UNDER
RESERVATION OF RIGHTS AND HALLWAY LICENSE AGREEMENT

This ASSIGNMENT AND ASSUMPTION OF RIGHTS UNDER RESERVATION OF RIGHTS AND HALLWAY LICENSE AGREEMENT (this "Assignment"), dated as of the __ day of _____, 200__, is executed by and between _____ ("Assignor"), having an address at _____ and _____ ("Assignee"), having an address at _____. All capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the License Agreement.

1. Assignment and Assumption. 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 under that certain Reservation of Rights and Hallway License Agreement (the "License Agreement," attached hereto as Exhibit A), dated _____, by and between the Board of Managers of Philip House Condominium, (the "Licensor") and Assignor, with respect to Individual Hallway Space Unit __ / Unit __ (the "Individual Hallway Rights"). Assignee hereby accepts the Individual Hallway Rights, and assumes all of the obligations of Assignor under the License Agreement with respect to Individual Hallway Space Unit __ / Unit __ (the "Hallway Space"), and agrees to properly perform all of the obligations of Assignor under the Condominium Documents.

2. Indemnity. 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.

3. Assignment by Assignee. If Assignee enters into a contract to sell its Combined Unit to a purchaser (the "Purchaser"), such contract shall be deemed to include the Individual Hallway Rights owned by Assignee and the Condominium Board's right of first refusal, as set forth in the Condominium Documents, shall be deemed to apply. If the right of first refusal is not exercised, and the Purchaser wishes to acquire the Hallway Space along with the Combined Unit, then the Purchaser shall be required to assume all of Assignee's rights and obligations under the License Agreement with respect to the Hallway Space. In the event the Purchaser does not wish to acquire the Hallway Space, Assignee's Individual Hallway Rights shall automatically terminate upon the sale of the Combined Unit to the Purchaser and Assignee shall be obligated to restore the Hallway Space to it previous condition.

4. Term; Termination. So long as Unit __ and Unit __ remain a Combined Unit, the Individual Hallway Rights shall remain in full force and effect unless such rights are voluntarily surrendered Assignee. In the event Unit __ and Unit __ are no longer a Combined Unit, the Individual Hallway Rights shall be immediately cancelled and shall have no further force or effect.

This Assignment shall inure to the benefit of and be binding 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:

By: _____
Name:
Title:

ASSIGNEE:

By: _____
Name:
Title:

EXHIBIT A

License Agreement

DOCUMENT NUMBER 12

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 per cent of the total price; and provided, further, that if five years from thirty days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three per cent of the total price the offeror shall pay the difference between the amount 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 begun 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 exceed 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 of 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 of managers shall report to shareholders and unit owners on a semi-annual basis with respect to all 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 fifty-two-eeee of the general business law and until the closing of the conversion pursuant to such 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 the 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 tenants.

§ 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.

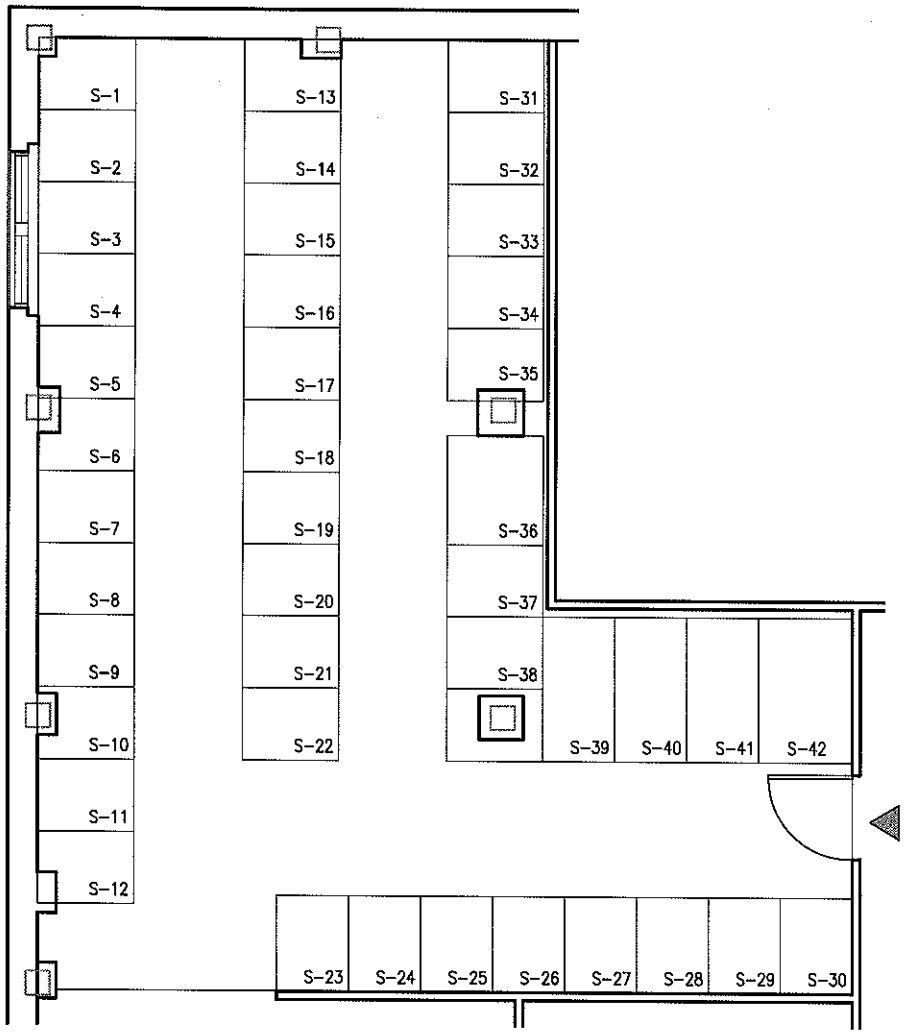
b. Any person who knowingly violates or assists in the violation of section 26-703 of this chapter shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not more than two times the amount required to be reserved by section 26-703 of this chapter which was not so reserved. 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.

