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

# CONDOMINIUM OFFERING PLAN FOR THE JOHN JAMES CONDOMINIUM 775 RIVERSIDE DRIVE AND 156-08 RIVERSIDE DRIVE WEST NEW YORK, NEW YORK 10032

| | Price to Tenant Purchasers* | Price to Non-Tenant Purchasers |
|---|---|---|
| TOTAL PURCHASE PRICE FOR 133 RESIDENTIAL UNITS | $60,023,000.00 | $75,026,000.00 |
| TOTAL PURCHASE PRICE FOR 57 STORAGE LOCKER LICENSES | $729,000.00 | $729,000.00 |
| RESERVE FUND** | $1,800,690.00 | $1,800,690.00 |
| WORKING CAPITAL FUND*** | $0.00 | $0.00 |

* See the Section entitled "Rights of Existing Tenants" for a discussion of the rights of bona fide tenants to buy their own Residential Units during the first 90 days of this offering.

** This is an estimate of the minimum amount of the Reserve Fund required under the terms of a law enacted by the New York City Council without deduction for credits allowed to Sponsor. The actual amount cannot now be determined. See the Section entitled "Reserve Fund."

*** The Purchaser of each Residential Unit shall be required to make a contribution to the Working Capital Fund. See the Section entitled "Working Capital Fund and Apportionments."

The Condominium will have a total of 133 Residential Units and 2 Garage Units. 133 Residential Units are being offered for sale hereby. The 2 Garage Units are not being offered for sale. The Resident Manager's Apartment is included in the Residential Common Elements.

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**SPONSOR**
775 REALTY CO. LLC AND
156-08 REALTY CO. LLC
ONE PENN PLAZA, SUITE 4000
NEW YORK, NEW YORK 10119
(212) 564-2111

**SELLING AGENT**
KELLER WILLIAMS NYC
425 PARK AVENUE
NEW YORK, NEW YORK 10022
(212) 838-3700

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The term of the initial offering of this Plan commenced on February 19, 2015 and expires on February 18, 2016, unless the said date is extended in a duly filed amendment.

**BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL RESIDENTIAL UNITS, THIS PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH THE MAJORITY OF THE RESIDENTIAL UNITS ARE OWNED BY OWNER-OCCUPANTS OR INVESTORS UNRELATED TO SPONSOR. PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD UNDER THE TERMS OF THIS PLAN. (SEE SPECIAL RISK SECTION OF THIS PLAN.)**

**THIS OFFERING PLAN IS SPONSOR'S ENTIRE OFFER TO SELL THESE RESIDENTIAL 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 RESIDENTIAL UNIT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.**

**SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.**

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## PART I

## SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS

**(See the "Definitions" Section of this Plan for definitions of capitalized terms used but not defined in this Section.)**

1. A law enacted by the New York City Council provides a formula for determining the amount of the Reserve Fund (the "Reserve Fund Law"), which is to be used exclusively for making capital repairs, replacements and improvements for the health and safety of residents of the Buildings. The exact amount of the Reserve Fund cannot be ascertained until this Plan is declared effective. The Reserve Fund shall be established in an amount equal to either (i) 3% of the sum of the cost of all Residential Units offered for sale pursuant to this Plan at the last price which was offered to tenants in occupancy of the Buildings prior to the Effective Date of this Plan regardless of the number of sales made (the "Total Price"), or (ii) (A) 3% of the actual sales prices of all Residential Units offered for sale pursuant to this Plan which are sold by Sponsor at the Effective Date of this Plan; provided, however, that if such amount is less than 1% of the Total Price, then the Reserve Fund shall be established as a minimum of 1% of the Total Price; plus (B) supplemental contributions to be made by Sponsor at a rate of 3% of the actual sales price of Residential Units for each Residential Unit offered for sale under this Plan held by Sponsor and sold to bona fide purchasers subsequent to the Effective Date of this Plan and within 5 years of the First Closing notwithstanding that the total amount contributed may exceed 3% of the Total Price; and provided, further, that if 5 years from 30 days after the First Closing, the total contributions by Sponsor to the Reserve Fund are less than 3% of the Total Price, Sponsor shall pay the difference between the amount contributed and 3% of the Total Price. In accordance with the Reserve Fund Law, Sponsor is entitled to take a credit against the Reserve Fund for qualifying work performed in the Buildings. The aggregate credit may not exceed the lesser of the actual cost of the capital replacements or 1% of the Total Price. The exact amount of the Reserve Fund cannot be determined until the First Closing. Under no circumstances will the Reserve Fund be less than 2% of the Total Price. No Purchaser will be entitled to rescind his or her Agreement solely because the actual amount of the Reserve Fund is less than the estimated amount. Sponsor has engaged 1 or more contractors to perform the following qualifying work for a possible credit against the Reserve Fund (at the following approximate costs) $200,000 for exterior brickwork, pointing, where necessary, replacing lintels, where necessary, and decorative terrace restoration, where necessary. Sponsor expects the aforesaid work to be completed prior to the First Residential Unit Closing. No assurance can be given that the Reserve Fund will be adequate to pay for the replacement of certain capital improvements. Moreover, if Sponsor elects to fund the Reserve Fund through supplemental contributions, there may not be a sufficient amount in the Reserve Fund at the time repairs are deemed necessary or appropriate and, if additional monies are required over and above the Reserve Fund, it may be necessary to increase Common Charges or levy a Special Assessment against the Residential Unit Owners or Sponsor may elect to advance its contributions to the Reserve Fund and take a credit against future supplemental contributions. In addition, at Closing, Sponsor will collect from each Purchaser of a Residential Unit, on behalf of the Board, an amount equal to 2 months' Common Charges. The Working Capital Fund may be expended for any purpose, including the reduction of Common Charges, during any period, including the period during which Sponsor controls the Board (see the Section entitled "Control By Sponsor"). See the Sections of this Plan entitled "Reserve Fund" and "Working Capital Fund and Apportionments" which may be found in Part I of this Plan and the Reserve Fund Law (Local Law 70) which may be found in Part II of this Plan for more details.

2. At the time an Agreement is executed, a Purchaser is required to make a Deposit in an amount equal to $1,000 (for a Tenant in Occupancy with the Right To Purchase) or 10% of the Purchase

Price (for all others). In the event a Purchaser defaults under the Agreement, time being of the essence with regard to the obligations of the Purchaser thereunder, and does not cure such default within 30 days after Sponsor gives written notice to the Purchaser of such default, Sponsor may, at its option, cancel such Agreement and retain, as liquidated damages, the Deposit made by the Purchaser (which Deposit may be more than 10% of the Purchase Price). If a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date and Sponsor elects not to cancel the Purchaser's Agreement as a result of the same, (a) the closing apportionments to be made at the Closing will be made as of midnight of the day preceding the originally scheduled Closing Date, and (b) the Purchaser will be required to pay to Sponsor an amount equal to 0.05% of the Purchase Price of the Residential Unit for each day that the Closing is adjourned. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under this Plan , or contracted for, charged or received, results in Purchaser having paid any interest in excess of that permitted by applicable law, then it is Sponsor's express intent that all excess amounts theretofore collected by Sponsor shall be credited to Purchaser. Purchasers are further advised that (i) if a Purchaser makes a Deposit in excess of $250,000 for the purchase of a Residential Unit, such Deposit will be placed in the escrow account which will not be federally insured in excess of $250,000 and (ii) while a Deposit is in the checking portion of the Master Escrow Account, the Deposit may not be fully federally insured even if the Deposit does not exceed $250,000, since the federal insurance is limited to $250,000 in total for the checking portion of the Master Escrow Account. No representation or guaranty is made by Sponsor that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so. Funds drawn on out-of-state or foreign banks will not be accepted in payment of the purchase for a Residential Unit unless otherwise agreed to by Sponsor in writing. THE AGREEMENT ALSO PROVIDES, IN CLEAR AND EXPLICIT TERMS, THAT EXCEPT AS PROHIBITED BY LAW, THE PARTIES WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF, OR CONNECTED WITH, OR RELATING TO, THIS PLAN, THE AGREEMENT OR THE RELATIONSHIP CREATED THEREBY. See the Section of this Plan entitled "Procedure to Purchase" for further discussion of the foregoing.

Sponsor's attorneys are not using the model escrow language available from the Department of Law.

3. Although a Purchaser may obtain financing from a lending institution or any other source, the obligation to purchase a Residential Unit pursuant to the Agreement shall not be contingent on obtaining such financing. Neither Sponsor nor any Selling Agent makes any representations as to the terms or availability of any mortgage financing. Prospective Purchasers are, therefore, advised to finalize their financing arrangements before signing an Agreement. However, prospective Purchasers should be aware that even if a loan commitment is obtained, its term may be fixed, and it could expire before the Closing Date. See the Section entitled "Procedure to Purchase" for further details.

4. Prior to the closing of title to a Residential Unit, Non-Tenant Purchasers are expressly prohibited from advertising the Residential Unit, listing the Residential Unit with a broker or otherwise offering, promoting or publicizing the availability of the Residential Unit for sale or lease ("Advertising Activities") without Sponsor's prior written consent. If any Non-Tenant Purchaser engages in any of the foregoing Advertising Activities, it shall be considered an event of default under the terms of the Agreement, thereby entitling Sponsor to any and all remedies under the terms of the Agreement. Purchasers are referred to the Agreement set forth in Part II of this Plan for further details.

5. Sponsor and its designees may exercise veto power over some actions of the Board. So long as Sponsor continues to own at least 25% in aggregate Common Interests in Residential Units, but in no event later than 5 years after the First Closing, the Board may not take any of the following actions without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements, Residential Common Elements, Residential Limited Common Elements or to any

Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a working capital, reserve, contingency or surplus fund, (c) increase or decrease the number, or change the kind of, employees referred to in this Plan, (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in this Plan, except as is required to reflect normal annual increases in operating services, (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's prior written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary (and no other alternative is available) to enable the Board to (i) comply with Laws, rules or regulations of any governmental authority having jurisdiction over the Condominium; (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer. See the Section entitled "Control By Sponsor" for further details.

6. Each Residential Unit Owner has the right to vote at meetings of Residential Unit Owners and to vote with respect to amendments of the Declaration and By-Laws, as more particularly described in the Section of this Plan entitled "Board of Managers" and in the Declaration and By-Laws set forth in Part II of this Plan.

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

8. The Resident Manager will continue to occupy an apartment located on the Lobby Level of 156-08 Riverside Drive West (the "Resident Manager's Apartment"). The Resident Manager's Apartment will be part of the Residential Common Elements and all charges attributable to the Resident Manager's Apartment, including the costs of utilities and the costs of repairs, alterations and improvements to the Resident Manager's Apartment, shall be borne by all Residential Unit Owners as a Common Expense.

9. The real estate tax estimates for each Residential Unit were calculated on the assumption that the real estate taxes payable with respect to each Residential Unit for the first year of Condominium operation will be allocated in proportion to each Residential Unit's Common Interest as set forth on Schedule A – Prices of Residential Units and Related Information in Part I of this Plan. Upon determination of individual tax lots and individual Unit assessments, the New York City tax authorities may allocate taxes between the Units in proportion to each Unit's purchase price or imputed market value rather than its Common Interest, and, if so, Units having the same or similar percentage interests, but determined to have a higher purchase price or market value, will pay higher real estate taxes than are reflected on Schedule A.

10. Sponsor and any subsequent owner of any Unsold Residential Unit have the right to subdivide and combine portions of the respective Residential Units and Sponsor and any subsequent owner of a Garage Unit has the right to subdivide and combine portions of a Garage Unit, subject to the provisions of the Declaration and By-Laws.

11. Except as set forth in Section 6.14 of the By-Laws, the Residential Units may be used only for residential purposes subject to conditions set forth in Article 9 of the Declaration. Exceptions to the restrictions on use in Section 6.14 of the By-Laws include home occupation or professional office use, and, in limited instances, professional offices. Sponsor and its designee and the owner of any Unsold Residential Unit may use the Residential Units (and the Garage Unit Owners may use the Garage Units) for any purpose permitted by Law and may modify the certificate of occupancy to reflect a change in use, subject to conditions set forth in Article 9 of the Declaration. Please refer to the Section of this Plan entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" under the Subsection entitled "Use of Units" for further details.

12. No bond or other security has been posted by Sponsor to secure its obligation to pay Common Charges, special assessments and real estate taxes with respect to the Unsold Residential Units. Sponsor represents that it has the financial resources to meet such obligations with respect to Unsold Residential Units. Please refer to the Section of this Plan entitled "Rights and Obligations of Sponsor" in Part I of this Plan for further details.

13. The windows (including the glass) located in any Residential Unit shall be replaced and/or repaired at the Residential Unit Owner's sole cost and expense in accordance with the Condominium's specifications and the interior side shall be washed and cleaned at such Residential Unit Owner's sole cost and expense. Please refer to the Section of this Plan entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" under the Subsection entitled "Repairs to and Maintenance of Residential Units and Common Elements" in Part I of this Plan for further details.

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

15. In accordance with the terms of this Plan, Sponsor has the right, following the expiration of the Exclusive Purchase Period, to sell occupied Residential Units to 1 or more Non-Tenant Purchasers for investment or resale or lease occupied units to others or to retain vacated Residential Units for future rental, subject to the rights of Non-Purchasing Tenants (see the Section of the Plan entitled "rights of Existing Tenants" for further detail). The Fee Mortgages (as hereinafter defined) do not obligate Sponsor to market Residential Units for sale as they become vacant. The Property is encumbered by 2 mortgages (collectively the "Fee Mortgages") held by New York Community Bank (the "Fee Mortgagee") in the combined original principal amount of $12,250,000.00 having a maturity date of May 31, 2022. The Fee Mortgagee will release or partially assign the lien of the Fee Mortgage with respect to each Residential Unit as same is conveyed to Purchasers under this Plan upon payment to the Fee Mortgagee of a release price as the Fee Mortgagee may determine from time to time. As of the date hereof, the Fee Mortgagee will release a Residential Unit from the lien of the Fee Mortgage upon the payment of the greater of (i) 140% of the Residential Unit's pro rata share of the mortgage or (ii) 85% of the Residential Unit's gross sales price. As a fee, the Fee Mortgagee will charge 1.00% of the principal reduction amount to release each Residential Unit (other than a bulk sale of 3 or more Residential Units, to which the full prepayment penalty will apply, but in no event will the penalty be less than 1% of the principal reduction).

16. In addition, Sponsor has the right to limit the number of Residential Units sold to any Purchaser and to make bulk sales of Residential Units to a single Purchaser (such bulk Purchaser

hereinafter referred to as "Sponsor's Transferee"). Sponsor and Sponsor's Transferee, if any, reserve the right to rent, rather than sell, any or all of the Residential Units as they become vacant. Sponsor's and Sponsor's Transferee's, if any, right to rent, rather than sell, Residential Units once they become vacant is unconditional and exercisable in their sole discretion. Accordingly, it is possible that a significant proportion of Residential Unit Owners will not be residents of the Buildings and that a significant portion of tenants in the Buildings may not be Residential Unit Owners. Because there is no commitment on the part of Sponsor and Sponsor's Transferee, if any, to sell more than the 15% of the Residential Units needed to declare this Plan effective, owner occupants may never gain effective control and management of the Condominium and may have difficulty in financing or reselling their Residential Units. In addition, it can be anticipated that Residential Units will not be occupied or used by the Residential Unit Owners thereof.

17. Any sales of Residential Units occupied by Non-Purchasing Tenants are subject to the rights of such Non-Purchasing Tenants, if any, to continued occupancy under applicable rent regulation Laws and to purchase their Residential Units during a subsequent Exclusive Purchase Period, if any, which occurs prior to the Effective Date. Sponsor has further reserved the right to rent or lease any Residential Unit prior to closing the sale thereof to the Purchaser thereof or any other party and to cease marketing Residential Units for sale at any time. Accordingly residents of the Condominium may be comprised of Residential Unit Owners, Non-Purchasing Tenants and tenants leasing from Sponsor or other Residential Unit Owners after the Property is submitted to a condominium regime. The By-Laws do not require that after the Sponsor Control Period a majority of the members of the Board be owner-occupants of a Residential Unit or members of owner-occupant's household who are unrelated to Sponsor and its principals. Owner-occupants and nonresident owners (including Sponsor and any other Residential Unit Owners) may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing Residential Units, such as a purchase for use as a home as opposed to a purchase for investment.

Generally, "free-market" leases do not provide for any renewal rights to be exercised by tenants. Current case law provides that unless, prior to the date an offering plan is accepted for filing, a warrant of eviction has been issued for a tenant who has continued in occupancy of a dwelling unit under such a "free-market" lease, such tenant has a right to purchase the Residential Unit even if the term of his or her lease has expired prior to the date the offering plan was accepted for filing or the "black book" date.

18. A Tenant in Occupancy with the Right To Purchase (defined in the Section entitled "Rights of Existing Tenants") will have the exclusive right to purchase their respective Residential Unit during the 90 day period following the Presentation Date of this Plan (the "Exclusive Purchase Period") at the discounted purchase prices set forth in Schedule A. If this Plan is substantially amended prior to the first closing of title to a Purchaser, the exclusive right to purchase time period shall be extended, as follows: (A) If the presentation of the substantial amendment occurs during the initial Exclusive Purchase Period, such period shall terminate at the later of 30 days after presentation of the substantial amendment or the expiration of the original Exclusive Purchase Period, and (B) If the presentation of the substantial amendment occurs after the expiration of the initial Exclusive Purchase Period, the substantial amendment must grant to all tenants who had the right to purchase during the initial Exclusive Purchase Period a new Exclusive Purchase Period on the terms offered in the amendment for a period of not less than 30 days from the date of presentation of the amendment. Individuals leasing Residential Units from Sponsor will not, except as may be expressly provided in their respective leases, have any special rights to purchase such Residential Units. In addition, a Purchaser may be acquiring a Residential Unit that has been previously occupied, but such Residential Unit will be delivered at closing free and clear of all leases and tenancies except as may otherwise be agreed to in writing by the parties. Any lease for a Residential Unit entered into with a Purchaser, other than a bona fide tenant in occupancy on the Filing Date of this Plan, will provide, however, among other things, that an uncured default by the Purchaser

under the Agreement with respect to the Residential Unit which is the subject of the lease will constitute a default under the lease entitling Sponsor, at its sole option, to terminate such lease in accordance with applicable Law. In addition, each Agreement may provide that an uncured default by the Purchaser under any lease with respect to the Residential Unit which is the subject of the Agreement will constitute a default under the Agreement entitling Sponsor, at its sole option, to terminate such Agreement and to exercise any remedies therein provided. Individuals who rent vacant Unsold Residential Units from Sponsor, after the recording of the Declaration of Condominium are not Tenants in Occupancy with the Right To Purchase under this Plan and shall have no rights to purchase thereunder. Purchasers or any other persons entering into a lease or use and occupancy agreement for a Residential Unit shall be required to pay the legal fees of Sponsor's counsel in connection therewith upon execution of the lease or use and occupancy agreement. Such legal fees are estimated to be approximately $2,000 assuming that the Purchaser's counsel does not negotiate the terms of the lease. All other charges or other fees due under a lease or use and occupancy agreement shall be adjusted as of the Closing to the Residential Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any lease or use and occupancy agreement. See the Section entitled "Rights and Obligations of Sponsor" in Part I of this Plan.

19. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, each Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys, Pryor Cashman LLP, in connection with the closing of title to Purchaser's Residential Unit: (i) the sum of $2,000 to reimburse Sponsor for its legal fees, (ii) if the Purchaser requests the Closing to occur other than at the offices of Pryor Cashman LLP or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan, (iii) if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Agreement, or for the addition, deletion or substitution of names on the Agreement, a fee of $500, payable in advance, for preparation of an assignment agreement and (iv) a reschedule fee of $200 if the Purchaser postpones the scheduled Closing (with the consent of Sponsor) less than 5 business days prior to the date thereof. Please refer to the Section of this Plan entitled "Closing Costs and Adjustments" in Part I of this Plan for further details.

20. All references in this Plan to "floors" are "marketing" designations and may not be the same designation given to the floors on the plans submitted to the New York City Department of Buildings. Purchasers are advised that, as is customary in New York, the square footage of each Residential Unit as reflected in the floor plans and on Schedule A - Prices of Residential Units and Related Information, exceeds the usable floor area of each Residential Unit.

21. Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on purchase financing. Such restrictions include requiring that a certain percentage of apartments in a building or group of buildings be sold before a lender will consider making a loan. Thus, it may be possible for a purchaser to experience difficulty obtaining a loan in a building or group of buildings where Sponsor or holder of unsold units has not sold a substantial percentage of the apartments in the building or group of buildings, which in some cases may be as high as 70%. Moreover, some lenders will not provide financing in a building or group of buildings where an investor other than the original sponsor has an ownership interest of 10% or more. It may also be difficult for a purchaser to resell an apartment if prospective buyers are unable to obtain a loan due to the same minimum sales and investor ownership restrictions.

Purchasers should further note that pursuant to existing Law, Sponsor may declare this Plan effective upon selling a minimum of 15% of the Residential Units offered for sale in the Buildings. Even if this Plan is declared effective with the minimum number of sales, it is possible that Sponsor may

be able to submit the Property to a condominium regime and convey fewer Residential Units than the minimum number of sales if purchasers counted towards effectiveness do not ultimately purchase a Residential Unit. Please refer to the Section entitled "Effective Date" in Part I of this Plan for further details.

22. In order to meet the possible varying demand for number and type of Residential Units, or to meet particular requirements of prospective purchasers, or for any other reason, Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice to, and without the consent of the Board, any Residential Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by dividing 1 or more such Residential Units into 2 or more separate Unsold Residential Units, (c) combine separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into 1 or more Residential Units, altering any boundary walls between 1 or more Residential Units, or otherwise, including incorporating Common Elements and/or Residential Common Elements (such as a portion of a hallway) which exclusively benefits a Residential Unit and/or Residential Limited Common Elements into such Residential Unit, provided that the same does not interfere with the sole means of ingress or egress of another Unit and is not taken from any Common Element and/or Residential Common Element which benefits another Unit, (d) designate all or a part of a Residential Unit, a Common Element and/or Residential Common Elements and/or Residential Limited Common Element as part of a newly created Residential Unit and (e) if appropriate, reapportion among the Unsold Residential Units affected by any such change, their aggregate Common Interests and Residential Common Interests. No material change will be made in the size or number of Residential Units or in the size or quality of the Common Elements and/or Residential Common Elements except by amendment to this Plan and, when applicable, by amendment to the Declaration. Unless a Purchaser consents, no material adverse change will be made in the relevant Residential Unit's layout or percentage of Common Interest (or Residential Common Interest) if an Agreement has been executed and delivered to Sponsor for that Residential Unit and the Purchaser is not in default. No unilateral material adverse change will be made in the size or quality of the Common Elements and/or Residential Common Elements unless Purchasers who have signed Agreements consent.

23. Each Purchaser will be obligated to enter into a power of attorney at the closing of title to the relevant Residential Unit (the "Power of Attorney"). The form of Power of Attorney, set forth in Part II of this Plan, grants broad powers to the Board to enter into agreements affecting the Common Elements and Residential Common Elements. The Power of Attorney also grants to Sponsor the right to amend the Condominium Declaration with respect to Residential Units owned by Sponsor. Please refer to the form of Power of Attorney set forth in its entirety in Part II of this Plan.

24. A copy of the most recent Local Law 11 Inspection Report, as prepared by Andrew Katz, P.E. dated December 30, 1999 for 775 Riverside Drive and as prepared by Andrew Katz, P.E. dated June 14, 2012 for 156-08 Riverside Drive West, is set forth in Part II of this Plan (together the "Local Law 11 Report"). As set forth in the Local Law 11 Report, the inspection consisted of a thorough visual examination of all the exterior brick walls using binoculars and a camera with telephoto lens and all of the fire escapes located all around the Building. The roof, the bulkheads and the parapet walls were inspected from the roof level. The Local Law 11 Report for 775 Riverside Drive found the Building safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives and for 156-08 Riverside Drive West found the Building as safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives. Under the terms of Local Law 11 of 1998, property owners are obligated to have the Facades of their buildings periodically inspected and perform remedial work as determined by the licensed engineer performing the required inspections. Sponsor makes no representations regarding

future expenditures which may be required to comply with Local Law 11 of 1998 or the costs of the inspections therefore. Sponsor makes no representations or warranties regarding the Facade of the Buildings except as otherwise set forth in this Plan. Sponsor has engaged 1 or more contractors to perform the following qualifying work for a possible credit against the Reserve Fund (at the following approximate costs): $200,000 for exterior brickwork, pointing, where necessary, replacing lintels, where necessary, and decorative terrace restoration, where necessary.

25. Any walls or partitions contained in a Residential Unit which do not conform to the Floor Plans contained in Part II of the Offering Plan must be removed at the Residential Unit Owner's sole cost and expense in accordance with the provisions of the Declaration and By-Laws of the Condominium and as required by law. Any walls or partitions to be erected in a Residential Unit other than those shown on the Floor Plans contained in Part II of the Offering Plan must conform with the requirements of the Declaration and By-Laws of the Condominium and applicable legal requirements, and the Residential Unit Owner must obtain a valid work permit and a certificate of completion from the New York City Department of Buildings for such partition or wall. Purchasers are advised that former or current occupants of the Residential Units may have made alterations to certain Residential Units, including without limitation, installation and/or relocation of interior walls without Sponsor's consent or knowledge. Consequently, Sponsor makes no representation, warranty or guarantee as to whether any of said alterations were completed in compliance with all applicable governmental laws and regulations.

26. Sponsor or the Garage Unit Owners and their designees, assignees and licensees shall have, and the Residential Units, Common Elements, Residential Common Elements and Residential Limited Common Elements shall be subject to, an easement, to use for any lawful purpose including but not limited to: (a) to install, utilize, operate and maintain satellite dishes, antenna, telecommunications equipment and similar equipment on the roof and/or the Facade of the Building and elsewhere on the Common Elements, Residential Common Elements and Residential Limited Common Elements and the conduit and other Facilities relating thereto, and to retain any and all income derived therefrom, and (b) to maintain any encroachment on any Residential Unit, or Common Element or Residential Common Element or Residential Limited Common Element or elsewhere on the Property resulting from the operation or maintenance thereof. Sponsor and the Garage Unit Owners shall be entitled to assign, lease, license or otherwise transfer their rights with respect to the foregoing easements and the Condominium shall not be entitled to any portion of fees, compensation or other profits received by Sponsor and the Garage Unit Owners, their designees, assignees or licensees for the use of the aforesaid easements or equipment. Any satellite dishes, equipment or other facilities placed upon the roof and/or the Facades of the Buildings and elsewhere on the Common Elements, Residential Common Elements or Residential Limited Common Elements by Sponsor the Garage Unit Owners, their designees, assignees, tenants, licensees or transferees shall be the exclusive property of Sponsor or the Garage Unit Owners, their designees, assignees, tenants, licensees or transferees and neither the Condominium nor any Residential Unit Owner shall have any rights with respect thereto.

27. Based on the age of the Buildings, there may be lead paint and/or lead based hazards in the Buildings. However, except as set forth in the Architect's Report included in Part II of this Plan, Sponsor is not aware of, and has no records pertaining to, any lead-based paint or lead-based hazards in the Buildings that need to be remedied. Sponsor will comply with applicable Law concerning the use of lead-based paint.

Local Law 1 of 2004 ("Local Law 1") requires that landlords must inspect every apartment occupied by a child under the age of 6 for conditions that may cause lead exposure, and if found, correct them. Landlords must verify whether a child under the age of 6 resides in an apartment and if so, conduct an inspection at least annually, and more often if necessary, for lead paint hazards. The landlord is required to investigate the circumstances if any tenant does not respond to the inquiry as to the presence

of children. Landlords must look for peeling paint, evidence of friction or chipping, and underlying conditions that may cause paint to peel, and promptly correct any hazard. The landlord has a duty under the law to inspect the apartment as well as all common areas for the presence of lead-based paint hazards, and to remove or cover all lead paint on friction surfaces and to replace window slides and panes on friction surfaces containing lead paint. Landlords must provide written notice to the tenant of the landlord's obligation to inspect for and repair lead-paint hazards and the tenant's obligation to provide access to their apartment. To Sponsor's knowledge, Sponsor has complied with the requirements of Local Law 1. The obligations under Local Law 1 apply to a Residential Unit Owner who purchases an occupied Residential Unit, as well as to a Residential Unit which was vacant but becomes occupied by a tenant subsequent to its purchase. A Purchaser of an occupied Residential Unit or a Residential Unit which is vacant but becomes occupied by a Tenant subsequent to its purchase may be required to take steps in order for the Residential Unit to comply with Local Law 1.

Sponsor makes no representation regarding the scope or nature of any future enactments regarding lead-based paint, whether Local Law 1 will be further modified and enacted or whether the City or State of New York will adopt other laws dealing with lead-based paint or what the provisions of such law may be. Prospective purchasers are urged to review Local Law 1 and any successor statute thereto and any regulations or requirements promulgated with respect thereto for a full description of the obligations of a Residential Unit Owner. Residential Unit Owners are "owners" of their respective Residential Units with the obligation to comply with the requirements of all environmental laws, including, without limitation, requiring the removal or abatement of asbestos containing material or lead-based paint.

28. It is the responsibility of each Residential Unit Owner to notify the Managing Agent in writing when a child or children under the age of 10 years lives or resides (even temporarily) in the Residential Unit. It is the responsibility of each Residential Unit Owner to install, at such Residential Unit Owner's expense, the required window guards in all windows of the Residential Unit. The Residential Unit Owner shall maintain all window guards installed in the Residential Unit and shall not remove same until permitted by applicable Law and in no event without full knowledge of the Managing Agent.

29. All determinations with respect to the continuance of services provided to the Buildings, if initially made available, will be made by the Board, which will be controlled by Sponsor until the expiration of the period ending on the earlier of (i) the closing of title with Purchasers under this Plan to Residential Units having more than 50% of the aggregate Common Interests appertaining to all Residential Units, or (ii) 5 years after the First Closing (the "Sponsor Control Period"), as described in the Section of this Plan entitled "Control by Sponsor." Please refer to the Section entitled "Description of Property" set forth in its entirety in Part I of this Plan under the subsection entitled "Services and Facilities" for further details regarding services and facilities at the Property.

30. The proposed insurance coverage for the first year of Condominium operation does not include terrorism insurance, which is typically not maintained in the City of New York for residential buildings. While terrorism insurance is currently available for the Property, there is no assurance that such insurance will be available in the future or at a price that the Board would be prepared to spend. It can be reasonably anticipated that without terrorism insurance, in the event of a terrorist attack, the Property would not be insured or would have insufficient insurance to rebuild or repair any damage and Residential Unit Owners could be assessed to cover the costs of restoration and a Residential Unit Owner's failure to pay such assessment could lead to a foreclosure of the relevant Residential Unit. Purchasers should further note that the insurance coverage maintained on behalf of the Condominium does not cover the individual Residential Units or any property contained in a Residential Unit. Purchasers should refer to the Declaration in Part II of this Plan for a description of the Residential Units.

Pursuant to the By-Laws, each Residential Unit Owner is required to, at the Residential Unit Owner's own cost and expense, obtain and keep in full force and effect (a) 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 Residential Unit or any Residential Limited Common Element appurtenant thereto or any part thereof, with minimum combined single limits of liability of $1,000,000 for bodily injury or death arising out of any 1 occurrence and $1,000,000 for damage to property plus at least $2,000,000 umbrella liability coverage and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon or from the Residential Unit or any part thereof (including, but not limited to, appropriate coverage for additions, alterations, improvements and betterments and loss due to water damage as well as personal property). The limits of liability and other requirements relative to each Residential Unit Owner's insurance coverage may be modified by the Board from time to time. All policies shall provide that they cannot be canceled without at least 30 days' prior notice to the Board. The limits of liability set forth in (a) and (b) above may be increased by the Board from time to time. In the event a Residential Unit Owner fails to obtain the requisite insurance or deliver evidence of same to the Board, as required, the Board may, in its sole and absolute discretion, (i) obtain such insurance on behalf of said defaulting Residential Unit Owner or (ii) impose such fines and penalties as the Board may determine in its sole discretion, including, without limitation, a per diem penalty for each day that the Residential Unit Owner does not provide evidence of coverage and in either event such sums shall, for all purposes, constitute Common Charges payable by such Residential Unit Owner.

31. The By-Laws provide that each Residential Unit and all portions of the Common Elements, Residential Common Elements and Residential Limited Common Elements will be kept in good 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 which will cause damage to the Buildings) by the Residential Unit Owner or the Board whichever is responsible for the maintenance thereof. In the event a Residential Unit Owner fails to keep such Residential Unit Owner's Residential Unit in such condition, the Board may, at the expense of such Residential Unit Owner, enter such Residential Unit and perform such acts as are necessary to cure such default. See the subsection entitled "Rights of Access".

32. In accordance with the provisions of 13 NYCRR 23.7(cc) (the "Asbestos Regulations"), Sponsor has engaged Singer Environmental Group, Ltd. to perform such tests as are necessary to determine whether asbestos containing material ("ACM") is present in insulating or fireproofing material anywhere in the Buildings. Said firm has prepared a report on ACM on each Building (the "Asbestos Report") which indicates no presence of visible and/or friable ACM in either Building, other than as follows: 775 Riverside Drive: Boiler Room - spray on fireproofing on ceiling throughout in - good condition; oil tank room - 15 linear feet - good - fair condition, hallways/ gas meters - 735 linear feet - good - fair condition, supply room - 50 linear feet - good - fair condition, laundry room - 10 linear feet - good condition, electric meter room - 280 linear feet - good condition, former incinerator - 3 linear feet - good condition, 156-08 Riverside Drive West: Boiler Room - spray on fireproofing on ceiling throughout in good - fair condition; oil tank room - 15 linear feet - good - fair condition, hallways/ gas meters - 525 linear feet - good-fair condition, storage room - 130 linear feet - good-fair condition, laundry room - 15 linear feet - good condition, workshop - 25 linear feet - good condition, former incinerator - 4 linear feet - good condition, storage room - 255 linear feet - good - fair condition.

33. A copy of the Asbestos Report for each Building is set forth in Part II of this Plan. The Asbestos Regulations do not require Sponsor to remove any ACM identified in the Asbestos Report; however, Sponsor may remove ACM during its performance of any proposed alterations or otherwise, in its sole discretion.

34. The charges for electricity consumed by each Residential Unit Owner for the relevant Residential Unit will be separately metered and billed directly to such Residential Unit Owner by Con

Edison. Residential Unit Owners will be required to pay charges for electricity consumed for any air conditioning for each Residential Unit. Water charges and sewer rents, assessed by the City of New York, will be billed to the Condominium as a Common Expense. The costs and expenses of gas for domestic cooking consumed by each Residential Unit Owner for the relevant Residential Unit will be billed to the Residential Unit Owner by Con Edison. Schedule A sets forth estimates of the amounts of real estate taxes which will be payable with respect to each Residential Unit. See the Notes to Schedule A with respect to the bases of such estimates.

35. Purchasers are advised that substantial construction work may be undertaken and performed by or on behalf of Sponsor in vacant Residential Units in the Buildings, including the installation of new electric wiring, sheetrock, kitchens and baths. Construction workers and related personnel may be at the Buildings from time to time performing various tasks relating to such construction, which will occur between the hours of 8:00 A.M. and 6:00 P.M. on business days. Access to the Buildings will be provided to the construction workers by the Resident Manager. Debris from the construction will be removed in most instances through the elevators and out side doors on the Lobby Level or Cellar Level and hauled away. The foregoing work and conditions may create a noisy and otherwise disruptive condition in the Buildings during the period such work is being performed. Sponsor will use reasonable commercial efforts to minimize any dust and/or debris from affecting surrounding Residential Units. Various systems, including but not limited to water supply and heating, may need to be shut down temporarily. This work is likely to continue for such time as Sponsor has (or will have) 1 or more vacant Unsold Residential Units.

36. While Unsold Residential Units are being renovated and/or offered for sale or lease by Sponsor or any other owner of Unsold Residential Units, there will be a greater number of visitors to the Buildings than would otherwise be the case. All such visitors to the Buildings will be accompanied by the Selling Agent when inspecting Unsold Residential Units. No representation or warranty is made and no assurance is given as to when such construction, selling or leasing activity will terminate. None of Sponsor or any other owner of Unsold Residential Units, the Board or the Managing Agent will be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the Condominium's security systems and procedures, if any. No representation or warranty is made and no assurance is given that the security systems and procedures of the Condominium, if any, will prevent personal injury or damage to or loss of personal property.

37. On or about the date of the First Closing, the Condominium will enter into a management agreement for an initial term of 3 years with Pinnacle Managing Co., LLC (the "Managing Agent") which will provide management services to the Condominium at an annual fee of $50,000.00, payable in equal monthly installments. The management agreement will be automatically renewed from year to year unless terminated by either party upon 90 days' written notice prior to the expiration of the term, as the same may have been renewed. The management fee is comparable to the prevailing rates charged by other management services firms in New York City providing similar services in comparable buildings. In the event a new managing agent is substituted for the Managing Agent, the annual fee will be as mutually agreed upon between the Board and the new managing agent. In addition, on or about the date of the First Closing, the Condominium will enter into a month-to-month service contract with Secure Watch 24, which will provide the Buildings with video surveillance and certain security services at an annual fee of $4,032.00.

38. Copies of certified statements of income and expense (the "Financial Statements") for the Buildings for the years ended December 31, 2013 and December 31, 2012 as prepared by DDK & Company LLP, CPA ("DDK") are set forth in Part I of this Plan. The Financial Statements omit certain historical information (i.e., depreciation, amortization and debt service interest) not relevant to the

Condominium. DDK's qualification in its Independent Auditor's Report that the Financial Statements are not in conformity with generally accepted accounting principles is based solely on such omissions.

39. The Buildings also contain 2 Garage Units. The 2 Garage Units together consist of parking spaces for 117 cars. The Certificate of Occupancy for each of the Buildings provides that "parking is primarily for residents and may include non-residents; For non-residents the time is limited to not less than 1 week and not more than 1 month. Residents may recapture any of the non-resident parking spaces on 30 days written notice to the owner." The Garage Units are not being offered for sale pursuant to this Plan and may be retained by Sponsor. Sponsor, however, reserves the right to sell or lease the Garage Units and/or to divide the Garage Units into additional Garage Units at any time. Sponsor may sell the Garage Units to or engage an independent parking facility operator to operate the parking garage in the Garage Units. Residential Unit Owners will be charged a fee for parking their vehicles in an amount determined by such parking operator. The parking spaces may be made available to the general public.

40. Prospective Purchasers are advised that the use of the Garage Units may generate noise or other disturbances over which the Residential Unit Owners will have no control.

41. The Garage Units will initially be owned by Sponsor or an affiliate of Sponsor. The Garage Unit Owners will not pay a portion of the Common Expenses of the Condominium other than a portion of certain items expressly set forth on Schedule B – Projected Budget for the First Year of Condominium Operation in Part I of this Plan, specifically, insurance, management fees, auditing fees and repairs and maintenance of, and supplies for, the Common Elements. The Garage Unit Owners will be responsible for 3% of any repairs and / or maintenance of the Common Elements and will be responsible for the upkeep of the Garage Units and all utilities servicing the Garage Units are separately metered to the Garage Units.

42. On or about the date of the First Closing, the Condominium will enter into a 25 year concession agreement for the laundry rooms with Sponsor or an affiliate of Sponsor. This may prevent the Condominium from negotiating a concession agreement with another vendor and possibly receiving a higher annual rental amount. The initial annual rent shall be $6,000.00. The laundry rooms are a part of the Residential Common Elements. The Condominium will provide all necessary utilities, including but not limited to gas, electricity, water and sewer. It is anticipated that the expense to the Condominium for the foregoing shall not exceed the rent payable. The annual rent shall increase by $600 on the 5th, 10th, 15th and 20th anniversary of the lease commencement date. It is possible that the rent payable under the concession agreement will be less than the expenses attributable to the leased space. 15 USC 3601, the Condominium and Cooperative Conversion Protection and Abuse Relief Act ("The Act"), provides a board of managers a 2 year period in which to terminate a lease of property that serves the condominium unit owners and which was entered into while the board of managers was controlled by the sponsor. The Act provides that a lease termination "may occur only during the 2 year period beginning on the date on which special developer control over the association is terminated; or the developer owns 25% or less of the units in the conversion project, whichever occurs first."

43. Sponsor reserves the right from time to time to change Residential Unit numbers and/or floor designations. Any such change(s) will be set forth in a duly filed amendment to this Plan.

44. After the expiration of the Sponsor Control Period, Sponsor (or its designees) shall have the right to designate the following minimum number of Residential Board Members: (a) 2 Residential Board Members, for so long as the Common Interests attributable to the Unsold Residential Units equal, in the aggregate, more than 15% of the Common Interests of all Residential Units; and (b) 1 Residential Board Member, for so long as Sponsor (or its designees) owns at least 1 Unsold Residential Unit. In

addition to Sponsor (or its designees) designating the aforesaid number of Residential Board Members, Sponsor (or its designees) may cast its votes for individuals nominated to the Board who are not nominated or designated by Sponsor (or its designees), which individuals, if elected shall not be deemed to be Sponsor's nominees or designees and shall not be deemed to cause Sponsor (or its designees) to control the Board.

45. Plans depicting layouts of Residential Units appear in Part II of this Plan. Any floor plan or sketch shown to a prospective Purchaser including those set forth in this Plan, is only an approximation of the dimensions and layout of each Residential Unit. The actual layout of a Residential Unit may have been altered by the tenants thereof or by others without Sponsor's consent or knowledge. The actual dimensions and configuration of a Residential Unit may also vary from its Floor Plan due to, for example: (a) changes required by the Building Department or other government authorities having jurisdiction; (b) normal construction allowances and variances; and (c) varied masonry bearing wall thicknesses. Purchasers will not be excused from their obligations under the Agreement in the event of non-material inaccuracies in a Residential Unit's size. If the Unit is available for inspection before the Agreement is executed, the Unit layout as actually exists shall supersede and govern any variation, substantial or otherwise, from any and all plans, drawings and diagrams. No variation will affect a Purchaser's obligations under the Agreement or this Plan unless the net square footage area of the Residential Unit is materially diminished. Sponsor's sole obligation if the net square foot area is materially diminished shall be to refund to Purchaser the Deposit made under the Agreement and any interest earned thereon. Each Residential Unit will be measured on each of 1 or more floors from the midpoint of the exterior walls, at the Building line and/or Property line, to the midpoint of the interior walls and partitions separating a Residential Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or Residential Common Elements. Columns and mechanical pipes (whether along the perimeter or within the Residential Unit) are not deducted from the square foot area of the Residential Units. Measured vertically, each Residential 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 slab above. However, any Common Elements or Residential Common Elements located within a Residential Unit (including any structural slabs separating floors of a Residential Unit located on more than 1 floor) shall not be considered a part of such Residential Unit. As is customary in New York, these square foot areas will exceed the usable floor area of each Residential Unit. Each prospective Purchaser should carefully inspect the Residential Unit prior to entering into the Agreement therefor to determine its actual dimensions, layout, ceiling heights and physical condition.

46. The Buildings are located within the Audubon Park Historic District. The district was designated in May 2009. Several alterations including but not limited to windows, signage and surface mounted equipment were installed prior to the designation. Sponsor is advised by Sponsor's Architect, Howard L. Zimmerman Architects, P.C., that exterior alterations including but not limited to windows, signage and surface mounted equipment which were installed prior to the designation of the Audubon Park Historic District would be unaffected until exterior work is done in the future. When any work is proposed to be done on the Building in the future, the Landmarks Preservation Commission ("LPC") may require that the Building's significant features that are a part of the proposed scope of work be restored. It is in the discretion of LPC to determine whether the windows will need to conform to the original configuration and window type. Any work being done at the Building will require notifying LPC, including interior renovations.

47. Sponsor's Architect, Howard L. Zimmerman Architects, P.C., advised that: (a) insulation is recommended on the portion of water supply piping in the cellar which is not currently insulated (estimated cost approximately $17,500.00)(completed); (b) the wiring and circuitry in some bathrooms and kitchens is not equipped with GFI outlets (estimated cost approximately ($100/outlet); (c) further

investigation should be conducted to determine if insulation exists between the masonry infill and the interior plaster of the walls (any interior gut renovations to the infill or brick face will require compliance with the Energy Conservation Construction Code of New York State); (d) further investigation should be conducted to determine if insulations exists below the roof membrane, insulation is believed to be installed however, the type, size and R-value of the insulation is unknown (any roof replacement project completed in the future will need to comply with the Energy Conservation Construction Code of New York State); and ( e) there are no smoke/CO detectors in the common areas (recommended to be installed in elevator and electric rooms). Smoke/CO detectors have been installed in the hallways on all floors and in the elevator and electric room. Sponsor makes no representation that it will perform any of the aforesaid work, however, in the event that the Sponsor performs some or all of the aforesaid work Sponsor will take a credit against the Reserve Fund at the aforesaid approximate costs. The aggregate credit against the Reserve Fund may not exceed the lesser of the actual cost of the capital replacement or 1% of the Total Price.

48. There are not currently any unused floor area development rights appurtenant to the Property. Notwithstanding the foregoing, in the event that unused floor area development rights become available in the future as a result of up-zoning or otherwise, Sponsor is retaining for itself the resulting floor area development rights. As a result of Sponsor's reservation of any unused floor area development rights as a result of up-zoning or otherwise, the Property will not be able to be expanded by the Condominium.

49. The foregoing Special Risks are reasonably believed by Sponsor to involve significant risks to Purchasers or be reasonably likely to affect disproportionately or unusually the Common Charges or obligations of Residential Unit Owners in future years of Condominium operation. However, the foregoing does not reflect all of the material terms of the offering, which are set forth in detail in this Plan, certain of which may be deemed by some Purchasers and not others to involve significant risks. Therefore all Purchasers should carefully review the entire Plan for complete disclosure of the terms of the offering before deciding whether or not to purchase a Residential Unit.