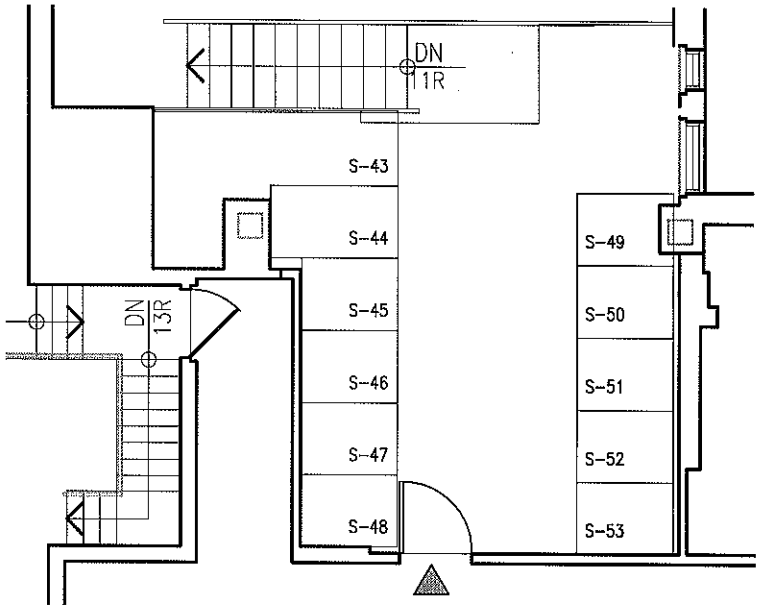
c. In addition, any other action or proceeding in any court of competent jurisdiction that may be appropriate or necessary for the enforcement of the provisions of this chapter may be brought in the name of the city, including actions to secure permanent injunctions enjoining any acts or practices which 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.

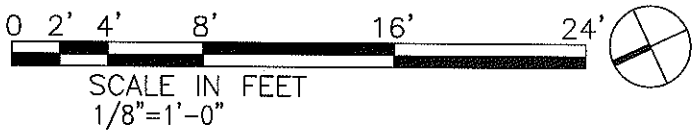
DOCUMENT NO. 13

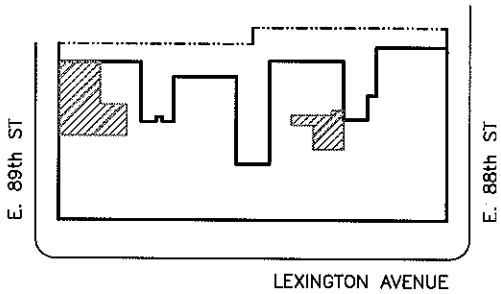




Tenant Storage Room Layouts (Cellar Level)

NOTE: 53 STORAGE UNITS
TYPICAL UNIT SIZE 4'L X 3'W X 8'H





141 East 88th Street

New York , New York

ALL DIMENSIONS ARE APPROXIMATE
LAYOUT FOR THE ACTUAL UNITS MAY VARY

AUGUST 31, 2012

DOCUMENT NUMBER 14

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

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

Re: Philip House Condominium
141 East 88th Street a/k/a 1327-1329 and 1311-1337 Lexington Avenue New York, New York 10128

File Number:_____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____
_____
_____

4. This is an application for
   [ ] return of down payment.
   [ ] forfeiture of down payment.
   [ ] other: _____
   _____

5. The project is [ ] a conversion of occupied premises.
   [ ] newly constructed or rehabilitated.
   [ ] vacant (as is).