## INTRODUCTION

775 Realty Co. LLC and 156-08 Realty Co. LLC, each a New York limited liability company (collectively, "Sponsor" and individually, "Sponsor Affiliates"), hereby present this offering plan (the "Plan") for the conversion to condominium ownership of the land (the "Land"), together with the buildings erected thereon known as and having a street address of 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032 (each individually a "Building" and together the "Buildings"), containing 133 residential units (the "Residential Units"), the Resident Manager's Apartment on the Lobby Level, which is included in the Residential Common Elements, 2 garage units containing parking spaces, and 57 storage lockers (the "Storage Lockers"). The Residential Units and the Garage Units are together referred to as "Units". The Land and the Buildings are collectively referred to herein as the "Property." The condominium will be known as "The John James Condominium" and is called the "Condominium" in this Plan. The Sponsor Affiliates will be jointly and severally liable for any and all representations and obligations of Sponsor under this Plan. The Sponsor Affiliates will jointly act as co-declarants of the Declaration of Condominium to be filed in the New York County office of the Register of the City of New York (the "City Register's Office"). Once the Declaration is filed, the Sponsor Affiliates will become tenant-in-common owners of the Units in the Buildings and they will jointly convey the Residential Units to purchasers under this Plan as each Residential Unit is sold.

The purpose of this Plan is to set forth in detail all material facts relating to the offering by Sponsor of the Residential Units. Sponsor may from time to time amend or supplement this Plan by filing an amendment with the New York State Department of Law (the "Department of Law") and serving such amendment on Purchasers and Residential Unit Owners.

This Plan is presented in 2 parts (in 1 volume) which together constitute the entire Plan. Part I sets forth a general description of this Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of this Plan. Also included in Part II is a detailed physical description of the Property, certifications of Sponsor and Sponsor's architect and certifications of an expert selected by Sponsor concerning the adequacy of the budget for the first year of Condominium operation. In addition, Sponsor has filed exhibits to this Plan with the Department of Law, which are presented as Parts A (Certifications), B (General), C (Engineering) and D (Other Information). This Plan, including all Schedules set forth herein and Parts A, B, C and D of the exhibits, constitutes the entire offer of Sponsor. Copies of this Plan and the exhibits will be available for inspection by prospective Purchasers without charge and for copying at reasonable copying fees at Sponsor's office and at the office of the Department of Law and may be borrowed from Sponsor upon payment of a $150 deposit, which amount will be fully refunded upon either (i) the prompt return of all borrowed materials in good condition or (ii) the execution by the borrower of an Agreement subsequently accepted by Sponsor. Copies of this Plan will be served upon all Tenants in Occupancy with the Right To Purchase in accordance with the GBL. All of these documents are important and should be carefully read by prospective purchasers. Prospective purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase. Prices of Residential Units and Storage Lockers are not subject to approval by the Department of Law or any other government agency. All capitalized terms used in this Plan shall have the meanings ascribed thereto in the Section entitled "Certain Definitions," unless otherwise indicated.

### The Property

On July 21, 1999, 775 Realty Co. LLC acquired fee title to 775 Riverside Drive, New York, New York 10032 and 156-08 Realty Co. LLC acquired fee title to 156-08 Riverside Drive West, New York, New York 10032. The Buildings consist of (i) 775 Riverside Drive, a 6 story building with a Sub-Cellar Level, and apartments on Cellar Level through 6 and (ii) 156-08 Riverside Drive West a 6 story building

with a Sub-Cellar Level, and apartments on floors Cellar Level through 6. There are a total of 133 Residential Units in the Buildings situated on floors Cellar Level through 6. The Cellar Level in each Building includes: a boiler room, oil tank room, compactor, laundry room, elevator machine room, workshop, electric meter room, storage rooms and apartments. The Resident Manager's Apartment is located on the Lobby Level at 156-08 Riverside Drive West. The Sub-Cellars contain the Garage Units (the "Garage Units"). The Garage Units are not being offered for sale hereby. There are no recreational facilities currently located within the Buildings. The Buildings include 2 laundry rooms, 1 serving 775 Riverside Drive and 1 serving 156-08 Riverside Drive West, each on the Cellar Level. There are 4 card operated Maytag Commercial Washers and 3 card operated American Dryer Corporation Dryers in each of the laundry rooms.

**Features of Condominium Ownership**

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

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

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

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

With certain exceptions (for example, Sponsor and its designees are not required to give the Board a right of first refusal with respect to any Unsold Residential Units), any sale or lease of a Residential Unit will be subject to a right by the Board to acquire or lease such Residential Unit or to produce a third party to acquire or lease such Residential Unit on the same terms as were offered to the owner of such Residential Unit. Other than exercising its right of first refusal, the Board has no right to approve or disapprove purchasers and the By-Laws contain no requirement that such purchasers be owner-occupants of the Residential Units. There is no limit on the number of purchasers who may purchase for investment rather than personal occupancy. Accordingly, there may always be a substantial percentage of owners who are non-residents. For a more complete discussion of the foregoing, see the Section entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" under the subsection entitled "Sales and Leases of Residential Units."

The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized is Article 9-B of the Real Property Law of the State of New York, as

amended, commonly known, and hereinafter referred to as the "Condominium Act." The Property will be submitted to the provisions of the Condominium Act by Sponsor's recording of the Declaration in the City Register's Office. From and after the date of recording the Declaration, Sponsor will be the owner of the Units until each is sold or conveyed. The Condominium will comply with all statutes and regulations applicable to condominiums in the State of New York.

Generally, the cost of operating the Common Elements will be borne by the Unit Owners in proportion to their respective Common Interests, except as otherwise provided in Schedule B - "Projected Budget for First Year of Condominium Operation" in Part I of this Plan or in accordance with the terms of the By-Laws.

Matters affecting the Common Elements will be decided by the Board. Sponsor will control the Board during the Sponsor Control Period. Purchasers should note that Sponsor has the right, following the expiration of the Exclusive Purchase Period, to sell occupied Residential Units to 1 or more Non-Tenant Purchasers for investment or resale or lease occupied Residential Units to others or to retain vacated Residential Units for future rental. The Fee Mortgages do not obligate Sponsor to market Residential Units for sale as they become vacant. In addition, Sponsor has the right to limit the number of Residential Units sold to any Purchaser and to make bulk sales of Units to a single Purchaser (such bulk Purchaser hereinafter referred to as "Sponsor's Transferee"). Sponsor and Sponsor's Transferee, if any, reserve the right to rent, rather than sell, any or all of the Residential Units as they become vacant. Sponsor's and Sponsor's Transferee's, if any, right to rent, rather than sell Residential Units once they become vacant is unconditional and exercisable in their sole discretion. Accordingly, it is possible that a significant proportion of Residential Unit Owners will not be residents of the Buildings and that a significant portion of tenants in the Buildings may not be Residential Unit Owners. Because there is no commitment on the part of Sponsor and Sponsor's Transferee, if any, to sell more than the 15% of the Residential Units needed to declare this Plan effective, owner occupants may never gain effective control and management of the Condominium and may have difficulty in financing or reselling their Residential Units. The By-Laws do not require that after the Sponsor Control Period a majority of the members of the Board be owner-occupants of a Residential Unit or members of owner-occupant's household who are unrelated to Sponsor and its principals. Owner occupants and nonresident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing, such as a purchase of a home as opposed to purchase for investment. Please refer to the Sections of this Plan entitled "Control by Sponsor" and "Board of Managers" in Part I of this Plan.

As of the date hereof, the Fee Mortgagee will release a Residential Unit from the lien of the Fee Mortgages upon the payment of the greater of (i) 140% of the Residential Unit's pro rata share of the mortgage or (ii) 85% of the Residential Unit's gross sales price as determined by the Fee Mortgagee. As a fee, the Fee Mortgagee will charge 1% of the principal reduction amount to release each Residential Unit (other than a bulk sale of 3 or more Residential Units, to which the full prepayment penalty will apply, but in no event will the penalty be less than 1% of the principal reduction).

As more particularly set forth in the By-Laws, the Board will determine the amount of Common Expenses. On a monthly basis or at such other times as the Board determines, the Board will assess Unit Owners for Common Charges to meet Common Expenses. Common Charges shall also be deemed to include any special assessments imposed by the Board. Such charges will be assessed against Unit Owners in proportion to their respective Common Interests except as otherwise provided in Schedule B "Projected Budget for First Year of Condominium Operation" in Part I of this Plan or as determined by the Board in accordance with the Condominium Act, Sections 339-(i) and (m). Please refer to Schedule B for further details. Purchasers should note, however, that in view of the current energy situation, and the fact that energy costs have fluctuated greatly, it is not possible to predict with any certainty whether the

budgeted amount for energy costs will be sufficient to pay for the actual costs incurred in the first year of Condominium operation.

The cost of improvements, repairs, replacements, alterations and additions to the Common Elements and Residential Common Elements, which are part of the Common Expenses, will be determined by the Board and assessed against all Residential Unit Owners in proportion to their respective Common Interests. The estimated Common Charges for each Residential Unit for the first year of Condominium operation are set forth in Schedule A.

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

There are no limitations on who may purchase a Residential Unit. Under the New York Real Property Law, a condominium unit may be owned by an individual, corporation, partnership, limited liability company, association, trust or any other entity which is permitted to take title to real property pursuant to New York Law. Notwithstanding the foregoing, Sponsor is not obligated to offer or sell any Residential Units and may, if it chooses, withhold 1 or more Residential Units for future sale. Sponsor need not endeavor in good faith to sell Residential Units rather than rent Residential Units as they become vacant. Sponsor and Sponsor's Transferee, if any, reserve the right to rent, rather than sell, any or all of the Residential Units as they become vacant. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of the Board, any Unit Owner or mortgagee, to refuse to approve and execute an Agreement for any Residential Unit; provided, however, that, in either event, Sponsor shall not discriminate against any person because of race, creed, color, sex, disability, marital status, age, ancestry, national origin or other ground proscribed by Law. No binding obligation will arise for the sale of a Residential Unit unless and until an Agreement, executed by both Purchaser and Sponsor, has been exchanged and Sponsor has collected the funds constituting Purchaser's required Deposit thereunder (see the Section entitled "Procedure to Purchase" for more details). Sponsor will not accept an offer of purchase from an individual younger than 18 years of age or an incompetent under Law.

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

**Offering of Residential Units for Sale**

Sponsor hereby offers all of the Residential Units in the Buildings for sale under this Plan. The purchase prices, estimated Common Charges and estimated real estate taxes for each of the Residential Units are listed below in the Section entitled "Schedule A - Purchase Prices and Related Information" (hereinafter referred to as "Schedule A"). **THE PRICES CONTAINED IN THIS PLAN HAVE BEEN SET BY SPONSOR WITHOUT ARMS LENGTH NEGOTIATION AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.** While Sponsor is currently offering the Residential Units for sale, Sponsor has reserved the right to rent, rather than sell, Residential Units once they become vacant, which right is unconditional and exercisable in Sponsor's sole discretion.

(a) The Offer to Present Tenants

Tenants in Occupancy with the Right To Purchase (defined in the Section entitled "Rights of Existing Tenants") have the exclusive right to purchase their respective Residential Units during the 90 day period following the Presentation Date of this Plan (the "Exclusive Purchase Period") to them at the discounted purchase prices set forth in Schedule A. If this Plan is substantially amended prior to the first closing of title to a Purchaser, the exclusive right to purchase time period shall be extended, as follows:

(A) If the presentation of the substantial amendment occurs during the initial exclusive right to purchase period, such period shall terminate at the later of 30 days after presentation of the substantial amendment or the expiration of the original exclusive right to purchase period, and

(B) If the presentation of the substantial amendment occurs after the expiration of the initial exclusive right to purchase period, the substantial amendment must grant to all tenants who had the right to purchase during the initial period a new exclusive right to purchase on the terms offered in the amendment for a period of not less than 30 days from the date of presentation.

There shall be no increase in prices to a Tenant in Occupancy with the Right To Purchase during any Exclusive Purchase Period for Tenants in Occupancy with the Right To Purchase and Sponsor will not accept Agreements from Non-Tenant Purchasers for occupied Residential Units during any Exclusive Purchase Period.

The purchase prices offered to Tenants in Occupancy with the Right To Purchase for the Residential Units are approximately 20% below the purchase prices currently offered to Non-Tenant Purchasers.

In order to qualify for the foregoing benefits during the Exclusive Purchase Period, a Tenant in Occupancy with the Right To Purchase must submit to Sponsor or any Selling Agent during the Exclusive Purchase Period, a signed Agreement and the Deposit in an amount equal to $1,000. See the Section entitled "Procedure to Purchase" for more details.

If prior to the expiration of any Exclusive Purchase Period which begins prior to the First Closing, Sponsor amends the terms and conditions of this offering to be more favorable to a Tenant in Occupancy with the Right To Purchase, a Tenant in Occupancy with the Right To Purchase who executed and submitted an Agreement and a Deposit before Sponsor amended the terms and conditions of this offering shall benefit from the more favorable terms and conditions.

(b) The Offer to Non-Tenant Purchasers

Sponsor hereby offers for sale those Residential Units in the Buildings set forth in Schedule A to Non-Tenant Purchasers on the following terms:

(i) They shall have the opportunity to purchase a vacant Residential Unit (if any) at the prevailing Purchase Price for Non-Tenant Purchasers as set forth on Schedule A; and

(ii) They shall have the opportunity to purchase an occupied Residential Unit either following the Exclusive Purchase Period afforded Tenants in Occupancy with the Right To Purchase or upon receipt of a written waiver by the Tenant in Occupancy with the Right To Purchase of his or her right to purchase during the Exclusive Purchase Period at the prevailing Purchase Price for Non-Tenant Purchasers as set forth on Schedule A.

In order to qualify for the foregoing benefits, a Non-Tenant Purchaser must submit to the Sponsor or any Selling Agent a signed Agreement and the Deposit in an amount equal to 10% of the Purchase Price for the Residential Unit to be purchased. See the Section entitled "Procedure to Purchase" for more details.

(c) Offering of Storage Locker Licenses

Sponsor hereby offers Purchasers of Residential Units the opportunity to purchase a license to use a Storage Locker pursuant to a Storage Locker License. The price for a Storage Locker License is listed on the Schedule A - Storage Locker price list, subject to negotiation with each Purchaser, unless it constitutes a discriminatory inducement.

The term of the Storage Locker License will commence no earlier than the date upon which Purchaser closes title to a Residential Unit and no later than the date upon which Purchaser closes the purchase of the Storage Locker License if not simultaneously with the purchase of a Residential Unit. Sponsor is offering 57 Storage Locker Licenses for purchase. Sponsor reserves the right to change the size and/or number of Storage Lockers for so long as Sponsor holds Storage Locker Licenses.

The term of the Storage Locker License will terminate upon the earlier of (i) the termination of the Storage Locker License by the Board pursuant to the terms of the Storage Locker License or By-laws; (ii) the date on which the Licensee no longer is a Residential Unit Owner and has not transferred the Storage Locker License to another Residential Unit Owner pursuant to its terms; or (iii) the date on which the Licensee voluntarily terminates the Storage Locker License. This Plan does not provide at this time for any fees associated with the licensing of a Storage Locker other than the Purchase Price of the Storage Locker License.

The Storage Space in the Cellars in which the Storage Lockers are located are Residential Common Elements. At such time as any Residential Unit Owner purchases a Storage Locker License, such Storage Locker will be deemed to be, and treated as, for all intents and purposes, a Residential Limited Common Element as it will, upon the purchase of a Storage License, exist for the use and enjoyment of the purchasing Residential Unit Owner to the exclusion of all other Residential Unit Owners. As a Residential Common Element, or, upon being licensed, a Residential Limited Common Element, any special fees arising in connection with the maintenance of the Storage Space or a particular Storage Locker will be imposed in accordance with the By-laws as it relates to these types of Residential Common Elements.

Storage Locker Licenses are transferable in accordance with the terms thereof; provided, however, that the transferee is, or will be at the time of transfer, a Residential Unit Owner.

Sponsor reserves the right to offer as many Storage Locker Licenses as it determines and to withhold one or more for future sale. Sponsor reserves the right to change the size and/or number of Storage Lockers for so long as Sponsor holds Storage Locker Licenses. Additionally, Sponsor reserves the right to add additional Storage Lockers within the Storage Space and/or the Cellars and offer additional Storage Locker Licenses for sale prior to the third anniversary of the Closing of the first Residential Unit. The Board shall not charge Sponsor any fees in connection with Sponsor's exercise of its rights to add additional Storage Lockers.

Sponsor reserves the right to designate at Closing the Storage Locker which will be subject to such Storage Locker License, and Sponsor does not guarantee that a Purchaser will be designated a Storage Locker in the same Building as the Residential Unit purchased by such Purchaser. In addition, Sponsor has the right to limit the number of Storage Locker Licenses sold to any single Purchaser of a Residential Unit or to make bulk sales, as it deems fit. Storage Lockers may only be used for the uses set forth in this Plan and the Storage Locker License, except for the Sponsor, cannot be licensed independently of the ownership of a Residential Unit.

(d) General

The prices for each of the Residential Units offered under this Plan are listed in "Schedule A - Prices of Residential Units and Related Information." THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY.

For further details concerning the closing of title to the Residential Units, the costs and adjustments with respect thereto and the time periods which must elapse before closings may occur, see the Sections entitled "Effective Date," "Closing Costs and Adjustments" and "Terms of Sale."

This offering is restricted to individuals the age of 18 years or older, corporations, partnerships, limited liability companies, trusts, estates and other business entities that may hold title to real estate pursuant to New York Law. If the Purchaser is a trust, the Purchaser must, prior to executing an Agreement, provide Sponsor's attorney with documentation satisfactory to Sponsor's attorney which shall include, without limitation, a copy of the trust agreement, an affidavit from the trustee regarding the validity of the trust and all other information as may be required by Sponsor's attorney.

Each Residential Unit and its appurtenant Common Elements, Residential Common Elements and Residential Limited Common Elements, is being sold "as is" in the condition in which it exists on the date a Purchaser executes an Agreement for such Residential Unit, subject to ordinary wear and tear and further subject to Sponsor's obligation to maintain the Buildings until the First Closing and to make repairs, improvements or decorations as may be otherwise set forth in this Plan. All equipment and furnishings described in this Plan as included in the Residential Unit are included in the purchase prices set forth on Schedule A. Purchasers are advised that former or current occupants of the Residential Units may have made alterations to certain Residential Units, including without limitation, installation and/or relocation of interior walls without Sponsor's consent or knowledge. Consequently, Sponsor makes no representation, warranty or guarantee as to whether any of said alterations were completed in compliance with all applicable governmental laws and regulations.

Any walls or partitions contained in a Residential Unit which do not conform to the Floor Plans contained in Part II of the Offering Plan must be removed at the Residential Unit Owner's sole cost and expense in accordance with the provisions of the Declaration and By-Laws of the Condominium and as

required by law. Any walls or partitions to be erected in a Residential Unit other than those shown on the Floor Plans contained in Part II of the Offering Plan must conform with the requirements of the Declaration and By-Laws of the Condominium and as required by law, and the Residential Unit Owner must obtain a valid work permit and a certificate of completion from the New York City Department of Buildings for such partition or wall.

The estimated Common Charges for each Residential Unit for the first year of operation of the Property as a condominium are also set forth in Schedule A.

Additionally, each Purchaser of a Residential Unit will be required to make a contribution to the Working Capital Fund of the Condominium at the time of Closing of the Residential Unit, in an amount equal to 2 months of the Common Charges in effect at the time of the closing of each Residential Unit. See the Section entitled "Working Capital Fund and Apportionments."

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

The charges for electricity consumed by each Residential Unit Owner for the relevant Residential Unit will be separately metered and billed directly to such Residential Unit Owner by Con Edison. Water charges and sewer rents, assessed by the City of New York, will be billed to the Condominium as a Common Expense, as described with greater detail in Schedule B - Projected Budget for First Year of Condominium Operation. The costs and expenses of gas for domestic cooking consumed by each Residential Unit Owner for the relevant Residential Unit will be billed directly to the Residential Unit Owner by Con Edison. Schedule A sets forth estimates of the amounts of real estate taxes which will be payable with respect to each Residential Unit. See the Notes to Schedule A with respect to the bases of such estimates.

**Applicable Rent Laws**

After the Declaration is recorded creating the Condominium, spaces presently occupied as apartments will become the Residential Units of the Condominium. All such apartments are referred to as Residential Units throughout this Plan.

This Plan is a non-eviction plan and is being presented in compliance with the requirements of Section 352-eeee of the General Business Law (the "GBL") which sets forth the procedure for converting dwelling units to condominium ownership. Under the GBL, Sponsor may declare this Plan to be effective when Agreements have been executed for at least 15% of the Residential Units in the Buildings by bona fide tenants in occupancy on the Filing Date or bona fide purchasers who represent that they intend that they or 1 or more specified members of their immediate family will occupy the Residential Unit when it becomes vacant. A Non-Purchasing Tenant of a Residential Unit will not be evicted solely by reason of conversion of the Property to condominium ownership. However, the lease of a Non-Purchasing Tenant that is not subject to the Rent Laws and that expires prior to the Effective Date of this Plan may not be renewed by Sponsor and such Non-Purchasing Tenant may be evicted as the result of such non-renewal. No eviction proceedings will be commenced at any time after the Effective Date of this Plan against Non-Purchasing Tenants for failure to purchase or any other reason solely 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 Condominium or its Managing Agent, a breach by the Non-Purchasing Tenant of his or her obligations to the owner of the Residential Unit, the failure of the

Non-Purchasing Tenant to enter into a renewal lease or such other grounds for eviction as may then be permitted by Law; and provided further that an owner of a Residential Unit may not commence an action to recover possession from a Non-Purchasing Tenant on the grounds that the Residential Unit is needed for the use and occupancy of the Non-Tenant Purchaser or the Non-Tenant Purchaser's family. Please refer to the Sections of this Plan entitled "Rights of Existing Tenants" and "Obligations of Purchasers of Residential Units Occupied By Non-Purchasing Tenants" for further details.

Certain of the Residential Units in the Buildings being offered for sale under this Plan are subject to the New York City Rent and Rehabilitation Law and the Rent and Eviction Regulations of the New York City Housing and Development Administration (rent control), the Emergency Tenant Protection Act of 1974, the New York City Rent Stabilization Law and Code, the Rent Regulation Reform Act of 1993 and 1997 ("RRRA") and the rent regulatory scheme or any codes, rules and regulations promulgated thereunder, as same may be amended (collectively, the "Rent Laws"). As of January 15, 2015, 107 of the Residential Units being offered for sale were subject to rent stabilization, 4 of the Residential Units being offered for sale were subject to rent control and 22 of the Residential Units being offered for sale were vacant. As of January 15, 2015, there were 8 non-payment proceedings pending against tenants at the Buildings. Notwithstanding the foregoing, Sponsor reserves the right to bring any proceedings under the Rent Laws in the future. There is no major capital improvement ("MCI") application currently pending pursuant to which Sponsor is seeking a rent increase for work performed in the Buildings from those tenants whose rents are regulated under the Rent Laws. Sponsor reserves the right to seek MCI and other increases in the future to the extent available. The status of each Residential Unit under the Rent Laws is set forth in Schedule A. Please refer to the Sections of this Plan entitled "Rights of Existing Tenants" and "Obligations of Purchasers of Residential Units Occupied by Non-Purchasing Tenants" for further details. Please refer to the Section of this Plan entitled "Rights of Existing Tenants" for further information regarding the rights of tenants holding "free market" leases.

## CERTAIN DEFINITIONS

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

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

"Appurtenant Interest" refers to: (i) the undivided interest in the Common Elements and Residential Common Elements of a Residential Unit, (ii) the interest of such Residential Unit Owner in any other Residential Unit acquired by the Board or its designee, on behalf of all Residential Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Residential Unit Owner in any other assets of the Condominium, pursuant to the provisions of Section 339-x of the Condominium Act.

"Board" refers to the board of managers comprised of representatives of the Unit Owners.

"Buildings" refers to the structures and improvement(s) including above and below grade segments, known as 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032 in which the Units of the Condominium are located.

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

"Cellar Level" refers to the level below the Lobby Level.

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

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

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

"Common Charges" refers to assessments payable to the Condominium by the Unit Owners for the purpose of meeting the cost of Common Expenses, as more particularly defined in the Declaration.

"Common Elements" refers to the Land and all parts of the Buildings, including their respective , foundations, roof and supports, other than the Units, Residential Common Elements and Residential Limited Common Elements as more particularly defined in the Declaration.

"Common Expenses" refers to the costs and expenses incurred or projected and attributable to the operation and Maintenance of the Common Elements, Residential Common Elements and Residential Limited Common Elements as more particularly defined in the Declaration.

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

"Condominium" refers to The John James Condominium.

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

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

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

"Effective Date" refers to the date upon which Sponsor has declared the Plan effective pursuant to the Provisions of Part 23 of Title 13 NYCRR.

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

"Facade" or "Facades" refers to the exterior facades of the Buildings including, without limitation, the exterior walls, window sills, cornices, parapets, doors and entrance ways and all other components (excepting the roof) of the exterior surfaces of the Buildings.

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

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

"Garage Units" refer to the garages in the Sub-Cellar. The Garage Units are not being offered for sale hereby.

"Garage Unit Owners" refer to the owners of the Garage Units.

"GBL" refers to the New York State General Business Law.

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

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

"Licensee" refers to a Person that has entered into a Storage Locker License.

"Lobby Level" refers to the on grade lobby level at the Buildings.

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

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

"Non-Purchasing Tenant" has the meaning set forth in Section 352-eeee of the GBL.

"Non-Tenant Purchaser" refers to a Purchaser who is not a Tenant in Occupancy with the Right To Purchase.

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

"Permitted Encumbrances" refers to those Residential Unit title encumbrances subject to which a Purchaser agrees to take title, as more particularly itemized on Schedule A annexed to the form of Agreement and the Specimen Title Policy set forth in Part II of this Plan.

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

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

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

"Presentation Date" refers to the date on which this Plan or an amendment thereto, as the case may be, is personally delivered or the 5th day after mailing to the tenants in occupancy of Residential Units following acceptance of this Plan or an amendment thereto for filing by the Department of Law.

"Property" refers, collectively, to the Land, the Buildings and the appurtenances thereto.

"Proposed Alterations" refers to capital repairs and alterations that Sponsor has the right to perform under this Plan.

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

"Rent Laws" refers to (i) the New York City Rent Stabilization Law and the Code adopted pursuant thereto, (ii) the New York City Rent and Rehabilitation Law, (iii) the Rent and Eviction Regulations of the New York City Housing and Development Administration (rent control), (iv) New York State General Business Law, Section 352-eeee, (v) the Rent Regulation Reform Act of 1993 and 1997, (vi) the Emergency Tenant Protection Act of 1974 and (vii) any codes, rules and regulations promulgated thereunder and any administrative and/or judicial determinations and/or interpretations thereof to the extent that any or all of the same shall apply to the Property, as the same may be amended from time to time.

"Residential Common Elements" refers to those parts of the Buildings as well as the Facilities therein, existing for the exclusive common use of the Residential Units or the Residential Unit Owners.

"Residential Limited Common Elements" refers to those portions of the Buildings, and improvements (other than the Residential Units), if any, to which a particular Residential Unit Owner has exclusive access and use.

"Residential Members of the Board" or "Residential Board Members" refers to the members of the Board elected by the Residential Unit Owners or designated or nominated and elected by the Sponsor or its designee.

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

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

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

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

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

"Selling Agent" refers to any selling agent designated by Sponsor at the time in question.

"Sign" refers to one or more signs, awnings, marquees, canopies, banners, flags, pennants, aerials, antennas or the like within the Property and/or on the Property for the purposes of advertising (i) the sale or lease of any Unsold Residential Unit or Garage Unit and (ii) the operation of any business of Declarant, a tenant, occupant, managing agent or operator of all or any portion of any Unsold Residential Unit and/or the Garage Units.

"Sponsor" refers to 775 Realty Co. LLC and 156-08 Realty Co. LLC, each a New York limited liability company, and their successors and assigns.

"Sponsor Control Period" or "Initial Control Period" refers to the period ending the earlier of (i) the closing of title with Purchasers under this Plan to Residential Units having at least 50% of the Common Interests of all Units or (ii) 5 years after the First Closing.

"Sponsor's Transferee" refers to a Purchaser to whom Sponsor makes a bulk sale of Units.

"Storage Locker" refers to any storage locker located in the Storage Space.

"Storage Locker License" or "Storage Locker License Agreement" refers to an agreement entitling the Licensee to use a Storage Locker.

"Storage Space" refers to an area located in the cellar of the Buildings containing Storage Lockers. The Storage Space is a Residential Common Element.

"Sub-Cellar Level" refers to the level located directly underneath the Cellar Level of the Buildings, which contains one or more Garage Units.

"Tenant in Occupancy with the Right To Purchase " shall have the meaning set forth in the Section of this Plan entitled "Rights of Existing Tenants."

"Unit" refers to any Unit designated as a Unit in the Declaration and Floor Plans, as same may be amended from time to time, and all such Units, are, collectively, referred to as the "Units."

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

"Unsold Residential Unit" refers to any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or its designee or a Sponsor's Transferee; a Residential Unit that is acquired, individually or collectively, by a principal of Sponsor or a group of which Sponsor or 1 or more of the principals of Sponsor, is a member; a Residential Unit that is acquired, individually or collectively, by either the holder of a Permitted Mortgage given by Sponsor or the designee of a holder of such a Permitted Mortgage; or any Residential Unit for which there is a signed Agreement but for which Closing has not yet occurred.

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

## DESCRIPTION OF PROPERTY

### The Buildings

The structures and improvements including above and below grade segments, known as 775 Riverside Drive and 156-08 Riverside Drive West each of which were constructed on or about 1930 as apartment buildings (each individually the "Building" and together the "Buildings"). The Buildings consist of (i) 775 Riverside Drive, a 6 story building with Sub-Cellar, Cellar and apartments on floors Cellar Level through 6 and (ii) 156-08 Riverside Drive West, a 6 story building with a Sub-Cellar, Cellar and apartments on floors Cellar Level through 6. There are a total of 133 Residential Units situated on the Cellar Level through 6. The Cellar Level in each Building includes: a boiler room, oil tank room, compactor, laundry room, elevator machine room, workshop, electric meter room, and storage rooms and apartments. The Sub-Cellars contain the Garage Units (the "Garage Units"). The Garage Units are not being offered for sale hereby. There are no recreational facilities currently located within the Buildings. The Buildings include 2 laundry rooms on the Cellar Level, 1 serving each of the Buildings. The Buildings are located within the Audubon Park Historic District. The district was designated in May 2009. Several alterations to the Buildings including but not limited to windows, signage and surface mounted equipment were installed prior to the designation. Sponsor is advised by Sponsor's Architect, Howard L. Zimmerman Architects, P.C., that exterior alterations, including, but not limited to windows, signage and surface mounted equipment which were installed prior to the Audubon Park Historic District designation, would be unaffected until exterior work is done in the future. When any work is proposed to be done on the Buildings in the future the Landmarks Preservation Commission ("LPC") may require that the Buildings' significant features that are a part of the proposed scope of work be restored. It is in the discretion of LPC to determine whether the windows will need to conform to the original configuration and window type. Any work being done at the Buildings will require notifying LPC, including interior renovations.

### Residential Units

Subject to the rights of Sponsor and its designee to change the number of Residential Units, there are a total of 133 Residential Units situated on floors Cellar Level through 6 of the Buildings. Detailed descriptions of the Residential Units are set forth in the Declaration and in the "Description of Property" in Part II of this Plan. See also the Section entitled "Changes in Prices and Residential Units." Please refer to "Schedule A - Prices of Units and Related Information" for further details.

Each Residential Unit and its appurtenant Common Elements, Residential Common Elements and Residential Limited Common Elements are being sold "as is" in the condition in which they exist on the date an Agreement is executed for such Residential Unit, subject to ordinary wear and tear and further subject to Sponsor's obligation to Maintain the Buildings until the First Closing and further subject to Sponsor's obligation to make repairs, improvements or decorations as may be otherwise set forth in this Plan.

Sponsor and its designee reserve the right, without prior notice or amendment to this Plan, to use Unsold Residential Units on any floor of the Buildings as sales and leasing offices and model Residential Units. In the event Sponsor or its designee, thereafter, elects to sell any such Unsold Residential Units, Sponsor or its designee may require the Purchaser thereof to purchase all or any of the furniture, furnishings, equipment or decorations therein and pay, in addition to the purchase price for such Unsold Residential Unit, such amounts as Sponsor determines.

A Residential Unit Owner may only use such Residential Unit Owner's Residential Unit for a purpose consistent with the local zoning ordinance, as amended from time to time, any other applicable ordinance or statute, and any regulation of a governmental authority with jurisdiction over the

Condominium, including, but not limited to, local building codes and the Multiple Dwelling Law, as such statutes, ordinances and regulations may be amended from time to time, but in no event may a Residential Unit Owner use such Residential Unit Owner's Residential Unit for a use violative of the By-Laws.

**Commercial Units / Garage Units**

On or about the date of the First Closing, the Garage Units will be retained by Sponsor. The Garage Units are each comprised of parking spaces for cars, the structural systems within the Garage Units, the garage doors, the windows (including the glass) the driveway(s) and ramps, all plumbing, gas and heating fixtures, equipment, appliances, heating, ventilating and air conditioning units (including the fans inside the Garage Units), heating equipment, sinks, water closets and all other Facilities as may be affixed, attached or appurtenant to the Garage Units and serving the Garage Units exclusively. The 2 Garage Units together consist of parking spaces for 117 cars. The Certificate of Occupancy for each of the Garage Units provides that "parking is primarily for residents and may include non-residents; For non-residents the time is limited to not less than 1 week and not more than 1 month. Residents may recapture any of the non-resident parking spaces on 30 days' written notice to the owner." Currently 34 parking spaces are used by residents of the Buildings. Some of the 34 currently occupied parking spaces are occupied by rent stabilized tenants, however, the parking spaces are not part of the tenant's rent stabilized leases. The monthly rental for a parking space is determined by the third party which operates the garage based on competitor rate surveys. The current average monthly rent for a parking space is approximately $200.00.

The Common Charges payable by each of the Garage Unit Owners are sufficient to cover the expenses fairly attributable to each of the Garage Units.

The Garage Unit Owners will not pay a portion of the Common Expenses of the Condominium other than a portion of certain items expressly set forth on Schedule B – Projected Budget for the First Year of Condominium Operation in Part I of this Plan, specifically, insurance, management fees, auditing fees and repairs and maintenance of, and supplies for, the Common Elements. The Garage Unit Owners will be responsible for the upkeep of the Garage Units and all utilities servicing the Garage Units are separately metered to the Garage Units. Article 6.1.5 of the By-Laws of the Condominium provides that the Garage Unit Owners shall not be required to pay, at any time during the existence of the Condominium, including during the First Year of Condominium Operation, any portion of any of the Common Expenses other than the portion expressly set forth in Schedule B - Projected Budget for the First Year of Condominium Operation, specifically, for repairs and maintenance of the Common Elements, insurance, management fees and auditing fees.

At all times, the Garage Unit Owners shall be entitled to designate 2 Garage Board Members to the Board. Matters pertaining solely to the Garage Units shall be determined solely by the Garage Board Members; and matters pertaining to both the Residential Units and the Garage Units shall be determined by the Board including the Residential Board Members and the Garage Board Members.

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 shall be effective in any way (a) without the prior written consent of Sponsor or its designee or the owner of a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration modifying the permitted uses of the Buildings or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of a Garage Unit, or otherwise adversely affecting Sponsor or its designee or the owner of a Garage Unit or (b) without the prior written consent of the holder of any present or future mortgage, pledge or other lien or security interest covering a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the

Declaration modifying the permitted uses of such Garage Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Garage Unit.

**Resident Manager's Apartment**

The Resident Manager will continue to occupy an apartment located on the Lobby Level of 156-08 Riverside Drive West (the "Resident Manager's Apartment). The Resident Manager's Apartment will be part of the Residential Common Elements and all charges attributable to the Resident Manager's Apartment, including the costs of utilities and the costs of repairs, alterations and improvements to the Resident Manager's Apartment, shall be borne by all Residential Unit Owners as a Common Expense.

**Storage Locker Licenses**

There will be 57 Storage Lockers each of which will be located in the Storage Space at the cellar level of the Buildings. Sponsor reserves the right to change the size and/or number of Storage Lockers for so long as Sponsor holds Storage Locker Licenses. Additionally, Sponsor reserves the right to add additional Storage Lockers within the Storage Space and/or the Cellar Level and offer additional Storage Locker Licenses for sale prior to the third anniversary of the Closing of the first Residential Unit. The addition of additional Storage Lockers within the Storage Space and/or the Cellar Level will not impact the Condominium as the areas are reserved and marked on the Cellar Level floor plans for each of the Buildings. The Board shall not charge Sponsor any fees in connection with Sponsor's exercise of its rights to add additional Storage Lockers. Each Storage Locker shall be used only for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item, or any material which will pose a health or safety threat or which will result in the cancellation of insurance on the Buildings, or the contents thereof, or which would otherwise create a nuisance, be stored therein. Except for Sponsor, no Storage Locker may be licensed independently of the ownership of a Residential Unit. Sponsor shall have the right to use any unassigned Storage Lockers for any lawful purpose or to change the permitted use of any unassigned Storage Locker, subject however, to the provisions of the By-laws.

The term of the Storage Locker License will commence no earlier than the date upon which Purchaser closes title to a Residential Unit and no later than the date upon which Purchaser closes the purchase of the Storage Locker License if not simultaneously with the purchase of a Residential Unit. The term of the Storage Locker License will terminate upon the earlier of (i) the termination of the Storage Locker License by the Board pursuant to the terms of the Storage Locker License or By-laws; (ii) the date on which the Licensee no longer is a Residential Unit Owner and has not transferred the Storage Locker License to another Residential Unit Owner pursuant to its terms; or (iii) the date on which the Licensee voluntarily terminates the Storage Locker License. This Plan does not provide at this time for any fees associated with the licensing of a Storage Locker other than the Purchase Price of the Storage Locker License. As a Residential Common Element, or, upon being licensed, a Residential Limited Common Element, any special fees arising in connection with the maintenance of the Storage Space or a particular Storage Locker will be imposed in accordance with By-Laws Section 2.2.2(y) which provides for the Board of Managers to approve the amount and the means and methods of payment of, and collection of, the Common Charges and Special Assessments and any special fees and assessments from Licensees pursuant to the Storage Locker License.

**Facade**

The exterior facades of the Buildings (including, without limitation, the exterior walls, window sills, cornices, parapets, doors and entrance ways and all other components (excepting the roof) of the exterior surfaces of the Buildings (the "Facade" or "Facades"), generally will be treated as a Common

Element, including, without limitation, as to costs and expenses of repair, maintenance and replacement and matters of liability.

**Common Elements**

Generally, the Common Elements include, among other things, the following: (a) the Property, other than the Units, the Residential Common Elements and the Residential Limited Common Elements, (b) the Land (including the landscaping and sidewalks thereon or appurtenant thereto) and any improvements thereon, together with all easements, rights and privileges appurtenant thereto, (c) all foundations, columns, beams, joists, supports, piles, footings, pillars, girders, exterior walls, floor slabs and, roofs, all interior walls, partitions, floor slabs and ceilings, on, or under the Buildings, separating a Unit from a Common Element, and that portion of all such interior walls, partitions, floors and ceilings separating a Common Element or a Garage Unit from a Residential Unit, Residential Common Element or a Residential Limited Common Element, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such Common Element or Garage Unit, as the case may be, to the extent that the same are not expressly included as part of the Residential Common Elements or Residential Limited Common Elements, (d) any and all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, garbage disposal, master and cable television and other mechanical and electrical systems, which service both the Residential Units and the Garage Units and/or both the Common Elements and/or the Residential Common Elements and/or the Residential Limited Common Elements to the extent that same are not a part of the Common Elements or Residential Limited Common Elements, (e) all other parts of the Property, and all apparatus and installations and facilities now existing or hereafter constructed in the Buildings or on the Property, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property.

**Residential Common Elements**

The Residential Common Elements consist of those portions of the Buildings, as well as those Facilities therein, either currently or hereafter existing for the benefit of the Residential Units or of the Residential Unit Owners. Without intending to limit the generality of the foregoing in any respect, the Residential Common Elements include: (a) the lobbies, mail rooms, all stairways, passenger elevators and their respective bulkheads, shafts, pits and equipment rooms, residential hallways, window casements and frames, cellars and storage spaces; (b) compactor rooms and their respective shafts and equipment; (c) the service entrances, workshops and laundry rooms; (d) all masonry walls, partitions, floors and ceilings in, on or under the Buildings, separating a Residential Unit from another Residential Unit or a Residential Common Element or Residential Limited Common Element and that portion of all such masonry walls, partitions, floors and ceilings separating a Residential Common Element from a Common Element or a Garage Unit, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such Residential Common Element to the extent that same are not a part of the Common Elements or Residential Limited Common Elements; (e) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, hot and cold water distribution, heat, garbage disposal, master & cable television and other mechanical and electrical systems which serve the Residential Units and/or the Residential Common Elements and/or the Residential Limited Common Elements only; (f) all interior portions of the Buildings, to the extent that the same are not expressly included as part of the Common Elements, Residential Limited Common Elements or Units; and (g) the Resident Manager's Apartment.

**Residential Limited Common Elements**

The Residential Limited Common Elements consist of all portions of the Land and Buildings (other than the Units) that are for the use of one or more specified Residential Units to the exclusion of all other Units.

**Services and Facilities**

The Buildings will be Maintained, operated and staffed in a manner to be determined by the Board. Prospective purchasers are urged to carefully review Schedule B in Part I of this Plan and the Description of Property set forth in Part II of this Plan, for a description of the services presently being provided. Sponsor makes no representation that the aforesaid services will continue to be provided. Notwithstanding the foregoing, however, the Board shall at all times Maintain, operate and staff the Buildings in compliance with, and subject to, all applicable Laws and any rights of Non-Purchasing Tenants under the GBL. Except as otherwise consented to in writing by Sponsor, the Board shall operate the Property at the same level of services as those supplied on the date of recording the Declaration in accordance with the Rent Laws, except for those services, if any, that are the obligation of Sponsor to provide under the terms of the Declaration or this Plan. The Board shall not impose any charge or fee against the tenants or occupants of the Residential Units owned by Sponsor or its designee or against Sponsor on account of any services provided to such tenants and occupants unless Sponsor or its designee is permitted by the Rent Laws to impose such charge or fee against such tenants or occupants. Such permitted charge or fee may be increased by the Board, but only to the extent Sponsor or the owner of the Unsold Residential Units would be allowed to charge its tenants such increased charges or fees under the Rent Laws. If, as the result of the aforesaid limitations on the Board, the amount of such charges or fees collected by the Board is insufficient to cover the cost of providing such service(s), then such additional cost will be included in Common Charges and borne by all Residential Unit Owners in proportion to their respective Common Interests.

Except as otherwise noted above, and except as otherwise required under the Rent Laws, all determinations with respect to the continuance of services and facilities for the Buildings will be made by the Board which, until the expiration of the Sponsor Control Period, will be controlled by Sponsor. See the Section of this Plan entitled "Control by Sponsor."

None of Sponsor, any Selling Agent or the Managing Agent will in any event be liable for the interruption, discontinuance or quality of any of the foregoing services, including, but not limited to, any services provided by any outside company or person, or for any injury to person or damage to property resulting from any act or omission of such company or persons or their employees or agents, including Building personnel or otherwise, provided that any such act or omission is not caused by the gross negligence of Sponsor, any Selling Agent or the Managing Agent.

**Laundry Room**

There are 2 laundry rooms located on the Cellar Level of the Buildings (1 in each Building). On or about the date of the First Closing, the Condominium will enter into a 25 year lease for the laundry rooms with Sponsor or an affiliate of Sponsor. This may prevent the Condominium from negotiating a concession agreement with another vendor and possibly receiving a higher annual rent. The laundry rooms are Residential Common Elements. The annual rent shall be $6,000.00, which includes all utilities including but not limited to heat, gas, electric, water and sewer. The annual rent shall increase by $600 on the 5th, 10th, 15th and 20th anniversary of the lease commencement date. 15 USC 3601, the Condominium and Cooperative Conversion Protection and Abuse Relief Act ("The Act"), provides a board of managers a 2 year period in which to terminate a lease of property that serves the condominium unit owners and which was entered into while the board of managers was controlled by the sponsor. The

Act provides that a lease termination "may occur only during the 2 year period beginning on the date on which special developer control over the association is terminated; or the developer owns 25% or less of the units in the conversion project, whichever occurs first."

**Known Reports**

A copy of the most recent Local Law 11 Inspection Report, as prepared by Andrew Katz, P.E. dated December 30, 1999 for 775 Riverside Drive and as prepared by Andrew Katz, P.E. dated June 14, 2012 for 156-08 Riverside Drive West, is set forth in Part II of this Plan (together the "Local Law 11 Report"). As set forth in the Local Law 11 Report, the inspection consisted of a thorough visual examination of all the exterior brick walls using binoculars and a camera with telephoto lens and all of the fire escapes located all around the Building. The roof, the bulkheads and the parapet walls were inspected from the roof level. The Local Law 11 Report for 775 Riverside Drive found the Building safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives and for 156-08 Riverside Drive West found the Building as safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives. Under the terms of Local Law 11 of 1998, property owners are obligated to have the Facades of their buildings periodically inspected and perform remedial work as determined by the licensed engineer performing the required inspections. Sponsor makes no representations regarding future expenditures which may be required to comply with Local Law 11 of 1998 or the costs of the inspections therefore. Sponsor has engaged 1 or more contractors to perform the following qualifying work for a possible credit against the Reserve Fund (at the following approximate costs) $200,000 for exterior brickwork, pointing, where necessary, replacing lintels, where necessary, and decorative terrace restoration, where necessary. Sponsor expects the aforesaid work to be completed prior to the First Closing.

## LOCATION AND AREA INFORMATION

### Location and Services

The Condominium is located on the West Side of Manhattan in the City of New York on the east side of Riverside Drive where it intersects with West 156th Street.

New York City is the largest city in the United States, as well as one of the principal urban centers of the world. Manhattan is 1 of the 5 boroughs of New York City, containing numerous business and financial centers, excellent regional transportation, cultural activities, recreational and open-space park areas, educational facilities, superb medical centers and a vast array of restaurants.

The Condominium is served by a variety of transportation facilities. Taxi and car service is readily available throughout the city. Municipal bus service for the Condominium area is conveniently available on Riverside Drive, the M-4 and M-5 buses stop at West 155th Street and West 157th Street. The 1, 9 and A subway lines can be accessed at various points on Broadway including 157th Street in proximity to the Condominium. By automobile, the nearby West Side Highway is connected to Interstate 95 and the Henry Hudson Parkway, both of which are major regional arteries.

The Condominium is across the street from Riverside Park. Riverside Park combines landscaped areas with a variety of recreational facilities, such as running paths and bicycle routes. One of the largest hospitals in the New York Metropolitan area, the Columbia Presbyterian Hospital, is within a short drive on the West Side Highway or on Riverside Drive.

Police, fire, water, sanitation and snow removal are provided by the City of New York. The Property is in the 30th Police Precinct with headquarters located at 151st Street and Convent Avenue, New York, NY and primary fire protection is provided by the N.Y.F.D. Engine Co. 80 is located at 503 West 139th Street, New York, NY.

The City of New York is responsible for the maintenance of the streets adjacent to the Condominium.

There is no guaranty that any of the foregoing services or amenities will continue to be available to Residential Unit Owners or residents in the future or that any change in the foregoing will not adversely impact upon the value of the Residential Units. Sponsor makes no representations that the character of the neighborhood, the businesses and other institutions which operate there or the qualitative nature of the surroundings will not change.

### Zoning and Use

The Condominium is located in an R8 Residential zone (General Residential District) which is designed to provide for all types of residential buildings, in order to permit a broad range of housing types, with appropriate standards for each district on density, open space and spacing of buildings.

Neither Sponsor nor its principals own in whole or in part, nor do they have an option or right to acquire, any adjacent areas which are not fully developed, other than possible unused floor area development rights. Sponsor shall retain any unused floor area development rights.

SCHEDULE A

PRICES OF UNITS AND RELATED INFORMATION

**The John James Condominium**

Projected Common Charges and Real Estate Taxes
For First Year of Condominium Operation
(assuming July 1, 2015 - June 30, 2016)

| Unit No | Status (1) | No. of Bedrooms | Baths | Approx. Sq. Ft. (2) | Total Cash Payment to Tenant Purchasers (3) | Total Cash Payment to Non-Tenant Purchasers (3) | % of Common Interest (4) | % of Residential Common Interest (4) | Estimated First Year's Common Charges (5) | | Estimated First Year's Real Estate Tax (6) | | Estimated First Year's Common Charges & Real Estate Tax | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Annual | Monthly | Annual | Monthly | Annual | Monthly |
| **775 RIVERSIDE DRIVE** | | | | | | | | | | | | | | |
| 01 | s | 2.0 | 1.0 | 1,115 | $491,000 | $614,000 | 0.794% | 0.818% | $7,994.86 | $666.24 | $2,176.90 | $181.41 | $10,171.76 | $847.65 |
| 1A | s | 1.0 | 1.0 | 581 | $256,000 | $320,000 | 0.414% | 0.427% | $4,166.70 | $347.23 | $1,134.54 | $94.55 | $5,301.24 | $441.77 |
| 1B | s | 1.0 | 1.0 | 891 | $392,000 | $490,000 | 0.634% | 0.653% | $6,380.27 | $531.69 | $1,737.26 | $144.77 | $8,117.53 | $676.46 |
| 1C | v | 1.0 | 1.0 | 907 | $399,000 | $499,000 | 0.645% | 0.665% | $6,497.46 | $541.45 | $1,769.17 | $147.43 | $8,266.63 | $688.89 |
| 1D | s | 1.0 | 1.0 | 914 | $402,000 | $503,000 | 0.650% | 0.670% | $6,549.54 | $545.79 | $1,783.36 | $148.61 | $8,332.89 | $694.41 |
| 1E | s | 1.0 | 1.0 | 887 | $390,000 | $488,000 | 0.631% | 0.650% | $6,354.22 | $529.52 | $1,730.17 | $144.18 | $8,084.40 | $673.70 |
| 1F | v | 1.0 | 1.0 | 636 | $280,000 | $350,000 | 0.453% | 0.467% | $4,557.33 | $379.78 | $1,240.90 | $103.41 | $5,798.24 | $483.19 |
| 1G | s | 1.0 | 1.0 | 640 | $282,000 | $353,000 | 0.456% | 0.471% | $4,596.40 | $383.03 | $1,251.54 | $104.29 | $5,847.94 | $487.33 |
| 1H | v | 1.0 | 1.0 | 883 | $389,000 | $486,000 | 0.628% | 0.648% | $6,328.18 | $527.35 | $1,723.08 | $143.59 | $8,051.27 | $670.94 |
| 1I | c | 1.0 | 1.0 | 919 | $405,000 | $506,000 | 0.654% | 0.674% | $6,588.60 | $549.05 | $1,793.99 | $149.50 | $8,382.59 | $698.55 |
| 1J | s | 1.0 | 1.0 | 907 | $399,000 | $499,000 | 0.645% | 0.665% | $6,497.46 | $541.45 | $1,769.17 | $147.43 | $8,266.63 | $688.89 |
| 1K | v | 1.0 | 1.0 | 754 | $332,000 | $415,000 | 0.537% | 0.553% | $5,403.70 | $450.31 | $1,471.36 | $122.61 | $6,875.05 | $572.92 |
| 1L | s | 1.0 | 1.0 | 714 | $314,000 | $393,000 | 0.508% | 0.524% | $5,117.23 | $426.44 | $1,393.36 | $116.11 | $6,510.59 | $542.55 |
| 2A | v | 1.0 | 1.0 | 581 | $268,000 | $335,000 | 0.433% | 0.447% | $4,362.02 | $363.50 | $1,187.72 | $98.98 | $5,549.74 | $462.48 |
| 2B | s | 1.0 | 1.0 | 891 | $410,000 | $513,000 | 0.663% | 0.684% | $6,679.75 | $556.65 | $1,818.81 | $151.57 | $8,498.56 | $708.21 |
| 2C | v | 1.0 | 1.0 | 907 | $418,000 | $522,000 | 0.675% | 0.696% | $6,796.94 | $566.41 | $1,850.72 | $154.23 | $8,647.66 | $720.64 |
| 2D | s | 2.0 | 2.0 | 1,261 | $582,000 | $727,000 | 0.940% | 0.969% | $9,466.23 | $788.85 | $2,577.53 | $214.79 | $12,043.77 | $1,003.65 |
| 2E | s | 2.0 | 1.0 | 1,213 | $559,000 | $699,000 | 0.904% | 0.932% | $9,101.65 | $758.47 | $2,478.26 | $206.52 | $11,579.91 | $964.99 |
| 2F | c | 1.0 | 1.0 | 474 | $218,000 | $273,000 | 0.353% | 0.364% | $3,554.72 | $296.23 | $967.90 | $80.66 | $4,522.62 | $376.89 |
| 2G | s | 2.0 | 2.0 | 1,209 | $558,000 | $697,000 | 0.901% | 0.929% | $9,075.60 | $756.30 | $2,471.17 | $205.93 | $11,546.77 | $962.23 |
| 2H | s | 2.0 | 2.0 | 1,262 | $582,000 | $728,000 | 0.941% | 0.970% | $9,479.25 | $789.94 | $2,581.08 | $215.09 | $12,060.33 | $1,005.03 |
| 2I | s | 1.0 | 1.0 | 907 | $418,000 | $522,000 | 0.675% | 0.696% | $6,796.94 | $566.41 | $1,850.72 | $154.23 | $8,647.66 | $720.64 |
| 2J | s | 1.0 | 1.0 | 890 | $410,000 | $512,000 | 0.662% | 0.682% | $6,666.73 | $555.56 | $1,815.26 | $151.27 | $8,481.99 | $706.83 |
| 2K | s | 1.0 | 1.0 | 586 | $270,000 | $337,000 | 0.436% | 0.449% | $4,388.06 | $365.67 | $1,194.81 | $99.57 | $5,582.87 | $465.24 |
| 3A | s | 1.0 | 1.0 | 581 | $279,000 | $349,000 | 0.451% | 0.465% | $4,544.31 | $378.69 | $1,237.36 | $103.11 | $5,781.67 | $481.81 |
| 3B | s | 1.0 | 1.0 | 891 | $428,000 | $535,000 | 0.692% | 0.713% | $6,966.21 | $580.52 | $1,896.81 | $158.07 | $8,863.02 | $738.58 |
| 3C | s | 1.0 | 1.0 | 907 | $436,000 | $545,000 | 0.705% | 0.726% | $7,096.42 | $591.37 | $1,932.26 | $161.02 | $9,028.68 | $752.39 |
| 3D | v | 2.0 | 2.0 | 1,261 | $606,000 | $758,000 | 0.980% | 1.010% | $9,869.88 | $822.49 | $2,687.44 | $223.95 | $12,557.32 | $1,046.44 |
| 3E | s | 2.0 | 1.0 | 1,213 | $583,000 | $729,000 | 0.943% | 0.972% | $9,492.27 | $791.02 | $2,584.62 | $215.39 | $12,076.90 | $1,006.41 |
| 3F | v | 1.0 | 1.0 | 474 | $228,000 | $285,000 | 0.368% | 0.380% | $3,710.97 | $309.25 | $1,010.45 | $84.20 | $4,721.42 | $393.45 |
| 3G | s | 2.0 | 2.0 | 1,209 | $582,000 | $727,000 | 0.940% | 0.969% | $9,466.23 | $788.85 | $2,577.53 | $214.79 | $12,043.77 | $1,003.65 |
| 3H | s | 2.0 | 2.0 | 1,262 | $607,000 | $759,000 | 0.981% | 1.012% | $9,882.90 | $823.58 | $2,690.99 | $224.25 | $12,573.89 | $1,047.82 |
| 3I | s | 1.0 | 1.0 | 907 | $436,000 | $545,000 | 0.705% | 0.726% | $7,096.42 | $591.37 | $1,932.26 | $161.02 | $9,028.68 | $752.39 |
| 3J | s | 1.0 | 1.0 | 890 | $428,000 | $535,000 | 0.692% | 0.713% | $6,966.21 | $580.52 | $1,896.81 | $158.07 | $8,863.02 | $738.58 |
| 3K | s | 1.0 | 1.0 | 586 | $282,000 | $352,000 | 0.455% | 0.469% | $4,583.38 | $381.95 | $1,247.99 | $104.00 | $5,831.37 | $485.95 |
| 4A | v | 1.0 | 1.0 | 581 | $291,000 | $364,000 | 0.471% | 0.485% | $4,739.63 | $394.97 | $1,290.54 | $107.54 | $6,030.17 | $502.51 |
| 4B | s | 1.0 | 1.0 | 891 | $446,000 | $557,000 | 0.720% | 0.742% | $7,252.67 | $604.39 | $1,974.81 | $164.57 | $9,227.48 | $768.96 |
| 4C | s | 1.0 | 1.0 | 907 | $454,000 | $567,000 | 0.733% | 0.756% | $7,382.88 | $615.24 | $2,010.26 | $167.52 | $9,393.14 | $782.76 |

SCHEDULE A

PRICES OF UNITS AND RELATED INFORMATION

**The John James Condominium**

Projected Common Charges and Real Estate Taxes

For First Year of Condominium Operation

(assuming July 1, 2015 - June 30, 2016)

| Unit No | Status (1) | No. of Bedrooms | No. of Baths | Approx. Sq. Ft. (2) | Total Cash Payment to Tenant Purchasers (3) | Total Cash Payment to Non-Tenant Purchasers (3) | % of Common Interest (4) | % of Residential Common Interest (4) | Estimated First Year's Common Charges (5) | | Estimated First Year's Real Estate Tax (6) | | Estimated First Year's Common Charges & Real Estate Tax | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Annual | Monthly | Annual | Monthly | Annual | Monthly |
| 4D | s | 2.0 | 2.0 | 1,261 | $632,000 | $790,000 | 1.021% | 1.053% | $10,286.55 | $857.21 | $2,800.90 | $233.41 | $13,087.45 | $1,090.62 |
| 4E | s | 2.0 | 1.0 | 1,213 | $608,000 | $760,000 | 0.983% | 1.013% | $9,895.92 | $824.66 | $2,694.53 | $224.54 | $12,590.46 | $1,049.20 |
| 4F | v | 1.0 | 1.0 | 474 | $238,000 | $297,000 | 0.384% | 0.396% | $3,867.22 | $322.27 | $1,052.99 | $87.75 | $4,920.22 | $410.02 |
| 4G | v | 2.0 | 2.0 | 1,209 | $606,000 | $757,000 | 0.979% | 1.009% | $9,856.86 | $821.41 | $2,683.90 | $223.66 | $12,540.76 | $1,045.06 |
| 4H | s | 2.0 | 2.0 | 1,262 | $633,000 | $791,000 | 1.023% | 1.054% | $10,299.57 | $858.30 | $2,804.44 | $233.70 | $13,104.01 | $1,092.00 |
| 4I | s | 1.0 | 1.0 | 907 | $454,000 | $567,000 | 0.733% | 0.756% | $7,382.88 | $615.24 | $2,010.26 | $167.52 | $9,393.14 | $782.76 |
| 4J | s | 1.0 | 1.0 | 890 | $446,000 | $557,000 | 0.720% | 0.742% | $7,252.67 | $604.39 | $1,974.81 | $164.57 | $9,227.48 | $768.96 |
| 4K | s | 1.0 | 1.0 | 586 | $294,000 | $367,000 | 0.474% | 0.489% | $4,778.69 | $398.22 | $1,301.18 | $108.43 | $6,079.87 | $506.66 |
| 5A | s | 1.0 | 1.0 | 581 | $302,000 | $378,000 | 0.489% | 0.504% | $4,921.92 | $410.16 | $1,340.18 | $111.68 | $6,262.10 | $521.84 |
| 5B | s | 1.0 | 1.0 | 891 | $464,000 | $580,000 | 0.750% | 0.773% | $7,552.15 | $629.35 | $2,056.35 | $171.36 | $9,608.51 | $800.71 |
| 5C | v | 1.0 | 1.0 | 907 | $472,000 | $590,000 | 0.763% | 0.786% | $7,682.36 | $640.20 | $2,091.81 | $174.32 | $9,774.17 | $814.51 |
| 5D | s | 2.0 | 2.0 | 1,261 | $657,000 | $821,000 | 1.061% | 1.094% | $10,690.20 | $890.85 | $2,910.80 | $242.57 | $13,601.01 | $1,133.42 |
| 5E | s | 2.0 | 1.0 | 1,213 | $632,000 | $790,000 | 1.021% | 1.053% | $10,286.55 | $857.21 | $2,800.90 | $233.41 | $13,087.45 | $1,090.62 |
| 5F | s | 1.0 | 1.0 | 474 | $247,000 | $309,000 | 0.400% | 0.412% | $4,023.47 | $335.29 | $1,095.54 | $91.30 | $5,119.01 | $426.58 |
| 5G | s | 2.0 | 2.0 | 1,209 | $630,000 | $788,000 | 1.019% | 1.050% | $10,260.51 | $855.04 | $2,793.80 | $232.82 | $13,054.32 | $1,087.86 |
| 5H | s | 2.0 | 2.0 | 1,262 | $658,000 | $822,000 | 1.063% | 1.096% | $10,703.22 | $891.94 | $2,914.35 | $242.86 | $13,617.57 | $1,134.80 |
| 5I | s | 1.0 | 1.0 | 907 | $472,000 | $590,000 | 0.763% | 0.786% | $7,682.36 | $640.20 | $2,091.81 | $174.32 | $9,774.17 | $814.51 |
| 5J | s | 1.0 | 1.0 | 890 | $463,000 | $579,000 | 0.749% | 0.772% | $7,539.13 | $628.26 | $2,052.81 | $171.07 | $9,591.94 | $799.33 |
| 5K | s | 1.0 | 1.0 | 586 | $305,000 | $381,000 | 0.493% | 0.508% | $4,960.98 | $413.42 | $1,350.81 | $112.57 | $6,311.79 | $525.98 |
| 6A | s | 1.0 | 1.0 | 581 | $314,000 | $393,000 | 0.508% | 0.524% | $5,117.23 | $426.44 | $1,393.36 | $116.11 | $6,510.59 | $542.55 |
| 6B | v | 1.0 | 1.0 | 891 | $482,000 | $602,000 | 0.778% | 0.802% | $7,838.61 | $653.22 | $2,134.35 | $177.86 | $9,972.97 | $831.08 |
| 6C | s | 1.0 | 1.0 | 907 | $490,000 | $613,000 | 0.793% | 0.817% | $7,981.84 | $665.15 | $2,173.35 | $181.11 | $10,155.20 | $846.27 |
| 6D | s | 2.0 | 2.0 | 1,261 | $682,000 | $853,000 | 1.103% | 1.137% | $11,106.87 | $925.57 | $3,024.26 | $252.02 | $14,131.13 | $1,177.59 |
| 6E | s | 2.0 | 1.0 | 1,213 | $656,000 | $820,000 | 1.060% | 1.093% | $10,677.18 | $889.77 | $2,907.26 | $242.27 | $13,584.44 | $1,132.04 |
| 6F | s | 1.0 | 1.0 | 474 | $257,000 | $321,000 | 0.415% | 0.428% | $4,179.73 | $348.31 | $1,138.09 | $94.84 | $5,317.81 | $443.15 |
| 6G | s | 2.0 | 2.0 | 1,209 | $654,000 | $818,000 | 1.058% | 1.090% | $10,651.14 | $887.59 | $2,900.17 | $241.68 | $13,551.31 | $1,129.28 |
| 6H | s | 2.0 | 2.0 | 1,262 | $683,000 | $854,000 | 1.104% | 1.138% | $11,119.89 | $926.66 | $3,027.80 | $252.32 | $14,147.70 | $1,178.97 |
| 6I | s | 1.0 | 1.0 | 907 | $490,000 | $613,000 | 0.793% | 0.817% | $7,981.84 | $665.15 | $2,173.35 | $181.11 | $10,155.20 | $846.27 |
| 6J | c | 1.0 | 1.0 | 890 | $481,000 | $601,000 | 0.777% | 0.801% | $7,825.59 | $652.13 | $2,130.81 | $177.57 | $9,956.40 | $829.70 |
| 6K | s | 1.0 | 1.0 | 586 | $317,000 | $396,000 | 0.512% | 0.528% | $5,156.30 | $429.69 | $1,403.99 | $117.00 | $6,560.29 | $546.69 |
| **156-08 RIVERSIDE DRIVE WEST** | | | | | | | | | | | | | | |
| 01 | s | 2.0 | 1.0 | 674 | $298,000 | $372,000 | 0.481% | 0.496% | $4,843.79 | $403.65 | $1,318.90 | $109.91 | $6,162.70 | $513.56 |
| 1A | v | 1.0 | 1.0 | 619 | $273,000 | $341,000 | 0.441% | 0.455% | $4,440.14 | $370.01 | $1,208.99 | $100.75 | $5,649.14 | $470.76 |
| 1B | s | 1.0 | 1.0 | 853 | $376,000 | $470,000 | 0.608% | 0.626% | $6,119.85 | $509.99 | $1,666.36 | $138.86 | $7,786.20 | $648.85 |
| 1C | s | 1.0 | 1.0 | 875 | $386,000 | $482,000 | 0.623% | 0.642% | $6,276.10 | $523.01 | $1,708.90 | $142.41 | $7,985.00 | $665.42 |
| 1D | s | 2.0 | 1.0 | 852 | $376,000 | $470,000 | 0.608% | 0.626% | $6,119.85 | $509.99 | $1,666.36 | $138.86 | $7,786.20 | $648.85 |
| 1E | s | 2.0 | 2.0 | 1,289 | $568,000 | $710,000 | 0.918% | 0.946% | $9,244.88 | $770.41 | $2,517.26 | $209.77 | $11,762.14 | $980.18 |
| 1G | resident manager | 2.0 | 2.0 | 1,211 | $0 | $0 | 0.000% | 0.000% | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |

SCHEDULE A

PRICES OF UNITS AND RELATED INFORMATION

**The John James Condominium**

Projected Common Charges and Real Estate Taxes
For First Year of Condominium Operation
(assuming July 1, 2015 - June 30, 2016)

| Unit No | Status (1) | No. of Bedrooms/Baths | | Approx. Sq. Ft. (2) | Total Cash Payment to Tenant Purchasers (3) | Total Cash Payment to Non-Tenant Purchasers (3) | % of Common Interest (4) | % of Residential Common Interest (4) | Estimated First Year's Common Charges (5) | | Estimated First Year's Real Estate Tax (6) | | Estimated First Year's Common Charges & Real Estate Tax | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Annual | Monthly | Annual | Monthly | Annual | Monthly |
| 1H | s | 2.0 | 2.0 | 1,503 | $662,000 | $828,000 | 1.071% | 1.104% | $10,781.35 | $898.45 | $2,935.62 | $244.64 | $13,716.97 | $1,143.08 |
| 1I | s | 1.0 | 1.0 | 925 | $407,000 | $509,000 | 0.658% | 0.678% | $6,627.66 | $552.31 | $1,804.63 | $150.39 | $8,432.29 | $702.69 |
| 1J | v | 1.0 | 1.0 | 788 | $347,000 | $434,000 | 0.561% | 0.578% | $5,651.09 | $470.92 | $1,538.72 | $128.23 | $7,189.81 | $599.15 |
| 1K | v | 1.0 | 1.0 | 674 | $297,000 | $371,000 | 0.480% | 0.494% | $4,830.77 | $402.56 | $1,315.36 | $109.61 | $6,146.13 | $512.18 |
| 2A | s | 1.0 | 1.0 | 619 | $286,000 | $357,000 | 0.462% | 0.476% | $4,648.48 | $387.37 | $1,265.72 | $105.48 | $5,914.20 | $492.85 |
| 2B | s | 1.0 | 1.0 | 853 | $393,000 | $491,000 | 0.635% | 0.654% | $6,393.29 | $532.77 | $1,740.81 | $145.07 | $8,134.10 | $677.84 |
| 2C | v | 1.0 | 1.0 | 875 | $403,000 | $504,000 | 0.652% | 0.672% | $6,562.56 | $546.88 | $1,786.90 | $148.91 | $8,349.46 | $695.79 |
| 2D | s | 2.0 | 1.0 | 852 | $394,000 | $492,000 | 0.636% | 0.656% | $6,406.31 | $533.86 | $1,744.36 | $145.36 | $8,150.66 | $679.22 |
| 2E | s | 2.0 | 2.0 | 1,289 | $594,000 | $743,000 | 0.961% | 0.990% | $9,674.57 | $806.21 | $2,634.26 | $219.52 | $12,308.83 | $1,025.74 |
| 2F | c | 1.0 | 1.0 | 635 | $293,000 | $366,000 | 0.473% | 0.488% | $4,765.67 | $397.14 | $1,297.63 | $108.14 | $6,063.30 | $505.27 |
| 2G | s | 2.0 | 2.0 | 1,211 | $559,000 | $699,000 | 0.904% | 0.932% | $9,101.65 | $758.47 | $2,478.26 | $206.52 | $11,579.91 | $964.99 |
| 2H | s | 2.0 | 2.0 | 1,503 | $694,000 | $867,000 | 1.121% | 1.156% | $11,289.17 | $940.76 | $3,073.89 | $256.16 | $14,363.06 | $1,196.92 |
| 2I | s | 1.0 | 1.0 | 925 | $426,000 | $532,000 | 0.688% | 0.709% | $6,927.15 | $577.26 | $1,886.17 | $157.18 | $8,813.32 | $734.44 |
| 2J | s | 1.0 | 1.0 | 852 | $393,000 | $491,000 | 0.635% | 0.654% | $6,393.29 | $532.77 | $1,740.81 | $145.07 | $8,134.10 | $677.84 |
| 2K | s | 1.0 | 1.0 | 684 | $315,000 | $394,000 | 0.509% | 0.525% | $5,130.26 | $427.52 | $1,396.90 | $116.41 | $6,527.16 | $543.93 |
| 3A | s | 1.0 | 1.0 | 619 | $298,000 | $372,000 | 0.481% | 0.496% | $4,843.79 | $403.65 | $1,318.90 | $109.91 | $6,162.70 | $513.56 |
| 3B | s | 1.0 | 1.0 | 853 | $410,000 | $512,000 | 0.662% | 0.682% | $6,666.73 | $555.56 | $1,815.26 | $151.27 | $8,481.99 | $706.83 |
| 3C | s | 1.0 | 1.0 | 875 | $421,000 | $526,000 | 0.680% | 0.701% | $6,849.02 | $570.75 | $1,864.90 | $155.41 | $8,713.92 | $726.16 |
| 3D | s | 2.0 | 1.0 | 852 | $410,000 | $513,000 | 0.663% | 0.684% | $6,679.75 | $556.65 | $1,818.81 | $151.57 | $8,498.56 | $708.21 |
| 3E | s | 2.0 | 2.0 | 1,289 | $621,000 | $776,000 | 1.003% | 1.034% | $10,104.26 | $842.02 | $2,751.26 | $229.27 | $12,855.52 | $1,071.29 |
| 3F | s | 1.0 | 1.0 | 635 | $306,000 | $382,000 | 0.494% | 0.509% | $4,974.00 | $414.50 | $1,354.36 | $112.86 | $6,328.36 | $527.36 |
| 3G | s | 2.0 | 2.0 | 1,211 | $583,000 | $729,000 | 0.943% | 0.972% | $9,492.27 | $791.02 | $2,584.62 | $215.39 | $12,076.90 | $1,006.41 |
| 3H | v | 2.0 | 2.0 | 1,503 | $723,000 | $904,000 | 1.169% | 1.205% | $11,770.94 | $980.91 | $3,205.08 | $267.09 | $14,976.02 | $1,248.00 |
| 3I | s | 1.0 | 1.0 | 925 | $445,000 | $556,000 | 0.719% | 0.741% | $7,239.65 | $603.30 | $1,971.26 | $164.27 | $9,210.91 | $767.58 |
| 3J | s | 1.0 | 1.0 | 852 | $410,000 | $512,000 | 0.662% | 0.682% | $6,666.73 | $555.56 | $1,815.26 | $151.27 | $8,481.99 | $706.83 |
| 3K | s | 1.0 | 1.0 | 684 | $329,000 | $411,000 | 0.531% | 0.548% | $5,351.61 | $445.97 | $1,457.17 | $121.43 | $6,808.79 | $567.40 |
| 4A | s | 1.0 | 1.0 | 619 | $310,000 | $387,000 | 0.500% | 0.516% | $5,039.11 | $419.93 | $1,372.08 | $114.34 | $6,411.19 | $534.27 |
| 4B | s | 1.0 | 1.0 | 853 | $427,000 | $534,000 | 0.690% | 0.712% | $6,953.19 | $579.43 | $1,893.26 | $157.77 | $8,846.45 | $737.20 |
| 4C | s | 1.0 | 1.0 | 875 | $438,000 | $547,000 | 0.707% | 0.729% | $7,122.46 | $593.54 | $1,939.35 | $161.61 | $9,061.82 | $755.15 |
| 4D | s | 2.0 | 1.0 | 852 | $428,000 | $535,000 | 0.692% | 0.713% | $6,966.21 | $580.52 | $1,896.81 | $158.07 | $8,863.02 | $738.58 |
| 4E | s | 2.0 | 2.0 | 1,289 | $646,000 | $808,000 | 1.045% | 1.077% | $10,520.93 | $876.74 | $2,864.71 | $238.73 | $13,385.64 | $1,115.47 |
| 4F | s | 1.0 | 1.0 | 635 | $318,000 | $398,000 | 0.515% | 0.530% | $5,182.34 | $431.86 | $1,411.08 | $117.59 | $6,593.42 | $549.45 |
| 4G | s | 2.0 | 2.0 | 1,211 | $607,000 | $759,000 | 0.981% | 1.012% | $9,882.90 | $823.58 | $2,690.99 | $224.25 | $12,573.89 | $1,047.82 |
| 4H | s | 2.0 | 2.0 | 1,503 | $754,000 | $942,000 | 1.218% | 1.256% | $12,265.74 | $1,022.14 | $3,339.80 | $278.32 | $15,605.54 | $1,300.46 |
| 4I | s | 1.0 | 1.0 | 925 | $463,000 | $579,000 | 0.749% | 0.772% | $7,539.13 | $628.26 | $2,052.81 | $171.07 | $9,591.94 | $799.33 |
| 4J | s | 1.0 | 1.0 | 852 | $426,000 | $533,000 | 0.689% | 0.710% | $6,940.17 | $578.35 | $1,889.72 | $157.48 | $8,829.89 | $735.82 |
| 4K | s | 1.0 | 1.0 | 684 | $342,000 | $428,000 | 0.553% | 0.570% | $5,572.97 | $464.41 | $1,517.45 | $126.45 | $7,090.42 | $590.87 |
| 5A | v | 1.0 | 1.0 | 619 | $322,000 | $403,000 | 0.521% | 0.537% | $5,247.44 | $437.29 | $1,428.81 | $119.07 | $6,676.26 | $556.35 |
| 5B | s | 1.0 | 1.0 | 853 | $444,000 | $555,000 | 0.718% | 0.740% | $7,226.63 | $602.22 | $1,967.72 | $163.98 | $9,194.35 | $766.20 |
| 5C | s | 1.0 | 1.0 | 875 | $455,000 | $569,000 | 0.736% | 0.758% | $7,408.92 | $617.41 | $2,017.35 | $168.11 | $9,426.28 | $785.52 |

SCHEDULE A

PRICES OF UNITS AND RELATED INFORMATION

**The John James Condominium**

Projected Common Charges and Real Estate Taxes
For First Year of Condominium Operation
(assuming July 1, 2015 - June 30, 2016)

| Unit No | Status (1) | No. of Bedrooms/Baths | | Approx. Sq. Ft. (2) | Total Cash Payment to Tenant Purchasers (3) | Total Cash Payment to Non-Tenant Purchasers (3) | % of Common Interest (4) | % of Residential Common Interest (4) | Estimated First Year's Common Charges (5) | | Estimated First Year's Real Estate Tax (6) | | Estimated First Year's Common Charges & Real Estate Tax | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Annual | Monthly | Annual | Monthly | Annual | Monthly |
| 5D | s | 2.0 | 1.0 | 852 | $445,000 | $556,000 | 0.719% | 0.741% | $7,239.65 | $603.30 | $1,971.26 | $164.27 | $9,210.91 | $767.58 |
| 5E | s | 2.0 | 2.0 | 1,289 | $672,000 | $840,000 | 1.086% | 1.120% | $10,937.60 | $911.47 | $2,978.17 | $248.18 | $13,915.77 | $1,159.65 |
| 5F | v | 1.0 | 1.0 | 635 | $331,000 | $414,000 | 0.535% | 0.552% | $5,390.67 | $449.22 | $1,467.81 | $122.32 | $6,858.49 | $571.54 |
| 5G | s | 2.0 | 2.0 | 1,211 | $632,000 | $790,000 | 1.021% | 1.053% | $10,286.55 | $857.21 | $2,800.90 | $233.41 | $13,087.45 | $1,090.62 |
| 5H | v | 2.0 | 2.0 | 1,503 | $784,000 | $980,000 | 1.267% | 1.306% | $12,760.53 | $1,063.38 | $3,474.53 | $289.54 | $16,235.06 | $1,352.92 |
| 5I | s | 1.0 | 1.0 | 925 | $482,000 | $602,000 | 0.778% | 0.802% | $7,838.61 | $653.22 | $2,134.35 | $177.86 | $9,972.97 | $831.08 |
| 5J | s | 1.0 | 1.0 | 852 | $443,000 | $554,000 | 0.716% | 0.738% | $7,213.61 | $601.13 | $1,964.17 | $163.68 | $9,177.78 | $764.82 |
| 5K | v | 1.0 | 1.0 | 684 | $356,000 | $445,000 | 0.575% | 0.593% | $5,794.32 | $482.86 | $1,577.72 | $131.48 | $7,372.04 | $614.34 |
| 6A | s | 1.0 | 1.0 | 619 | $334,000 | $418,000 | 0.540% | 0.557% | $5,442.76 | $453.56 | $1,481.99 | $123.50 | $6,924.75 | $577.06 |
| 6B | s | 1.0 | 1.0 | 853 | $461,000 | $576,000 | 0.745% | 0.768% | $7,500.07 | $625.01 | $2,042.17 | $170.18 | $9,542.24 | $795.19 |
| 6C | s | 1.0 | 1.0 | 875 | $473,000 | $591,000 | 0.764% | 0.788% | $7,695.38 | $641.28 | $2,095.35 | $174.61 | $9,790.74 | $815.89 |
| 6D | s | 2.0 | 1.0 | 852 | $462,000 | $578,000 | 0.747% | 0.770% | $7,526.11 | $627.18 | $2,049.26 | $170.77 | $9,575.37 | $797.95 |
| 6E | s | 2.0 | 2.0 | 1,289 | $698,000 | $873,000 | 1.129% | 1.164% | $11,367.29 | $947.27 | $3,095.17 | $257.93 | $14,462.46 | $1,205.20 |
| 6F | s | 1.0 | 1.0 | 635 | $344,000 | $430,000 | 0.556% | 0.573% | $5,599.01 | $466.58 | $1,524.54 | $127.04 | $7,123.55 | $593.63 |
| 6G | s | 2.0 | 2.0 | 1,211 | $656,000 | $820,000 | 1.060% | 1.093% | $10,677.18 | $889.77 | $2,907.26 | $242.27 | $13,584.44 | $1,132.04 |
| 6H | s | 2.0 | 2.0 | 1,503 | $814,000 | $1,017,000 | 1.315% | 1.356% | $13,242.31 | $1,103.53 | $3,605.71 | $300.48 | $16,848.02 | $1,404.00 |
| 6I | s | 1.0 | 1.0 | 925 | $500,000 | $625,000 | 0.808% | 0.833% | $8,138.10 | $678.17 | $2,215.90 | $184.66 | $10,353.99 | $862.83 |
| 6J | s | 1.0 | 1.0 | 852 | $461,000 | $576,000 | 0.745% | 0.768% | $7,500.07 | $625.01 | $2,042.17 | $170.18 | $9,542.24 | $795.19 |
| 6K | s | 1.0 | 1.0 | 684 | $370,000 | $462,000 | 0.597% | 0.616% | $6,015.68 | $501.31 | $1,637.99 | $136.50 | $7,653.67 | $637.81 |
| Residential Units | | 180 | 167 | 123,406 | $60,023,000 | $75,026,000 | 97.0000% | 100.0000% | $976,910.00 | $81,409.17 | $266,000.00 | $22,166.67 | $1,242,910.00 | $103,575.83 |
| Garage Unit 1 | | | | 42,093 | | | 2.0000% | | $2,260.00 | $188.33 | | | | |
| Garage Unit 2 | | | | 7,260 | | | 1.0000% | | $1,130.00 | $94.17 | | | | |
| Total | | | | 172,759 | | | 100.0000% | | $980,300.00 | $81,597.50 | | | | |

## NOTES TO SCHEDULE A

1. c= rent control; s = rent stabilized; v = vacant.

2. Any floor plan or sketch shown to a prospective Purchaser, including those set forth in this Plan, is only an approximation of the dimensions and layout of each Residential Unit. The actual layout of a Residential Unit may have been altered by the tenants thereof or by others without Sponsor's consent or knowledge. The actual dimensions and configuration of a Residential Unit may also vary from its Floor Plan due to, for example: (a) changes required by the Building Department or other government authorities having jurisdiction; (b) normal construction allowances and variances; and (c) varied masonry bearing wall thicknesses. Purchasers will not be excused from their obligations under the Agreement in the event of non-material inaccuracies in a Residential Unit's size (there is a rebuttable presumption that a diminution of size of less than 5% of the useable floor area of the Residential Unit, exclusive of interior partitions, is not a material reduction of the net square foot area). If the Residential Unit is available for inspection before the Agreement is executed, the Residential Unit layout as actually exists shall supersede and govern any variation, substantial or otherwise, from any and all Floor Plans, drawings and diagrams. The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate (within reasonable tolerances) and may change upon re-measurement or due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York State to measure condominium apartments. Each Residential Unit should be inspected prior to execution of the Agreement to determine its actual dimensions, layout and physical condition. No variation of less than 5% of the net square footage area will affect a Purchaser's obligations under the Agreement or this Plan. Sponsor's sole obligation if the net square foot area is diminished by more than 5% shall be to refund to Purchaser the Deposit made under the Agreement and any interest earned thereon. The number of rooms has been calculated according to a standard count used for the Buildings which may differ from the method used by the Division of Housing and Community Renewal. Rooms include bedrooms, kitchens and living rooms. Sponsor has reserved the right to negotiate with individual Purchasers, other than a Tenant in Occupancy with the Right To Purchase for whom such negotiation would constitute a discriminatory inducement, to perform special work in a Residential Unit which may require a modification in floor plans for certain Units. Any such modification requiring a material change in the Common Elements will only be made by a duly filed amendment. Each Residential Unit will be measured on each of 1 or more floors from the midpoint of the exterior walls, at the Building line and/or Property line, to the midpoint of the interior walls and partitions separating a Residential Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or Residential Common Elements. Columns and mechanical pipes (whether along the perimeter or within the Residential Unit) are not deducted from the square foot area of the Residential Units. Measured vertically, each Residential 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 slab above. However, any Common Elements or Residential Common Elements located within a Residential Unit (including any structural slabs separating floors of a Residential Unit located on more than 1 floor) shall not be considered a part of such Residential Unit. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. Each prospective Purchaser should carefully inspect the Residential Unit prior to entering into the Agreement therefor to determine its actual dimensions, layout, ceiling heights and physical condition. The clearances between the top of the floor slab and the bottom of the finish ceiling in the Residential Units varies and each prospective Purchaser should carefully inspect the Residential Unit before entering into an Agreement therefor. However, certain Residential Units

may have less clearance and certain rooms within other Residential Units may have a lesser clearance as a result of the presence of beams and/or other mechanical spaces in such Residential Units. Purchasers are further advised that Sponsor has reserved the right to negotiate with individual purchasers to perform special work which may require a modification in floor plans for certain Residential Units and accordingly, the layout of the Residential Units and Common Elements or Residential Common Elements may vary. Reference should be made to the Sections entitled "Rights of Existing Tenants" and "Obligations of Purchasers of Residential Units Occupied by Non-Purchasing Tenants." Certain of the Residential Units are subject to the Rent Laws as noted in Schedule A.

*3.* Each Tenant in Occupancy with the Right To Purchase has the exclusive right to purchase such Tenant in Occupancy with the Right To Purchase's Residential Unit for a period of 90 days from the Presentation Date of this Plan at the prices set forth on Schedule A for Tenants in Occupancy with the Right To Purchase. These purchase prices are approximately 20% less than the prices currently offered to Non-Tenant Purchasers. See the Section entitled "Changes in Prices and Residential Units" for details concerning price changes. In addition to the purchase price, Purchaser will be responsible at Closing for certain closing costs as explained in the Section entitled "Closing Costs and Adjustments" in Part I of this Plan including, without limitation, the obligation to contribute 2 months' common charges to the working capital fund of the Condominium. Purchasers are advised to consult with their attorneys as to the exact closing costs they will incur in purchasing their Residential Units.

THESE PRICES HAVE BEEN SET BY SPONSOR WITHOUT ARMS LENGTH NEGOTIATION AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY. No change will be made in the purchase prices other than pursuant to a duly filed amendment to this Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices or modify other terms of sale without filing an amendment to this Plan at any time during the offering period if such a decrease in the purchase price or modification of such other terms of sale is not a general offering or an advertised price but is rather the result of an individually negotiated transaction and provided further that no individually negotiated transactions shall occur with Tenants in Occupancy with the Right To Purchase if same would constitute a discriminatory inducement.

*4.* The respective Common Interest of each Residential Unit in the Common Elements, in accordance with the provisions of Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Residential Unit. In the event that, prior to the First Closing, Sponsor negotiates with individual purchasers to change the layout or dimensions of their respective Residential Units and such changes involves the inclusion, in the Residential Unit, of areas formerly designated as Common Elements or Residential Common Elements, or involves adding to the Common Elements or Residential Common Elements space that was previously incorporated in the Residential Units, the Common Interest of all of the Residential Units may change slightly. Any such change in the Common Interest allocated to a Residential Unit prior to the recording of the Declaration shall not be deemed a material change and shall not give rise to a right of rescission on the part of any Purchaser.

*5.* The estimates contained in this Schedule A were computed on the assumption that the first year of Condominium operation will be the year from July 1, 2015 through June 30, 2016, and are based upon an estimate of the receipts and expenses of the Condominium for the projected year.

Sponsor makes no representation regarding the commencement date or the estimated receipts and expenses for the first year of Condominium operation which may be greater than or less than the estimated figures set forth in the proposed budget. The actual first year of Condominium operation may be earlier or later than such year. If the actual or anticipated date of commencement of condominium operation is delayed by more than 6 months from the commencement of the projected first year of Condominium operation, Sponsor will amend this Plan to include a revised budget disclosing current projections. If such amended projections exceed original projections by 25% or more, Sponsor will offer all Purchasers the right to rescind for a period of 15 days after the date of the presentation of the amendment setting forth the right to rescind.

The estimated monthly Common Charges for each Residential Unit are based on "Schedule B – Projected Budget for First Year of Condominium Operation." In addition to these estimated payments, each Residential Unit Owner will be responsible for real estate taxes for such Residential Unit, mortgage payments under a loan or loans, if any, obtained to finance the purchase of the Residential Unit, the cost of electricity and gas supplied to the Residential Unit which will be separately metered and payable directly to the utility company, the insurance which must be carried by each Residential Unit Owner with respect to liability and casualty to the contents of the Residential Unit and the cost of interior repairs and decorations to the Residential Unit. Until the Residential Units are separately assessed, real estate taxes shall be part of Common Expenses, as provided in the By-Laws.

*6.* The New York City real estate taxes for the Residential Units for the first year of Condominium operation following the First Closing, which have been estimated by Sponsor to be approximately $266,000 are based upon (i) an estimated transitional assessed valuation of the Property (inclusive of the Garage Units) of $2,088,081 for the first year of Condominium operation, with any increases in the Property's assessed valuation from prior years phased in over 5 years in equal annual increments of 20% and (ii) a tax rate of $13.145 per $100 of assessed valuation for the Units. The estimated tax rate for the fiscal year beginning July 1, 2015 does not assume any increase in the current tax rate.

The value of the Property for real estate tax purposes is determined annually by the Real Property Assessment Department of the City of New York. Under current Law, increases or decreases in a property's assessed valuation due to changes in its market value are to be phased in over 5 years in equal annual increments of 20%. Any further increase or decrease in the assessed value during such 5 year period resulting from a still higher or lower market value is to be similarly phased in over an additional 5 year period from the date of such increase. The full increased or the decreased assessed value targeted to be paid at the end of 5 years is called the "actual assessed valuation." The amount of assessed value reflecting the phased-in increases or decreases is called the "transitional assessed valuation." Taxes are paid on the lower of the Transitional Assessed Valuation or the Actual Assessed Valuation. The assessed valuations and tax rates for the 2012/2013, 2013/2014 and 2014/2015 tax years are as follows:

| **Tax Year** | **2012/13** | **2013/14** | **2014/15** |
|---|---|---|---|
| **Transitional Assessment** | $1,399,500 | $2,099,700 | $2,699,550 |
| **Actual Assessment** | 1,357,830 | 1,450,170 | 1,725,480 |
| **Taxes Based On** | 1,355,490 | 1,450,170 | 1,725,480 |
| **Tax Rate Per $100** | 13.181 | 13.145 | 13.145 |
| **Taxes Payable** | 178,667 | 190,625 | 226,814 |

No representation is made or warranty given as to: (a) whether or not there will be (i) a further increase or decrease in the assessed valuation of the Property during the 5 year phase-in period, (ii) an increase in the tax rate, or (iii) an increase or decrease in the assessed valuation of the Property by reason of the conversion of the Property to condominium ownership, (b) the method of determining the assessed valuation, or (c) the amount of any increase or decrease in the assessed valuation of the Property. A Purchaser purchasing a Residential Unit after the projected first year of Condominium operation should check the public tax records to confirm the then current taxes for the Property.

Section 581 of the Real Property Tax Law provides that real property owned on a condominium basis shall be assessed for real estate tax purposes at a sum not exceeding the assessment which would be placed thereon if the property were not owned on a condominium basis. Section 339-y of the Condominium Act provides in part that each Unit and its Common Interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the Units plus their Common Interests exceed the total valuation of the Property were the Property assessed as 1 parcel.

The New York City tax assessor may allocate taxes between the Residential Units in proportion to each Unit's purchase price or imputed market value rather than its percentage interest in the Common Elements and, if so, Residential Units having the same or similar percentage interest which are determined to have a higher purchase price or market value will pay higher real estate taxes than are reflected on Schedule A. After the Condominium is divided into individual tax lots and separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes and the 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 Residential Units. Until the Residential Units are separately assessed, the 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. See the Section of this Plan entitled "Real Estate Taxes" for further discussion.

Please refer to the Section of this Plan entitled "Real Estate Taxes" in Part I of this Plan for further details.

The aggregate monthly rents payable from tenants of all occupied units as of February 1, 2015 was $128,419.35.

PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTEE OR WARRANTY (i) regarding the method to be employed by the New York City tax assessor in allocating individual Unit assessments, (ii) of the assessed values of the Condominium during the first year of Condominium operation, or (iii) of the tax rates for the first year of Condominium operation. Purchasers should note that given the current fiscal situation in the City of New York, real estate taxes may have to increase significantly. Sponsor makes no representations regarding levels of assessment or taxation in future years.

See Attorney's Income Tax Opinion prepared by Pryor Cashman LLP, set forth in Part I of this Plan, regarding the deductibility of real estate taxes paid or accrued with respect to a Residential Unit.

Purchasers may be able to deduct for income tax purposes a portion of real estate taxes as well as interest on their mortgage. Tax deductions may vary in future years due to changes in the interest rate on a Residential Unit Owner's mortgage (if any), or due to changes in the allocation of constant debt service payments to interest and principal, or due to changes in real property taxes

resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property.

## SCHEDULE A - Storage Licenses

PRICES OF UNITS AND RELATED INFORMATION

**The John James Condominium**

| Unit No | Dimensions | Approx. Cubic Feet | Offering price | Unit No | Dimensions | Approx. Cubic Feet | Offering price |
|---|---|---|---|---|---|---|---|
| **775 RIVERSIDE DRIVE** | | | | **156-08 RIVERSIDE DRIVE WEST** | | | |
| 1 | 3' x 6' x 7' | 126 | $18,000 | 1 | 3' x 4' x 7' | 84 | $12,000 |
| 2 | 3' x 6' x 7' | 126 | $18,000 | 2 | 3' x 4' x 7' | 84 | $12,000 |
| 3 | 3' x 6' x 7' | 126 | $18,000 | 3 | 3' x 4' x 7' | 84 | $12,000 |
| 4 | 3' x 6' x 7' | 126 | $18,000 | 4 | 3' x 4' x 7' | 84 | $12,000 |
| 5 | 3' x 6' x 7' | 126 | $18,000 | 5 | 3' x 4' x 7' | 84 | $12,000 |
| 6 | 4' x 3' x 7' | 84 | $12,000 | 6 | 3' x 4' x 7' | 84 | $12,000 |
| 7 | 5' x 3' x 7' | 105 | $15,000 | 7 | 3' x 4' x 7' | 84 | $12,000 |
| 8 | 4' x 3' x 7' | 84 | $12,000 | 8 | 3' x 4' x 7' | 84 | $12,000 |
| 9 | 4' x 3' x 7' | 84 | $12,000 | 9 | 3' x 4' x 7' | 84 | $12,000 |
| 10 | 4' x 3' x 7' | 84 | $12,000 | 10 | 3' x 4' x 7' | 84 | $12,000 |
| 11 | 3' x 4' x 7' | 84 | $12,000 | 11 | 3' x 4' x 7' | 84 | $12,000 |
| 12 | 3' x 4' x 7' | 84 | $12,000 | 12 | 3' x 4' x 7' | 84 | $12,000 |
| 13 | 3' x 4' x 7' | 84 | $12,000 | 13 | 3' x 4' x 7' | 84 | $12,000 |
| 14 | 3' x 4' x 7' | 84 | $12,000 | 14 | 3' x 4' x 7' | 84 | $12,000 |
| 15 | 3' x 4' x 7' | 84 | $12,000 | 15 | 3' x 4' x 7' | 84 | $12,000 |
| 16 | 3' x 4' x 7' | 84 | $12,000 | 16 | 3' x 4' x 7' | 84 | $12,000 |
| 17 | 3' x 4' x 7' | 84 | $12,000 | 17 | 3' x 4' x 7' | 84 | $12,000 |
| 18 | 3' x 4' x 7' | 84 | $12,000 | 18 | 3' x 4' x 7' | 84 | $12,000 |
| 19 | 5' x 4' x 7' | 140 | $20,000 | 19 | 3' x 4' x 7' | 84 | $12,000 |
| 20 | 4' x 4' x 7' | 112 | $16,000 | 20 | 3' x 4' x 7' | 84 | $12,000 |
| 21 | 3' x 4' x 7' | 84 | $12,000 | 21 | 3' x 4' x 7' | 84 | $12,000 |
| 22 | 3' x 4' x 7' | 84 | $12,000 | 22 | 3' x 4' x 7' | 84 | $12,000 |
| 23 | 3' x 4' x 7' | 84 | $12,000 | 23 | 3' x 4' x 7' | 84 | $12,000 |
| 24 | 4' x 3' x 7' | 84 | $12,000 | 24 | 3' x 4' x 7' | 84 | $12,000 |
| 25 | 4' x 3' x 7' | 84 | $12,000 | 25 | 3' x 4' x 7' | 84 | $12,000 |
| 26 | 4' x 3' x 7' | 84 | $12,000 | 26 | 3' x 4' x 7' | 84 | $12,000 |
| 27 | 4' x 3' x 7' | 84 | $12,000 | 27 | 3' x 4' x 7' | 84 | $12,000 |
| 28 | 4' x 3' x 7' | 84 | $12,000 | 28 | 3' x 4' x 7' | 84 | $12,000 |
| | | | | 29 | 3' x 4' x 7' | 84 | $12,000 |
| Total | | 2,667 | 381,000 | | | 2,436 | 348,000 |

## NOTES TO SCHEDULE A- STORAGE LICENSES

The term of the Storage Locker License will commence no earlier than the date upon which Purchaser closes title to a Residential Unit and no later than the date upon which Purchaser closes the purchase of the Storage Locker License if not simultaneously with the purchase of a Residential Unit. Sponsor is offering 57 Storage Locker Licenses for purchase. Sponsor reserves the right to change the size and/or number of Storage Lockers for so long as Sponsor holds Storage Locker Licenses.

The term of the Storage Locker License will terminate upon the earlier of (i) the termination of the Storage Locker License by the Board pursuant to the terms of the Storage Locker License or By-laws; (ii) the date on which the Licensee no longer is a Residential Unit Owner and has not transferred the Storage Locker License to another Residential Unit Owner pursuant to its terms; or (iii) the date on which the Licensee voluntarily terminates the Storage Locker License. This Plan does not provide at this time for any fees associated with the licensing of a Storage Locker other than the Purchase Price of the Storage Locker License.

The Storage Space in the Cellars in which the Storage Lockers are located are Residential Common Elements. At such time as any Residential Unit Owner purchases a Storage Locker License, such Storage Locker will be deemed to be, and treated as a Residential Limited Common Element as it will, upon the purchase of a Storage License, exist for the use and enjoyment of the purchasing Residential Unit Owner to the exclusion of all other Residential Unit Owners. As a Residential Common Element, or, upon being licensed, a Residential Limited Common Element, any special fees arising in connection with the maintenance of the Storage Space or a particular Storage Locker will be imposed in accordance with the By-laws as it relates to these types of Residential Common Elements. As a Residential Common Element, or, upon being licensed, a Residential Limited Common Element, any special fees arising in connection with the maintenance of the Storage Space or a particular Storage Locker will be imposed in accordance with By-Laws Section 2.2.2(y) which provides for the Board of Managers to approve the amount and the means and methods of payment of, and collection of, the Common Charges and Special Assessments and any special fees and assessments from Licensees pursuant to the Storage Locker License.

Storage Locker Licenses are transferable in accordance with the terms thereof; provided, however, that the transferee is, or will be at the time of transfer, a Residential Unit Owner.

Sponsor reserves the right to offer as many Storage Locker Licenses as it determines and to withhold one or more for future sale. Sponsor reserves the right to change the size and/or number of Storage Lockers for so long as Sponsor holds Storage Locker Licenses. Additionally, Sponsor reserves the right to add additional Storage Lockers within the Storage Space and/or the cellar and offer additional Storage Locker Licenses for sale prior to the third anniversary of the Closing of the first Residential Unit. The addition of additional Storage Lockers within the Storage Space and/or the Cellar Level will not impact the Condominium as the areas are reserved and marked on the Cellar Level floor plans for each of the Buildings. The Board shall not charge Sponsor any fees in connection with Sponsor's exercise of its rights to add additional Storage Lockers.

Sponsor reserves the right to designate at Closing the Storage Locker which will be subject to such Storage Locker License, and Sponsor does not guarantee that a Purchaser will be designated a Storage Locker in the same Building as the Residential Unit purchased by such Purchaser. In addition, Sponsor has the right to limit the number of Storage Locker Licenses sold to any single Purchaser of a Residential Unit or to make bulk sales, as it deems fit. Storage Lockers may only

be used for the uses set forth in this Plan and the Storage Locker License, except for the Sponsor, cannot be licensed independently of the ownership of a Residential Unit.

In the event that the designated Storage Locker is not ready on the Closing Date of the Residential Unit, the Deposit held in connection with the purchase of the Storage Locker License will continue to be held in escrow until such time as the Storage Locker License is completed and the Storage Locker License is delivered to the Residential Unit Owner.

## SCHEDULE B
## PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

**The John James Condominium**
(assuming July 1, 2015 – June 30, 2016)

**PROJECTED INCOME:**

| | Residential Units | Garage Units | Total |
|---|---|---|---|
| Common Charges (Note 1) | $976,910 | $3,390 | $980,300 |
| Laundry Income (Note 2) | 6,000 | | 6,000 |
| **TOTAL PROJECTED INCOME (Note 3)** | **$982,210** | **$3,390** | **$986,300** |

**PROJECTED EXPENSES:**

| | | | |
|---|---|---|---|
| Labor (Note 4) | $158,800 | | $158,800 |
| Heating (Note 5) | 322,000 | | 322,000 |
| Utilities (Electricity, Gas) (Note 6) | 44,000 | | 44,000 |
| Water charges and Sewer Rents (Note 7) | 136,000 | | 136,000 |
| Repairs, Maintenance and Supplies Residential Common Elements (Note 8) | 95,000 | | 95,000 |
| Repairs, Maintenance and Supplies Common Elements (Note 9) | 9,700 | 300 | 10,000 |
| Service Contracts (Note 10) | 11,000 | | 11,000 |
| Insurance (Note 11) | 39,770 | 1,230 | 41,000 |
| Management Fees (Note 12) | 48,500 | 1,500 | 50,000 |
| Legal and Auditing Fees (Note 13) | 26,640 | 360 | 27,000 |
| Contingency Fund (Note 14) | 65,000 | | 65,000 |
| Other Expenses (Note 15) | 26,500 | | 26,500 |
| **TOTAL PROJECTED EXPENSES (16)** | **$982,910** | **$3,390** | **$986,300** |

If the actual or anticipated date of commencement of condominium operation is delayed by more than 6 months from the commencement of the projected first year of Condominium operation, this Plan will be amended to include a revised budget disclosing the then current projections. If such amended projected Common Charges for the First Year of Condominium Operation exceed the original projections by 25% or more, Sponsor will offer all Purchasers the right to rescind if they notify Sponsor in writing within 15 days after the presentation of the amendment disclosing the revised budget. Sponsor will refund the full Deposit (with interest earned thereon, if any) within 30 days after receipt of timely notification by a Purchaser rescinding their Purchase Agreement. See "Procedure to Purchase."

## FOOTNOTES TO SCHEDULE B

### *1. Common Charges (Budget - $980,300)*

Annual Common Charges, are projected on the assumption that the first year of Condominium operation will begin on or about July 1, 2015. The actual first year of operation may be earlier or later than that date.

### *2. Laundry Income (Budget - $6,000)*

There is 1 laundry room located on the Cellar Level of each of the Buildings.

Laundry income is predicated on a concession agreement with Sponsor or an affiliate of Sponsor (the "Concessionaire"), pursuant to which Concessionaire pays $500.00 per month to the Condominium. The concession agreement is for a term of 25 years, and provides for a $50.00 per month increase in payment every 5 years. This may prevent the Condominium from negotiating a concession agreement with another vendor and possibly receiving a higher annual rent. The Concessionaire maintains the laundry equipment. The Condominium is required to provide the Concessionaire with gas, electricity and hot and cold water at no cost. It is possible that the rent payable under the concession agreement will be less than the expenses attributable to the leased space.

Reference should be made to the agreement with the Concessionaire for further details. A copy of the agreement is available for inspection during normal business hours at the office of the Selling Agent, Keller Williams NYC, 425 Park Avenue, New York, New York 10022.

Since the cost for providing utilities and water to the laundry room is not separately metered, no assurance is given that the rental income received by the Condominium will be adequate during the entire term of the agreement to cover the expenses incurred by the Condominium in connection with the laundry concession, however, it is anticipated that the expenses to the Condominium for the foregoing shall not exceed the rent payable. Additionally, since the rental is a fixed amount and the cost of these utilities will likely increase due to inflation and higher energy costs, potential purchasers are advised that the ratio of income generated by the laundry concession to the expenses incurred in connection with the concession may decline in the future.

### *3. Total Projected Income (Budget - $986,300)*

This budget item does not include any interest income that may be received by the Condominium from investment of the Working Capital Fund to be retained at title closing or the Condominium's Reserve Fund. It is expected that all or part of the Working Capital Fund and Reserve Fund will be expended during the first or subsequent years of operation. Accordingly, interest income cannot be determined with exactitude, may be inconsequential and has not been included in the projected receipts for the first year of condominium operation.

### *4. Labor (Budget - $158,800)*

The Resident Manager will reside in an apartment located on the Lobby Level 156-08 Riverside Drive West.

Presently, the building staff consists of 1 Resident Manager, 2 porters and 1 handyman. After the First

Closing, the building staff will continue to consist of 1 Resident Manager, 2 porters and 1 handyman, whose responsibilities will include, but are not limited to, keeping the public areas (such as the hallways) cleaned and removal of garbage from the Property.

The weekly wage rate projected to be in effect as of July 1, 2015 for the Resident Manager is $625.00, and for 2 porters and 1 handyman is $1,325.00.

The projected wages, benefits and payroll related expenses for the building staff (assuming non-union employees) are as follows:

| | |
|---|---|
| Wages | $102,200 |
| Benefits (vacation, sick pay and holiday pay) | 9,800 |
| F.I.C.A. | 8,600 |
| Federal and State Unemployment | 1,750 |
| Disability | 1,440 |
| Workers' Compensation | 6,100 |
| Labor Benefits | 21,200 |
| Other (including telephone and utilities) | 7,910 |
| | $158,800 |

The above listed wages meet New York State minimum wage requirements.

***5. Heating (Budget - $322,000)***

Heating of each Building (*i.e.*, heat and domestic hot water) is by means of a hot water burner, which uses #6 fuel oil.

The budgeted item is based upon 86,877 gallons (determined by the average annual consumption of fuel oil for the past 3 years), at $3.7018 for the 2015 calendar year (assuming an annual rate increase of 5%) per gallon over the 2013 average price of $3.2730, including sales tax. As of June 21, 2013, the cost of #6 fuel oil was $2.7345 per gallon, including sales tax.

The consumption (as measured by purchases) and cost of #6 fuel oil for the past 3 years were as follows:

| Calendar Year | Gallons of #6 Fuel Oil Purchased | Cost of #6 Fuel Oil (Including Sales Tax) / Per Gallon | Total Cost (Including Sales Tax) |
|---|---|---|---|
| 2011 | 89,180 | $3.2361 | $288,593 |
| 2012 | 85,369 | $3.3910 | $289,486 |
| 2013 | 86,083 | $3.2730 | $281,751 |

In view of the current energy situation, it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of Condominium operation, which will vary with the

level of consumption and the fuel rate. Consumption will be affected by the severity of the weather and conservation measures (such as staggering hours of heating, lowering the temperature of the hot water, etc.) if any, adopted by the Board. The cost of crude oil in recent years has been highly volatile and unpredictable and may increase in the near future. Each of the Buildings recently converted from the use of #6 fuel oil to #4 fuel oil; however it is not anticipated that the conversion will substantially effect the fuel rate.

It is believed that the budgeted figure should be sufficient to cover any reasonable increases in the costs of fuel during the first year of Condominium operation. However, no budgeted item is warranted.

*6. Utilities (Electricity, Gas) (Budget - $44,000)*

The budgeted item includes the cost of electricity for outdoor lighting, public areas of the Buildings and the Laundry Rooms. The budgeted item also includes the cost of gas for the Laundry Rooms.

The budgeted item is based on the average consumption of electricity and gas for the past 3 years billed at the average of the rates applied in the utility bills for 2012 and 2013, plus an annual rate increase of 5%.

The cost and consumption of electricity for the past 3 calendar years were as follows:

| Calendar Year | Consumption of Electricity (in KWH) (in 100 Cubic Feet) | Cost Per KWH (in 100 Cubic Feet Including Sales Tax) | Total Cost (Including Sales Tax) |
|---|---|---|---|
| 2011 | 169,316 | $0.18835 | $31,890 |
| 2012 | 169,344 | 0.17883 | 30,284 |
| 2013 | 169,236 | 0.20367 | 34,926 |

The cost and consumption of gas for the past 3 calendar years were as follows:

| Calendar Year | Consumption of Gas (in Therms) | Cost Per Therm (Including Sales Tax) | Total Cost (Including Sales Tax) |
|---|---|---|---|
| 2011 | 2,487 | $1.73 | $4,310 |
| 2012 | 2,173 | 1.51 | 3,285 |
| 2013 | 2,004 | 1.91 | 3,825 |

It is difficult to ascertain whether the budgeted figure will reflect the actual cost to be incurred during the first year of Condominium operation which will vary with the level of consumption and the cost of electricity. Electricity is generated by the utility company (Consolidated Edison Company of New York) by means of fuel oil as the primary energy source. Since oil prices have been highly volatile, it is likely that the cost of oil used to generate electricity will increase in the near future. As a result, it is likely that electric rates will increase, although it is not possible to forecast the timing or amount of such increase.

It is believed that the budgeted figure should be sufficient to cover any reasonable increases in the cost of electricity resulting from the foregoing during the first year of Condominium operation. However, no budgeted item is warranted.

*7. Water Charges and Sewer Rents (Budget - $136,000)*

The Buildings are currently billed an annual charge for water charges and sewer rents. The budgeted amount is based on charges of $129,023 for the 2013/2014 fiscal year and estimated charges of $135,579.00 for the 2015/2016 fiscal year.

The water charges and sewer rents for the 3 prior fiscal years were as follows:

| Fiscal Year | Cost (Frontage) |
|---|---|
| July 1, 2012/June 30, 2013 | $122,182 |
| July 1, 2013/June 30, 2014 | 129,023 |
| July 1, 2014/June 30, 2015 | 133,344 |

*8. Repairs, Maintenance and Supplies for Residential Common Elements (Budget - $95,000)*

The budgeted figure for these items is based on normal maintenance and repairs of, for example, the hallways, elevators, heating system, plumbing and electrical systems and other common areas which are a part of the Residential Common Elements. The budgeted item includes various supplies (such as cleaning supplies and materials, lubricants, bulbs, public area fixtures, general and hardware supplies) and periodic painting of public halls and common areas on a rotating basis, but excludes the building services described below in footnote 10 of Schedule B entitled "Service Contracts." The budgeted item also includes costs attributable to the maintenance of the Resident Manager's Apartment. Residential Unit Owners, however, will be responsible for the cost of interior repairs in, and decoration and painting of, their respective Residential Units, including appliances.

*9. Repairs, Maintenance and Supplies Common Elements (Budget - $10,000)*

The budgeted figure for these items is based on normal maintenance and repairs of common areas affecting the Residential Units and Garage Units.

*10. Service Contracts (Budget - $11,000)*

The budgeted figure allows for the following service and maintenance contracts (inclusive of sales tax):

| Nature of Service | Monthly Payment | Expiration Date |
|---|---|---|
| Slade Elevator Industries, Inc. (Elevator Maintenance) | $339 | Month-to-Month |
| Select Exterminating (Exterminating) | 114 | Month-to-Month |
| Secure Watch 24 (Security) | 336 | Month-to-Month |

Secure Watch 24 currently provides the Buildings with video surveillance and certain security services. Joel Wiener is an investor in Secure Watch 24 and is the managing member of the Managing Agent.

*11. Insurance (Budget - $41,000)*

The following insurance is recommended for the Property for the first year of Condominium operation in a letter dated February 4, 2015 from I. Dachs & Sons, Inc., 1245 West Broadway, PO Box 338, Hewlett, NY 11557:

**Commercial Property Coverage**

| | |
|---|---|
| Perils Insured: | Special Form |
| Valuation: | Replacement Cost |
| Co-Insurance: | Agreed Amount |
| AOP Deductible: | $10,000 |
| Coverages: | |
| Building: | $15,960,000 |
| Business Income: | $1,200,000 |
| Additional Coverages: | |
| BI – Rents/Common Charges: | Extend Period of Indemnity – 365 days |
| Boiler & Machinery: | Included |
| Flood/Water Backup: | Included |
| Ordinance or Law: | |
| Coverage A: | Included |
| ICC & Demolition: | $1,000,000 Each |

**Total Policy Premium: $17,000**

**Commercial General Liability (Occurrence Form):**

| | |
|---|---|
| $2,000,000 | General Aggregate |
| $1,000,000 | Each Occurrence |
| $1,000,000 | Personal & Advertising Injury |
| $1,000,000 | Fire Damage Legal Liability |
| $ 5,000 | Medical Payments |
| $1,000,000 | Employee Benefits Liability |
| $1,000,000 | Non-owned & Hired Auto Liability |

Elevator Liability/Collision Coverage Included

Deductible: None **Total Policy Premium: $14,200**

**Commercial Liability Policy:**

Limit: $100,000,000 **Total Policy Premium: $3,900**

**Directors & Officers Liability Policy:**

Limit: $1,000,000 **Total Policy Premium: $2,800**

**Crime Insurance Policy:**

Limit: $1,000,000 **Total Policy Premium:** **$2,500**

Fidelity insurance covering the Board of Managers and all officers, directors and employees of the Condominium.

The total annual premium for the proposed insurance as of February 4, 2015 was $41,000. The Garage Unit Owner will pay 3% of the budgeted cost of the insurance premium. The $15,960,000 coverage limit is based upon an agreed amount replacement cost for the Buildings. The fire, casualty and general liability insurance policy will be on terms that provide: (1) that each Unit Owner is an additional insured party; (2) that there will be no cancellation without notice to the Board; (3) a waiver of subrogation; (4) a waiver of invalidity because of the acts of the insured and Unit Owners; and (5) a waiver of pro-rata reduction if Unit Owners obtain additional coverage. The hazard insurance policy will include a provision known as an "agreed amount replacement cost endorsement" whereby the insurance carrier agrees to reimburse the insured for losses up to the full amount of the policy regardless of the actual replacement value of the Buildings. This clause has the effect of waiving any co-insurance the insurer might otherwise require. This clause does *not* mean that the Condominium would necessarily receive sufficient proceeds to actually rebuild the Buildings in the event of a total destruction. In order to safeguard the investment of the Unit Owners in the event of a substantial or total destruction of the Buildings, the Condominium should periodically review the amount of casualty insurance for the Buildings to insure that the amount of coverage is sufficient. The proposed insurance coverage will meet the requirements of any mortgage lender procured by Sponsor.

In recent years, premiums for insurance (especially fire and liability) have increased substantially. It is not possible to predict whether premiums will escalate in the future or will level off. Although the projection is believed to be reasonable, no budgeted item is warranted. At the First Closing, Sponsor will deliver (at the Condominium's expense) a fire and liability binder or policy providing insurance coverage in amounts no less than shown on the foregoing schedule.

This coverage does not include claims for personal injury or property damage resulting from occurrences in Residential Units, nor does it include coverage of the furniture or personal property of Residential Unit Owners. Therefore, each Residential Unit Owner should obtain additional insurance, at his or her own cost, covering among other items (i) fire or casualty losses to the contents of his or her Residential Unit and any replacements, additions, upgraded fixtures and improvements therein, (ii) personal property, and (iii) liability for personal injury as a result of occurrences in the individual Residential Unit.

### *12. Management Fees (Budget - $50,000)*

On or about the date of the First Closing, the Condominium will enter into a Management Agreement with Pinnacle Managing Co., LLC (the "Managing Agent"), One Penn Plaza, Suite 4000, New York, New York 10119 at an annual fee of $50,000. The Garage Unit Owner will pay 3% of the budgeted cost of the management fee. The management fee is comparable to the prevailing rates charged by other management services firms in New York City providing similar services in comparable buildings. In the event a new managing agent is substituted for the Managing Agent, the annual fee will be an amount as mutually agreed upon between the Board and the new managing agent. The Management Agreement will be for an initial term of 3 years and be automatically renewed from year to year thereafter unless terminated by either party upon 90 days' written notice prior to the expiration of the term, as the same may have been renewed. The Managing Agent shall be entitled to receive fees from Unit Owners (other than Sponsor and/or holders of Unsold Residential Units) who sell or lease their Residential Units. Joel Wiener, a principal in the Managing Agent, is also a principal of Sponsor. Reference should be made to the section of this Plan entitled "Management Agreement" for details of these and other important features of the Management Agreement.

### *13. Legal and Auditing Fees (Budget - $27,000)*

A substantial portion of the budgeted item will be used for auditing fees in connection with the preparation of the Condominium's first year's audited financial statements and its Federal, State and City income tax returns, based on a fee of approximately $12,000, provided by DDK & Company LLP, CPA. The Garage Unit Owner will pay 3% of the budgeted cost of the auditing fees. A $15,000 allowance is provided for miscellaneous (but not major) legal services, in the event the Board decides to engage an attorney.

### *14. Contingency Fund (Budget - $65,000)*

This item is to provide a fund for possible expenses not included in the budget (such as interest on any serial notes given by the Condominium to Sponsor for payment of closing adjustments and described in the section of this Plan entitled "Working Capital Fund") or possible increases in 1 or more items of operating expense above the amounts projected. The budget may be modified from time to time prior to commencement of, or during, Condominium operation to add new items of expense or increase 1 or more items of operating expense. The funds for such modifications may be provided by decreasing the Contingency Fund or by decreasing 1 or more items of expense, or both. The Contingency Fund does not include a reserve for capital replacements or repairs, for which no provision is made under this budget. See the Sections of this Plan entitled "Working Capital Fund" and "Reserve Fund" for a discussion of funds which may be used for capital replacements or repairs.

### *15. Other Expenses (Budget – $26,500)*

This item is to provide a fund for expenses such as employer association dues (if applicable), building telephone, stationary, postage, license and registration fees, municipal permits and miscellaneous expenses not provided for in other budget lines, as well as $1,000 for Franchise and corporation taxes.

### *16. Total Projected Expenses (Budget - $986,300)*

The projections set forth in this budget assume that the first year of Condominium operation will begin on or about July 1, 2015.

NOTE: At the closing, Sponsor and the Condominium will adjust items of income and expense as of midnight of the day preceding the closing. Assuming the net closing adjustments are in favor of Sponsor, same shall be paid in 12 equal, consecutive monthly installments, commencing on the first day of the 2nd calendar month subsequent to the closing, pursuant to negotiable, serial notes bearing interest at the rate of 1% over Citibank, N.A.'s "base rate" in effect on the First Closing Date. In such case, although such notes are not directly included in this budget, payment of the notes represents, in effect, payment of certain expenses reflected in this budget that have been prepaid by Sponsor.

IN THE OPINION OF SPONSOR'S BUDGET EXPERT, NU-PLACE REALTY, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE PROJECTED EXPENSES FOR THE CONDOMINIUM'S FIRST YEAR OF OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE FISCAL YEAR COMMENCING JULY 1, 2015. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL RECEIPTS (INCLUDING COMMON CHARGES) OR EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE BUILDINGS BY THE CONDOMINIUM WILL BE AS SET FORTH IN SAID SCHEDULE, AND IT IS LIKELY THAT THE ACTUAL RECEIPTS AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE. HOWEVER, IN THE EVENT THE AMENDED PROJECTED COMMON CHARGES

FOR THE FIRST YEAR OF CONDOMINIUM OPERATION EXCEED THE ORIGINAL PROJECTIONS BY 25% OR MORE, SPONSOR WILL OFFER ALL PURCHASERS THE RIGHT TO RESCIND IF THEY NOTIFY SPONSOR IN WRITING WITHIN 15 DAYS AFTER THE PRESENTATION OF THE AMENDMENT DISCLOSING THE REVISED BUDGET. SPONSOR WILL REFUND THE FULL DEPOSIT (WITH INTEREST EARNED THEREON, IF ANY) WITHIN 30 DAYS AFTER RECEIPT OF TIMELY NOTIFICATION BY A PURCHASER RESCINDING THEIR PURCHASE AGREEMENT. SEE THE SECTION OF THIS PLAN ENTITLED "PROCEDURE TO PURCHASE."

SPONSOR HAS RESERVED THE RIGHT PRIOR TO THE FIRST CLOSING DATE TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES, AND TO ENTER INTO NEW AGREEMENTS AND POLICIES, THAT WILL BE BINDING ON THE CONDOMINIUM ON THE FIRST CLOSING DATE. HOWEVER, SPONSOR MAY NOT ENTER INTO ANY SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE OR OTHER AGREEMENTS AFTER THIS PLAN IS PRESENTED THAT WILL MATERIALLY INCREASE THE PROJECTED COMMON CHARGES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION OR WHICH WOULD BE BINDING ON THE CONDOMINIUM FOR MORE THAN 2 YEARS, UNLESS SUCH AGREEMENT CONTAINS A PROVISION PERMITTING THE CONDOMINIUM TO CANCEL THE AGREEMENT FROM AND AFTER THE 2ND ANNIVERSARY OF THE FIRST CLOSING UPON GIVING NOT LESS THAN 90 DAYS' PRIOR WRITTEN NOTICE. ALL NEW OR MODIFIED AGREEMENTS WILL BE DISCLOSED IN AN AMENDMENT

## COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

PRYOR CASHMAN LLP

New York | Los Angeles

7 Times Square, New York, NY 10036 Tel: 212-421-4100 Fax: 212-326-0806

www.pryorcashman.com

August 21, 2014

775 Realty Co. LLC
156-08 Realty Co. LLC
One Penn Plaza, Suite 4000
New York, NY 10119

Re: The John James Condominium
775 Riverside Drive and 156-08 Riverside Drive West
New York, NY 10032 (the "**Condominium**")

Gentlemen:

You have requested our opinion regarding the allocation of common interests to the Residential Units at the Condominium as required by NYCRR Section 23.3(aa)(5). Except where otherwise indicated, the terms used in this opinion shall have the same meaning as set forth in the Offering Plan ("**Plan**") for the Condominium.

In connection with rendering this opinion we have reviewed the allocation of Common Interests as shown on Schedule A of this Plan and the Declaration establishing the Condominium. We have also considered the relevant sections of the New York State Condominium Act and such other materials as we deemed relevant. Our opinion is based upon the factual determinations made by Keller William NYC ("**KW**"), as set forth in its letter of August 8, 2014 contained in this Plan ("**Letter**"), as required by NYCRR Section 23.3(i). We have made no independent investigation of the truth or accuracy of the factual determinations of KW.

The Letter states that in KW's opinion, Common Interests were allocated pursuant to the method set forth in Real Property Law ("**RPL**") Section 339-i (1)(iv), i.e., based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, including the uniqueness of the Residential Unit and the overall dimensions of the particular Residential Unit and that the Garage Units are unfinished subterranean space lacking the benefit of most of the Common Elements of the Condominium, and a significant portion of the floor area of the Garage Units is not usable because of low ceiling height.

We have not reviewed or verified any calculations of floor space and do not express any opinion as to the relative value of a Residential Unit to other Residential Units, the uniqueness of a Residential Unit, the overall dimensions of a particular Residential Unit or the accuracy of the Letter. We have assumed, without independent verification or inquiry by us, that the reporting by KW is accurate and that KW is an experienced real estate broker. We express no opinion and make no judgment as to the accuracy of the aforesaid reporting or otherwise or the experience level or qualifications of KW.

Based upon the factual determinations made by KW in the Letter, but subject to the aforesaid

limitations, we are of the opinion that the Common Interests were allocated pursuant to the method set forth in RPL Section 339-i (1)(iv), i.e., based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, including the uniqueness of the Residential Unit and the overall dimensions of the particular Residential Unit and that the Garage Units are unfinished subterranean space lacking the benefit of most of the Common Elements of the Condominium, and a significant portion of the floor area of the Garage Units is not usable because of low ceiling height.

This opinion is confined to the matters addressed herein with respect to RPL Section 339-i and shall not be construed as an opinion on other aspects of this Plan, including but not limited to valid creation of a condominium, which is to be determined by a title insurer. This opinion, while based upon existing rules of law applied to the facts and documents referred to above, is not a guarantee to Purchasers. In no event will the Sponsor, Pryor Cashman LLP, the Selling Agent, the Managing Agent or the Condominium Board be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in RPL Section 339 or other applicable law. We assume no obligation to update or supplement this opinion or to notify you as to any changes in rules of law or any changes in facts or circumstances that may hereafter come to our attention pertaining to the subject matter hereof, although we have advised you that you are obligated to cause a revised opinion letter to be rendered and published in an amendment to this Plan under such circumstances.

This letter is furnished to you solely for your benefit and the purchasers under this Plan. This letter may not be relied on by any other person (including, but not limited to, subsequent owners of the Residential Units).

The opinion expressed herein is based solely on New York law.

Very truly yours,

PRYOR CASHMAN LLP

Pryor Cashman LLP

Keller Williams NYC
425 Park Avenue | 6th Floor
New York, NY 10022
(212) 838-3700

August 8, 2014

775 Realty Co. LLC and
156-08 Realty Co. LLC
One Penn Plaza, Suite 4000
New York, NY 10119

Re: The John James Condominium
775 Riverside Drive, New York, New York 10032
156-08 Riverside Drive West, New York, New York 10032

Ladies and Gentlemen:

Keller Williams NYC ("KWNYC") is a real estate brokerage firm licensed in the state of New York. KWNYC has been in business for more than 2 years specializing in the Manhattan residential market. KWNYC has been retained as selling agent and/or consultant for condominium and cooperative offerings.

We have reviewed the allocation of percentages of common interest contained in Schedule A of the Offering Plan for the captioned premises (the "Plan"). The Sponsor of the Plan has informed us that such allocation was made, pursuant to Section 339 – i(l)(iv) of the Real Property Law of the State of New York, based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, including the uniqueness of the unit and the overall dimensions of the particular unit. The Garage Units are unfinished subterranean space, lacking the benefit of most of the Common Elements of the Condominium, and a significant portion of the floor area of the Garage Units is not usable because of low ceiling height. In our opinion, based on the criteria set forth above, the allocation of percentages of common interest appearing in Schedule A is reasonable.

KWNYC has been retained by Sponsor to serve as Selling Agent under the Plan.

Very truly yours,

KELLER WILLIAMS NYC

By: _____
Name: Sandy Edry
Title: Licensed Salesperson and
Senior Vice President

## COMMERCIAL UNITS / GARAGE UNITS

The Garage Units will be retained by Sponsor and are not offered under this Plan. The Garage Units are each comprised of parking spaces for cars, the structural systems within the Garage Units, the garage doors, the windows (including the glass) the driveway(s) and ramps, all plumbing, gas and heating fixtures, equipment, appliances, heating, ventilating and air conditioning units (including the fans inside the Garage Units), heating equipment, sinks, water closets and all other Facilities as may be affixed, attached or appurtenant to the Garage Units and serving the Garage Units exclusively. The 2 Garage Units together consist of parking spaces for 117 cars. The Certificate of Occupancy for each of the Garage Units provides that "parking is primarily for residents and may include non-residents; For non-residents the time is limited to not less than 1 week and not more than 1 month. Residents may recapture any of the non-resident parking spaces on 30 days written notice to the owner." Currently 34 parking spaces are used by residents of the Buildings. Some of the 34 currently occupied parking spaces are occupied by rent stabilized tenants, however, the parking spaces are not part of the tenant's rent stabilized leases. The monthly rental for a parking space is determined by the third party which operates the garage based on competitor rate surveys. The current average monthly rent for a parking space is approximately $200.00.

The Common Charges payable by each of the Garage Unit Owners are sufficient to cover the expenses fairly attributable to each of the Garage Units. The allocation of percentages of common interest contained in Schedule A for the Garage Units 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, including the uniqueness of the unit and the overall dimensions of the particular unit. The Garage Units are unfinished subterranean space, lacking the benefit of most of the Common Elements of the Condominium, and a significant portion of the floor area of the Garage Units is not usable because of low ceiling height.

The Garage Unit Owners will not pay a portion of the Common Expenses of the Condominium other than a portion of certain items expressly set forth on Schedule B – Projected Budget for the First Year of Condominium Operation in Part I of this Plan, specifically, insurance, management fees, auditing fees and repairs and maintenance of, and supplies for, the Common Elements. The Garage Unit Owners will be responsible for the upkeep of the Garage Units and all utilities servicing the Garage Units are separately metered to the Garage Units. Article 6.1.5 of the By-Laws of the Condominium provides that the Garage Unit Owners shall not be required to pay, at any time during the existence of the Condominium, including during the First Year of Condominium Operation, any portion of any of the Common Expenses other than the portion expressly set forth in Schedule B - Projected Budget for the First Year of Condominium Operation, specifically, for repairs and maintenance of the Common Elements, insurance, management fees and auditing fees.

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 shall be effective in any way (a) without the prior written consent of Sponsor or its designee or the owner of a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration modifying the permitted uses of the Buildings or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of a Garage Unit, or otherwise adversely affecting Sponsor or its designee or the owner of a Garage Unit or (b) without the prior written consent of the holder of any present or future mortgage, pledge or other lien or security interest covering a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration modifying the permitted uses of such Garage Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Garage Unit.

Except to the extent prohibited by Law, a Garage Unit Owner shall have the right, without the consent or approval of the Board, the Residential Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions, improvements or repairs, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon a Garage Unit; (b) change the use or layout of, or number of spaces or rooms in a Garage Unit; (c) amend the Certificate of Occupancy for the Building as it relates to the Garage Unit; (d) change the size of a Garage Unit by (w) subdividing a Garage Unit into 2 or more separate Garage Units, (x) combining 2 or more separate Garage Units resulting from such subdivision into 1 or more Garage Units, (y) altering the boundary walls of 2 or more separate Garage Units resulting from such subdivision or combination, or (z) otherwise; and (e) if appropriate, reapportion among the Garage Units affected by such change in size or number pursuant to the preceding clauses their respective Common Interests; provided, however, that, with respect to any such alteration, addition, improvement or change in, to, of or upon a Garage Unit (each of the foregoing or any combination thereof shall hereinafter be referred to as "Garage Unit Owner Change", when making a Garage Unit Owner Change, a Garage Unit Owner shall: (a) not make any physical modification to any other Unit, and the Common Interest or interior dimensions of any other Unit shall not be changed by reason thereof, unless the owner of such other affected Unit shall consent thereto; (b) comply with Law; (c) agree to hold the Board and all other Unit Owners harmless from any liability arising therefrom; and (d) such alteration, addition, improvement, repair or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

## SPONSOR EASEMENT

Sponsor shall have, and the Residential Units, Common Elements, Residential Common Elements and Residential Limited Common Elements shall be subject to, an easement to use the Common Elements, Residential Common Elements and Residential Limited Common Elements of the Buildings for any lawful purposes including, but not limited to, the purposes of (a) installing, utilizing, operating and Maintaining satellite dishes and other communication equipment on the roof and Facade of the Buildings and elsewhere on the Common Elements, Residential Common Elements and Residential Limited Common Elements and the conduit and other Facilities relating thereto and (b) maintaining any encroachment on any Residential Unit, or any Common Elements, Residential Common Elements or Residential Limited Common Elements or elsewhere on the Property resulting from the installation, operation and Maintenance thereof; provided that access to any Residential Unit or Common Element or Residential Common Element or Residential Limited Common Element in furtherance of such easements shall be exercised in a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Residential Units for their permitted purposes. The aforementioned easements may be used by Sponsor, its assignee or licensee for its own account or the account of any designee, tenant, licensee or assignee of Sponsor for the purpose of servicing the Condominium or any other building or area. The Condominium shall not be entitled to any portion of fees, compensation or other profits received by Sponsor, its designee, tenant, assignee or licensee for the use of the aforesaid easements or equipment. Any satellite dishes or other facilities placed upon the roof, the Facade or any other portion of the Common Elements, Residential Common Elements or Residential Limited Common Elements by Sponsor, its designee, tenant, assignee or licensee shall be the exclusive property of Sponsor, its designee, tenant, assignee or licensee and neither the Condominium nor any other Residential Unit Owners shall have any rights with respect thereto.

## CHANGES IN PRICES AND RESIDENTIAL UNITS

Unless it would constitute a discriminatory inducement, Sponsor reserves the right at any time and from time to time before and after the recording of the Declaration, without the consent or approval of the Selling Agent, the Managing Agent, the Board, any Residential Unit Owner or any mortgagee, to change the price, including, without limitation, the manner of payment thereof and other terms of sale of any Residential Unit, except that no such change with respect to any Residential Unit for which an Agreement is then in effect and with respect to which the Purchaser is not in default may be made without the consent of the Purchaser. If any price change is made, a Purchaser of a Residential Unit affected thereby may pay more or less than other Purchasers under this Plan for similar Residential Units, but this will not affect any prior or subsequent sale of Residential Units not the subject of such change. However, such price change shall not alter the Common Interest of, or the amount of the Common Charges payable by, the owners of, such Residential Units. Sponsor has agreed that it will neither increase prices to be paid by Tenants in Occupancy with the Right To Purchase nor accept Agreements from Non-Tenant Purchasers for occupied Residential Units, during any applicable Exclusive Purchase Period. The Purchase Prices set forth in Schedule A must be changed by a duly filed amendment to this Plan when the change in Purchase Price is an across-the-board increase or decrease affecting 1 or more lines of Residential Units, or is to be advertised, or is a price increase for an individual Purchaser. Unless it would constitute a prohibited discriminatory inducement, Sponsor may enter into a negotiated Agreement with an individual Purchaser to sell 1 or more Residential Units at prices lower than those set forth in Schedule A without filing an amendment to this Plan. The offering price to be paid by Tenants in Occupancy with the Right To Purchase will not increase during any applicable Exclusive Purchase Period.

Unless it constitutes a discriminatory inducement, Sponsor reserves the right to negotiate with each Purchaser the terms and conditions of the Agreement, including, but not limited to, terms and

conditions pertaining to: purchase price; the amount of the Deposit; financing and other contingencies; the availability of financing; the payment of Purchaser's financing fees and other closing costs; the availability of Common Charge rebates, Purchase Price rebates and subsidies payable as a credit against the Purchase Price or on a periodic basis; extensions of time periods within which to perform obligations under the Agreement; the availability of interim leases and the amount of interim rent; and the application of rent towards the Purchase Price. Sponsor reserves the right from time to time to add and/or delete negotiable terms from the list set forth above for all or some Purchasers without further amendment to this Plan. No Purchaser will benefit from any terms and conditions negotiated with any other Purchaser, and a Purchaser's failure to so benefit will not give rise to any rights of rescission under his or her Agreement.

In order to meet the possible varying demand for number and type of Residential Units, or to meet particular requirements of prospective purchasers, or for any other reason, Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice to, and without the consent of the Board, any Residential Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by dividing 1 or more such Residential Units into 2 or more separate Unsold Residential Units, (c) combine separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into 1 or more Residential Units, altering any boundary walls between 1 or more Residential Units, or otherwise, including incorporating Common Elements and/or Residential Common Elements (such as a portion of a hallway) which exclusively benefits a Residential Unit and/or Residential Limited Common Elements into such Residential Unit, (d) designate all or a part of a Residential Unit, a Common Element and/or Residential Common Elements and/or Residential Limited Common Element as part of a newly created Residential Unit and (e) if appropriate, reapportion among the Unsold Residential Units affected by any such change, their aggregate Common Interests and Residential Common Interests. In the event of any change pursuant to either (b), (c) or (d) above, such change shall be disclosed in a duly filed amendment to this Plan. No material change will be made in the size or number of Residential Units or in the size or quality of the Common Elements and/or Residential Common Elements except by amendment to this Plan and, when applicable, by amendment to the Declaration. Unless a Purchaser consents, no material adverse change will be made in the relevant Residential Unit's layout or percentage of Common Interest (or Residential Common Interest) if an Agreement has been executed and delivered to Sponsor for that Residential Unit and the Purchaser is not in default. No material adverse change will be made in the size or quality of the Common Elements and/or Residential Common Elements unless Purchasers not in default receive a right to rescind their respective Agreements within a reasonable period of time that is not less than 15 days after the date of presentation of an amendment setting forth the right to rescind. Sponsor will return any Deposit promptly to Purchasers who timely rescind.

Once the Declaration is recorded, no change may be made in the number of Residential Units, nor may the size of any Residential Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid or otherwise, nor may the Common Interest of any Residential Unit be changed unless, in each such event, the Declaration and Floor Plans and this Plan are amended with the reasonable consent of each Residential Unit Owner whose Residential Unit is so changed. Sponsor will have the right to amend or to cause the Board to amend the Declaration to reflect any such change and to file such amendment and any necessary plans and specifications in connection therewith.

It should be noted that as long as the layout and dimensions of a Residential Unit conform substantially to the Floor Plans, a Purchaser will not be excused from purchasing the Residential Unit and will not have any claim against Sponsor as a result of any insubstantial or immaterial change or discrepancy.

## ACCOUNTANT'S CERTIFIED STATEMENT OF OPERATIONS

# 775 REALTY CO. LLC AND
# 156-08 REALTY CO. LLC
# COMBINED FINANCIAL STATEMENTS AND
# INDEPENDENT AUDITORS' REPORT

## YEARS ENDED DECEMBER 31, 2013 AND 2012

**775 REALTY CO. LLC AND**
**156-08 REALTY CO. LLC**

**COMBINED FINANCIAL STATEMENTS AND**
**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## INDEPENDENT AUDITORS' REPORT

775 Realty Co. LLC and
156-08 Realty Co. LLC

***Report on the Combined Financial Statements***

We have audited the combined statements of operations applicable to the properties located at 775 Riverside Drive, New York, New York and 156 Riverside Drive West, New York, New York for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these combined financial 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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITORS' REPORT *(Continued)*

***Opinion***

In our opinion, the combined statements of operations referred to above presents fairly, in all material respects, the results of operations applicable to the properties located at 775 Riverside Drive, New York, New York and 156 Riverside Drive West, New York, New York for the years ended December 31, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

Pursuant to the New York City Code Rules and Regulations, operating costs do not include a provision for depreciation and amortization, debt service interest or mortgage costs.