6. The project is structured as

[ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a time share.
[ ] other:_____

7. Name and Address
of Sponsor: _____
_____

8. Name and Address
of Escrow Agent: _____
_____

9. If down payments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address
of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If down payments have been secured by bonds:

(a) Name and address of
bond issuer or surety: _____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____
_____
_____
_____

11. If down payments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

_____
_____
_____

(b) Date of expiration of the letter of credit, if known:

_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Down payments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed:_____

(c) Date(s) of down payment(s):_____

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

(e) Names and addresses of subscribers or the 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:_____

Document Number 15

GENERAL BUSINESS LAW § 352-eee

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to

become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful

employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further that an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominimum ownership shall continue to be subject thereto.

(iv) 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 by the attorney general 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.

(v) The plan may not be amended at any time to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of the dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant as of the date of such statement and, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the

offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons 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 considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil

practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the

offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises 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 the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers, at which time the cooperative corporation or the condominium association shall assume responsibility for the provision of all services and facilities required by law on a non-discriminatory basis.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the city of New York.

CERTIFICATIONS

CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPALS

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

Re: Philip House Condominium
141 East 88th Street a/k/a 1327-1327
and 1311-1337 Lexington Avenue
New York, New York

Ladies and Gentlemen:

We are the Sponsor and the Principals of Sponsor of the Condominium Offering Plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Parts 22 and 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 underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does, and that documents submitted hereafter by us which amend or supplement the Offering Plan will:

(i) set forth the detailed terms of the transaction and be complete; current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where we:

(b) knew the truth;

(c) with reasonable effort could have known the truth;

(d) made no reasonable effort to ascertain the truth; or

(e) 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.

Very truly yours,

Sponsor:

PHILIP HOUSE CONDOMINIUM

By: _____
Susan Hewitt, President

Sworn to before me
this 11 day of Sept, 2012

_____
Notary Public

DOUGLAS HELLER
Notary Public, State of New York
No. 02HE4666118
Qualified in Westchester County
Commission Expires Nov. 30, 2014

Principals:

_____
Susan Hewitt

Sworn to before me
this 10 day of Sept, 2012

_____
Notary Public

DOUGLAS HELLER
Notary Public, State of New York
No. 02HE4666118
Qualified in Westchester County
Commission Expires Nov. 30, 2014

_____
Jenifer Steig

Sworn to before me
this 10 day of Sept, 2012

_____
Notary Public

DOUGLAS HELLER
Notary Public, State of New York
No. 02HE4666118
Qualified in Westchester County
Commission Expires Nov. 30, 2014

ARCT
ARCHITECTURE pc
ALAN G. ROSE, A I A CARMEN TAGLE, A I A

CERTIFICATION OF ARCHITECT

New York State Department of Law
Real Estate Financing Bureau
120 Broadway - 23rd Floor
New York, New York

Re: The Philip House Condominium
141 East 88th Street a/k/a 1311 Lexington Avenue
New York, New York

Ladies and Gentleman:

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership retained me/our firm to prepare a report disclosing the condition of the property (the "Report"). I visually inspected the property on February 1, 2012 and on several other occasions in March, April and May of 2012, and prepared the Report dated August 10, 2012, 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 22 and Part 23 insofar as they are applicable to the 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. I certify that the Repot and all documents prepared by me disclose all the material facts which were then discernible from a visual inspection of the property. 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 physical condition of the entire property and is current and accurate as of the date of inspection;

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

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

45 WEST 34TH STREET, NEW YORK, NY 10001 · PHONE: 212 643-2666 · FAX: 212 643-2660 • HUPI ROAD, MONTEREY, MA 01245 · PHONE: 413 528-2388

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

(viii) It is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

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 this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

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

By: _____
Alan Rose, Principal

Sworn to before me this 15th
day of April, 2012

_____
Notary Public

DOUGLAS HELLER
Notary Public, State of New York
No. 02HE4666118
Qualified in Westchester County
Commission Expires Nov. 30, 20 14