We understand that a copy of this report is intended to be incorporated into an offering plan for the above premises, and we hereby consent to such incorporation.

DDK & Company LLP

New York, New York
July 23, 2014

**PROPERTIES LOCATED AT**
**775 RIVERSIDE DRIVE AND**
**156 RIVERSIDE DRIVE WEST**
**NEW YORK, NEW YORK**
**COMBINED STATEMENTS OF OPERATIONS**
**Years Ended December 31, 2013 and 2012**

| | 2013 | 2012 |
|---|---|---|
| Rental income | $ 1,772,139 | 1,866,358 |
| Laundry income | 13,800 | 14,375 |
| | 1,785,939 | 1,880,733 |
| Operating costs | | |
| Labor | 159,742 | 158,976 |
| Heating | 264,309 | 295,750 |
| Utilities | 67,253 | 54,236 |
| Water and sewer | 126,191 | 122,485 |
| Repairs, maintenance and supplies | 41,736 | 47,296 |
| Service contracts | 29,292 | 30,796 |
| Insurance | 34,107 | 32,166 |
| Management fees | 69,038 | 75,606 |
| Professional fees | 57,559 | 69,707 |
| Other expenses | 19,118 | 6,009 |
| Real estate tax | 183,199 | 177,009 |
| Total operating costs | 1,051,544 | 1,070,036 |
| Excess of income over operating costs | $ 734,395 | $ 810,697 |

**775 REALTY CO. LLC AND**
**156-08 REALTY CO. LLC**
**NOTES TO COMBINED FINANCIAL STATEMENTS**
**Years Ended December 31, 2013 and 2012**

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Organization*

775 Realty Co. LLC and 156-08 Realty Co. LLC (the "Company"), located at 750 Riverside Drive, New York, New York and 156 Riverside Drive West, New York, New York are limited liability companies formed in July 1999. The Company owns and operates residential buildings consisting of 134 apartment units, including one resident manager's apartments.

### *Basis of Accounting*

The Company's combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the New York City Code Rules and Regulations ("Regulations"). The regulations describe conditions and procedures unique to the industry and illustrate the form and content of the combined financial statements. The Regulations require that operating costs do not include a provision for depreciation and amortization, debt service interest or mortgage costs.

### *Estimates*

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Revenue Recognition*

Base rental revenues from rental property are recognized as earned. Rental income may also include payments received in connection with lease termination agreements.

When determining the uncollectibility of its accounts receivable related to base rents, expense reimbursements and other revenues, the Company takes several factors into consideration including the overall composition of the accounts receivable, historical bad debt levels, tenants' credit worthiness, the current economic trends and its day-to-day knowledge of specific tenants. In addition, tenants in bankruptcy and collection suits are written off based upon court judgments and historical trends; whereas, the recovery of bad debts, if any, is recognized when received. Bad debt expense is included in revenues on the statement of operations.

**775 REALTY CO. LLC AND**
**156-08 REALTY CO. LLC**
**NOTES TO COMBINED FINANCIAL STATEMENTS**
**Years Ended December 31, 2013 and 2012**

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### *Income Taxes*

775 Realty Co. LLC and 156-08 Realty Co. LLC are limited liability companies that have elected to be treated as partnerships for income tax purposes. No provision or liability for federal, state, or local income taxes is reflected in the combined financial statements because the income and losses of each of the companies flow through to the members.

The companies have concluded that there are no uncertain tax positions that would require recognition in the combined financial statements. If the companies were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The conclusions regarding uncertain tax positions by each of the companies may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the company's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2010 are no longer subject to examination by tax authorities.

### *Subsequent Events*

Management has evaluated subsequent events or transactions occurring through July 23, 2014, the date the combined financial statements were available to be issued.

## NOTE 2 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2013 and 2012, management services were provided to the Company by a related party - Pinnacle Managing Co., LLC. Management fee expenses for the years ended December 31, 2013 and 2012 totaled $69,038 and $75,606, respectively.

## RIGHTS OF EXISTING TENANTS

A Tenant in Occupancy with the Right To Purchase shall have the exclusive right to purchase their respective Residential Unit during the 90 day period following the Presentation Date of this Plan (the "Exclusive Purchase Period") at the Purchase Price set forth in Schedule A, during which time the Tenant in Occupancy with the Right To Purchase his/ her Residential Unit shall not be shown or sold to a third party unless the Tenant in Occupancy with the Right To Purchase has, in writing, waived his or her right to purchase. In order to exercise this exclusive right to purchase, the Tenant in Occupancy with the Right To Purchase must deliver 5 copies of a signed Agreement and the required Deposit to Sponsor or any Selling Agent designated by Sponsor during the Exclusive Purchase Period. Sponsor has agreed that during the Exclusive Purchase Period, the Purchase Prices to be paid by a Tenant in Occupancy with the Right To Purchase will not be increased.

The term "Tenant in Occupancy with the Right To Purchase" shall mean: (a) a bona fide tenant in occupancy on the Filing Date; (b) a bona fide tenant with the right to renew a lease on the Filing Date; (c) a bona fide tenant who has the right to continued occupancy on the Filing Date; (d) a bona fide tenant of record with an unexpired lease on the Filing Date even though the tenant has sublet the Residential Unit or the Residential Unit is not the tenant's primary residence; and (e) a bona fide sublessee in occupancy on the Filing Date, if such sublessee sublets from a non-bona fide tenant, or has obtained written permission to purchase the Residential Unit from the bona fide tenant of record.

The term "Tenant in Occupancy with the Right To Purchase " shall not include the estate or legal representative of a bona fide tenant who was in occupancy of a Residential Unit on the Filing Date who died on or after the Filing Date.

Generally, "free-market" leases do not provide for any renewal rights to be exercised by tenants. Current case law provides that unless, prior to the date an offering plan is accepted for filing, a warrant of eviction has been issued for a tenant who has continued in occupancy of a dwelling unit under such a "free-market" lease, such tenant has a right to purchase the unit even if the term of his or her lease has expired prior to the date the offering plan was accepted for filing or the "black book" date. Under this non eviction Plan, Non-Purchasing Tenants who reside in Residential Units not subject to government 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 Filing Date of this Plan, and whose lease expires and against whom holdover proceedings are commenced before the Effective Date of this Plan retain only the minimal protections available to the common law "tenant at sufferance" and ARE NOT PROTECTED from eviction for failure to purchase or any other reason applicable to expiration of tenancy and from unconscionable rent increases absent some special circumstance, as found by a court of competent jurisdiction. Tenants who lease Unsold Residential Units after the Effective Date of this Plan ARE NOT PROTECTED from eviction for failure to purchase or any other reason applicable to expiration of tenancy and from unconscionable rent increases. Unconscionable increases are defined by law as increases that are "beyond ordinary rentals for comparable apartments during the period of their occupancy".

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

The following summary of rights of existing tenants is set forth in accordance with Section 352-eeee of the GBL, a copy of which is set forth in Part II of this Plan. Bona fide tenants in occupancy derive substantial protections under the GBL.

The term "Non-Purchasing Tenant" (as such term is defined in the GBL) means a person who has not purchased a Residential Unit pursuant to this Plan and who is a tenant entitled to possession at the time this Plan is declared effective or a person to whom a Residential Unit is rented by Sponsor subsequent to the Effective Date of this Plan. A person who sublets a Residential Unit from "a purchaser under this Plan" (as such term is defined in the GBL) shall not be deemed a Non-Purchasing Tenant.

(A) No eviction proceedings will be commenced at any time after the Effective Date of this Plan against Non-Purchasing Tenants for failure to purchase or any reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the Residential Unit, refusal of reasonable access to the Condominium or its Managing Agent or a breach by the Non-Purchasing Tenant of his or her obligations to the owner of the Residential Unit or such other grounds for eviction as may then be permitted by Law; and provided further that an owner of a Residential Unit may not commence an action to recover possession from a Non-Purchasing Tenant on the grounds that he or she seeks the Residential Unit for the use and occupancy of himself or herself.

(B) Non-Purchasing Tenants who reside in Residential Units subject to government regulation as to rentals and continued occupancy prior to the conversion of the Buildings to Condominium ownership shall continue to be subject to such regulations. Nothing contained herein shall be deemed to extend greater rights to a Non-Purchasing Tenant than such tenant would have had if the Buildings had not been converted to condominium ownership, except as otherwise provided in subparagraph (C) below.

(C) Under this non eviction Plan, Non-Purchasing Tenants who reside in Residential Units not subject to government 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 Filing Date of this Plan, and whose lease expires and against whom holdover proceedings are commenced before the Effective Date of this Plan retain only the minimal protections available to the common law "tenant at sufferance" and ARE NOT PROTECTED from eviction for failure to purchase or any other reason applicable to expiration of tenancy and from unconscionable rent increases absent some special circumstance, as found by a court of competent jurisdiction.

(D) Tenants who lease Unsold Residential Units after the Effective Date of this Plan ARE NOT PROTECTED from eviction for failure to purchase or any other reason applicable to expiration of tenancy and from unconscionable rent increases. Unconscionable increases are defined by law as increases that are "beyond ordinary rentals for comparable apartments during the period of their occupancy".

Non-Purchasing Tenants are advised that complaints of unconscionable rent increases may be referred to the New York State Department of Law, Bureau of Real Estate Financing, 120 Broadway, 23rd Floor, New York, New York 10271.

Non-Purchasing Tenants may be subject to rent increases as the result of major capital improvements ("MCI") made by Sponsor, the Board or purchasers of Residential Units occupied by such Non-Purchasing Tenants. Under current Law, Sponsor is not entitled to seek a MCI rent increase to the extent Sponsor has taken a credit against the Reserve Fund as the result of such MCI. Sponsor may take a credit against the Reserve Fund (as hereinafter defined), for qualifying work performed in the Buildings. Sponsor may perform or engage 1 or more contractors to perform qualifying work. Please refer to the Section of this Plan entitled "Reserve Fund" for further details.

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

(E) The rights granted under this Plan to "purchasers under this Plan" (as such term is defined in the GBL) and to Non-Purchasing Tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, the GBL. Please refer to the Section entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" in Part I of this Plan for further details.

(F) All Residential Units occupied by Non-Purchasing Tenants will be managed by the same managing agent who manages all other Residential Units in the Buildings. Such managing agent will provide to Non-Purchasing Tenants all services and facilities required by Law on a non-discriminatory basis. Sponsor will guarantee the obligation of the Managing Agent to provide all such services and facilities until such time as Sponsor surrenders control of the Board. Please refer to the Section entitled "Obligations of Purchasers of Residential Units Occupied By Non-Purchasing Tenants" in Part I of this Plan for further details.

(G) 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 or harassment, which substantially interferes with, or disturbs the comfort, repose, peace or quiet of, any tenant in his or her use or occupancy of his or her Residential 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 the Attorney General deems it appropriate, an order restraining Sponsor from selling the Residential Unit or from proceeding with this Plan of conversion. Nothing contained in the GBL shall be deemed to preclude the tenant from applying on his or her own behalf for similar relief.

(H) Any provision of a lease or other rental agreement which purports to waive a tenant's rights under the GBL or rules and regulations promulgated pursuant to the GBL shall be void as contrary to public policy.

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

Non-Purchasing Tenants will receive the same services and access to facilities required by law as Residential Unit Owners on a non-discriminatory basis. Please see the Section of this Plan entitled "Obligations of Purchasers of Residential Units Occupied by Non-Purchasing Tenants".

The By-Laws provide that subsequent to the First Closing under this Plan, and for each sale or resale of a Residential Unit occupied by a Non-Purchasing Tenant, a Non-Purchasing Tenant will be promptly notified in writing by the purchaser thereof, of the name and address of the person or persons who purchased such Non-Purchasing Tenant's Residential Unit and the Board is required to make such information available to such Non-Purchasing Tenant.

If prior to the expiration of any Exclusive Purchase Period, which begins prior to the First Closing, Sponsor amends the terms and conditions of this offering to be more favorable to a Tenant in Occupancy with the Right To Purchase, a Tenant in Occupancy with the Right To Purchase who executed and submitted an Agreement and a Deposit before Sponsor amended the terms and conditions of this Plan shall benefit from the more favorable terms and conditions. An Agreement from a Tenant in Occupancy with the Right To Purchase executed and submitted to Sponsor during any Exclusive Purchase Period shall have priority over and pre-empt any Agreement from a Non-Tenant Purchaser.

In the event a Purchaser purchases a Residential Unit not occupied by such Purchaser, such purchase shall be subject to the terms and conditions of the existing lease or tenancy of the Residential Unit and subject to the rights and obligations set forth in the GBL, and the Purchaser and his or her successors shall continue to be bound as long as such lease or tenancy continues. A Tenant in Occupancy with the Right To Purchase will not have the right to purchase on terms obtained by a Non-Tenant Purchaser. Please refer to the Section entitled "Effective Date" for the details regarding Sponsor's obligation to post notices regarding the percentage of Tenants in Occupancy with the Right To Purchase and Non-Tenant Purchasers from whom Sponsor has accepted Agreements.

If a Tenant in Occupancy with the Right To Purchase purchases a Residential Unit, then from and after the closing of title to such Residential Unit, such Tenant in Occupancy with the Right To Purchase will no longer be subject to, or have any rights afforded tenants in occupancy under, the GBL. Purchasers shall not have the right to assign their Agreements. Notwithstanding the foregoing, a Tenant in Occupancy with the Right To Purchase shall have the right to assign their Agreements 1 time to any individual, without the payment of a fee (other than a $500 fee to Pryor Cashman LLP, counsel to the Sponsor), in accordance with Paragraph 23 of the Agreement. Both the Tenant in Occupancy with the Right To Purchase and the proposed assignee must execute, in quintuplicate, an Assignment and Assumption Agreement in the form contained in Part II of this Plan, and deliver same to the Selling Agent at least 30 days prior to the Closing Date. Please refer to the Section of this Plan entitled "Assignment of Agreements."

Tenants in Occupancy with the Right To Purchase are not being offered the right to purchase any Residential Unit other than the Residential Unit occupied by such Tenant in Occupancy with the Right To Purchase on the Filing Date of this Plan. Non-Purchasing Tenants shall have no rights with respect to their Residential Units except as same may be specifically set forth above and in the GBL. Nothing contained herein shall be deemed to grant Non-Purchasing Tenants any additional rights of occupancy with respect to the Residential Units.

## OBLIGATIONS OF PURCHASERS OF RESIDENTIAL UNITS OCCUPIED BY NON-PURCHASING TENANTS

A person purchasing a Residential Unit occupied by another does so subject to: (a) the existing lease for the Residential Unit, if any (and any renewal thereof pursuant to Law or effected prior to the date on which the Purchaser's Agreement is accepted), (b) the existing occupancy of the Residential Unit, and (c) the rights of the tenant thereof, if any, under the Rent Laws and under the GBL, including the right to stay in possession of the Residential Unit pursuant to the GBL, as more fully discussed in the Section entitled "Rights of Existing Tenants." A purchaser purchasing a Residential Unit subject to the Rent Laws must register such Residential Unit with the New York State Department of Housing and Community Renewal. The status of each of the Residential Units being offered for sale as of the date of this Plan is set forth on "Schedule A - Prices of Residential Units and Related Information" in Part I of this Plan. Under the current Rent Laws, where a Residential Unit previously occupied by a Non-Purchasing Tenant is vacated and re-rented by Sponsor, such Residential Unit is no longer subject to the Rent Laws but will be subject to any limitations set forth in the GBL regarding rent increases.

No representations or statements of any kind as to the requirements of the GBL are given, except as expressly set forth in this Plan. A prospective purchaser of an occupied Residential Unit in which he or she does not reside, or lease, is advised to consult with his or her attorney regarding the application and effect of the foregoing Laws and regulations in order to become fully apprised of his or her rights as a purchaser and his or her obligations to any existing tenant or occupant.

After consummation of the sale of a Residential Unit to a Non-Tenant Purchaser, such Non-Tenant Purchaser will own the Residential Unit subject to the lease or tenancy of the present tenant and subject to all rights, if any, afforded such tenant under the GBL and this Plan. Under the GBL, the Non-Purchasing Tenant may not be evicted at any time for failure to purchase or any 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 Condominium or its Managing Agent or a breach by a Non-Purchasing Tenant of his or her obligations to the owner of the Residential Unit or such other grounds for eviction as may then be permitted by Law. In addition, no eviction proceedings may be commenced against a Non-Purchasing Tenant on the grounds that the Non-Tenant Purchaser seeks the Residential Unit for the use and occupancy of himself or herself or such Non-Tenant Purchaser's family.

If a Non-Tenant Purchaser acquires a Residential Unit occupied by another, then on the Closing Date of such Residential Unit, the Non-Tenant Purchaser will become the landlord of such Residential Unit's tenant and the latter will become the Non-Tenant Purchaser's tenant. Such Non-Tenant Purchaser will be required under the Agreement executed by him or her to pay the Common Charges, taxes or other assessments charged against the Residential Unit by the Board, regardless of whether such Common Charges, taxes and other assessments are greater or less than the rent payable by the tenant or occupant, and regardless of whether the rent is received. In addition, such Non-Tenant Purchaser will be solely responsible for any litigation costs, fees and dues related to the tenancy as well as the performance of all obligations of the landlord under the lease with the tenant or occupant, including, without limitation, the obligation to Maintain plumbing fixtures, doors, hardware, flooring, refrigerator, range, dishwasher, lighting fixtures and other equipment, if any, which are included in the Residential Unit or are the obligation of the Residential Unit Owner to maintain, and which are not owned by the tenant or occupant, and to paint the Residential Unit, as provided in the Agreement or applicable Law. The Non-Tenant Purchaser will be obligated to give the Non-Purchasing Tenant such renewal leases and riders as may be required under applicable Law, including the Rent Laws and the GBL, and may only evict the Non-Purchasing Tenant on grounds permitted by Law, as more particularly described in the Section entitled "Rights of Existing Tenants" in Part I of this Plan.

Each Agreement will contain a provision whereby the Non-Tenant Purchaser of a Residential Unit occupied by another irrevocably appoints the then Managing Agent of the Buildings (which Managing Agent may be replaced from time to time by the Board) as his or her agent, coupled with an interest, to provide, for the account and at the expense of the Non-Tenant Purchaser, all services and facilities required by Law on a non-discriminatory basis, to the Non-Purchasing Tenant who has a right to occupy the relevant Residential Unit until such time as said right to occupy terminates. In addition, each Non-Tenant Purchaser of a Residential Unit occupied by another agrees: (a) to deposit with the Managing Agent at the closing of title to the Residential Unit, an amount equal to not less than the greater of (i) 2 months' Common Charges or (ii) 2 months' rent for such Residential Unit to be used as working capital to furnish such services and facilities, and (b) upon written notice by the Managing Agent that the deposit has been diminished, to replenish such fund within a 30 day period. In the event the Residential Unit Owner fails to so replenish such fund, the Board will have a lien against the Residential Unit Owner's Residential Unit in accordance with the By-Laws. Sponsor shall guarantee the obligation of the Managing Agent to provide such services and facilities until such time as Sponsor surrenders control of

the Board. Each Non-Tenant Purchaser of a Residential Unit occupied by another will be required to indemnify Sponsor for all costs expended by Sponsor on such Non-Tenant Purchaser's behalf. The foregoing obligations of a Non-Tenant Purchaser do not apply to Sponsor.

Upon each resale of a Residential Unit occupied by another, the Managing Agent shall notify the Non-Purchasing Tenant thereof in writing within 10 days following the change in ownership of the name and address of the new Non-Tenant Purchaser.

No representation is made or warranty given as to whether the GBL or the Rent Laws will continue to apply to any Residential Unit in the Buildings or whether there will be any future amendments to any such laws. Nothing contained herein shall be deemed to prevent Sponsor or the purchaser of a Residential Unit occupied by Non-Purchasing Tenants from enjoying the benefits of any amendment to the Rent Laws or any court ruling which may be deemed to benefit Sponsor.

A person interested in purchasing a Residential Unit in which he or she does not reside is advised to examine the lease for such Residential Unit to ascertain the rental thereof, expiration date and obligations imposed on the landlord thereof. These leases are on file at the office of the Managing Agent or Sponsor. It is further recommended that such person consult with his or her own attorney in order to become fully apprised of the effect of the GBL and the Rent Laws, as well as the lease for the Residential Unit, on his or her rights as a Non-Tenant Purchaser and his or her obligations to the existing tenant or occupant.

A Non-Tenant Purchaser of a Residential Unit subject to a lease will be entitled to receive the unapplied portion of any security deposit held by Sponsor under the terms of such lease. Such security deposit must be held by the Non-Tenant Purchaser, in trust, in an interest bearing account in accordance with Section 7-103 of the New York General Obligations Law. Upon receipt of such security deposit from Sponsor, the Non-Tenant Purchaser will be required to acknowledge, in writing, receipt thereof and agree to indemnify Sponsor against all claims or liability in connection therewith.

## INTERIM USE AND OCCUPANCY AGREEMENTS

Sponsor does not intend to enter into interim use and occupancy agreements or leases for vacant Residential Units with Purchasers before the Closing.

## PROCEDURE TO PURCHASE

A person desiring to purchase a Residential Unit will be required to execute an Agreement in quintuplicate (i.e., 5 original copies), which will be substantially in the form set forth in Part II of this Plan.

Tenants in Occupancy with the Right To Purchase will be afforded not less than 3 business days to review this Plan and all filed amendments prior to executing an Agreement unless fewer than 3 business days remain in the statutory time period to declare this Plan effective. Sponsor must accept an Agreement from a Tenant in Occupancy with the Right To Purchase who submits a signed Agreement and a check for the Deposit to Sponsor or the Selling Agent designated by Sponsor during the time within which the Tenant in Occupancy with the Right To Purchase has the exclusive right to purchase his or her Residential Unit under this Plan. Such Tenant in Occupancy with the Right To Purchase will receive a fully executed counterpart of his or her Agreement from Sponsor or the Selling Agent.

Non-Tenant Purchasers will be afforded not less than 3 business days to review this Plan and all filed amendments prior to executing an Agreement unless fewer than 3 business days remain in the statutory time period to declare this Plan effective. If a Non-Tenant Purchaser has not been afforded at least 3 business days prior to executing an Agreement, such Purchaser will have 7 days after delivering an executed Agreement together with the Deposit to rescind the Agreement and have the Deposit refunded promptly. Such rescinding Purchaser must either personally deliver a written notice of rescission to the Selling Agent within the 7 day period or mail the notice of rescission to Sponsor or the Selling Agent and have the mailing post-marked within the 7 day period.

If the Agreement does not pertain to the Tenant in Occupancy with the Right To Purchase's Residential Unit or is submitted after the expiration of a Tenant in Occupancy with the Right To Purchase's exclusive right to purchase, or a Non-Tenant Purchaser submits a signed Agreement and check for the Deposit to the Selling Agent or Sponsor, such Tenant in Occupancy with the Right To Purchase or Non-Tenant Purchaser, as the case may be, will be notified within 30 days after such submission whether the Agreement has been accepted or rejected. Agreements will not be binding on Sponsor until approved and executed by it and delivered by Sponsor to the prospective Purchaser or such Purchaser's attorney. An Agreement from a Tenant in Occupancy with the Right To Purchase executed and submitted to Sponsor during any Exclusive Purchase Period shall have priority over and pre-empt any Agreement from a Non-Tenant Purchaser. Sponsor reserves the right, but has no obligation, to request thorough identification and financial information concerning any prospective Purchaser, subject to any limitations and requirements imposed by Law. If the Agreement is accepted, a fully executed counterpart will be returned to the Purchaser by Sponsor or the Selling Agent. If such Purchaser receives no response within the 30 day period, his or her Agreement will be deemed rejected and canceled and all monies paid thereunder shall be refunded within 15 days thereafter. Upon such refund being made, neither party shall have any further rights or obligations hereunder with respect to the other. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without prior notice or prior amendment to this Plan and without the consent of the Board, to refuse to approve and execute an Agreement (a) for any Residential Unit, except as prohibited by Law or (b) for more than 1 Residential Unit to any 1 person or entity. Sponsor shall have the right to reject such Agreement without cause or explanation to Purchaser, provided such rejection is not based on sex, race, creed, color, national origin,

ancestry or other ground proscribed by Law. No prospective Purchaser will have any claim against Sponsor for Sponsor's failure to execute an Agreement.

The Agreement sets forth in detail the terms of sale with respect to each Residential Unit and should be read carefully by each prospective Purchaser. Prospective Purchasers should be aware that if any conflict exists between this Plan and the Agreement, the provisions of this Plan shall in all events control.

Although a Purchaser may obtain financing from a lending institution or any other source, Purchaser's obligation to purchase a Residential Unit pursuant to the Agreement shall not be contingent on Purchaser obtaining financing for such purchase.

The Agreement shall not contain, and shall in no event be modified to contain, a provision waiving the Purchaser's rights or abrogating Sponsor's obligations under this Plan or under Article 23-A of the GBL.

At the time of execution of an Agreement, a Purchaser is required to make a payment in an amount equal to $1,000 (for Tenant in Occupancy with the Right To Purchase) or 10% of the purchase price (for all others) (the "Deposit"). All Deposit checks must be made payable to the direct order of "Pryor Cashman LLP, Escrow Agent." All checks delivered in payment of the Deposit shall be accepted by Sponsor subject to collection, and if any such check is returned for insufficient funds or any other reason, Sponsor shall have the right, among other things, to deem such Agreement to be canceled and of no further force or effect.

The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Residential Unit by an official bank check or an unendorsed certified check drawn on or issued by a New York bank or trust company which is a member of The New York Clearinghouse Association and shall be payable to the direct order of one or both of the Sponsors, or otherwise if Sponsors should so notify Purchaser. The deed will be substantially in the form set forth in Part II of this Plan. At Closing, each Purchaser is obligated to execute and deliver the Power of Attorney substantially in the form set forth in Part II of this Plan. It shall be a default under the Agreement if Purchaser fails to deliver the Power of Attorney, which default shall entitle Sponsor to all of its remedies in the event of such default.

TIME IS OF THE ESSENCE AS TO PURCHASER'S OBLIGATIONS PURSUANT TO THE AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE PAYMENT OF THE BALANCE OF THE PURCHASE PRICE. FUNDS DRAWN ON OUT-OF-STATE OR FOREIGN BANKS WILL NOT BE ACCEPTED IN PAYMENT OF THE PURCHASE PRICE FOR A RESIDENTIAL UNIT.

After an amendment declaring this Plan effective has been accepted for filing, Sponsor will serve Purchasers with written notice of the originally scheduled Closing Date at least 30 days prior to the originally scheduled Closing Date. In the event Purchaser fails to close on the designated date, then Purchaser will have a 30 day period after written notice within which to cure such default, time being of the essence, following which Sponsor shall have the remedies set forth below. A Purchaser may waive notice of such Purchaser's Closing Date.

In the event of any default by Purchaser under an Agreement, and if Purchaser does not cure such default within 30 days after Sponsor gives written notice to the Purchaser of such default and makes a written demand for payment, Sponsor may, at its option, cancel such Agreement and retain the Deposit made by Purchaser, as liquidated damages, in which event all rights, obligations and liabilities of Sponsor and Purchaser shall wholly cease and terminate. In addition, Sponsor shall also be entitled to retain (i) any costs or expenses incurred by Sponsor for special work requested by Purchaser and (ii) the reasonable

cost to restore the Residential Unit to its condition prior to such special work being performed. Sponsor will be entitled to maintain an action against Purchaser for such additional costs.

Sponsor will fix dates for closing title to all Residential Units for which Agreements have been executed by serving notice upon each Purchaser stating the date of the First Closing and setting such Purchaser's Closing Date.

If a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date, (a) the closing apportionments described in the Section entitled "Closing Costs and Adjustments" will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Agreement and this Plan, an amount equal to 0.05% of the purchase price of the Residential Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

Prior to the closing of title to a Residential Unit, the Agreement prohibits a Non-Tenant Purchaser from listing the Residential Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Residential Unit for sale or lease, without Sponsor's prior written consent.

If this Plan is withdrawn or abandoned, any Deposit previously paid to and actually collected by Sponsor shall be returned to Purchaser within 10 days of the date of such withdrawal or abandonment, in accordance with the provisions herein set forth.

From and after the Closing of each Residential Unit, a Purchaser will become obligated for the payment of Common Charges, real estate taxes and assessments (including water charges and sewer rents, if separately assessed) and all other expenses with respect to such Residential Unit Owner's Unit, whether or not the Residential Unit Owner has taken possession of such Residential Unit Owner's Unit, and whether or not all work required to be performed by Sponsor or anyone else in or to the Residential Unit or the Buildings has been completed.

The risk of loss to any Residential Unit by fire or other casualty until the Closing for such Residential Unit is assumed by Sponsor (unless and until a Purchaser takes possession of such Residential Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any Residential Unit. In the event of damage or destruction of a Residential Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of an Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Residential Unit, the Agreement shall continue in full force and effect and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price for the subject Residential Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to any rights of the Board and other Residential Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Residential Unit by fire or other casualty prior to the Closing, but subsequent to the signing of an Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Residential Unit or if the Residential Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see the Section entitled "Rights and Obligations of Residential Unit Owners and Board of Managers"), the Agreement shall be deemed canceled and of no further force or effect and Escrow Agent shall return to Purchaser all sums deposited thereunder, whereupon the parties to the Agreement shall be released and discharged from all obligations and liability thereunder and under this

Plan; provided, however, notwithstanding anything to the contrary herein, if Purchaser is then in default under the Agreement (beyond any applicable grace period), Sponsor shall retain all such sums as and for liquidated damages.

The Agreement to be used by Tenant in Occupancy with the Right To Purchase who purchase during any Exclusive Purchase Period will not be modified except by a duly filed amendment to this Plan.

In the event that a Purchaser is entitled to rescind or terminate an Agreement for any reason, Sponsor may retain any escrow funds expended for special work at the request of the Purchaser as well as the cost of any work necessary to restore the Residential Unit to its condition prior to such work having been performed, provided that Sponsor shall only retain the Deposit of a Purchaser in accordance with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto, as described in the subsection of this Plan entitled "Escrow and Trust Fund Requirements" in this Section of this Plan.

If prior to the expiration of any Exclusive Purchase Period which begins prior to the First Closing, Sponsor amends the terms and conditions of this offering to be more favorable to a Tenant in Occupancy with the Right To Purchase, a Tenant in Occupancy with the Right To Purchase who executed and submitted an Agreement and the Deposit before Sponsor amended the terms of this Plan shall benefit from the more favorable terms and conditions.

**Escrow and Trust Fund Requirements**

All Deposits received by Sponsor under an Agreement will be held in escrow in conformity with the provisions set forth below.

Sponsor will comply with the escrow and trust fund requirements of GBL Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

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 holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in this Plan or in an Agreement. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

**Escrow Agent**

The law firm of Pryor Cashman LLP, with an address at 7 Times Square, New York, New York 10036-6569, telephone number (212) 421-4100, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. The signatories authorized to withdraw funds from the Escrow Account are: Ronald H. Shechtman, Esq., Gideon Cashman, Esq., Eric B.Woldenberg, Esq., Brad D. Rose, Esq., Donald S. Zakarin, Esq. (each a partner in Escrow Agent) and Susan Locker, none of whom has any interest in Sponsor. Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Agreement or otherwise concerning the maintenance and release of the Deposit from escrow. Neither Escrow Agent nor any authorized signatories on the account are Sponsor, Selling Agent, Managing Agent or any principal thereof, or have any beneficial interest in any of the foregoing.

## The Escrow Account

Escrow Agent has established a master escrow account at Citibank, N.A., located at 666 5th Avenue, 5th Floor, New York, New York 10103 (the "Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled "Pryor Cashman LLP, Attorney Trust Account" (the "Master Escrow Account"). All Deposits will be placed initially in the non-interest bearing portion of the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) or a Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) in the form set forth in Part II of this Plan, as applicable, to Sponsor or Selling Agent at the time Purchaser tenders the Deposit and the Agreement. If the Deposit is accompanied by a completed and signed Form W-9 or Form W-8BEN, the Deposit will thereafter be promptly transferred to an individual interest bearing sub-escrow savings account in the name of Purchaser. If a Purchaser does not deliver the Form W-9 or Form W-8BEN, the Deposit will remain in the non-interest bearing portion of the Master Escrow Account. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing portion of the Master Escrow Account so that checks may be drawn thereon. The Bank is covered by federal bank deposit insurance to a maximum of $250,000.00 and while the Deposit is in the checking portion of the Master Escrow Account, the Deposit may not be fully federally insured even if the Deposit does not exceed $250,000.00. No representation or guaranty is made by Sponsor that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so.

All Deposits received from Purchaser shall be in the form of checks or wire transfers, and shall be made payable to the order of "Pryor Cashman LLP, as Escrow Agent". Endorsed instruments will not be accepted. Information regarding the Escrow Account may be provided to Sponsor, who may be entitled to access to records with respect thereto.

Acceptance of the Deposit by Sponsor or Selling Agent and the placement of the Deposit by Escrow Agent into the Master Escrow Account, shall not be deemed a binding agreement by Sponsor to sell to Purchaser unless and until Purchaser executes an Agreement and Sponsor or Selling Agent executes a duplicate thereof and delivers the Agreement to Purchaser in accordance with the terms of this Plan.

ESCROW AGENT'S NOTICE THAT THE DEPOSIT HAS BEEN DEPOSITED WILL NOT MEAN THAT PURCHASER HAS BEEN APPROVED AS A PURCHASER OR THAT THE AGREEMENT HAS BEEN SIGNED BY SPONSOR; IT SIMPLY MEANS THE CHECK HAS BEEN DEPOSITED.

In the event a check delivered by a Purchaser fails of collection, the Agreement will be deemed void ab initio (as if the Agreement had never been executed) at the option of Sponsor, who reserves the right to exercise this option in its discretion by written notice to Purchaser given within 5 business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

The interest rate for all deposits made into a sub-escrow savings account shall be the prevailing rate for such accounts. Interest shall begin to accrue upon placing the Deposit into its designated sub-escrow account. All interest earned thereon shall be paid to or credited to Purchaser at closing. No fees of any kind may be deducted from the Master Escrow Account, and Sponsor shall bear all costs associated with the maintenance of the Master Escrow Account.

Before funds may be transferred to a new escrow account, or if there is a substitution of Escrow Agent, this Plan will be amended to provide the name of the new account, the bank at which the new

account is held and the address of the bank at which the new account is held, or the name of the substitute escrow agent and the names of individual signatories to the new account of the substitute escrow agent, as the case may be. Deposits held in the new escrow account will continue to be held in conformity with the provisions set forth in this Plan, GBL Sections 352-3(2-b) and the Attorney General's regulations promulgated pursuant thereto.

Notification of Purchaser

Sponsor agrees that Sponsor and its agents, including Selling Agent, shall deliver the Deposit received by them prior to closing of the Unit to a designated attorney who is a member of or employed by Escrow Agent, within 2 business days of tender of the Deposit by Purchaser. Within 5 business days after the Agreement has been tendered to Escrow Agent along with the Deposit, Escrow Agent shall sign the Agreement and place the Deposit into the Master Escrow Account. Within 10 business days of the placing of the deposit in the Master Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. If Purchaser does not receive notice of such deposit within 15 business days after tender of the Deposit, he or she may cancel the Agreement within 90 days after tender of the Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Master Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to Purchaser.

Release of Funds

All deposits, including the Deposit, but specifically excluding any deposits made in connection with advances made for upgrades, extras or custom work received in connection with the Agreement, are and shall continue to be Purchaser's money, and may not be comingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h. Any deposits made for upgrades, extras or custom work shall be initially deposited into the Master Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Sponsor.

Escrow Agent shall release the Deposit if so directed: (a) pursuant to the terms and conditions set forth in the Agreement upon the closing of title to the Unit; (b) in a subsequent writing signed by both Sponsor and Purchaser or (c) by a final, non-appealable order or judgment of a court.

If Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and Escrow Agent receives a request by either party to release the Deposit, then Escrow Agent must give both Purchaser and Sponsor prior written notice of not fewer than 30 days before releasing the Deposit. If Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the 30 day period, the Deposit shall be released and Escrow Agent shall provide further written notice to both parties informing them of said release. If Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said 30 day period, Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to (a) through (c) above. Notwithstanding the foregoing, Escrow Agent shall have the right at any time to deposit the Deposit contained in the Master Escrow Account with the clerk of the county where the Unit is located and shall give written notice to both parties of such deposit.

Sponsor shall not object to the release of the Deposit to: (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in this Plan or an Amendment to this Plan or (b) all Purchasers after an Amendment abandoning this Plan is accepted for filing by the Department of Law.

Under no circumstances shall Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of this Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law. Consummation of this Plan does not relieve Sponsor of its obligations pursuant to GBL §§ 352-e(2-b) and 352-h.

The Department of Law may perform random reviews and audits of any records involving Escrow Account to determine compliance with all applicable statutes and regulations.

Escrow Agent shall maintain the Master Escrow Account under its direct supervision and control.

A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h). Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulations.

Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under the Agreement and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

Sponsor has agreed to compensate Escrow Agent for services rendered in connection with Escrow Agent's duties under the escrow agreement, if any. Prior to release of the Deposit, Escrow Agent's fees and disbursements will neither be paid by Sponsor from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

Sponsor agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with the Agreement or the performance or non-performance of Escrow Agent's duties under the Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in the Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

Escrow Agent shall not be bound by any modification, cancellation or rescission of the Agreement unless the same is in writing and signed by all parties hereto. In no event, however, shall any modification of the Agreement that shall affect the rights or duties of Escrow Agent be binding on Escrow Agent unless Escrow Agent shall have given its prior written consent.

Sponsor and Purchaser agree that Escrow Agent shall not be restricted in any manner whatsoever from acting as attorney for Sponsor with respect to any matter and consent to Escrow Agent so acting as attorney for Sponsor with respect to any matter, including, but not limited to, any litigation or matter related to the Agreement, the Deposit or the transaction contemplated by the Agreement, and whether or not there is a controversy between Sponsor and Purchaser with respect thereto.

Waiver Void

Any provision of the Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Agreement, this Plan or any amendment thereto.

## ASSIGNMENT OF AGREEMENTS

Agreements are not assignable. Notwithstanding the foregoing, a Tenant in Occupancy with the Right To Purchase shall have the right to assign their Agreement 1 time to any individual, without the payment of a fee (other than a $500 fee to Pryor Cashman LLP, counsel to Sponsor) in accordance with Paragraph 23 of the Agreement. Both the Tenant in Occupancy with the Right To Purchase and the proposed assignee must execute, in quintuplicate, an Assignment and Assumption Agreement in the form contained in Part II of this Plan, and deliver same to the Selling Agent at least 30 days prior to the Closing Date. If Purchaser is a corporation, partnership, limited liability company, trust or other legal entity, any sale, assignment, transfer, pledge, encumbrance or other disposition of any of the ownership interest of Purchaser (including without limitation, the stock, membership or beneficial interests of the stockholders, partners, members or beneficiaries of Purchaser or its stockholders, partners, members or beneficiaries) shall be considered an assignment of the Agreement. In order for an assigned Agreement to be counted towards effectiveness, (i) an Agreement shall be signed by the assigning Tenant in Occupancy with the Right To Purchase (which assignment shall include the Deposit paid by the assigning Tenant in Occupancy with the Right To Purchase to Sponsor) and (ii) 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 she or a specified member of his or her immediate family will personally occupy the Residential Unit (which affidavit shall be substantially in the form set forth in Part II of this Plan).

## EFFECTIVE DATE

The offering of the Residential Units for sale under this Plan by Sponsor is contingent upon this Plan being declared effective. The following provisions will determine whether, and when, this Plan will be declared effective:

1. This Plan may not be declared effective until Agreements have been executed and delivered for at least 15% of all Residential Units in the Buildings, by bona fide tenants in occupancy or bona fide purchasers who purchase without fraud or discriminatory repurchase agreements or other discriminatory inducements and represent that they intend that they or 1 or more specified members of their immediate family occupy the Residential Unit when it becomes vacant. As to tenants who were in occupancy on the Filing Date of this Plan (the date on which the New York State Department of Law accepted the Plan for filing), the Agreement must be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

2. After the conditions in the preceding paragraph 1 have been met, Sponsor may, at its option, declare this Plan effective.

3. When Agreements have been executed and delivered for the sale of 80% of all Residential Units in the Buildings, and all the conditions referred to in the foregoing paragraph 1 have been met, Sponsor must declare this Plan effective.

This Plan will not be declared effective based on 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 unless all of the procedures in the Section entitled "Assignment of Agreements" have been complied with; or (iii) signed by Purchasers who have not been afforded at least 3 business days to review this Plan and all filed amendments prior to executing an Agreement or at least 7 days to rescind; or (iv) signed by any Purchaser who is Sponsor, the Selling Agent, the Managing Agent, or a principal of either, or is related by blood, marriage or adoption or is a business associate, an employee, a shareholder, a member or a limited partner of Sponsor, the Selling Agent, the Managing Agent or a principal of either (except that such a Purchaser other than Sponsor or a principal thereof may be counted only if Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is either a bona fide tenant in occupancy or a bona fide purchaser).

When calculating the 15% requirement: (i) no more than 1 Agreement by the tenant or tenants of a particular Residential Unit will be counted; (ii) only 1 Agreement from any tenant who leases or occupies more than 1 Residential Unit will be counted; and (iii) only 1 Agreement from any Non-Tenant Purchaser who purchases more than 1 Residential Unit will be counted.

This Plan will be declared effective either by: (a) written notice to all Purchasers and tenants of the Buildings and, within 5 business days following such notice, an amendment to this Plan confirming that this Plan was declared effective as of the date of such notice will be submitted to the Department of Law, which amendment, upon acceptance for filing, will be delivered to all Purchasers and tenants; or (b) by duly filed amendment to this Plan. Written notice to all Purchasers and tenants of the Buildings may be delivered, at Sponsor's option, either via personal delivery or mailing by regular mail or certified mail with or without return receipt requested, addressed to the Purchaser or tenant at the last known address of such Purchaser or tenant. Service by personal delivery shall be deemed complete upon delivery. Service via mailing shall be presumed complete on the 5th day after mailing. The date of completion of service shall be the latest date on which service upon all Purchasers and tenants is deemed or presumed complete. The closing of title with respect to any Residential Unit shall in no event take place prior to the acceptance for filing of such amendment to this Plan.

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

If this Plan has not become effective within 15 months from the Filing Date, it will be deemed abandoned, void and of no effect and all monies will be returned to Purchasers not in default under their respective Agreements, in full, within 30 days thereafter, and all monies forfeited by defaulting Purchasers will (in such case) be retained by Sponsor in accordance with the Agreement (but in no event to exceed 10% of the Purchase Price). In the event of such abandonment, Sponsor shall promptly submit an amendment to the Department of Law together with Form RS-3 as promulgated by the Department of Law. Upon the return or retention of the Deposit, the Agreement will be null and void and Sponsor will have no further obligation or liability to any Purchaser under this Plan or the Agreement. In the event of abandonment, no new condominium offering plan relating to the Buildings shall be submitted to the Attorney General for at least 12 months after such abandonment.

Prior to conveying title to the first Residential Unit, Sponsor may, at its option, declare this Plan abandoned for any reason whatsoever before it is declared effective or the 80% quota and other conditions referred to in the foregoing paragraph 3 are reached and satisfied, respectively. Once this Plan has been declared effective, it may not be abandoned except in the event of: (i) the existence of a defect in title (unknown to Sponsor on the Filing Date of this Plan) which cannot be cured without litigation or cannot be cured for less than 0.5% of the Total Purchase Price to Tenants in Occupancy with the Right To Purchase in the aggregate (by way of example only, assuming the Price to Tenants in Occupancy with the Right To Purchase for example is $60,023,000.00, if the defect in title could not be cured for less than $300,115.00); or (ii) a substantial damage to or destruction of the Buildings or any portion thereto by fire or other casualty which cannot be repaired for less than 0.5% of the Total Purchase Price to Tenants in Occupancy with the Right To Purchase in the aggregate (by way of example only assuming the Price to Tenants in Occupancy with the Right To Purchase is $60,023,000.00, if the substantial damage to or destruction of the Buildings or any portion thereto by fire or other casualty which cannot be repaired for less than $300,115.00); or (iii) the taking of any material portion of the Property by condemnation, eminent domain or by other means. There will be no obligation on the part of Sponsor to incur expenses (except to the extent of up to 0.5% of the Total Purchase Price to Tenants in Occupancy with the Right To Purchase in the aggregate in case of defects in title and casualty losses as aforesaid) or engage in litigation to cure the same. Any dollar amount relied upon by Sponsor as the basis for abandonment of this Plan after effectiveness will exclude any attorney fees or any title defects or determination of any authority or regulatory agency or association which existed on the Presentation Date and were either known to Sponsor or were a matter of public record. If Sponsor does not abandon this Plan after the occurrence of any of the events set forth in (i), (ii) or (iii) above, then Sponsor shall be obligated to proceed with this Plan regardless of the cost to cure or repair such items. Whether or not this Plan will be abandoned or the expenses incurred will be in the sole discretion of Sponsor.