REGISTERED ARCHITECT
ALAN G. ROSE
012318
STATE OF NEW YORK

Edwards & Zuck

CERTIFICATION OF ENGINEER

September 10, 2012

New York State Department of Law
Real Estate Financing Bureau
120 Broadway - 23rd Floor
New York, New York

Re: The Philip House Condominium
141 East 88th Street a/k/a 1327-1327
and 1311-1337 Lexington Avenue
New York, New York

Ladies and Gentleman:

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership retained our firm to prepare a report disclosing the condition of certain utilities and systems serving the property (the "Report"). We observed the property on several occasions between June and November of 2011and prepared the Report dated December 6, 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 22 and Part 23 insofar as they are applicable to the 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. I certify that the Repot and all documents prepared by me disclose all the material facts which were then discernible from a visual inspection of the property. 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 physical condition of the entire property and is current and accurate as of the date of inspection;

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

(iii) does not omit any material fact;

Edwards & Zuck, P.C., Consulting Engineers 315 Park Avenue South New York, NY 10010 212-330-6200 Fax 212-695-1898

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

(viii) It is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

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 this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

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

EDWARDS & ZUCK, P.C.

By: _____
Name: Peter J. Sposato, P.E.
Title: Principal

STATE OF NEW YORK
PETER J. SPOSATO
062489-1
LICENSED PROFESSIONAL ENGINEER

Sworn to before me this 11th day of September, 2012

SHEILA ORTIZ
Notary Public, State of New York
No. 01LO6029906
Qualified in Bronx County
Commission Expires August 30, 2013

Notary Public

PJS:mmg
P\141 East 88th Street\S15001001\Documents\Letters & Memos-Certification of Engineer for Philip House

Edwards & Zuck, P.C., Consulting Engineers 315 Park Avenue South New York, NY 10010 212-330-6200 Fax 212-695-1898

COOPER • SQUARE
REALTY

www.coopersquare.com Tel 212.634.8900

July 23, 2012

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

Re: Philip House Condominium
141 East 88th Street a/k/a 1327-1327
and 1311-1337 Lexington Avenue
New York, New York 10128

Gentlemen:

The Sponsor of the Condominium Offering Plan of the above captioned property retained our firm to prepare Schedule B containing projections of income and expenses of the Condominium for the first year of operation. Our experience in this field includes the management of over 100 residential and mixed-use cooperatives and/or condominiums, throughout Manhattan and Queens. We have been in business for over 25 years, and have prepared many similar certificates during that time.

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 Schedule B.

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 the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the 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 on 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 representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

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

By: _____
Marc Kotler, Vice President

Sworn to before me this

23 day of July, 2012

Notary Public

MARGARET Y. WANG
NOTARY PUBLIC STATE OF NEW YORK
QUEENS COUNTY
LIC. #01WA6192672
MY COMMISSION EXPIRES 09/02/2012

COOPER • SQUARE
REALTY

www.coopersquare.com Tel 212.634.8900

EXPERT'S CERTIFICATION REGARDING ADEQUACY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNER

July 23, 2012

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

Re: Philip House Condominium
141 East 88th Street a/k/a 1327-1327
and 1311-1337 Lexington Avenue
New York, New York 10128

The Sponsor of the Condominium Offering Plan for the captioned property retained our firm to prepare Schedule B, which includes projections of common charges payable by the owner of the Commercial Unit. Our experience in this field includes the management of over 100 residential and mixed-use cooperatives and/or condominiums, throughout Manhattan and Queens. We have been in business for over 25 years, and have prepared many similar certifications during that time.

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 Unit listed in Schedule B.

We have reviewed the Schedule as it impacts upon the Commercial Unit 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 owner of the commercial unit appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such Commercial Unit for the projected first year of condominium operation, and that the allocation of common charges attributable to such Commercial Unit also reflects special or exclusive use or availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owner of the Commercial Unit:

(i) set forth in detail the projected common charges for the Commercial Unit for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owner of the Commercial Unit;

(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 representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the Commercial Unit for the first year of condominium operation.

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

By: _____
Marc Kotler, Vice President

Sworn to before me this

23 day of July, 2012

Notary Public

MARGARET Y WANG
NOTARY PUBLIC STATE OF NEW YORK
QUEENS COUNTY
LIC. #01WA6192672
MY COMMISSION EXPIRES 09/02/2012