Sponsor will on the 30th, 60th, 88th and 90th day after the Presentation Date of this Plan and at least once every 30 days until this Plan is declared effective or abandoned, as the case may be, and on the 2nd day before the expiration of any Exclusive Purchase Period and on the expiration day of any Exclusive Purchase Period provided in an amendment to this Plan, (i) file with the Attorney General, Investment Protection Bureau, Real Estate Financing Division, 23rd Floor, 120 Broadway, New York, New York 10271, a written statement, under oath, setting forth the percentage of Residential Units in the Buildings which are the subject of Agreements executed by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or 1 or more specified members of their immediate family occupy the Residential Unit when it becomes vacant as of the date of such statement and as of a specified time and, (ii) before noon on the day such statement is filed, post a copy of such statement in a prominent place accessible to all tenants in the Buildings. The percentage shall be computed in the same manner as Sponsor shall compute the minimum percentage needed to declare this Plan effective. The

statement which is posted in the Buildings and filed with the Attorney General shall include the following: the date and time of the statement, the Filing Date of this Plan, the Presentation Date of this Plan and any current amendment, the last day of any Exclusive Purchase Period, the number of bona fide tenants in occupancy and bona fide purchasers who have executed Agreements, the number of Residential Units counted in the base and the percentage of purchasers. Copies of all filed and posted written statements will be available for inspection at the office of Sponsor or the Selling Agent and the Attorney General. All filed and posted written statements shall remain posted until the next filed and written statement is posted.

After an amendment declaring this Plan effective has been accepted for filing, Sponsor will fix dates for the closing of title to all Residential Units as to which Agreements are outstanding, in accordance with the provisions of the respective Agreements. See the Section of this Plan entitled "Terms of Sale" for a discussion of the mechanics of closing of title to a Residential Unit.

## TERMS OF SALE

The term "Closing" as used herein refers to the conveyance of title to a Residential Unit from Sponsor to Purchaser by the delivery to Purchaser of a deed upon payment by Purchaser to Sponsor of the balance of the purchase price for such Residential Unit. The Closing to each Residential Unit shall be held at the offices of Sponsor's attorneys, Pryor Cashman LLP, 7 Times Square, 40th Floor, New York, New York 10036, or at such other place as Sponsor may designate on not less than 2 business days' prior notice. The Closing to each Residential Unit shall take place only after or concurrently with the following events:

a. this Plan has been declared effective in accordance with its terms and the amendment to this Plan disclosing same has been accepted;

b. the recording or filing of the Declaration, By-Laws and Floor Plans in the City Register's Office after approval of same in the Real Property Assessment Department of the New York City Department of Finance, as required by Section 339-p of the New York Condominium Act or other applicable Law, and such other documents as may be required by Law;

c. either (i) the release of the Residential Unit and its appurtenant interest in the Common Elements from the lien of all mortgages, if any, or (ii) if the Purchaser is obtaining financing on such Residential Unit, the assignment to the Purchaser's mortgagee of any existing mortgage(s) encumbering such Residential Unit and its appurtenant interest in the Common Elements;

d. the delivery to Purchaser of written notice of the time and place of the Closing to the Residential Unit at least 30 days prior to the Closing Date specified therein, including a reasonable opportunity, upon written request of Purchaser, for Purchaser to examine the Residential Unit and the Property, during normal business hours and in the company of the Selling Agent, prior to Closing;

e. the execution and delivery by Sponsor of a bargain and sale deed with covenants against grantor's acts (which deed shall be substantially in the form set forth in Part II of this Plan) conveying title to the Residential Unit and its appurtenant Common Interest, free and clear of all liens, encumbrances and other title exceptions other than the Permitted Encumbrances;

f. if the Purchaser of the Residential Unit so requests, the issuance of a title insurance policy or certificate committing to insure fee title to the Residential Unit in the Purchaser subject only to the encumbrances set forth in Schedule A annexed to the form of Agreement, set forth in Part II of this Plan, which policy or certificate will also insure that a valid condominium has been created pursuant to the Condominium Act. A form of Residential Unit Owner's Specimen Title Policy (as prepared by Commonwealth Land Title Insurance, having an office at Two Grand Central Tower, 140 East 45th Street, 22nd Floor, New York, New York 10017, Attn: Peter G. Doyle, Jr., Telephone: 212-973-6209, Facsimile: 212-697-0286 (the "Title Company")), if title insurance is ordered from the Title Company, is set forth in Part II of this Plan. A Purchaser may obtain title insurance from any title insurance company, provided that such title company agrees to submit all real estate transfer tax forms required to be submitted in connection with the conveyance of a deed to a Residential Unit Owner and all transfer taxes due in connection therewith and agrees to indemnify Sponsor for such title company's failure to file such transfer tax forms and remit the required transfer taxes in connection therewith in a timely

manner. For an estimate of the cost to the Purchaser of obtaining such title insurance, see the Section entitled "Closing Costs and Adjustments;" and

g. the execution and delivery by Purchaser of the Power of Attorney, the form of which is set forth in Part II of this Plan.

The Residential Units are being sold "as is" in the condition in which they exist at the time a Purchaser signs an Agreement, subject to ordinary wear and tear except as otherwise provided in this Plan. All personal property located within a Residential Unit on the date the Agreement is signed or located within the Common Elements on the date the Declaration is filed that is owned by Sponsor is included in the conveyance unless specifically excepted in this Plan. Sponsor will Maintain the Buildings and the Common Elements until the First Closing, subject to ordinary wear and tear. Sponsor's obligation to make repairs in any Residential Unit shall cease upon the closing of title of such Residential Unit, except for repairs which Sponsor was obligated (and agreed) to make prior to the closing of title. Each Purchaser will be given a reasonable opportunity to examine the Residential Unit prior to closing, subject to the rights of any tenant or occupant of such Residential Unit, and is urged to make a careful inspection thereof. In the event a Purchaser fails to inspect a Residential Unit, after being given the opportunity to do so, Sponsor reserves the right, in its discretion, to postpone the scheduled Closing or to deem Purchaser to have waived the right to cause punch list work, if any, to be completed.

If prior to the expiration of any Exclusive Purchase Period which begins prior to the First Closing, Sponsor amends the terms and conditions of this offering to be more favorable to Tenant in Occupancy with the Right To Purchase, a Tenant in Occupancy with the Right To Purchase who executed and submitted an Agreement and the Deposit before Sponsor amended the terms of this Plan shall benefit from the more favorable terms and conditions.

If the Purchaser is or becomes the tenant or occupant of the 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 of the Residential Unit or did not result from the acts of such Purchaser or other occupants of the Residential Unit or such Purchaser'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 the same. If Sponsor or (in the event the Declaration is filed) the Board does not elect to repair the damage, the Agreement will be canceled and be of no further force or effect, unless the Purchaser agrees to accept such Residential Unit without such repair. Thereafter, the Purchaser will be refunded all purchase monies paid to Sponsor unless the Purchaser is then in default under the Agreement (beyond the applicable grace period, if any), in which event the said purchase monies will be retained by Sponsor as and for liquidated damages. If Sponsor elects to repair the damage, the Agreement shall continue in full force and effect, 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 shall be entitled to a reasonable period of time to complete such repair.

The existence of mortgages, liens and encumbrances other than Permitted Encumbrances shall not be objections to title, provided bonds or properly executed instruments in form for recording necessary to satisfy or release Residential Units from such impermissible liens or encumbrances are delivered at Closing and proper adjustments are made for the cost of recording or filing such instruments. Sponsor will bear the responsibility and cost of recording or filing such instruments. If existing mortgages will not be satisfied at or prior to the First Closing, as of the First Closing, each mortgagee will either: (i) consent to the formation of the Condominium and acknowledge that its lien will be limited to Unsold Residential Units; (ii) subordinate the lien of its mortgage to the Declaration; or (iii) release its lien on the Residential Unit being conveyed.

The acceptance of a deed by a Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be performed under this Plan except those (if any) which may be expressly stated in this Plan, in the Agreement, in 13 NYCRR, Part 23 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of this Plan) and in GBL §352-e to survive delivery of the deed.

Upon the closing of title to a Residential Unit, a Purchaser will thereupon become obligated for the payment of Common Charges, taxes and other assessments charged against the Residential Unit to the Board (whether or not such Purchaser has taken possession of the Residential Unit and whether or not the tenant in possession, if there be one, pays the rent required to be paid by such tenant).

The existing lease of a tenant who has purchased a Residential Unit will be terminated as of the closing of title to such tenant's Unit, and such tenant will not have any rights afforded by, nor be subject to, the Rent Laws or the GBL.

## CLOSING COSTS AND ADJUSTMENTS

As more particularly set forth in the Agreement, in addition to Purchaser's own legal fees, Purchaser will pay the closing costs set forth below at the time of the closing of title of the Purchaser's Residential Units. Recording charges, fees and taxes are based on rates in effect on the date of this Plan and are subject to change without notice:

(a) Each Purchaser of a Residential Unit will pay a contribution to the working capital fund of the Condominium in an amount equal to 2 months' Common Charges then applicable to each Residential Unit being purchased.

(b) If a Purchaser elects to obtain fee title insurance, such Purchaser will pay the premium therefore, which will vary depending upon the amount requested. If ordered from the Title Company the premium will be calculated at a discounted rate of 70% of the standard fee policy rates (in effect as of May 1, 2007) in accordance with the below discounted rate schedule. Purchaser is under no obligation to obtain title insurance from the Title Company. Purchaser may obtain title insurance from a title insurer of Purchaser's choice, without incurring any additional cost from Sponsor.

**FEE BULK RATE SCHEDULE**
**(70% Rate)**

| AMOUNT OF INSURANCE | PREMIUM |
|---|---|
| First $35,000 or less | $281.00 |
| From $35,001 to $50,000 | $4.67 per Thousand |
| From $50,001 to $100,000 | $3.80 per Thousand |
| From $100,001 to $500,000 | $3.05 per Thousand |
| From $500,001 to $1,000,000 | $2.79 per Thousand |
| From $1,000,001 to $5,000,000 | $2.56 per Thousand |

Note - The minimum premium for a fee policy is $281.00.

If Purchaser elects to simultaneously obtain both fee title insurance and mortgage title insurance from the Title Company, the premium for the fee title insurance will be calculated as described in this paragraph (b). The premium for the mortgage title insurance that does not exceed the fee policy will be calculated at a discounted rate of 21% of the standard mortgage policy rates (as of October 1, 2007) in accordance with the following discounted rate schedule:

**SIMULTANEOUS MORTGAGE BULK RATE SCHEDULE**
**(21% Rate)**

| AMOUNT OF INSURANCE | PREMIUM |
|---|---|
| First $35,000 | $72.00 |
| From $35,001 to $50,000 | $1.17 per Thousand |
| From $50,001 to $100,000 | $0.95 per Thousand |
| From $100,001 to $500,000 | $0.76 per Thousand |
| From $500,001 to $1,000,000 | $0.70 per Thousand |
| From $1,000,001 to $5,000,000 | $0.64 per Thousand |

A Purchaser may obtain title insurance from any title insurance company, provided that such title company agrees to submit all real estate transfer tax forms required to be submitted in connection with the conveyance of a deed to a Residential Unit Owner and all transfer taxes due in connection therewith (as more particularly summarized in subparagraphs (c) and (d) below) and agrees to indemnify Sponsor for such title company's failure to file such transfer tax forms and remit the required transfer taxes in connection therewith in a timely manner.

(c) Purchaser will pay a fee for recording the Residential Unit Deed and Power of Attorney, being approximately $75.00 for each instrument plus $5.00 per page as collected by its title company (each title company establishes its own additional service and surcharges in this regard).

(d) Purchaser will pay the New York City Real Property Transfer Tax ("RPT Tax"), which currently, for the purchase of a single Residential Unit, is 1% of the purchase price of a Residential Unit $500,000 or less (1.425% of the purchase price if over $500,000) and the New York State Real Estate Transfer Tax ("NYS Tax"), presently $2.00 for each $500.00 (or part thereof) of the purchase price of a Residential Unit. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax. Therefore, the steps to compute the tax are:

(i) Multiply the purchase price by the RPT Tax rate to compute the tentative RPT Tax.

(ii) Multiply the purchase price by the NYS Tax rate to compute the tentative NYS Tax.

(iii) Add the tentative taxes to the purchase price.

(iv) Multiply (iii) by the RPT Tax rate to determine the RPT Tax payable.

(v) Multiply (iii) by the NYS Tax rate to determine the NYS Tax payable.

Example: Purchase of a Residential Unit to be used as a personal residence with a purchase price of $350,000.00:

| | | | |
|---|---|---|---|
| (1) | $350,000.00 x 1.00% | = | $3,500.00 |
| (2) | $350,000.00 x .4% | = | $1,400.00 |
| (3) | $350,000.00 + $4,900.00 | = | $354,900.00 |
| (4) | $354,900.00 x 1.00% | = | $3,549.00 |
| (5) | $354,900.00 x .4% | = | $1,420.00 |

Under the current policies of the City of New York Department of Finance, where a purchaser purchases 2 or more Residential Units that have not been physically combined into a single residence before the transfer, the NYC RPT Tax rate where the consideration is $500,000 or less will be 1.425%, while the tax rate where the consideration is in excess of $500,000 will be 2.625%. The City of New York Department of Finance has taken the position that the consideration for the transfer of a Residential Unit under a deed is aggregated with the consideration for the transfer of other Residential Units under

separate deeds for purposes of determining total consideration. There is no guarantee that the City of New York will not change its positions with respect to the foregoing.

(e) If the purchase price of the Residential Unit is $1,000,000 or more, Purchaser will pay the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," which is currently 1% of the purchase price (the computation of which shall include the RPT Taxes and NYS Taxes as described above).

(f) The legal fees of Sponsor's attorneys in the amount of $2,000 will be payable by a Purchaser to Pryor Cashman LLP. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys, Pryor Cashman LLP, in connection with the closing of title to Purchaser's Unit: If the Purchaser requests the Closing to occur other than at the offices of Pryor Cashman LLP or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan. Sponsor's attorneys will impose a reschedule fee of $200 if the Purchaser postpones the scheduled Closing (with the consent of Sponsor) less than 5 business days prior to the date thereof. In addition, if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Agreement, or for the addition, deletion or substitution of names on the Agreement, a fee of $500, payable in advance, for preparation of an assignment agreement, shall be due to Sponsor's attorneys. Purchaser may pay more than 1 fee pursuant to this paragraph with respect to a single Residential Unit. In addition to an attendance fee in connection with a completed Residential Unit transfer, Sponsor's attorneys shall also be entitled to an attendance fee if they attend a scheduled closing but the closing is adjourned due to Purchaser's failure to comply with its closing obligations, the determination of which shall be within the sole discretion of Sponsor's attorneys. In addition, more than 1 assignment fee shall be payable if Sponsor consents to more than 1 request.

(g) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording tax, origination, appraisal and closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, for Residential Units, the mortgage recording tax for mortgages under $500,000 is $2.05 for each $100 of principal and such tax for mortgages in the amount of $500,000 or greater is $2.175 for each $100 of principal. Of the total due, the mortgagee typically pays an amount equal to .25% of the face amount of the mortgage. In addition, there is a $30.00 exemption for residential property. No representation or warranty is made with respect to the amounts of such closing costs and expenses or the availability or cost of mortgage loans from any sources.

The following table illustrates the projected closing costs (based on current rates) for a Residential Unit at a Purchase Price of $350,000.00, assuming such Purchaser finances 80% (i.e., $280,000.00) of the purchase price:

| | |
|---|---|
| Fee Title Insurance (if purchased simultaneously with mortgage title insurance) | $ 1,584.00 |
| Fee for recording Residential Unit Deed (7 pages) and Residential Unit Owner's Power of Attorney (5 pages) | 210.00 |
| Mortgage Loan Closing Costs:<br>- recording mortgage (assuming 20 pages)<br>- mortgage recording tax<br>- mortgage title insurance (if purchased simultaneously with fee title insurance)<br>- other bank charges (assuming "points" of 1% of mortgage amount, and appraisal fee of $500 and legal fees of $500 and assuming further that the lender does not require Purchaser to deposit funds to establish a real estate tax escrow) | <br>175.00<br>5,040.00<br>393.00<br>3,800.00 |
| New York City Real Property Transfer Tax and New York State Transfer Tax | 4,969.00 |
| Working Capital Payment (approximate) | 1,108.58 |
| Closing Fee (assuming the closing occurs at the offices of Sponsor's counsel) | 2,000.00 |
| TOTAL | $19,279.58 |

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

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

At Closing, adjustments will be made as of midnight of the day preceding the Closing Date between Sponsor and each Purchaser with respect to (a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed) on the basis of the period for which assessed, (b) Common Charges for the month in which title closes and (c) accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering Purchaser's Residential Unit. Sponsor may also collect, on behalf of the Board, Common Charges for the month following the month in which the Closing occurs. In the event the Units have not been separately assessed for real estate tax purposes prior to the First Closing, each Residential Unit Owner will pay a pro rata share (in the proportion that such Residential Unit's Common Interest bears to the aggregate Common Interest of all Residential Units) of all real estate taxes with respect to the Residential Units to the Board as Common Charges. (Please refer to Schedule A for an estimate of real estate taxes payable during the first year of Condominium operation). In addition, to the extent the Residential Units will not be separately assessed, Sponsor may collect at Closing, on behalf of the Board, real estate taxes due and payable for the tax periods in which the Units will not be separately assessed. The Board will pay such taxes either to the Department of Finance of the City of New York or directly to Sponsor if Sponsor has already paid such real estate taxes. If any Residential Unit Owner fails to pay such Residential Unit Owner's pro rata share as set forth above, the Board will have a lien on such Residential Unit for non-

payment of Common Charges. (See the subsection "Common Charges: Collection and Lien for Non-Payment, Payment of Rent to Board" under the Section entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" for further discussion.) At such time as a Residential Unit is separately assessed and separately billed, its Residential Unit Owner will pay such taxes directly to the taxing authority.

If a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Agreement and this Plan, an amount equal to 0.05% of the purchase price of the Residential Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

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

## RIGHTS AND OBLIGATIONS OF SPONSOR

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

Sponsor will bear all costs and expenses to be incurred in connection with the creation of the Condominium and the preparation, filing and distribution of this Plan. In addition, Sponsor will pay all selling expenses and brokerage commissions of the Selling Agent or other broker engaged by Sponsor. In the event that there are title encumbrances (other than Permitted Encumbrances annexed to the Agreement as Schedule A and mortgages) affecting the Property at the time of the First Closing, Sponsor shall cause such encumbrances to be cured, remedied and removed in accordance with this Plan, at its sole cost and expense, by the First Closing or within a reasonable time thereafter. The existence of any such encumbrances will not constitute an objection to title or excuse any Purchaser from completing payment of the balance due under his or her Agreement (without provision for escrow), provided that Sponsor furnishes adequate proof to Purchaser's title company that such encumbrance has been remedied or deposits a reasonable sum to secure Sponsor's obligation to cure and remedy such encumbrance subsequent to the First Closing as determined by Purchaser's title company. At Sponsor's request, the sums so deposited shall be applied towards payment of the cost of curing or remedying the title defect. If the aggregate cost and expense of curing, remedying and/or removing all such encumbrances exceeds 0.5% of the Total Purchase Price to Tenants in Occupancy with the Right To Purchase and Sponsor elects not to accomplish the same, Sponsor shall abandon and withdraw this Plan in accordance with the terms of the Section entitled "Effective Date."

If the Purchaser is or becomes the tenant or occupant of the 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 of the Residential Unit or did not result from the acts of such Purchaser or other occupants of the Residential Unit or such Purchaser'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 the same. If Sponsor or (in the event the Declaration is filed) the Board does not elect to repair the damage, the Agreement will be canceled and be of no further force or effect, unless the Purchaser agrees to accept such Residential Unit without such repair. If the Agreement is so canceled, the Purchaser will be refunded all purchase monies paid to Sponsor unless the Purchaser is then in default thereunder (beyond the applicable grace period, if any), in which event the said purchase monies will be retained by Sponsor as and for liquidated damages. If Sponsor elects to repair the damage, the Agreement shall continue in full force and effect, 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 shall be entitled to a reasonable period of time to complete such repair.

Immediately following the recording of the Declaration, all assignable service and maintenance contracts and agreements relating to the Residential Units, the Common Elements and/or the Residential Common Elements will be assigned to the Board, and the Board will, on behalf of all Residential Unit Owners, assume the same and indemnify the assignor against all claims and liability thereunder that relate to matters and events occurring on or after the day upon which the Declaration was recorded.

### Sponsor's Obligations with Respect to Asbestos

In accordance with the provisions of 13 NYCRR 23.7(cc) (the "Asbestos Regulations"), Sponsor has engaged Singer Environmental Group, Ltd. to perform such tests as are necessary to determine whether asbestos containing material ("ACM") is present in insulating or fireproofing material anywhere in the Buildings. Said firm has prepared a report on ACM on each Building (the "Asbestos Report"), which indicates no presence of visible and/or friable ACM in either Building, other than as follows: 775

Riverside Drive: Boiler Room – spray on fireproofing on ceiling throughout in good condition; oil tank room - 15 linear feet - good-fair condition, hallways/ gas meters - 735 linear feet - good-fair condition, supply room - 50 linear feet - good-fair condition, laundry room - 10 linear feet - good condition, electric meter room - 280 linear feet good condition, former incinerator 3 linear feet good condition, 156-08 Riverside Drive West: Boiler Room – spray on fireproofing on ceiling throughout in good-fair condition; oil tank room - 15 linear feet - good-fair condition, hallways/ gas meters - 525 linear feet - good-fair condition, storage room - 130 linear feet - good-fair condition, laundry room - 15 linear feet - good condition, workshop - 25 linear feet good condition, former incinerator 4 linear feet - good condition, storage room – 255 linear feet – good-fair condition.

**Real Property Law Section 339-kk**

Subsection kk to Section 339 of the Real Property Law ("RPL"), a copy of which is set forth in Part II of this Plan, was enacted into law July 22, 1998. RPL §339-kk is applicable to all condominiums in the State of New York. RPL §339-kk is intended to provide additional financial protection for a condominium association if a sponsor or other non-occupant Residential Unit owner of a residential unit fails to make monthly payments for common charges, assessments and late fees due in connection with such owner's Residential Units.

RPL §339-kk provides, by its terms, among other things, that with respect to unsold units of a condominium owned by a sponsor or by any other non-occupant unit owner and occupied by a tenant:

(a) If payment of common charges, assessments or late fees by any non-occupant unit owner is more than 60 days late after the expiration of any grace period within which they are due, rental payments from a tenant of such unit may become directly payable to the condominium upon written notice by the condominium to the tenant and the non-occupant unit owner. Where a majority of the board has been elected by Residential Unit Owners who are in occupancy of their respective units, the board may elect not to require that the rental payments be paid to the condominium. Once the common charges, assessments and late fees of the non-occupant Residential Unit Owner have been brought current, the board must notify the non-occupant Residential Unit Owner and tenant within 3 business days and thereafter the rental payments will be payable to the non-occupant Residential Unit Owner or a designated agent.

(b) Payment by a tenant of rent or the amount required pursuant to the tenant's lease or statutory tenancy to the condominium pursuant to RPL §339-kk, relieves the tenant from the obligation to pay rent to the non-occupying Residential Unit Owner.

(c) Any rights existing under any other laws are not limited by RPL §339-kk.

(d) A non-occupant Residential Unit Owner who disputes a condominium's claim to rental payments is entitled to present facts supporting such owner's position at the next scheduled meeting of the board, which must be held within 30 days after receipt of notice that the Residential Unit owner seeks to dispute the condominium's claim.

Sponsor makes no representation or guarantee that any Residential Unit Owner (other than Sponsor), any tenant or the Condominium will in fact comply with RPL §339-kk, and Sponsor shall have no liability for their failure to do so.

RPL §339-kk does not address a number of issues. Accordingly, Sponsor makes no representation as to (i) RPL §339-kk's effect on the lien priority of a loan heretofore or hereafter made to a non-occupant owner and secured by the Unit, or whether RPL §339-kk's enactment or compliance

therewith by a tenant constitutes a default by the Residential Unit Owner under said loan, (ii) RPL §339-kk's effect on assignments of leases and rents given by a non-occupant owner to a mortgagee in connection with purchase-money financing or otherwise, (iii) the Condominium's remedies if a tenant fails or refuses to make rental payments to the Board after notice from the Board (in accordance with RPL §339-kk) to do so, (iv) the consequence of the Board's failure to give notice to a tenant (i.e., does failure constitute a waiver of the Condominium's rights?), or (v) who is responsible for designating an agent to whom rental payments are to be made after the non-occupant Residential Unit owner is brought current in payment of common charges, assessments and late fees.

Finally, no representation is made about the tax effects of RPL §339-kk.

All prospective purchasers should review RPL §339-kk to determine its effect on their own situation.

**Leasing and Use of Unsold Residential Units**

Sponsor reserves the right, prior to the date of closing title thereto, to rent or lease any Residential Unit for such rent and term and on such other conditions as may be agreed to between Sponsor and any Purchaser who has paid the Deposit required by the Agreement. Any such lease or use and occupancy agreement will provide, however, among other things, that any uncured default by the Purchaser under the Agreement with respect to the Residential Unit which is the subject of the lease or use and occupancy agreement will constitute a default under the lease entitling Sponsor, at its sole option, to terminate such lease or use and occupancy agreement in accordance with applicable Law. In addition, each Agreement may provide that an uncured default by the Purchaser under any lease or use and occupancy agreement with respect to the Residential Unit which is the subject of the Agreement will constitute a default under the Agreement entitling Sponsor, at its sole option, to terminate such Agreement and to exercise any remedies therein; provided however, that before Sponsor utilizes the default under the lease to declare a default under the Agreement, Sponsor will either obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the lessee unless the lessee has vacated the Residential Unit.

Purchasers or any other persons entering into a lease or use and occupancy agreement for a Residential Unit shall be required to pay the legal fees of Sponsor's counsel in connection therewith upon execution of the lease or use and occupancy agreement. All other charges or other fees due under a lease or use and occupancy agreement shall be adjusted as of the closing of title to the Residential Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any lease or use and occupancy agreement.

Sponsor or its designee reserves the right to use or occupy itself or to rent or lease to a tenant who is not a Purchaser (for such rent and term and on such other conditions as may be agreed to between such parties) any Residential Unit not yet conveyed and occupied or to withdraw Residential Units from the market. Sponsor or its designee further has the right, following the expiration of the Exclusive Purchase Period, to sell occupied Residential Units to 1 or more Non-Tenant Purchasers for investment or resale or to lease occupied Residential Units to others or to retain vacated Residential Units for future rental. The terms of the Fee Mortgage do not obligate Sponsor to market Residential Units for sale as they become vacant. In addition, Sponsor has the right to limit the number of Residential Units sold to any Purchaser and to make bulk sales of Residential Units to Sponsor's Transferee. Sponsor and Sponsor's Transferee, if any, reserve the right to rent, rather than sell, any or all of the Residential Units as they become vacant. Sponsor's and Sponsor's Transferee's, if any, right to rent, rather than sell Residential Units once they become vacant, is unconditional and exercisable in their sole discretion. Accordingly, it is possible that a significant proportion of Residential Unit Owners will not be residents of

the Buildings and that a significant portion of tenants in the Buildings may not be Residential Unit Owners. Because there is no commitment on the part of Sponsor and Sponsor's Transferee, if any, to sell more than the 15% of the Residential Units needed to declare this Plan effective, owner occupants may never gain effective control and management of the Condominium and may have difficulty in financing or reselling their Residential Units. The By-Laws do not require that after the Sponsor Control Period a majority of the members of the Board be owner-occupants of a Residential Unit or members of owner-occupant's household who are unrelated to Sponsor and its principals. Owner-occupants and nonresident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing, such as a purchase of a home as opposed to purchase for investment. Sponsor need not endeavor in good faith to sell Residential Units rather than rent them as they become vacant. Sponsor retains unconditional discretion to rent rather than sell Residential Units.

As of the date hereof, the Fee Mortgagee will release a Residential Unit from the lien of the Fee Mortgages upon the payment of the greater of (i) 140% of the Residential Unit's pro rata share of the mortgage or (ii) 85% of the Residential Unit's gross sales price as determined by the Fee Mortgagee. As a fee, the Fee Mortgagee will charge 1% of the principal reduction amount to release each Residential Unit (other than a bulk sale of 3 or more Residential Units, to which the full prepayment penalty will apply, but in no event will the penalty be less than 1% of the principal reduction).

Sponsor and its designee reserve the right, without prior notice or amendment to this Plan, to use Unsold Residential Units on any floor of the Buildings as sales and rental offices and model Residential Units for the Buildings and other buildings. In the event Sponsor or its designee thereafter elects to sell any such Unsold Residential Units, Sponsor or its designee may require the purchaser thereof to purchase all or any of the furnishings, equipment or decorations therein and pay, in addition to the purchase price for such Residential Unit, such amounts as Sponsor may determine. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model Residential Unit or Common Element or Residential Common Element or in any advertisements with respect thereto, imply or represent that any Residential Unit or Common Element or Residential Common Element will contain such furniture, furnishings, equipment or decorations upon delivery of the Residential Unit to the Purchaser, unless such Purchaser agrees to pay Sponsor an amount as determined by Sponsor in addition to the purchase price for such Residential Unit.

**Sponsor's Obligations with Respect to the Residential Units and the Buildings**

The Purchaser of a Residential Unit shall inspect such Residential Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Residential Unit in accordance with the terms of this Plan. As more particularly set forth elsewhere in this Plan, Sponsor is offering the Residential Units in their "as is" condition. However, in the event Sponsor agrees, in its absolute discretion, to perform any work in a Residential Unit, if Purchaser finds that Sponsor's work has not been completed as described in the Agreement for the Residential Unit, then Sponsor and the Purchaser in question will agree to include on the inspection statement a list of "punch list" work to be completed in the Residential Unit by Sponsor following the Closing Date. Sponsor shall have no obligation to complete any work described therein which is not specifically designated by the Purchaser on the inspection statement. A Purchaser shall receive prior notice that a Residential Unit is available for inspection pursuant to this paragraph as more particularly set forth in the Agreement in Part II of this Plan. A Purchaser who fails to inspect such Residential Unit shall be deemed to have accepted the Residential Unit in good condition and in accordance with the terms of this Plan. After the closing of title to each Residential Unit, the Purchaser thereof must comply with the procedures established by the Managing Agent regarding such Purchaser's move into the Residential Unit. This may include "move in"

fees which will be refunded to the Purchaser unless the Purchaser or the Purchaser's agents damage the Common Elements or Residential Common Elements or another Residential Unit during the move in.

In no event will Sponsor be responsible for any condition resulting from: (i) normal wear and tear or natural deterioration or from the normal movement, settlement and/or shrinkage of the Buildings and/or Building materials; (ii) defects of an insubstantial nature, such as, without limitation, partial or total loss of any trees, shrubs, bushes or other landscape improvements, nail pops, protruding dry wall fastenings, ridging on gypsum board, lumber and wood trim shrinkage or warpage, door or window sticking, door warpage including, without limitation, warpage of the main entrance door within reasonable tolerances of doors of similar size and weight, scratches in plastic laminate, vitreous china, natural stone, wood, stainless steel or porcelain surfaces; bathroom finish grouting; adjustment of doors; walls not square and/or straight; electrical plates not straight; discoloration or shrinkage; slight separation between base and floors; (iii) normal settlement and deflection or any consequential damage resulting therefrom including, without limitation, cracks in roof ballast or concrete cracks which do not reduce the structural integrity of the Buildings; (iv) deviations in the level or straightness of ceilings and imperfections in ceiling finishes; (v) imperfections in painting finishes; (vi) deviations in the level or straightness of a floor or failure of finished floors and walls to be straight or on plane or at less than 90° from each other; (vii) alignment of bathroom finishes and variation in grouting thickness; (viii) air infiltration and water infiltration from windows, vents, electrical outlets and similar openings in the wall, in accordance with customary practice and professional standards; (ix) noise from normal plumbing, heating, ventilating and air conditioning operation; (x) normal floor noises and creaking; (xi) carpet or floor discoloring or stretching; (xii) scratches and imperfections or variations in width, length, thickness, finish or color range of wood floor strips or other flooring or floor finishes, and normal shrinkage or expansion of wood flooring due to changes in moisture content of wood, or due to homeowner's failure to maintain consistent temperature; (xiii) repair of chips, scratches, mars, breaks, dents, cracks or other defects in: exterior stone, windows, window glass, frames and hardware; insulation attached to the curtain wall; sliding glass doors, frames, door glass and hardware; louvers; shower doors; lighting fixtures, lenses, baffles and globes; all painted surfaces; all sinks, tubs, basins and water closets; kitchen cabinets, backsplashes and countertops; vanity tops and cabinets; all tile or natural stone floors and walls; saddles; all appliances; woodwork, millwork and doors; mirrors; (xiv) cracks or variations in tone or color of natural stone or variations in tone or color of vanity tops or any other natural stone surfaces; (xv) leaching or color variation in color mortar and colored brick, dimensional variations in brick joints and mortar droppings on bricks; (xvi) pounding and/or controlled drainage on the roof surface; (xvii) cracks in pressure-treated lumber used or intended for use outside the Buildings; (xviii) cracks or discoloration in concrete used in lobby walls and paving; (xix) discoloration to hardware and plumbing finishes; (xxi) stains, runs, lumps, shags or imperfections in weave in fabric panels; (xx) scratched, dirty or cracked lenses in light fixtures; (xxi) tiles not laid flat, or color variation in tiles or mortar, or stained tiles; (xxii) subsequent to the Residential Unit Closing, paint touch-ups, repairs of dented appliances or replacement of fluorescent light ballasts; or (xxiii) salting or color variation in exterior colored mortar and deep colored brick. THE ITEMS AND CONDITIONS DESCRIBED IN THIS PARAGRAPH ARE NOT DEFECTS. PURCHASERS WHO PURCHASE A RESIDENTIAL UNIT IN THE BUILDINGS MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR RESIDENTIAL UNIT, THE COMMON ELEMENTS, THE RESIDENTIAL COMMON ELEMENTS OR ELSEWHERE IN THE BUILDINGS. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF THESE ITEMS AND CONDITIONS AND WILL NOT BE LIABLE TO ANY PURCHASER OR THE BOARD THEREFOR. IF PURCHASERS OR THE BOARD DESIRES TO CORRECT OR REPAIR ANY OF THESE ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THEY WILL HAVE TO PROCEED AT THEIR SOLE COST AND EXPENSE BY THEMSELVES AND/OR UNDER ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO THEM BY SPONSOR.

To the maximum extent lawful, all implied warranties of fitness for a particular purpose, merchantability and habitability, all warranties imposed by statute (except only those imposed by applicable Law to the extent they cannot be disclaimed and to the extent they have not expired by their terms) and all other implied or express warranties of any kind or character are specifically disclaimed. Unless caused by a violation of the Sound Transmission Code or other applicable code, there is no warranty as to sound transmission. Unless caused by a violation of an applicable code with regard to the ventilation system or other applicable code, there is no warranty as to odors. Unless caused by a code violation, there is no warranty with respect to mold, mildew, spores, fungi or other toxins. There is no warranty as to view or light quality. Sponsor's obligation, regardless of any limitations in any warranty, cannot go below the duty to complete any construction it agrees to undertake in accordance with all applicable codes and filed plans and specifications. Sponsor has not given, and Purchaser has not relied on or bargained for, any of the foregoing warranties. In no event will Sponsor be liable for incidental or consequential damages (whether based on negligence, breach of contract, warranty or otherwise), including, without limitation, any costs associated with a Residential Unit Owner vacating the Residential Unit or its contents during any period of repair or alteration which Sponsor has agreed or is required to perform.

Sponsor will not be obligated to correct and will not be liable to any Purchaser as a result of any insubstantial variations in the description of any portion of the Buildings or a Residential Unit set forth in this Plan or an Agreement which are neither in violation of applicable building codes, nor require the approval of any governmental authority having jurisdiction. Any such variation affecting the Property which is material will be disclosed in a duly filed amendment to this Plan.

Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice to, and without the consent of the Board, any Residential Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by dividing 1 or more such Residential Units into 2 or more separate Unsold Residential Units, (c) combine separate Residential Units (including those resulting from such subdivision or otherwise) into 1 or more Residential Units, altering any boundary walls between 1 or more Residential Units, or otherwise, including incorporating Common Elements and/or Residential Common Elements (such as a portion of a hallway) which exclusively benefits a Residential Unit and/or Residential Common Elements into such Residential Unit, provided that the same does not interfere with the sole means of ingress or egress of another Unit and is not taken from any Common Element and / or Residential Common Element which benefits another Unit,(d) designate a Common Element and/or Residential Common Elements and/or Residential Limited Common Element as part of a newly created Residential Unit and (e) if appropriate, reapportion among the Unsold Residential Units affected by any such change, their aggregate Common Interests and Residential Common Interests. In the event of any change pursuant to either (b), (c) or (d) above, such change shall be disclosed in a duly filed amendment to this Plan. No such change, including any change in the Common Interest or in the amount or quality of Common Elements or Residential Common Elements directly affecting or servicing a Residential Unit, will be made with respect to any Unsold Residential Unit for which an Agreement is then in effect and the Purchaser thereunder is not in default unless (i) the Purchaser consents to such change or (ii) such change is not a material change in the size, Common Interest, dimension, floor space or layout of such Unsold Residential Unit. The Common Interest of a Residential Unit may change if there is a change in the floor space or the additional factors of relative value to other space in the Condominium, the uniqueness of the Residential Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Residential Unit. No material change will be made in the size or number of Residential Units or in the size or quality of the Common Elements or Residential Common Elements except by amendment to this Plan and, when applicable, by amendment to the Declaration. Unless all Purchasers whose Residential Units are affected

consent, no material change will be made in a Residential Unit layout or percentage of Common Interest if an Agreement has been executed and delivered to Sponsor for that Residential Unit and the Purchaser is not in default. No material change will be made in the size or number of Residential Units or in the size or quality of the Common Elements and/or Residential Common Elements except by amendment to this Plan and, when applicable, by amendment to the Declaration. Unless a Purchaser consents, no material adverse change will be made in the relevant Residential Unit's layout or percentage of Common Interest (or Residential Common Interest) if an Agreement has been executed and delivered to Sponsor for that Residential Unit and the Purchaser is not in default. No unilateral material adverse change will be made in the size or quality of the Common Elements and/or Residential Common Elements unless Purchasers who have signed agreements consent.

**General**

Except for Sponsor's obligations to pay Common Charges and to perform other duties as a Residential Unit Owner with respect to any Unsold Residential Units (for so long as Sponsor owns same) and any other obligations set forth in this Plan on the part of Sponsor to perform, the foregoing sets forth the entire extent of the obligations of Sponsor hereunder and none other shall be implied, except that nothing contained herein shall be deemed to limit the rights of Purchasers under their respective Agreements. Sponsor agrees to pay all Common Charges, special assessments and real estate taxes with respect to the Unsold Residential Units. Sponsor represents that it has the financial resources to meet its obligations with respect to the Unsold Residential Units. Sponsor intends to meet its obligations to the Condominium through proceeds from the sale of Residential Units and rental income from Non-Purchasing Tenants and other tenants. Sponsor makes no representations or warranties other than as set forth in this Plan. The acceptance of a deed by a Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be performed under this Plan except those (if any) which may be expressly stated in this Plan, in the Agreement, in 13 NYCRR, Part 23 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of this Plan) and in GBL Section 352-e to survive delivery of the deed. Sponsor shall not be liable for, or obligated to defend, any suits or claims with respect to any Residential Unit arising out of any occurrence taking place on or after the date of the closing of title to such Residential Unit or the leasing thereof to any Purchaser or, with respect to the Common Elements or Residential Common Elements, arising out of any occurrence taking place on or after the date of the First Closing, except suits or claims arising out of the acts of Sponsor or the representations made by Sponsor in this Plan.

Sponsor has not furnished any bond or other security for the performance of its obligations under this Plan.

Sponsor will initially procure on behalf of the Board the insurance relating to the Condominium which is required to be maintained by the Board in accordance with the provisions of the By-Laws (see the Section entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers") the cost of which has been reflected in the Projected Budget set forth in Schedule B. Please refer to the Section of this Plan entitled "Terms of Sale" for a discussion of Sponsor's obligations to repair damage from a casualty or other causes prior to the closing of title to a Residential Unit.

Sponsor shall have only such obligation to defend any suit or proceeding arising out of Sponsor's acts or omissions or to indemnify the Board or Residential Unit Owner(s) in any such action or proceeding as is required by Law.

Sponsor may dissolve or liquidate at any time. In the event of such an occurrence or the transfer of 10 or more Residential Units or 20% of the Units in the Condominium, whichever is less, in

connection with Sponsor's liquidation of its interest in the Residential Units, the principals of Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of Sponsor for those Residential Units under this Plan and applicable Law and in the event of dissolution or liquidation, the principals of Sponsor shall guarantee the performance of such obligations.

Sponsor will have an easement through all portions of the Buildings, including the Residential Units, Common Elements, Residential Common Elements and Residential Limited Common Elements, as may be necessary to perform Sponsor's obligations under this Plan, including, without limitation, any obligation to perform work.

Sponsor will cause the Board to Maintain the Property in substantially the same condition and manner as on the date of presentation until Sponsor no longer controls the Board.

All representations under this Plan, all obligations pursuant to the GBL and such additional obligations under this Plan which are to be performed subsequent to the closing of each Residential Unit will survive delivery of the deed.

## CONTROL BY SPONSOR

The affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Board"). From and after the first annual meeting of Residential Unit Owners the Board shall consist of 7 persons: 5 persons elected by the Residential Unit Owners ("Residential Board Members") and 2 persons designated by the Garage Unit Owners ("Garage Board Members"). Notwithstanding the foregoing the Board shall govern the affairs of the Condominium which affect both the Residential Unit Owners and the Garage Unit Owners; the affairs of the Condominium which only affect the Residential Unit Owners shall be governed by the Residential Board Members only and the affairs of the Condominium which only affect the Garage Unit Owners shall be governed by the Garage Board Members only.

In addition to Sponsor's right to designate Residential Board Members, Sponsor shall have the right to vote all of the Common Interests attributable to Residential Units owned by Sponsor for the Residential Board Members not affiliated with Sponsor in any election for Residential Board Members. At all elections held during the period ending on the earlier of (i) the closing of title with Purchasers under this Plan to Residential Units having more than 50% of the aggregate Common Interests appertaining to all Residential Units, or (ii) 5 years after the First Closing (the "Sponsor Control Period"), Sponsor may control the Board.

After the expiration of the Sponsor Control Period, Sponsor (or its designees) shall have the right to designate the following minimum number of Residential Board Members: (a) 2 Residential Board Members, for so long as the Common Interests attributable to the Unsold Residential Units equal, in the aggregate, more than 15% of the Common Interests of all Residential Units; and (b) 1 Residential Board Member, for so long as Sponsor (or its designees) owns at least 1 Unsold Residential Unit. In addition to Sponsor (or its designees) designating the aforesaid number of Residential Board Members, Sponsor (or its designees) may cast its votes for individuals nominated to be Residential Board Members who are not nominated or designated by Sponsor (or its designees), which individuals, if elected, shall not be deemed to be Sponsor's (or its designees') nominees or designees and shall not be deemed to cause Sponsor to control the Board. At all times, the Garage Unit Owners shall be entitled to designate 2 Garage Board Members.

Notwithstanding anything to the contrary set forth above, Sponsor will not exercise veto power over expenses described in Schedule B, or over expenses required (i) to comply with applicable Laws, (ii) to remedy any notice of violation or (iii) to remedy any work order by an insurer. Sponsor may exercise veto power over other expenses as more fully described below.

The Condominium, without the consent of Sponsor, may not reduce or eliminate any services provided to Non-Purchasing Tenants under the Rent Laws or their tenancies or as may be otherwise required by Law.

Within 30 days after the Sponsor Control Period, the applicable number of Residential Board Members who were designated by Sponsor shall resign and Sponsor shall call a meeting of Residential Unit Owners to elect a new Board.

Nothing contained herein shall be deemed to limit the right of Sponsor to cast its votes for individuals nominated to the Board who are not nominated or designated by Sponsor, which individuals, if elected, shall not be deemed Sponsor nominees or designees and shall not be deemed to cause Sponsor to control the Board after the Sponsor Control Period.

For so long as Sponsor and/or its designee is entitled to designate at least 1 Residential Board Member, the number of members of the Board may not be increased without the consent of Sponsor and/or its designee.

Sponsor will, for any period in which it controls the Board, have control of the Maintenance and operation of, and the services to be provided by, the Condominium to the Residential Units and will determine the Common Charges to be paid by all Residential Unit Owners.

The Board shall initially consist of 4 persons designated by Sponsor. The Board will call for a special meeting of the Residential Unit Owners to elect new Residential Board Members (the "First Annual Meeting") no later than 1 year after the First Closing unless more than 50% of the Residential Units are sold, in which case the First Annual Meeting will be called within 30 days after the sale of 50% of the Residential Units. The First Annual Meeting shall be held not less than 10 days nor more than 40 days after the sending of the notice. Commencing with the First Annual Meeting, the Board shall consist of 7 individuals, 5 Residential Board Members and 2 Garage Board Members.

So long as Sponsor continues to own at least 25% in aggregate Common Interests in Residential Units, but in no event later than 5 years after the First Closing, whichever shall first occur, the Residential Members of the Board may not take any of the following actions without Sponsor's prior written consent (notwithstanding the number of votes Sponsor controls): (a) make any addition, alteration or improvement to the Common Elements, the Residential Common Elements or to any Residential Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, (c) increase or decrease the number, or change the kind of employees referred to in this Plan, (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in this Plan, except as is required to reflect normal annual increases in operating services, (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in items (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Board to (i) comply with Laws, rules or regulations of any governmental authority having jurisdiction over the Condominium; (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

## BOARD OF MANAGERS

The affairs of the Condominium shall be governed by the Board. On or about the date which is 1 year after the First Closing, the Board will call for the First Annual Meeting of Residential Unit Owners, such meeting to be held not less than 10 days nor more than 40 days after such date unless more than 50% of the Residential Units are sold, in which case the First Annual Meeting will be called within 30 days after the sale of 50% of the Residential Units. At the First Annual Meeting, the incumbent Board shall resign and the Residential Unit Owners shall elect 5 Residential Board Members, subject to the rights of Sponsor (or its designees) to designate (or nominate and elect) members. (See the Section entitled "Control by Sponsor.") Thereafter, at each annual meeting, Residential Board Members shall be elected and shall serve until the next annual meeting thereof and until successors have been elected and qualified.

Except for Residential Board Members designated (or nominated and elected) by Sponsor or its designee, all Residential Board Members must be either Residential Unit Owners or certain parties (e.g., directors, shareholders of Residential Unit Owners) as described in the By-Laws. No Residential Board Member shall continue to serve on the Board if, during such Residential Unit Owner's term of office, said member shall cease to be a Residential Unit Owner or an interested party. All Board members shall serve without compensation.

The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium. As more fully set forth in the By-Laws, all determinations required to be made by the Board shall be by majority of the votes cast at any meeting at which a quorum is present.

Notwithstanding the foregoing, all matters pertaining solely to the Residential Units shall be determined solely by the Residential Board Members; matters pertaining solely to the Garage Units shall be determined solely by the Garage Board Members; and matters pertaining to both the Residential Units and the Garage Units shall be determined by the Board including the Residential Board Members and the Garage Board Members.

Annual meetings of Residential 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 5 Residential Board Members, subject to any rights of Sponsor (or its designees) to designate (or nominate and elect) Residential Board Members and the Garage Unit Owners shall designate 2 Garage Board Members. At the Annual Meetings, there shall also be transacted such other business as may properly come before such meetings. In addition, special meetings may be held from time to time pursuant to the By-Laws. The Secretary of the Board shall mail a notice of each annual or special meeting of the Condominium to all Residential Unit Owners of record and the Garage Unit Owners. The notice, which will generally be given at least 10 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. The notice shall explicitly state if there are any matters which pertain to the Garage Units. Except as otherwise provided in the By-Laws or Declaration, at all meetings of Residential Unit Owners, the presence in person or by proxy of Residential Unit Owners owning more than 50% of the Common Interests attributable to all Residential Units 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 Residential Unit Owners.

In all elections for Residential Board Members, each Residential Unit Owner (or such Residential Unit Owner's proxy) entitled to vote (including Sponsor with respect to Residential Units owned by Sponsor or its designee) shall be entitled to cast the total of votes equal to: (i) 1 vote for each .0001% (rounded off to the nearest .0001%) of Common Interest attributable to such Residential Unit Owner's Residential Unit, (ii) multiplied by the number of Residential Members to be elected to the Board; and to cast the votes represented by the product obtained by multiplying (i) by (ii) for a single Residential

Member or distribute them among the number of Residential Board Members to be voted for, or any 2 or more of them, as he may see fit.

The principal officers of the Board shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The initial members of the Board shall be Joel Wiener, who shall serve as President and Treasurer, Adam Kaplan, who shall serve as Vice President, Darren Landy, who shall serve as Secretary and Elyse Ciarleglio, who shall serve as Assistant Secretary. Joel Wiener is a principal of Sponsor. Adam Kaplan, Darren Landy and Elyse Ciarleglio are each employees of Pinnacle Managing Co., LLC, an affiliate of Sponsor. The Board may appoint additional officers. No officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Board are to be executed by any officer thereof or by such other person or persons as may be designated by the Board.

The term of office of the members of the Board shall be for 1 year or until their successors are elected. Members of the Board shall serve without compensation. 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 therein.

A member of the Board designated or elected by the Residential Unit Owners may be removed with or without cause by an affirmative vote of a Majority of Residential Unit Owners (as defined in the By-Laws) who are present at a meeting containing a quorum of Residential Unit Owners; provided, however, that Residential Board Members designated (or nominated and/or elected) by Sponsor may only be removed with cause and replaced by another Sponsor designee. No member of the Board shall continue to serve on the Board if, during such Residential Unit Owner's term of office, said member shall cease to be a Residential Unit Owner or an interested party as described in Section 2.1 of the By-Laws; provided, however, that this provision respecting Residential Unit ownership and Board membership shall not apply to Residential Board Members designated (or nominated and elected) by Sponsor or its designee. Any Residential Board Member who is designated (or nominated and elected) as such by Sponsor (or its designee) may be removed by Sponsor at any time, with or without cause, and the party making such removal shall have the right to designate the replacement for such member. Any Garage Board Member who is designated by the Garage Unit Owners may be removed by the Garage Unit Owners at any time, with or without cause, and the Garage Unit Owners shall have the right to designate the replacement for such member.

Upon the affirmative vote of a majority of the members of the Board, any officer (other than an officer designated (or nominated and elected) by Sponsor or its designee or the Garage Unit Owners or its designee) 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.

The By-Laws provide that to the extent permitted by applicable Law, no member of the Board shall have any personal liability with respect to any contract, act or omission of the Board or of any managing agent or manager in connection with the affairs or operation of the Condominium or any Common Element or Residential Common Element (except in their capacities as Residential Unit Owners). Board members shall have no liability to Residential Unit Owners except that a Board member shall be liable for such Board member's own bad faith or willful misconduct. All Residential Unit Owners shall severally, to the extent of their respective interests in their Residential Units and their appurtenant Common Interests, indemnify each Board member against any liability or claim except those arising out of such member's own bad faith or willful misconduct.

Generally, subject to certain exceptions concerning, among other things, Sponsor, Unsold Residential Units and the Garage Units, and provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Residential Rules and Regulations affecting the Common Elements or all 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; provided, however, that the Common Interest appurtenant to each Residential Unit may not be altered without the written consent of all Residential Unit Owners directly affected thereby.

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 Sponsor or its designee or the owner of any Unsold Residential Unit or the owner of a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Residential Rules and Regulations modifying the permitted uses of the Buildings or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of any Unsold Residential Unit or the owner of a Garage Unit, or otherwise adversely affecting Sponsor or its designee or the owner of any Unsold Residential Unit or the owner of a Garage Unit or (b) 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 or a Garage Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Residential Rules and Regulations modifying the permitted uses of such Unsold Residential Unit or a Garage Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit or a Garage Unit.

As more particularly set forth in the Special Risk Section and the Section of this Plan entitled "Rights and Obligations of Sponsor," it is possible that a significant portion of Residential Unit Owners will not be residents of the Buildings and that a significant portion of tenants in the Buildings may not be Residential Unit Owners. Because there is no commitment on the part of Sponsor to sell more than 15% of the Residential Units, as needed to declare this Plan effective, owner-occupants may never gain effective control and management of the Condominium and may have difficulty in financing or reselling their Residential Units. The By-Laws do not require that after the Sponsor Control Period a majority of the members of the Board be owner-occupants of a Residential Unit or members of owner-occupant's household who are unrelated to Sponsor and its principals. Owner-occupants and nonresident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing, such as a purchase of a home as opposed to purchase for investment.

## RIGHTS AND OBLIGATIONS OF RESIDENTIAL UNIT OWNERS AND THE BOARD OF MANAGERS

### Sales and Leases of Residential Units

Each Residential Unit Owner may sell or lease such Residential Unit Owner's Residential Unit provided such Residential Unit Owner (the "Transferor") first gives the Board notice of such Residential Unit Owner's intention to sell or lease such Residential Unit and an opportunity to purchase or lease such Residential Unit at the same price or rental and on the same terms as were offered in good faith by a prospective purchaser or lessee, as more specifically provided in Article 8 of the By-Laws. If the Board does not elect to purchase or lease the Residential Unit within 30 days after receipt of the offering Residential Unit Owner's notice, the Transferor will have an additional 60 days to enter into a written agreement with the prospective purchaser or lessee, as the case may be, embodying the terms set forth in said notice. In the event such written agreement is not executed by the Transferor within said 60 day period or such sale or lease is not consummated within an additional 60 days following the expiration of said 60 day period, the Transferor will be required to again first offer the same to the Board, provided that the Board shall be entitled to waive, or to permit an extension of, either or both of such 60 day periods. Any such deed given by a Transferor shall provide that the acceptance thereof 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 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 and/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. The form of any such lease shall be a printed, reasonably applicable form of lease approved by the Board which is generally accepted in New York City such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, except for such changes therein as provided in the By-Laws. Any lease entered into with a Residential Unit Owner, as landlord, should not be subject to state or local rent laws with respect to rent or other terms but will be subject to laws applicable to all rental leases in the State and City of New York such as requirements regarding warranties of habitability. Purchasers should refer to their own attorneys for guidance regarding their rights and obligations as a landlord under a lease for a Residential Unit.

Any purported sale or lease of a Residential Unit in violation of the By-Laws shall be voidable at the election of the Board.

In the event the Board exercises its right to purchase a Residential Unit, the Board shall utilize available funds in the Working Capital Fund or shall make a special assessment for such purpose. With respect to the right of first refusal, the Board may not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law. Please see "Residential Units Acquired by Board" in this Section of this Plan for further details regarding Residential Units acquired or leased by the Board.

A Residential Unit Owner may lease, sell or convey the Residential Unit to a spouse, life partner, adult child or grandchild, parent, grandparent or adult sibling, may convey such Residential Unit Owner's Residential Unit by gift, may devise such Residential Unit Owner's Residential Unit by will, or have it pass by intestacy, without complying with the foregoing restrictions; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Residential Unit Owner's Residential Unit shall be subject to, the preceding restrictions. In addition, any Residential Unit Owner may lease, sell or convey the Residential Unit to a related or controlled individual or entity, as more particularly set

forth in the By-Laws. At present, a lease entered into by a Residential Unit Owner purchasing under this Plan is not subject to legal limitations on the amount of rent which can be charged but such lease will be subject to various state and local laws governing tenancies (e.g., warranty of habitability). Purchasers are advised to consult with their own attorneys regarding the legal ramifications of leasing a Residential Unit.

The restrictions upon the sale and lease of Residential Units shall not apply to (i) Sponsor or its designee with respect to any Unsold Residential Units and Residential Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure, and they shall be free to sell or lease without first offering to sell or lease to the Board, or (ii) sales or leases of Garage Units.

A Residential Unit Owner may only sell or lease such Residential Unit Owner's entire Residential Unit. In addition, each conveyance of a Residential Unit by a Residential Unit Owner shall include, as part of the property to be conveyed, such Residential Unit Owner's undivided interest in (a) the Common Elements and Residential Common Elements, (b) any Residential Unit or Residential Units acquired by the Board on behalf of all Residential Unit Owners, or any proceeds of the sale or lease thereof and (c) any other assets of the Condominium. No part of the Residential Unit Owner's interest in the Common Elements or Residential Common Elements may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Residential Unit or as part of a sale, transfer or other disposition of the specific interest in the Common Elements or Residential Common Elements by all affected Residential Unit Owners.

A Residential Unit may not be conveyed unless all unpaid Common Charges and liens against such Residential Unit (other than Permitted Mortgages) are paid and/or satisfied at or prior to closing. 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 Residential 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 Residential Unit, the Agreement prohibits a Non-Tenant Purchaser from listing such Residential Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Residential Unit for sale or lease, without Sponsor's prior written consent.

**Use of Residential Units**

Residential Units shall be used only as a residence (except as described below). The Board may, in its sole discretion, permit a Residential Unit to be used for other purposes, provided such use is permitted by Law, does not violate the existing certificate of occupancy and complies with all applicable governmental regulations. A Residential Unit Owner may only use such Residential Unit Owner's Residential Unit for a purpose consistent with the local zoning ordinance, as amended from time to time, any other applicable ordinance or statute, and any regulation of a governmental authority with jurisdiction over the Condominium, including, but not limited to, local building codes and the Multiple Dwelling Law, as such statutes, ordinances and regulations may be amended from time to time, but in no event may a Residential Unit Owner use such Residential Unit Owner's Residential Unit for a use violative of the By-Laws.

Notwithstanding the preceding paragraph, Sponsor or its designee may, without the permission of the Board (a) use or grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, including, without limitation, use as a long or short term rental, timeshare or other use, provided such use is permitted by Law, does not violate the then existing certificate of occupancy, and the user of such Residential Unit complies with all applicable governmental regulations with respect to such use, and (b) retain ownership of 1 or more Residential Units for use as models and

sales, rental and/or promotion offices in connection with the sale or rental of other Residential Units in the Condominium or in buildings in which principals of Sponsor may have an interest.

Each Residential Unit Owner shall notify the Managing Agent in writing when a child or children under the age of 10 years lives or resides (even temporarily) in the Residential Unit. Each Residential Unit Owner shall install at such Residential Unit Owner's expense, the required window guards in all windows of the Residential Unit. The Residential Unit Owner shall Maintain all window guards installed in the Residential Unit and shall not remove same until permitted by applicable Law and in no event without full knowledge of the Managing Agent.

The current zoning Law permits a person who resides in a Residential Unit to use up to 25% of the floor area of such Residential Unit Owner's Residential Unit (but in no event to exceed five hundred (500) square feet) for certain home occupations including a fine arts studio, professional offices (e.g., lawyer, doctor or dentist) and teaching of not more than 4 persons. No transient tenant may be accommodated in a Residential Unit, except in Unsold Residential Units, as permitted by Law. Such home occupation use may only be engaged in with the consent of the Board or by Sponsor or its designee, as more particularly provided in the By-Laws.

No nuisance, immoral, improper, offensive or unlawful use shall be allowed in the Condominium or any portion thereof. All valid Laws of governmental bodies having jurisdiction thereof relating to any portion of the Property shall be complied with at the sole expense of the respective Residential Unit Owners or the Board, whoever or whichever shall have the obligation to Maintain or repair such portion of the Property.

No "For Sale," "For Rent," "For Lease" sign, or any other sign evidencing a similar purpose, or other window display or advertising shall be maintained or permitted in any Residential Unit, except that these sign restrictions shall not apply with respect to Unsold Residential Units.

No awnings, air conditioning equipment or ventilators shall be installed or modified in or on the Buildings or the Property without prior written approval of the Board. No radio or television aerial, satellites or other similar device shall be erected by Residential Unit Owners on the roof or exterior walls or windows of the Buildings or on the Property. The foregoing restrictions shall not apply with respect to Sponsor (or its designees) or Unsold Residential Units or the Garage Units.

No pets other than dogs, caged birds, cats and fish (which do not are not reasonably expected to cause a nuisance, health hazard or unsanitary condition) may be kept in a Residential Unit without the written consent of the Board or the Managing Agent. In no event will a Residential Unit Owner be entitled to maintain more than 2 pets in any Residential Unit without the written consent of the Board. Each Residential Unit Owner who keeps any type of pet in such Residential Unit Owner's Residential Unit will be required to abide by any and all reasonable Residential Rules and Regulations of the Board adopted with respect thereto and may be required to enter into an agreement with the Board governing the maintenance of such pets and indemnifying and holding harmless the Condominium, all Residential Unit Owners and the Managing Agent from all claims and expenses resulting from the acts of such pet.

Each Residential Unit Owner shall keep such Residential Unit Owner's Residential Unit in a good state of preservation and cleanliness and each Residential Unit Owner shall be obligated to Maintain and keep in good order and repair such Residential Unit Owner's Residential Unit and Residential Limited Common Elements (if any) in accordance with the provisions of the By-Laws and the rules and regulations of municipal departments or agencies having jurisdiction thereof. The Residential Rules and Regulations concerning the use of Residential Units may be amended from time to time by the Board in accordance with the By-Laws provided that copies thereof are furnished to Residential Unit Owners prior

to the time that they become effective (except that no amendment thereof affecting the Unsold Residential Units or the Garage Units may be made unless agreed to by Sponsor or its designee or the Garage Unit Owners, as applicable). Further restrictions on the use and leasing of Residential Units are set forth in the By-Laws and Residential Rules and Regulations.

**Mortgage of Units by Residential Unit Owners**

Each Residential Unit Owner may mortgage such Residential Unit Owner's Unit, provided that the conditions with respect thereto set forth in the By-Laws are complied with by such Residential Unit Owner. As more fully set forth in the By-Laws, 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 Units, (b) the Board is notified in writing of the making of such mortgage and receives a conformed copy of the note and mortgage and (c) the owner making such mortgage first satisfies all unpaid liens against such Residential Unit Owner's Unit, other than Permitted Mortgages.

In certain instances the consent of the Mortgage Representative is necessary in order to amend the Declaration, By-Laws or Residential Rules and Regulations. The By-Laws provide that no more than 3 Mortgage Representatives shall be designated by the holders of mortgages (a) which satisfy the conditions set forth in the By-Laws (as described above) and (b) which holders of such mortgages are (i) Sponsor or its designee, (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.

**Common Charges: Determination and Assessment**

Common Expenses, which are payable by Residential Unit Owners and are included in their Common Charges, are allocated among Residential Unit Owners in proportion to their respective Common Interests. Common Charges shall also be deemed to include any special assessment imposed by the Board. The respective Common Interests of each Residential Unit, as estimated by Sponsor, are 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 Residential Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Residential Unit. Common Expenses include, among other things, all costs and expenses (including the payment of wages) in connection with the Maintenance and operation of the Common Elements and Residential Common Elements. Common Expenses may include amounts for certain other items as the Board may deem proper, such as amounts for reserves or in connection with the purchase or lease by the Board of any Residential Unit.

Each Agreement will contain a provision whereby the Non-Tenant Purchaser of a Residential Unit occupied by another irrevocably appoints the then Managing Agent of the Buildings (which Managing Agent may be replaced from time to time by the Board) as his, her or its agent, coupled with an interest, to provide, for the account and at the expense of the Non-Tenant Purchaser, all services and facilities required by Law on a non-discriminatory basis, to the Non-Purchasing Tenant who has a right to occupy the relevant Residential Unit until such time as said right to occupy terminates. In addition, each Non-Tenant Purchaser of a Residential Unit occupied by another agrees: (a) to deposit with the Managing Agent at the closing of title to the Residential Unit, an amount equal to not less than the greater of (i) 2 months' Common Charges or (ii) 2 months' rent for such Residential Unit to be used as working capital to furnish such services and facilities, and (b) upon written notice by the Managing Agent that the deposit has been diminished, to replenish such fund within a 30 day period. In the event such Non-Tenant Purchaser fails to so replenish such fund, the Board will have a lien against the Residential Unit Owner's Residential Unit in accordance with the By-Laws. Sponsor shall guarantee the obligation of the

Managing Agent to provide such services and facilities until such time as Sponsor surrenders control of the Board. Each Non-Tenant Purchaser of a Residential Unit occupied by another will be required to indemnify Sponsor for all costs expended by Sponsor on such Non-Tenant Purchaser's behalf. The foregoing obligations of a Non-Tenant Purchaser do not apply to Sponsor.

Common Expenses which include, among other things, the costs and expenses (including the payment of wages) in connection with the Maintenance and operation of, and any alteration, addition or improvement to, the Common Elements, Residential Common Elements, and certain other expenses common to all Residential Unit Owners, such as premiums for insurance covering the Buildings, Managing Agent fees and legal and accounting fees, will be determined by the Board. The Board will allocate such expenses among the Residential Unit Owners in accordance with their respective Common Interests.

At least annually, the Board will prepare a budget for Common Expenses and will furnish copies of each budget on which Common Charges are based to all Residential Unit Owners and advise such Residential Unit Owners of the amount of Common Charges payable by them. Unless otherwise determined by the Board, Common Charges will be payable monthly in advance on the first day of each month.

**Common Charges: Collection and Lien for Non-Payment; Payment of Rent to Board**

Under the provisions of the By-Laws, the Board, on behalf of all Residential Unit Owners, will have a lien on each Residential Unit for unpaid Common Charges together with interest thereon, assessed against such Residential Unit. Additionally, under the provisions of the Agreement and the By-Laws, the Board, on behalf of all Residential Unit Owners, will have a lien for unpaid Common Charges and interest on each Residential Unit occupied by a Non-Purchasing Tenant (other than a Residential Unit owned by Sponsor or a Sponsor designee) in the event that 30 days after notice that the deposit of a sum equal to not less than the greater of (i) two (2) months' Common Charges or two (2) months' rent to be used as working capital to furnish services and facilities required under the Non-Purchasing Tenant's lease and those required by the GBL has not been replenished. 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 Residential Unit. Any lien for unpaid Common Charges against a Residential Unit will be effective from and after filing of a verified notice thereof in the City Register's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until 6 year from the date of filing (unless foreclosure of such lien is started within such 6 year period), whichever shall occur sooner. The By-Laws provide that such liens may be foreclosed by a suit brought in the name of the Board (acting on behalf of all Residential Unit Owners) in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Board to recover unpaid Common Charges without foreclosing such lien.

No Residential Unit Owner may exempt such Residential Unit Owner from liability for such Residential Unit Owner's Common Charges by waiving use of any of Common Elements or Residential Common Elements or by abandonment of such Residential Unit Owner's Unit. Dissatisfaction with the quantity or quality of maintenance or services furnished to the Property or the degree to which the construction in the Buildings shall have been complete shall not be grounds for a Residential Unit Owner withholding or failure to pay all or any portion of the Common Charges or any other assessments. No Residential Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against such Residential Unit Owner's Residential Unit subsequent to a permissible sale, transfer or other conveyance by such Residential Unit Owner of such Unit. In addition, as more specifically set forth in the By-Laws, a Residential Unit Owner may, by conveying such Residential Unit Owner's

Residential Unit without consideration to the Board and complying with certain conditions in connection therewith, exempt such Residential Unit Owner from Common Charges thereafter accruing.

On a resale of a Residential Unit, the purchaser thereof will be liable for the payment of Common Charges accrued and unpaid against such Residential Unit prior to such Residential Unit Owner'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 (an "Estoppel Letter") from the Board, setting forth the amount of the unpaid Common Charges accrued against the Residential Unit and neither such seller nor purchaser shall be liable for, nor shall the Residential Unit be conveyed subject to a lien for, any unpaid Common Charges against such Residential 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 any Residential Unit for unpaid Common Charges, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges or if a Residential Unit is acquired by a mortgagee or purchaser in foreclosure, the Residential Unit Owner will remain liable for the unpaid balance. Neither (a) a Permitted Mortgagee acquiring title to a Residential Unit at foreclosure sale nor (b) a purchaser at a foreclosure sale shall be liable, and the Residential Unit shall not be subject to a lien, for the payment of the Common Charges assessed prior to the acquisition of title to such Residential 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 after the acquisition of title to such Residential Unit. The Board will have the right to assess such unpaid balance as a Common Charge among all Residential Unit Owners.

RPL §339-kk, a copy of which is set forth in Part II of this Plan, was enacted into law July 22, 1998. RPL §339-kk is applicable to all condominiums in the State of New York. RPL §339-kk is intended to provide additional financial protection for a condominium association if a sponsor or other non-occupant Residential Unit Owner of a Residential Unit fails to make monthly payments for common charges, assessments and late fees due in connection with such owner's Residential Units. Please refer to the Section of this Plan entitled "Rights and Obligations of Sponsor" under the subsection entitled "Real Property Law Section 339-kk" for further details.

**RPL §339-jj-Borrowing by Condominium**

A new subsection jj to Section 339 of the RPL was enacted into law on August 26, 1997 and authorizes the Board to incur debt provided that such debt (a) is incurred no earlier than the 5th anniversary of the First Closing and (b) is approved by Residential Unit Owners owning Residential Units to which there is appurtenant a majority of the Common Interests. Any such debt may be secured by future income and Common Charges in which event the Common Charges shall be deemed trust funds for the purpose of paying such debt. The Board cannot secure such debt by a lien on the Common Elements or Residential Common Elements without the consent of all Residential Unit Owners.

**Repairs to and Maintenance of Residential Units and Common Elements**

Generally, all painting, decorating and routine Maintenance, (a) in or to any Residential Unit, including any Residential Limited Common Elements and the interior side of entrance doors thereto, will be made by the owner of such Residential Unit at such Residential Unit Owner's sole cost and expense, and (b) in or to the Common Elements and Residential Common Elements (including the Resident Manager's Apartment) will be made by the Board and the cost and expense thereof will be charged to all Residential Unit Owners as a Residential Common Expense.

As set forth in the By-Laws, the interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and interior glass surfaces are to be washed and cleaned

by the Residential Unit Owner at such Residential Unit Owner's sole cost and expense. The exterior glass surface of all windows may, at the option of the Board, be washed and cleaned by the Board and the cost thereof shall be a Common Expense. Any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Board at the sole cost and expense of the Residential Unit Owner of such Residential Unit (unless such breakage is caused by the Board or the negligence of any other Residential Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Board or such Residential Unit Owner). No replacement, modification or alteration may be made to or of the windows (other than replacement of the window panes) without the consent of the Board.

The By-Laws provide that each Residential Unit and all portions of the Common Elements and Residential Common Elements shall be kept in good condition (and with respect to the roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water which will cause damage to the Buildings) by the Residential Unit Owner or the Board, whichever is responsible for the Maintenance thereof. In the event any Residential Unit Owner fails to keep such Residential Unit Owner's Residential Unit in such condition, the Board may, at the expense of such Residential Unit Owner, enter such Residential Unit and perform such acts as are necessary to cure such default. (See the Section of this Plan entitled "Rights of Access.") A Residential Unit Owner shall not permit excessive noise or vibrations to emanate from the Residential Unit.

The By-Laws further require that those public or other areas of the Buildings exposed to public view that are required to be Maintained by each Residential Unit Owner or the Board, be kept in good appearance by such Residential Unit Owner or the Board.

In addition, the Residential Rules and Regulations require that at least 80% of the floor area of Residential Units (except for kitchens, pantries, bathrooms, closets and foyers) be covered with rugs, carpeting or equally effective noise-reducing material.

The Garage Unit Owners will not pay a portion of the Common Expenses of the Condominium other than a portion of certain items expressly set forth on Schedule B – Projected Budget for the First Year of Condominium Operation in Part I of this Plan, specifically, insurance, management fees, auditing fees, and the repairs, maintenance and supplies for the Common Elements. The Garage Unit Owners will be responsible for the upkeep of the Garage Units and all utilities servicing the Garage Units are separately metered to the Garage Units.

**Alterations and Improvements of Residential Units**

No Residential Unit Owner may make any structural alteration, addition, improvement or repair in or to such Residential Unit Owner's Residential Unit without the prior written approval of the Board but, as more fully set forth in the By-Laws, this provision does not apply to an Unsold Residential Unit. The Board may impose fees upon a Residential Unit Owner to reimburse the Condominium for costs incurred in connection with the review or supervision of the Residential Unit Owner's work.

Prior to, and as a condition of, the granting of its consent to the making of an alteration, addition, improvement or repair in or to a Residential Unit, the Board shall have the right to reasonably approve the Residential Unit Owner's contractors and suppliers and may, at its option, require the Residential 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. In addition, the Board will have the right, as a condition to approving a Residential Unit Owner's request to renovate kitchens and bathrooms, to require such Residential Unit Owner to replace plumbing, steam and gas risers running through or

adjacent to the Residential Unit or to contribute to the Condominium the sum necessary to enable the Condominium to perform such replacements.

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 Buildings.

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 Residential 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 a contractor, subcontractor, materialman, architect or engineer, or to any person having any claim for injury to person or damage to property arising therefrom. Under the terms of the By-Laws, Sponsor and its designee are 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 Buildings (including the Units and Common Elements and Residential Common Elements) as Sponsor and its designee are 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 Law and the Board, if requested by Sponsor or its designee, is obligated to execute the aforesaid documentation. In addition, the Power of Attorney to be executed by each Residential Unit Owner upon acquisition of the Residential Unit further grants to Sponsor a power of attorney to execute such documentation. "Required Documentation" refers to such applications, permits, certifications, affidavits, forms, agreements, acknowledgments or other documents that may be required to enable Sponsor to exercise its rights or obligations under this Plan or the Declaration and the By-Laws, including, without limitation, Sponsor's right to undertake, perform and complete any work to the Unsold Residential Units and Common Elements and Residential Common Elements and the Garage Units.

**Local Law 1 of 2004**

The use of lead paint has been banned since 1960. Any housing built before 1978, however, may contain lead based paint. A landlord's obligations as they relate to determining the existence and remediation of lead paint in residences classified as multiple dwellings and located in New York City are governed by the New York Childhood Lead Poisoning Prevention Act of 2003, also know as Local Law 1 of 2004. This law replaced Local Law 1 of 1982, as well as Local Law 38 of 1999, which previously had been struck down by the New York State Court of Appeals. Under existing law, landlords must inspect every apartment occupied by a child under the age of 6 for conditions that may cause lead exposure, and if found, correct them. Landlords must verify whether a child under the age of 6 resides in an apartment and if so, conduct an inspection at least annually, and more often if necessary, for lead paint hazards. The landlord is required to investigate the circumstances if any tenant does not respond to the inquiry as to the presence of children. Landlords must look for peeling paint, evidence of friction or chipping, and underlying conditions that may cause paint to peel, and promptly correct any hazard. The landlord has a duty under the law to inspect the apartment as well as all common areas for the presence of lead-based paint hazards, and to remove or cover all lead paint on friction surfaces and to replace window slides and panes on friction surfaces containing lead paint. Landlords must provide written notice to the tenant of the landlord's obligation to inspect for and repair lead-paint hazards and the tenant's obligation to provide access to their apartment. The obligations under Local Law 1 of 2004 apply to a Residential Unit Owner who purchases an occupied unit, as well as to a Residential Unit which was vacant but becomes occupied by a tenant subsequent to its purchase. Sponsor makes no representation regarding the scope or nature of any future enactments regarding lead-based paint or whether Local Law 1 of 2004 will be further modified and enacted or whether the City or State of New York will adopt other laws dealing with lead-based paint or what the provisions of such law may be. Prospective purchasers are urged to review Local

Law 1 or any successor statute thereto and any regulations or requirements promulgated with respect thereto for a full description of the obligations of a Residential Unit Owner thereunder. Residential Unit Owners shall be deemed "owners" of their respective Residential Units with the obligation to comply with the requirements of all environmental laws, including, without limitation, requiring the removal or abatement of asbestos containing material or lead-based paint.

Under Federal Law, Sponsor must provide Purchasers with all available records and material pertaining to lead-based paint and/or lead-based hazards in the Buildings. Based on the age of the Buildings, there may be lead paint and/or lead based hazards in the Buildings. However, except as set forth in the Architect's Report included in Part II of this Plan, Sponsor is not aware of any lead-based paint or lead-based hazards in the Buildings that need to be remedied, and has no records or materials pertaining to the same. Sponsor will comply with applicable Law concerning the use of lead-based paint.

**Rights of Access**

As more fully set forth in the By-Laws, the Board and any managing agents, managers, superintendents, Resident Manager and other persons authorized by the Board, will have a right of access to any Residential Unit and/or Residential Limited Common Element for the purposes of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements or Residential Common Elements in the Residential Unit and/or Residential Limited Common Element or elsewhere in the Buildings, to remove violations, cure defaults by a Residential Unit Owner, correct any condition originating in any Residential Unit and/or Residential Limited Common Element and threatening another Residential Unit or any Common Element or any Residential Common Element, and for any other purposes provided in this Plan, the Declaration or as may be required by Law, provided that requests for entry (except in Emergency situations) are made in advance and that any such entry (except in Emergency situations) is at a time reasonably convenient to the Residential Unit Owner and the tenants of any Residential Unit. In case of an Emergency, such right of entry shall be immediate, whether the Residential Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Residential 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 Residential Unit for the purpose of performing its obligations under this Plan.

**Compliance with Terms of Declaration, By-Laws and Residential Rules and Regulations**

Each Residential Unit Owner must strictly comply with the provisions of the Declaration, the By-Laws and 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 City Register's Office.

**Examination of Books and Records**

Each Residential Unit Owner and each mortgagee of a Residential 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 Buildings or any part thereof is damaged or destroyed by fire or other casualty, the Board with respect to any damage to or destruction of the Common Elements or Residential Common Elements, will, except as set forth below, arrange for the prompt repair and restoration thereof.

If there is damage or destruction by fire or other casualty to the Common Elements 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. Notwithstanding anything in this paragraph to the contrary, no payment of surplus insurance proceeds shall be made to a Residential Unit Owner until there has first been paid out of such Residential Unit Owner's share of such funds such amounts as may be necessary to reduce unpaid liens on such Residential Unit Owner's Unit, other than mortgages which are not Permitted Mortgages, in the order of priority of such liens. The provisions of this paragraph are subject to the next paragraph.

Unless the Residential Unit Owners have elected not to restore the Buildings as provided below, damage or destruction to a Residential Unit or a Residential 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) where such repair or reconstruction does not involve the Common Elements, for which the repair or reconstruction is the obligation of the Board under the Declaration and By-Laws. If a Residential Unit Owner fails to repair or reconstruct such Residential Unit Owner's Residential Unit or Residential Limited Common Element, the Board may cause the Residential Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be charged to the defaulting Residential Unit Owner as a Special Assessment.

If 75% or more of the Buildings is destroyed or substantially damaged and if 75% or more in Common Interest of all Residential Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Buildings will not be repaired and the Property shall be subject to an action for partition instituted by any Residential 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 Residential Unit Owners and the Garage Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Residential Unit Owner until there has first been paid out of such Residential Unit Owner's share of such funds such amounts as may be necessary to discharge all unpaid liens on such Residential Unit Owner's Residential Unit (other than mortgages which 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 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 a New York City bank or trust company designated by the Board as 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 New York Real Property Law.

**Insurance**

The 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 Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Buildings (including each Residential Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit), together with all service machinery contained therein and covering the interests of the Condominium, all Residential Unit Owners, the Garage Unit Owners and Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Buildings (exclusive of foundation and footings); (b) rent

insurance in an amount equal to Common Charges for 1 year; (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; (f) water damage insurance to the extent, if any, determined by the Board; (g) elevator liability and collision insurance; (h) fidelity insurance covering the Board and all officers, directors and employees of the Condominium; (i) directors and officers liability coverage; and (j) such other insurance as the Board may determine. Each Residential Unit Owner and the Garage Unit Owners shall be an additional insured.

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 Board meeting following the First Annual Meeting of Residential 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 10 days' prior written notice to all of the insureds, including all Residential Unit Owners, the Garage Unit Owners and Permitted Mortgagees.

The 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 (1) the Board, the Managing Agent or agents thereof, each Board member and each officer and employee of the Condominium and (2) each Residential Unit Owner and each Garage Unit Owner, except that such policy will not cover liability of a Residential Unit Owner arising from occurrences within such Residential Unit Owner's own Residential Unit or within the Residential Limited Common Elements, if any, exclusive to such Residential Unit Owner's Unit. The Board shall review such limits not less than once each year. Until the first meeting of the Board following the First Annual Meeting of Residential 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, combined single limit. The insurance discussed above shall also include coverage for cross-liability claims of 1 insured against another. Any insurance maintained by the Board may provide for such deductible amounts as the Board determines. The premiums for all insurance referred to above shall be a Common Expense.

The Board is not required to obtain or maintain any insurance with respect to the Residential Units or Residential Limited Common Elements or any personal property contained in a Residential Unit or Residential Limited Common Element, including in a Storage Locker. Pursuant to the By-Laws, each Residential Unit Owner shall, at the Residential 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 Residential 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 1 occurrence, including $1,000,000 for damage to property, and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon or from the Residential Unit or any part thereof (including, but not limited to, appropriate coverage for additions, alterations, improvements and betterments and loss due to water damage). The policies shall provide that they cannot be canceled without at least 30 days' prior notice to the Board. The limits of

liability set forth in (a) and (b) above may be increased by the Board from time to time. In the event a Residential Unit Owner fails to obtain the requisite insurance or deliver evidence of same to the Board, as required, the Board may, in its sole and absolute discretion, (i) obtain such insurance on behalf of said defaulting Residential Unit Owner or (ii) impose such fines and penalties as the Board may determine in its sole discretion, including, without limitation, a per diem penalty for each day that the Residential Unit Owner does not provide evidence of coverage and in either event such sums shall, for all purposes, constitute Common Charges payable by such Residential Unit Owner.

**Liability of Board of Managers and Unit Owners**

Every contract made by the Board or by any managing agent or manager thereof shall state that (a) it is made only as agent for all Residential Unit Owners or all Unit Owners, as the case may be, and such Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Residential Unit Owners) and (b) the liability of any Residential Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interest of such Residential Unit Owner bears to the aggregate Common Interests of all Residential Unit Owners or the aggregate Common Interest of all Unit Owners, as the case may be, and (ii) to the extent permitted by Law, unless otherwise determined by the Board in its sole and absolute discretion, such Residential Unit Owner's interest in such Residential Unit Owner's Residential Unit and its appurtenant Common Interest. To the extent permitted by applicable Law, Board members shall have no liability to Residential Unit Owners except that a Board member shall be liable for such member's own bad faith or willful misconduct. All Residential Unit Owners shall severally, to the extent of their respective interests in their Residential Units and their appurtenant Common Interests, indemnify each Board member against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Board may contract or effect any transaction with any Board member, any Residential Unit Owner, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing except in cases of bad faith or willful misconduct.

**Termination of the Condominium**

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as 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% in number and in Common Interest of all Residential Unit Owners. Such vote shall not be effective, however, unless written consents are obtained from (a) the Mortgage Representatives, if any, and (b) Sponsor, until such time as Sponsor and its designees have conveyed title to all Units, provided that in no event shall Sponsor's consent be required more than 5 years after the First Closing. In the event of withdrawal, the Property shall be subject to an action for partition by any Residential Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Residential Unit Owners and the Garage Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale otherwise payable to any Residential Unit Owner to the payment of any liens on such Residential Unit Owner's Residential Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

**Residential Units Acquired by the Board**

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

The purchase of any Residential Unit by the Board or its designees, on behalf of the Residential Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Board may levy an assessment against each Residential Unit Owner, in proportion to such Residential Unit Owner's respective Common Interest, as a Common Charge, 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 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 in the Common Elements.

**Procedure to Review Real Estate Tax Assessments**

The 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 the 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 Residential Unit Owner's Residential 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 Residential Unit Owners 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, or Residential Common Elements or Residential Limited Common Elements except with the unanimous consent of all Residential Unit Owners affected thereby. Liens may arise or be created against only the individual Residential Units and their respective Common Interests. Labor performed on, or materials supplied to, a Residential Unit may not be the basis for a mechanic's lien against the Residential Unit of a Residential 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, Residential Common Elements or Residential Limited Common Elements shall be the basis for a lien thereon but all Common Charges received by the Board shall constitute trust funds for the purpose of paying the cost of labor performed or materials furnished at the request or with the consent of the Board or the Managing Agent for the Common Elements, Residential Common Elements or the Residential Limited Common Elements

**Easements and Name of the Condominium**

In order to facilitate the operation and Maintenance of the Buildings and the sale or leasing of Residential Units therein, each of the Residential Units will be subject to certain easements including easements in favor of Sponsor, the Garage Unit Owners, other Residential 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 the Residential Common Elements, and an easement in favor of each 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 Units or with the use of the Units for their permitted purposes. Sponsor shall have an easement, and the right to grant easements to 1 or more third parties, to erect and Maintain lights and lighting fixtures and to erect and Maintain satellite communication equipment and similar equipment, as permitted by Law, on the roofs and Facade of the Property and elsewhere on the Common Elements and Residential Common Elements and Residential Limited Common Elements which 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 its designees and the Garage Unit Owners shall have an easement to Maintain any signs, awnings, canopies, banners, flags, pennants, aerials, antennas or the like 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.

As set forth in the Declaration, the Condominium and the Buildings shall be designated and known as the "The John James Condominium." Any and all rights and interests appurtenant to such name, if same 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 Buildings only Sponsor shall have the right to change the name of the Condominium and/or the Buildings, and such right may be exercised by Sponsor at any time without the vote or consent of the Board or any Residential Unit Owner. In addition, Sponsor shall have the right, for so long as the Property is a condominium, to maintain a plaque identifying Sponsor as the sponsor of the condominium offering, together with such other information as Sponsor determines in its sole discretion.

**The Declaration and By-Laws**

A copy of the Declaration and a copy of the By-Laws are set forth in Part II of this Plan. A prospective Purchaser should read this Plan in its entirety including the Declaration and By-Laws.

## REAL ESTATE TAXES

Each Residential Unit will be taxed as a separate tax lot for real estate tax purposes, and no Residential Unit Owner will be responsible for payment of, nor will the Residential Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units. Generally, Units may not be separately assessed until the tax year following the tax year in which the Declaration is recorded. Until the Units are separately assessed and billed, each Residential Unit Owner shall pay to the Board as Common Charges such Residential Unit Owner's pro rata share (in the proportion that such Residential Unit Owner's Unit's Common Interest bears to the aggregate Common Interest of all Residential Units) of all real estate taxes with respect to the Property.

The value of the Property for real estate tax purposes is determined annually by the Real Property Assessment Department of the City of New York. Under current New York State Law, increases in a property's assessed valuation due to changes in its market value are to be phased in over 5 years in equal annual increments of 20%. Any further increase in the assessed value during such 5 year period resulting from a still higher market value is to be similarly phased in over an additional 5 year period from the date of such increase. The full increased assessed value targeted to be paid at the end of 5 years is called the "actual assessed valuation." The amount of such assessed value on which taxes are computed each year is called the "transitional assessed valuation." The assessed valuations and tax rates for the 2012/ 2013, 2013/2014 and 2014/2015 are as follows:

| Tax Year | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|
| **Transitional Assessment** | $1,399,500 | $2,099,700 | $2,699,550 |
| **Actual Assessment** | 1,357,830 | 1,450,170 | 1,725,480 |
| **Taxes Based On** | 1,355,490 | 1,450,170 | 1,725,480 |
| **Tax Rate Per $100** | 13.181 | 13.145 | 13.145 |
| **Taxes Payable** | 178,667 | 190,625 | 226,814 |

The New York City real estate taxes for the Residential Units for the first year of Condominium operation following the First Closing, which have been estimated by Sponsor to be approximately $266,000 are based upon (i) an estimated transitional assessed valuation of the Property (inclusive of the Garage Units) of $2,088,081 for the first year of Condominium operation, with any increases in the Property's assessed valuation from prior years phased in over 5 years in equal annual increments of 20% and (ii) a tax rate of $13.145 per $100 of assessed valuation for the Units. The estimated tax rate for the fiscal year beginning July 1, 2015 does not assume any increase in the current tax rate.

No representation is made or warranty given as to: (a) whether or not there will be (i) a further increase or decrease in the assessed valuation of the Property during the 5 year phase-in period, (ii) an increase in the tax rate, or (iii) an increase or decrease in the assessed valuation of the Property by reason of the conversion of the Property to condominium ownership, (b) the method of determining the assessed valuation or (c) the amount of any increase or decrease in the assessed valuation of the Property. A Purchaser purchasing a Residential Unit after the projected first year of Condominium operation should check the public tax records to confirm the then current taxes for the Property.

Section 581 of the Real Property Tax Law provides that real property owned on a condominium basis shall be assessed for real estate tax purposes at a sum not exceeding the assessment which would be placed thereon if the property were not owned on a condominium basis. Section 339-y of the Condominium Act provides in part that each Unit and its Common Interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the Units plus their Common Interest exceed the total valuation of the Property were the Property assessed as 1 parcel.

The estimated real estate taxes for each Residential Unit for the first year of Condominium operation following the First Closing assumes that the amount of real estate taxes payable with respect to each Residential Unit will be levied in the proportion that its Common Interest bears to the Common Interests of all Residential Units as set forth on Schedule A. There is no assurance that the New York City taxing authority will allocate taxes among Residential Units in proportion to their respective Common Interests. Accordingly, owners of Residential Units having the same or similar purchase prices may pay different amounts of real estate taxes. Until the Residential Units are separately assessed, the Board will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Residential Unit Owners in proportion to each Residential Unit's Common Interest.

SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE RESIDENTIAL UNITS OR THE TAX RATE APPLICABLE THERETO IS ACCURATE OR WILL NOT BE CHANGED.

PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTEE OR WARRANTY (i) regarding the method of allocating real estate taxes which will be employed by the New York City tax assessor; (ii) of the assessed value of the Residential Units during the first year of Condominium Operation, or (iii) of the tax rates in effect during the first year of Condominium operation.

The By-Laws provide that the Condominium is entitled to execute and deliver documents necessary in connection with proceedings to obtain reduced real estate tax assessments with respect to Residential Unit Owners, for the benefit and on behalf of (i) all Residential Unit Owners, or (ii) for individual Residential Unit Owners, provided that each such Residential Unit Owner indemnifies the Board from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

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

The following discussion of certain income tax consequences of the ownership of Residential Units by Purchasers who use such Residential Units as a personal residence was prepared by Sponsor based, in part, upon the Attorney's Income Tax Opinion prepared by Pryor Cashman LLP, counsel to Sponsor, a copy of which is set forth in Part I of this Plan.

PRYOR CASHMAN LLP IS COUNSEL TO SPONSOR AND NOT THE RESIDENTIAL UNIT OWNERS. EACH PURCHASER SHOULD CONSULT SUCH RESIDENTIAL UNIT OWNER'S OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF RESIDENTIAL UNIT OWNERSHIP UNDER THIS PLAN. TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT (A) ANY FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) THE ADVICE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTION OR THE MATTERS ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

### Deductibility of Mortgage Interest and Real Estate Taxes

Each Residential Unit Owner will own such Residential Unit Owner's Residential Unit and its appurtenant interest in the Common Elements in fee simple and each Residential Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. Since each Residential Unit Owner will own such Residential Unit Owner's 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 Pryor Cashman LLP that a Residential Unit Owner who uses such Residential Unit Owner's Residential Unit as a personal residence and itemizes such Residential Unit Owner's deductions will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers, or in the year of accrual in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that mortgage interest is deductible generally only with respect to (i) secured debt used to acquire or substantially improve a principal or 2nd residence (up to a total indebtedness of $1,000,000), plus (ii) other debt (not in excess of $100,000) secured by a principal or 2nd residence. Interest on home mortgage debt in excess of those limitations is not deductible. Special limitations also apply with respect to the deductibility of points and other prepaid interest, if any, on the mortgage debt and the overall allowance of itemized deductions.

### Taxation of the Condominium

If the Condominium meets the requirements for qualification as a "homeowners association," under Section 528 of the Internal Revenue Code, which requirements are discussed in the Attorney's Income Tax Opinion, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Residential Unit Owners. If such an election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other

sources, such as income in connection with the provision of laundry facilities, and interest earned on any reserve funds (less expenses directly connected with the production or such income). Schedule B - Budget for the First Year of Condominium Operation, does not contemplate any substantial income which might be taxable and accordingly does not budget any amounts for taxes for non-membership or membership income.

Sponsor anticipates that the Condominium will qualify as a homeowners association. Assuming the Condominium does not qualify as a homeowners association, or if it does but chooses not to make the election noted above, the present state of the Law is uncertain as to the tax treatment of any income of the Condominium in excess of appropriate deductions and credits. As discussed in the Attorney's Income Tax Opinion, the tax authorities may take the position that the Condominium is a separate taxable entity and that some or all of such income (including the non-membership, and possibly membership, income described above less expenses related to such income) is subject to Federal corporate income tax, New York State Corporation Franchise Tax and New York City Corporate Franchise or Unincorporated Business Tax. Alternatively, it is possible that some or all of such income might be reportable directly by the Residential Unit Owners or otherwise treated. The tax treatment of the Condominium may be affected by certain United States Treasury Department regulations relating to entity classification.

The qualification of an organization as a homeowners association is determined annually at the close of each taxable year, and it is possible that if the Condominium does not qualify in 1 year it may nevertheless qualify in 1 or more future years.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Administration of the City of New York will allow the aforementioned deductions for mortgage interest and real estate taxes. There is also no assurance that the tax Laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof upon which Pryor Cashman LLP, as counsel to Sponsor, bases its opinion, will not change. In no event will Sponsor, Pryor Cashman LLP, the Selling Agent, the Managing Agent or any other person connected with this offering be liable if at any time it is held that the Residential Unit Owners, or any of them, are not entitled to such income tax deductions. In addition, none of the aforesaid gives any warranties with respect to the tax consequences of this Plan or the tax consequences of ownership of any Residential Units offered under this Plan, and no one has been authorized to give any warranties.

**ATTORNEY'S INCOME TAX OPINION**

PRYOR CASHMAN LLP

New York | Los Angeles

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July 31, 2014

775 Realty Co. LLC and
156-08 Realty Co. LLC
One Penn Plaza, Suite 4000
New York, NY 10119

Re: The John James Condominium
775 Riverside Drive and
156-08 Riverside Drive West
New York, NY 10032

Gentlemen:

You have requested our opinion concerning (i) the deductibility, for Federal, New York State and New York City income tax purposes, of mortgage interest and real estate taxes paid by residents of New York City who purchase the offered Residential Units for their own residential use pursuant to the Condominium Offering Plan (the "Plan") for The John James Condominium (the "Condominium"), and (ii) the qualification of the Condominium as a "homeowners association" under Section 528 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion does not address the tax consequences of the ownership of Residential Units by corporations, other entities or foreign persons. Furthermore, this opinion does not address the tax consequences of (i) ownership of any Unsold Residential Units or any Residential Unit that is used for commercial or mixed residential/commercial purposes, or (ii) any rebates or other payments that may be made, or benefits provided, to owners of Residential Units. Except where otherwise indicated, the terms used in this opinion have the same meaning as in this Plan.

In connection with rendering this opinion, we have reviewed the Plan and have examined the schedules, exhibits and documents accompanying the Plan, including the declaration establishing, and the By-Laws governing, the operations of the Condominium (the "Plan Documents"). We have also considered the relevant sections of the Code, the New York State Tax Law, the New York City Administrative Code, the regulations promulgated thereunder and such other materials as we deemed relevant. In rendering this opinion, we have assumed that the Plan is the document pursuant to which owners of the Residential Units will acquire their Residential Units and that the relevant facts are as set forth therein.

We understand that pursuant to the Plan, the purchaser of a Residential Unit will receive legal title in fee simple to his or her Residential Unit coupled with ownership of an undivided interest in the appurtenant Common Elements held in common with other Residential Unit Owners. Such purchaser will have the right to place an individual mortgage on his or her separate Residential Unit and will be liable to the local tax authority for the tax assessment with respect to his or her interest in the Property. Under these circumstances, the Internal Revenue Service (the "IRS") has ruled that the owner of a residential condominium used as a personal residence may deduct interest paid on his or her mortgage indebtedness and the real estate taxes assessed and paid on his or her interest in the property. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Accordingly, based on the foregoing and subject to the next sentence, it is our opinion that an owner of a Residential Unit who itemizes deductions and who uses his or her Residential Unit as a personal residence will be entitled under current law to deduct from his or her gross income for Federal

income tax purposes, subject to an overall limitation on itemized deductions as may be in effect under Section 68 of the Code, real estate taxes assessed against his or her Residential Unit and paid to the local tax authority. However, no deduction for real estate taxes is permitted for purposes of the Federal alternative minimum tax. Owners of the Units should consult their tax advisers regarding the applicability of the overall limitation on itemized deductions to the deductibility of real estate taxes.

Purchasers are advised that an exemption from real estate taxes may be available for veterans and other purchasers under the New York State Real Property Tax Law, as amended, and various codes, rules and regulations of the City of New York. Prospective purchasers are advised to consult with their own attorneys or other advisers to determine whether the prospective purchaser qualifies for any exemption from real estate taxes.

A taxpayer generally is entitled to a deduction for Federal income tax purposes for interest paid with respect to a principal and one secondary residence (a "qualified residence") to the extent that the interest is attributable to indebtedness which is secured by the qualified residence and which (i) is incurred in acquiring, constructing or substantially improving the qualified residence (or which constitutes a refinancing thereof, to the extent that such indebtedness does not exceed the amount of the refinanced debt) ("acquisition indebtedness"), up to a maximum of $1,000,000 for any period ($500,000 in the case of a married individual filing a separate return), or (ii) is any indebtedness other than acquisition indebtedness, up to the excess of the fair market value of any one qualified residence over the amount of acquisition indebtedness with respect to such residence ("home equity indebtedness"), but not to exceed $100,000 ($50,000 in the case of a married individual filing a separate return) in the aggregate for all qualified residences of the taxpayer in any period. Accordingly, an owner of a Residential Unit who itemizes deductions and uses his or her Residential Unit as a qualified residence will be entitled, under current law, to deduct from his or her gross income for Federal income tax purposes, subject to an overall limitation on itemized deductions as may be in effect under Section 68 of the Code, interest paid or accrued by him or her on (i) acquisition indebtedness incurred with respect to his or her Residential Unit to the extent that such indebtedness, when added to the amount of acquisition indebtedness incurred with respect to a second qualified residence (if any), does not exceed $1,000,000 ($500,000 in the case of a married individual filing a separate return) and (ii) home equity indebtedness with respect to his or her Residential Unit to the extent that such indebtedness, when added to the amount of home equity indebtedness incurred with respect to a second qualified residence (if any), does not exceed $100,000 ($50,000 in the case of a married individual filing a separate return). Since the rules and limitations regarding the deductibility of home mortgage interest are complex, purchasers are urged to consult their tax advisers regarding the application of such rules and limitations to them, as well as regarding the deductibility of interest with respect to their Residential Units for Federal alternative minimum tax purposes (which at present is subject to rules different than those described above for regular tax purposes). In addition, owners of Residential Units should consult their tax advisers regarding potential limitations on the deductibility of points and prepaid interest, if any, on their mortgage loans and on any overall limitation on the allowance of itemized deductions.

Each owner of a Residential Unit who uses his or her Residential Unit as a residence will generally be entitled to the same deduction for mortgage interest and real estate taxes paid or accrued with respect to his or her Residential Unit for New York State and New York City income tax purposes as is allowed for Federal (regular) income tax purposes. However, under New York State and New York City income tax law, itemized deductions, such as interest and real estate tax deductions, are subject to reduction by as much as 50% in the case of individuals having income exceeding certain prescribed levels. Furthermore, purchasers should consult their tax advisers to determine the application, if any, of the New York State and New York City minimum taxes to the deduction for mortgage interest and real estate taxes with respect to their Residential Units.

If the Condominium qualifies as a homeowners association within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Residential Unit Owners. However, even if the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources such as interest earned on any reserve funds and any amounts received from persons who are not owners of a Residential Unit (less expenses directly connected with the production of such income).

To qualify as a homeowners association, the Condominium may elect to be treated as a homeowners association for each year that it meets all of the following conditions: (1) it must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property, (2) no part of its net earnings can inure to the benefit of any private shareholder or individual (other than by acquiring, constructing or providing management, maintenance and care of association property, and other than by rebate of excess membership dues, fees or assessments), (3) at least 60% of its gross income for the taxable year must consist solely of amounts received as membership dues, fees or assessments from Residential Unit Owners, (4) 90% or more of its expenditures for the taxable year must be made for the acquisition, construction, management, maintenance and care of association property, and (5) at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes. See Treasury Regulation § 1.528-4(b). The qualification of an organization under the provisions of Section 528 of the Code is to be determined annually at the close of each taxable year and it is possible, therefore, that if the Condominium does not qualify in one year, it may nevertheless qualify in one or more future years.

Based upon the foregoing and assuming (i) the Plan becomes effective during the taxable year ending December 31, 2015 (the "2015 Taxable Year"), (ii) the actual gross income and expenditures of the Condominium for the 2015 Taxable Year are the same as (or, if such year is a short taxable year, are in the same proportions as) the estimated gross income and expenditures for the Condominium's first full year of operations, as set forth in Schedule B to the Plan, (iii) the Condominium otherwise operates in accordance with the terms of the Plan and the Plan Documents, (iv) at least 85% of the total square footage of all Units of the Condominium will be used by individuals for residential purposes, and (v) there are no changes in the facts or the relevant provisions of current law, the Condominium will be eligible to elect to be treated as a homeowners association under Section 528 of the Code for the 2015 Taxable Year.

Absent the application of Code Section 528, the present state of Federal income tax law is unclear as to the precise tax status of the Condominium. An entity classification regime was adopted in regulations issued by the United States Treasury Department on December 17, 1996 but there is no authority addressing the application of those entity classification regulations to condominium associations. Because the By-Laws of the Condominium provide that the Board will act as the agent of the Residential Unit Owners represented by such Board, the Board may take the position that the Condominium is not a separate entity and accordingly is not subject to the classification regime. In such case, the Residential Unit Owners would, in the aggregate, include in their gross income and be taxed on all income earned by the Condominium (which income may include, among other things, interest or similar income earned from interim investments of the amounts assessed and collected from the Residential Unit Owners), reduced by the expenses incurred in earning such income. For this purpose, the Common Charges should not be considered income earned by the Condominium with respect to the Residential Unit Owners. If, however, the Condominium is considered a separate entity it may be taxable as a partnership or corporation for Federal income tax purposes. Under the entity classification regulations, the Condominium would be able to elect to be treated as a corporation for Federal income tax purposes if it files Form 8832 with the Internal Revenue Service within 75 days of its formation. If such election is not made, then the Condominium would be treated as a partnership for Federal income tax purposes if it is considered a separate entity. If the Condominium is taxable as a corporation, it would be

considered a separate taxpayer with respect to income and deductions and return filing requirements and would be subject to Federal corporate income tax. If the Condominium is treated as a partnership, the partnership would not be subject to an entity level tax, the items of income and deduction of the partnership would generally be passed through to the Residential Unit Owners in accordance with the provisions of Subchapter K of the Code, and the partnership would be required to file information returns.

The precise tax status of the Condominium for New York State and New York City tax purposes is also unclear. The relevant New York State and New York City laws incorporate by reference Federal entity classification provisions which, as discussed above, do not specifically address the treatment of condominiums. If the Condominium is properly treated as a separate entity that is an association taxable as a corporation for Federal income tax purposes, it appears likely that the Condominium would be subject to the New York State Corporation Franchise Tax and the New York City General Corporation Tax. If the Condominium does not elect to be treated as a corporation for Federal income tax purposes, it is still possible, although not certain, that the Condominium might be subject to the New York State Corporation Franchise Tax. Further, in such event, the Condominium likely would be subject to the New York City Unincorporated Business Tax on its entire income (less expenses properly allocable to such income), unless it were eligible for and elected treatment under Section 528 of the Code as a homeowners association.

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We express no views as to any Federal, New York State or New York City tax consequences other than those explicitly discussed in this opinion, or as to the tax status or tax consequences of the Plan under the laws of any other U.S. or foreign jurisdiction. Moreover, this opinion, while based on existing rules of law applied to the facts and documents referred to above, is not binding on the IRS or any court. No assurances can be given that the tax laws upon which we base this opinion will not change. In no event will Sponsor, Pryor Cashman LLP, the Board, the Selling Agent or any other person be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or IRS rulings on which we have relied which cause the owners of Units not to be entitled to the income tax deductions described herein, or which would affect the tax treatment of the Condominium as described herein.

This opinion is intended solely for your benefit in connection with the transactions contemplated hereby and may not be relied upon by any other person or entity or for any other purpose without our prior written consent. We hereby authorize the use of this opinion, or a reproduction thereof, in this Plan and references to our name in the Plan. This opinion is given as of the date hereof and we assume no obligation to advise you of changes that may hereafter be brought to our attention.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT (A) ANY FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) THE ADVICE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTION OR THE MATTERS ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Very truly yours,

PRYOR CASHMAN LLP

Pryor Cashman LLP

## RESERVE FUND

The New York City Council enacted Local Law No. 70 which amends Chapter 51 of the Administrative Code of the City of New York (the "Reserve Fund Law"), the full text of which is set forth in Part II of this Plan. The Reserve Fund Law requires the sponsor of an offering plan for the conversion of a building from rental to condominium status to establish a reserve fund (the "Reserve Fund") to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of such building. The Reserve Fund shall be in addition to the Working Capital Fund to be funded at each Closing by Purchasers.

Sponsor shall, within 30 days after the First Closing, establish and transfer to the Board a Reserve Fund in an amount equal to either:

(i) 3% of the sum of the cost of all Residential Units offered for sale pursuant to this Plan at the last price which was offered to tenants in occupancy of the Buildings prior to the Effective Date of this Plan regardless of the number of sales made (the "Total Price"), or

(ii) (A) 3% of the actual sales prices of all Residential Units offered for sale pursuant to this Plan which are sold by Sponsor at the Effective Date of this Plan; provided, however, that if such amount is less than 1% of the Total Price, then the Reserve Fund shall be established as a minimum of 1% of the Total Price; plus

(B) supplemental contributions to be made by Sponsor at a rate of 3% of the actual sales price of Residential Units for each Residential Unit offered for sale under this Plan held by Sponsor and sold to bona fide purchasers subsequent to the Effective Date of this Plan and within 5 years of the First Closing notwithstanding that the total amount contributed may exceed 3% of the Total Price; and provided, further, that if 5 years from 30 days after the First Closing, the total contributions by Sponsor to the Reserve Fund are less than 3% of the Total Price, Sponsor shall pay the difference between the amount contributed and 3% of the Total Price. The supplemental contributions made under this subparagraph (B) shall be made within 30 days of each sale of a Residential Unit under this Plan.

The Reserve Fund may not be reduced by closing adjustments but Sponsor is entitled to take a credit against the Reserve Fund for the actual cost of capital replacements performed in the Buildings after this Plan is submitted for filing to the Department of Law and before this Plan is declared effective. Sponsor has engaged 1 or more contractors to perform the following qualifying work for a possible credit against the Reserve Fund (at the following approximate costs) $200,000 for exterior brickwork, pointing, where necessary, replacing lintels, where necessary, and decorative terrace restoration, where necessary. Sponsor expects the aforesaid work to be completed prior to the First Closing. Additionally, Sponsor's Architect, Howard L. Zimmerman Architects, P.C., advise that: (a) insulation is recommended on the portion of water supply piping in the cellar which is not currently insulated (estimated cost approximately $17,500.00)(completed); (b) the wiring and circuitry in some bathrooms and kitchens is not equipped with GFI outlets(estimated cost approximately ($100/outlet); (c) further investigation should be conducted to determine if insulation exists between the masonry infill and the interior plaster of the walls (any interior gut renovations to the infill or brick face will require compliance with the Energy Conservation Construction Code of New York State); (d) further investigation should be conducted to determine if insulations exists below the roof membrane, insulation is believed to be installed however, the type, size and R-value of the insulation is unknown (any roof replacement project completed in the future will need to comply with the Energy Conservation Construction Code of New York State); and ( e) there are no smoke /CO detectors in the common areas (recommended to be installed in elevator and

electric rooms). Smoke /CO detectors have been installed in the hallways on all floors and in the elevator and electric room. Sponsor makes no representation that it will perform any of the aforesaid work, however, in the event that the Sponsor performs some or all of the aforesaid work Sponsor will take a credit against the Reserve Fund at the aforesaid approximate costs. The aggregate credit against the Reserve Fund may not exceed the lesser of the actual cost of the capital replacement or 1% of the Total Price.

The exact amount of the Reserve Fund under the Reserve Fund Law cannot be determined until the First Closing since it depends on which option Sponsor chooses under the Reserve Fund Law. Under no circumstances will the Reserve Fund be less than 2% of the Total Price. No Purchaser will be entitled to rescind his or her Agreement solely because the actual amount of the Reserve Fund is less than the estimated amount.

The Reserve Fund Law also requires Sponsor not later than the 30th day following the Filing Date of this Plan and until the First Closing to post and maintain in a prominent place accessible to all tenants in the Buildings a list of all violations of record against the Buildings as determined by the Department of Buildings and the Department of Housing Preservation and Development. All newly issued violations must be posted within 48 hours of their issuance.

In the event that at any time prior to the First Closing, the Reserve Fund Law is repealed, Sponsor will not be obligated to comply with its requirements and may not provide a Reserve Fund. In such event, all Purchasers will be given 15 days after receipt of an amendment disclosing such repeal of the Reserve Fund Law to rescind their Agreements and be refunded all monies paid thereunder. In the event that on or after the First Closing, the Reserve Fund Law is repealed, Sponsor agrees to comply with its requirements as set forth in this Plan notwithstanding such repeal.

No assurance can be given that the Reserve Fund will be adequate to pay for the replacement of capital items, and if additional monies are required over and above the Reserve Fund, it may be necessary to increase Common Charges or levy a Special Assessment against the Residential Unit Owners. Based upon estimates received by Sponsor, Sponsor believes that the Reserve Fund will be sufficient to pay for the replacement of capital items likely to be needed as disclosed in the Description of Property set forth in Part II of this Plan. The Reserve Fund may not be used to reduce Common Charges. No representation can be made, however, that after Sponsor relinquishes control, the Board may not decide to use the Reserve Fund for a purpose other than for which it has been established.

THE PROPERTY IS BEING OFFERED IN ITS CURRENT CONDITION "AS IS," WITH NO REPRESENTATIONS OR UNDERSTANDINGS EXCEPT AS EXPRESSLY SET FORTH HEREIN. SPONSOR AND THE SELLING AGENT WILL HAVE NO OBLIGATION TO MAKE ANY REPAIRS OR IMPROVEMENTS EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS PLAN OR REQUIRED BY LAW. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR UPON THE PHYSICAL CONDITION OF THE BUILDINGS.

## WORKING CAPITAL FUND AND APPORTIONMENTS

All Purchasers of Residential Units (other than those designated as Sponsor's Transferee) shall be required to make a contribution at the Closing of such Residential Unit Owner's Unit(s) to the working capital fund of the Condominium (the "Working Capital Fund"). Such contribution shall be in an amount equal to 2 months' Common Charges in effect for such Residential Unit(s).

On or about the date of the First Closing, Sponsor will apportion with the Board the following items as of midnight of the date preceding said Closing:

(1) employees' wages, vacation and severance pay, pension and welfare benefits and accruals, uniforms and all other payments or obligations relative to the employees of the Buildings;

(2) deposits with utility companies, if any, and fees for assignable permits and licenses, if any;

(3) charges for electricity and other utilities for the Common Elements and Residential Common Elements;

(4) cost of fuel on hand (plus sales tax), if any;

(5) charges and receipts in connection with any service, maintenance and concession contracts;

(6) water charges and sewer rents on the basis of the fiscal or calendar year for which assessed (unless separately assessed to individual Residential Units);

(7) cost of any Building supplies on hand at Sponsor's cost (including sales tax);

(8) premiums for transferable insurance policies, if any; and

(9) other customary adjustments.

If any of the foregoing items to be apportioned cannot be adjusted on or about the date of 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. Except as herein otherwise expressly provided, the customs in respect to title closings adopted by the Real Estate Board of New York, Inc., as amended, shall apply to apportionments and other matters herein mentioned.

The Working Capital Fund will be held and used for working capital or for such other appropriate purposes as will be determined by the Board and may be augmented by allocations from the monthly Common Charges collected from each Residential Unit. While Sponsor controls the Board (see the Section entitled "Control By Sponsor"), the Working Capital Fund will not be used to reduce estimated Common Charges.

The Board will be able to utilize the money in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific time. However, in no event shall any portion of the Working Capital Fund be used to pay any Common Charges attributable to Unsold Residential Units.

In the event that capital expenditures for renewal or replacement of Building components or systems or to remedy major Building defects are needed, it may be necessary to increase Common Charges or make a special assessment payable by Residential Unit Owners who are responsible for the repair and replacement of the Common Element or Residential Common Element in need of such renewal, replacement or remedy. Alternatively, the Board may determine to seek financing from a bank or other lending institution for such expenditures in accordance with the terms of the By-Laws and subject, in certain instances, to Residential Unit Owner approval. In addition, pursuant to the By-Laws, the Board is entitled to determine amounts for a reserve for replacements in establishing the annual budget. No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, for the first or any subsequent year of Condominium operation. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

## MANAGEMENT AGREEMENT

The Condominium will enter into a management agreement (the "Management Agreement") for an initial term of 3 years with Pinnacle Managing Co., LLC (the "Managing Agent"), having an address at One Penn Plaza, Suite 4000, New York, New York 10119, effective as of the date of the first closing of title to a Residential Unit, at an annual fee of $50,000.00 payable in equal monthly installments. The Management Agreement will be automatically renewed from year to year unless terminated by either party upon 90 days' written notice prior to the expiration of the term, as the same may have been renewed. The management fee is comparable to the prevailing rates charged by other management services firms in New York City providing similar services in comparable buildings. In the event a new managing agent is substituted for the Managing Agent, the annual fee will be as mutually agreed upon between the Board and the new managing agent. All expenses incurred by the Managing Agent in performance of its duties to the Condominium will also be reimbursed to the Managing Agent. In the event that the Board requests the Managing Agent to provide additional service(s) not within the scope of the Management Agreement (including, without limitation, brokerage or other similar services in connection with the sale or leasing of any Residential Unit(s) from time to time owned or leased to the Board), the Board shall pay additional fees and/or commissions to be agreed upon by the Board and the Managing Agent. The Managing Agent shall be paid a fee for supervising any capital improvement projects instituted by the Board in an amount equal to 10% of any such project's total cost. Additionally, in connection with processing, reviewing and coordinating applications for waivers of the Board's right of first refusal under the By-Laws in connection with proposed sales and/or leasing of Residential Units by Residential Unit Owners, the Managing Agent shall be entitled to receive a reasonable fee from the selling or leasing Residential Unit Owner for such services as well as reimbursement for all out-of-pocket expenses incurred by the Managing Agent in connection therewith. Joel Wiener, a principal in the Managing Agent, is also a Principal of the Sponsor (defined under "Identity of Parties – Sponsor").

The Management Agreement provides that the books and records held by the Managing Agent shall be returned to the Condominium upon its termination. The Management Agreement may be assigned by the Managing Agent without the consent of the Condominium. It may be canceled by either party for cause.

The Managing Agent will, among other things:

(a) hire, pay and supervise, all persons necessary to be employed in order to properly Maintain and operate the Common Elements and Residential Common Elements;

(b) prepare, obtain and maintain, as appropriate, all required payroll records; all necessary forms for unemployment insurance, withholding and social security taxes; and all other forms, insurance or filings relating to the employment of the Board's employees required by any federal, state or municipal authority;

(c) cause ordinary repairs to be made with respect to the Common Elements and Residential Common Elements, and cause such further work or repair, redecoration or alteration to be performed with respect to the Common Elements and Residential Common Elements so as to Maintain same in good order and repair consistent with similar residential properties, all at the Board's expense and all as may be otherwise authorized, provided that repairs or alterations (either pursuant to contract or purchase order) involving an expenditure of over $50,000.00 shall be made only with the prior written authorization of the Board, with the exception only of emergency repairs under circumstances which, in the Managing Agent's reasonable judgment, permit no reasonable opportunity for prior clearance with the Board and require immediate action for the preservation or protection of the Property or the health and safety of

Residential Unit Owners or other persons, but the Managing Agent shall notify the Board by the most expeditious means immediately thereafter;

(d) at the Board's expense, use reasonable efforts to comply with, and cause the Common Elements and the Residential Common Elements and the use and operation thereof to comply with any and all laws, rules and orders or cure violations affecting the Common Elements and Residential Common Elements; provided, however, that the Managing Agent shall not take any such action if the cost thereof would exceed $50,000.00 except that if failure to comply promptly with any such laws, rules and orders would or might reasonably be expected to expose the Board or the Managing Agent to criminal liability or pose an imminent danger to life or health, the Managing Agent shall cause the same to be complied with at the Board's expense without the necessity for any prior approval, but the Managing Agent shall notify the Board by the most expeditious means immediately thereafter;

(e) enter into contracts for any necessary services and supplies subject to limitations contained in subparagraph (d) above and the By-Laws;

(f) purchase those supplies that shall be required in order to Maintain and operate the Common Elements and the Residential Common Elements and provide required services to Residential Unit Owners and occupants;

(g) assist the Board in determining the appropriate insurance to be carried for the Common Elements and the Residential Common Elements; carry out the written directions of and assist the Board respecting the placing and administering of insurance, the seeking of insurance recoveries and the restoration of insured damage;

(h) check and approve all bills received for services, work and supplies ordered in connection with Maintaining and operating the Common Elements and the Residential Common Elements, and until the Units in the Condominium are separately assessed, pay real estate taxes, water and sewer rents, assessments, and other public charges with respect to the Condominium, when provided with funds therefor; with respect to any Residential Units owned by the Board on behalf of the Residential Unit Owners, pay real estate taxes, assessments, other public charges, premiums on insurance, or sums payable on any mortgage which may at any time be a lien on such Residential Units, when provided with funds therefor by the Board;

(i) bill or cause to be billed Common Charges, and, when directed in writing by the Board, send notices of delinquency to the appropriate Residential Unit Owners; take such other action pursuant to the Condominium Documents for the collection of delinquent Common Charges as may be requested by the Board;

(j) render, or cause to be rendered, a monthly statement to the Treasurer and President of the Condominium, setting forth a summary of receipts and disbursements for the month and a report of the current status of all bank accounts and investments securities of the Condominium;

(k) under the supervision of the accountants retained by the Board, keep the books and records of the Condominium, and maintain files containing records of Common Charges, assessments, rents, insurance policies, mortgages that are liens on Residential Units, contracts, receipted bills and vouchers, and all other documents and papers pertaining to the Common Elements or the operation thereof;

(l) prepare and submit annually to the Board, on or before December 1 of each preceding year, an operating budget;

(m) if requested by the Board, prepare and send notices of all meetings to the members of the Board;

(n) if requested by the Board, prepare and send notices of all meetings of the Residential Unit Owners to the Residential Unit Owners;

(o) if requested by the Board, cause a representative of its organization to attend the annual meeting of the Residential Unit Owners and up to 4 meetings per year of the Board (the Managing Agent shall cause a representative to attend meetings in addition to the number set forth above for a reasonable additional fee);

(p) if requested by the Board, record the minutes of the meetings of the Board attended by the Managing Agent; and

(q) generally, do all things reasonably deemed necessary or desirable by the Board for the proper management of the Condominium.

Pursuant to the Management Agreement, the Board will indemnify the Managing Agent against any liability for damages, penalties, fines, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) brought against the Managing Agent, arising out of or connected with the performance by the Managing Agent of its duties, except for the Managing Agent's gross negligence or willful or intentional default. Such obligations will also be covered by insurance obtained by the Condominium. The Managing Agent shall procure and maintain, at the expense of the Condominium, a fidelity bond in the amount of not less than $1,000,000.00 to protect the Condominium against loss caused by acts of the Managing Agent, its directors, officers or employees.

The Managing Agent will provide its services to all Residential Unit Owners and Non-Purchasing Tenants of the Buildings as required by GBL Section 352-eeee(3). All Residential Units occupied by Non-Purchasing Tenants shall be managed by the same managing agent who manages all other Residential Units in the Buildings. The Managing Agent shall provide to Non-Purchasing Tenants all services and facilities required by law on a non-discriminatory basis. Sponsor guarantees the obligation of the Managing Agent to provide such services and facilities until such time as Sponsor surrenders control of the Board, at which time the Condominium shall assume responsibility for the provision of all services and facilities required by law on a non-discriminatory basis.

## IDENTITY OF PARTIES

### Sponsor

Sponsor is comprised of 775 Realty Co. LLC and 156-08 Realty Co. LLC, each a New York limited liability company, having an office at One Penn Plaza, Suite 4000, New York, New York 10119. 775 Realty Co. LLC and 156-08 Realty Co. LLC are each jointly and severally liable as to the obligations of Sponsor. 775 Realty Co. LLC was formed on May 3, 1999. 156-08 Realty Co. LLC was formed on May 12, 1999. The sole member of 775 Realty Co. LLC and 156-08 Realty Co. is The Zarasai Group LLC ("Zarasai"), a New York LLC having an office c/o Pinnacle at One Penn Plaza, Suite 4000, New York, New York 10119. Zarasai was formed on January 31, 2013.

Joel Wiener and Sherry Wiener are principals of Sponsor. Joel Wiener and Sherry Wiener have been involved in the ownership of multi-family residential properties in New York for more than 30 years. Joel Wiener and Sherry Wiener each maintain an office at One Penn Plaza, Suite 4000, New York, New York 10119. Affiliates of Sponsor have taken part in more than 50 public offerings. Affiliates of Sponsor have taken part in the following prior public offerings first offered in New York within the past 5 years: 132-35 Sanford Avenue, Flushing (filed in 2013), 308-312 West 30th Street, New York (filed in 2013) and 750 Riverside Drive, New York (filed in 2014).

Affiliates of Sponsor's principals own 10% or more of the unsold shares or units, as individuals, general partners or principals in the following properties located in New York: 1110/1130 Stadium Avenue, Bronx; 1200 Gravesend Neck Road, Brooklyn; 160 Beach 117th Street, Belle Harbor; 2 West End Avenue, Brooklyn; 3165 Nostrand Avenue, Brooklyn; 3202 Nostrand Avenue, Brooklyn; 3203 Nostrand Avenue, Brooklyn; 3255 Randall Avenue, Bronx; 40-05 Ithaca Street, Elmhurst; 402 Bay Ridge Avenue, Brooklyn; 40-66 Ithaca Street, Elmhurst; 57/79 Avenue O, Brooklyn; 660 Riverside Drive, New York; 668 Riverside Drive, New York; 680 Riverside Drive, New York; 690 Riverside Drive, New York; 700 Riverside Drive, New York; 725 Riverside Drive, New York; 76-66 Austin Street, Forest Hills; 801 Riverside Drive, New York; 807 Riverside Drive, New York; 812 Riverside Drive, New York; 835 Riverside Drive, New York; 99-40 63rd Road, 99-60 63rd Road and 99-05 63rd Drive, Rego Park; 308-312 West 30th Street, New York and 132-35 Sanford Avenue, Flushing.

Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

The affiliates of Sponsor's principals are current in their financial obligations with respect to the foregoing plans.

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

### Litigation Regarding Pinnacle Group NY, LLC

A lawsuit, Marjorie Charron, et al. ("Plaintiffs") v. Pinnacle Group NY LLC, et al. ("Defendants"), Index Civil No. 07-CV-06316CM, was filed in the US District Court for the Southern District of New York ("Court") in 2007 alleging that Defendants engaged in activities and unlawful housing practices in violation of various federal and state statutes. In June 2012, the Court issued final approval of a settlement reached by Defendants and counsel for the Plaintiff classes. Under the settlement, Defendants will contribute approximately $2.5 million to legal aid organizations and may be

subject to liability for certain tenant claims. Pursuant to the terms of the settlement Defendants paid $1,325,000.00 as of June 2014 and are to pay the balance of $1,175,000.00 in June 2015. Joel Wiener, the managing member of Pinnacle Group NY LLC, is also a principal of Sponsor. In September 2013, the US Court of Appeals for the Second Circuit ("Court of Appeals") affirmed the Court's approval of the settlement, and in November 2013, the Court of Appeals denied a request to rehear the September 2013 decision. In February 2014, certain individuals filed a Petition for a Writ of Certiorari with the Supreme Court of the United States ("Supreme Court"). In April 2014, the Supreme Court denied the Petition for a Writ of Certiorari, and there has been no further appeal. This settlement will not have any effect on Sponsor's ability to meet its obligations to the Condominium.

**Selling Agent**

The Selling Agent is Keller Williams NYC, having an office at 425 Park Avenue, New York, New York 10022. The Selling Agent is a licensed real estate brokerage firm and is a subsidiary of Keller Williams International, whose principals have been engaged in the real estate business for over 29 years. The Selling Agent has no financial interest in the Property, Sponsor, the Managing Agent or any other parties interested in this transaction, except for its fee for services rendered, and there is no affiliation between Selling Agent and its principals and Sponsor and its principals.

**Managing Agent**

The Managing Agent, Pinnacle Managing Co., LLC, having an office at One Penn Plaza, Suite 4000, New York, New York 10119, is a licensed real estate brokerage firm engaged in the real estate business for over 25 years. The Managing Agent will receive a management fee as described above in the section entitled "Management Agreement." The management fee is comparable to the prevailing rates charged by other management services firms in New York City providing similar services in comparable buildings. In the event a new managing agent is substituted for the Managing Agent, the annual fee will be as mutually agreed upon between the Board and the new managing agent. The Managing Agent currently manages over 50 properties in New York City, many of which are cooperative housing corporations or condominiums. Joel Wiener, the managing member of the Managing Agent, is also a principal of Sponsor. Accordingly, the Managing Agent has a financial interest in Sponsor, in addition to its fees for services rendered pursuant to the Managing Agent's agreement with the Condominium.

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 this Plan or an offering of securities generally, that occurred within 15 years prior to the submission of this Plan.

A list of properties in New York which are managed by the Managing Agent include: 880 68th Street, Brooklyn; 25-10 30th Road, Astoria; 63-70 Austin Street, Forest Hills; 109-20 Queens Boulevard, Forest Hills; and 111 Worth Street, New York.

**Budget Expert**

Sponsor has engaged Nu-Place Realty as Sponsor's Budget Expert. Nu-Place Realty has been engaged in the sale and management of mixed use properties in New York, including condominiums for more than 25 years. Nu-Place Realty reviewed the estimated income and expenses in "Schedule B- First Year's Budget". Nu-Place Realty rendered the "Certification As to the Adequacy of the First Year's Budget" and the "Certification As to Adequacy of Common Charges Payable by the Commercial Unit Owner", which may be found in Part II of this Plan. There have been no felony convictions of Nu-Place Realty or the principals of Nu- Place Realty.

**Attorneys for Sponsor**

Sponsor has retained the law firm of Pryor Cashman LLP, having an office at 7 Times Square, New York, New York 10036, to represent it in connection with this Plan. Pryor Cashman LLP prepared this Plan, the Declaration, the By-Laws and the form of Agreement, Residential Unit Deed and Power of Attorney and has also rendered an opinion with respect to compliance with Section 339-i of the Real Property Law. Ronald B. Kremnitzer, Esq. had principal responsibility for the preparation of this Plan. Pryor Cashman LLP will serve as Escrow Agent and will represent Sponsor in connection with matters relating to Residential Unit Closings.

Several partners and the executive director at Pryor Cashman LLP (none of whom has any financial interest in the Sponsor or any of its members), counsel to the Sponsor, have been designated as signatories on the segregated special escrow account at Citibank wherein monies received under this Plan will be deposited.

**Sponsor's Architect**

The architectural firm of Howard L. Zimmerman Architects, P.C., having an office at 11 West 30th Street, New York, New York 10001, has examined the physical condition of the Buildings and has rendered its reports thereof as set forth in Part II of this Plan. All statements and representations made in this Plan with respect to the "Description of Property" have been made in reliance upon the Architect and its authority as an expert. The Architect has no financial interest in the Property, Sponsor, the Selling Agent, the Managing Agent or any other parties interested in this transaction, except for its fee for services rendered.

**Sponsor's Condominium Expert**

Keller Williams NYC, having an address at 425 Park Avenue, New York, New York 10022, provided the opinion regarding Sponsor's compliance with Section 339-i of the Real Property Law.

## SPONSOR'S PROFIT

Sponsor acquired the Property on July 21, 1999. Sponsor intends to make a profit from the sale of the Units.

## REPORTS TO RESIDENTIAL UNIT OWNERS

It is the obligation of the Board to give Residential Unit Owners annually:

(1) a financial statement of the Condominium prepared by a certified public accountant within 4 months after the end of each fiscal year, which statement shall be certified while the Sponsor is in control of the Board;

(2) prior notice of the Annual Residential Unit Owner's meeting; and

(3) a copy of the proposed annual budget of the Condominium delivered to Residential Unit Owners at least 10 days prior to the adoption thereof.

## DOCUMENTS ON FILE

In accordance with Section 352-e(a) of the GBL, copies of this Plan and Parts A, B, C and D of the Exhibits delivered to the Department of Law containing all exhibits or documents referred to herein shall be available for inspection (without charge) and for copying (at a reasonable charge) by prospective purchasers and by any person who shall have purchased a Residential Unit offered under this Plan, at the office of Sponsor or the Selling Agent during business weekday hours and shall remain available for such inspection and copying for a period of 6 years from the First Closing. In addition, a set of the Floor Plans showing the layout, locations and approximate dimensions of each Residential Unit and its Residential Unit number designation and tax lot number, certified by the appropriate governmental authority of the City of New York as conforming to the official tax lot number for each such Residential Unit, will be filed with the City Register's Office when the Declaration is recorded, and an additional set will be furnished to the Board.

The Declaration and the By-Laws will be recorded in the City Register's Office. All deeds conveying, and all mortgages covering, individual Residential Units will also be recorded in such Office.

## GENERAL

This Plan does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact. Sponsor believes that this Plan contains a fair summary of the material provisions of the documents referred to in this Plan, including those documents contained in Part II of this Plan. Exact copies are contained in Part II of this Plan of the Declaration, By-Laws, form of Agreement, form of Residential Unit Deed, form of Power of Attorney and other documents and Purchasers are urged to read the documents set forth in Part II of this Plan in their entirety. Statements made in Part I of this Plan as to the provisions of such documents or any other document referred to herein, copies of which are on file with Sponsor, are necessarily not complete. Each such statement is qualified in all respects by the contents of such documents and, in the case of any such document executed by or with the written consent of a Purchaser pursuant to this Plan, any rider or separate agreement changing or adding provisions to such document.

Under applicable Federal and local Law, leaded paint can no longer be used in the construction of Buildings. Local Law 1 of 2004 ("Local Law 1") requires that landlords must inspect every apartment

occupied by a child under the age of 6 for conditions that may cause lead exposure, and if found, correct them. Landlords must verify whether a child under the age of 6 resides in an apartment and if so, conduct an inspection at least annually, and more often if necessary, for lead paint hazards. The landlord is required to investigate the circumstances if any tenant does not respond to the inquiry as to the presence of children. Landlords must look for peeling paint, evidence of friction or chipping, and underlying conditions that may cause paint to peel, and promptly correct any hazard. The landlord has a duty under the law to inspect the apartment as well as all common areas for the presence of lead-based paint hazards, and to remove or cover all lead paint on friction surfaces and to replace window slides and panes on friction surfaces containing lead paint. Landlords must provide written notice to the tenant of the landlord's obligation to inspect for and repair lead-paint hazards and the tenant's obligation to provide access to their apartment. The obligations under Local Law 1 of 2004 apply to a Residential Unit owner who purchases an occupied unit, as well as to a Residential Unit which was vacant but becomes occupied by a tenant subsequent to its purchase. Sponsor makes no representation regarding the scope or nature of any future enactments regarding lead-based paint, whether Local Law 1 will be further modified and enacted or whether the City or State of New York will adopt other laws dealing with lead-based paint or what the provisions of such law may be. Prospective purchasers are urged to review Local Law 1 and any successor statute thereto and any regulations or requirements promulgated with respect thereto for a full description of the obligations of a Residential Unit Owner. Residential Unit Owners shall be deemed "owners" of their respective Residential Units with the obligation to comply with the requirements of all environmental laws, including, without limitation, requiring the removal or abatement of asbestos containing material or lead-based paint.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding, which could materially and adversely affect this offering, the Purchasers of Residential Units, the Property, the Condominium or the operation thereof, which are not covered by insurance.

No party other than the respective Purchasers shall have any right or benefit herein or herefrom, including without limitation, the right to insist upon or enforce against Sponsor the performance of all or any of Sponsor's obligations hereunder and no such third party shall be deemed to have received any benefit as a result of any of the provisions of this Plan.

Sponsor reserves the right, from time to time prior to the First Closing, upon amendment to this Plan, without obtaining the consent of Purchasers or others, to substantially revise the terms and conditions upon which the Residential Units are to be sold, including changes affecting the rights, obligations and liabilities of Sponsor, the Purchasers and/or prospective Purchasers under this Plan. However, Sponsor may not unilaterally cancel an Agreement which is in effect, except as therein provided, as in the case of an uncured default, nor unilaterally change the purchase price or payment terms contained in such Agreement. All substantive or material revisions will be contained in a duly filed amendment to this Plan. If there is a material amendment to this Plan as to which rescission is required by the Department of Law, Purchasers will have a right of rescission which may only be exercised within 15 days from the date of presentation of said amendment. Escrow Agent shall promptly return any Deposit to Purchasers who timely rescind, except that Escrow Agent shall pay over to Sponsor the Deposit of any Purchaser who is in default under the Agreement beyond any applicable grace period.

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 in the sale of Residential Units offered under this Plan or in the leasing of any such Residential Units because of such person's sex, race, creed, color, national origin, marital status, age, disability or any other ground proscribed by Law.

As of January 15, 2015, there were 8 non-payment proceedings pending against tenants at the Buildings. Notwithstanding the foregoing, Sponsor reserves the right to bring any proceedings under the Rent Laws in the future.

Unless the context otherwise requires, words used in the singular in Part I of this Plan include the plural and vice versa, and a reference herein to any 1 gender, masculine, feminine or neuter, includes the other 2.

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. This Plan may not be changed or modified orally.

To the best of Sponsor's knowledge, neither the Property nor the Buildings have been the subject of any prior public offerings.

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

## SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor adopts the reports prepared by Howard L. Zimmerman Architects, P.C. and included as part of the "Description of Property and Local Law 11 Report" (the "Architect's Report") contained in Part II of this Plan and represents that, to the best of its knowledge, the Architect's Report accurately discloses the present Building condition. The firm preparing the Architect's Report has no financial interest in the Property, Sponsor, the Condominium, any affiliates thereof or any other party interested in this transaction, except for its fee for services rendered. Sponsor knows of no facts or information inconsistent with the report that follows.

Sponsor represents that it has no knowledge of any material defects or need for major repairs to the Buildings except as hereinafter set forth in the Architect's Report and the violations search annexed to the Architect's Report. Sponsor shall not be obligated to clear any violations. The New York City Department of Buildings issued a Certificate of Occupancy Number 38982 for the Building at 775 Riverside Drive, New York, New York 10032. The New York City Department of Buildings issued Certificate of Occupancy Number 66733 of 1968 for the Building at 156-08 Riverside Drive West, New York, New York 10032.

Sponsor shall provide, prior to the First Closing, where required by Law, carbon monoxide detectors in the Buildings, provided Sponsor is provided with access.

The Residential Units are being sold in the condition described in the Architect's Report and in the "as is" condition in which they exist at the time a Purchaser signs an Agreement, subject to ordinary wear and tear. Except as described in the Architect's Report, Sponsor makes no representations or guaranties regarding the condition of the Property and has no specific knowledge about problems with or needed repairs to the Buildings. However, the Buildings were built in the 1930s and, as all prudent property owners are aware, a program of ongoing maintenance is typically required to insure the integrity of a building. In particular, certain portions of the plumbing date from the initial construction of the Buildings. While some repair and replacement of the plumbing lines and fixtures have been performed by Sponsor and others, there is no guarantee that the plumbing does not leak. Purchasers should be aware

that replacement of certain of the old pipes in the Buildings could cause pipes and fixtures that have not been repaired or replaced to burst.

Under the terms of Local Law 11 of 1998, property owners are obligated to have the facades of their buildings periodically inspected and perform remedial work as determined by the licensed engineer performing the required inspections. Set forth in Part II of this Plan is a copy of the most recent Local Law 11 Report for the Property. A copy of the most recent Local Law 11 Inspection Report, as prepared by Andrew Katz, P.E. dated December 30, 1999 for 775 Riverside Drive and as prepared by Andrew Katz, P.E. dated June 14, 2012 for 156-08 Riverside Drive West, is set forth in Part II of this Plan (together the "Local Law 11 Report"). As set forth in the Local Law 11 Report, the inspection consisted of a thorough visual examination of all the exterior brick walls using binoculars and a camera with telephoto lens and all of the fire escapes located all around the Building. The roof, the bulkheads and the parapet walls were inspected from the roof level. The Local Law 11 Report for 775 Riverside Drive found the Building safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives and for 156-08 Riverside Drive West found the Building as safe with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives. Under the terms of Local Law 11 of 1998, property owners are obligated to have the Facades of their buildings periodically inspected and perform remedial work as determined by the licensed engineer performing the required inspections. Sponsor makes no representations regarding future expenditures which may be required to comply with Local Law 11 of 1998 or the costs of the inspections therefore.

Sponsor has engaged 1 or more contractors to perform the following qualifying work for a possible credit against the Reserve Fund (at the following approximate costs) $200,000 for exterior brickwork, pointing, where necessary, replacing lintels, where necessary, and decorative terrace restoration, where necessary. Sponsor expects the aforesaid work to be completed prior to the First Closing.

Except as otherwise expressly provided in this Plan, Sponsor's obligation to make repairs in any Residential Unit shall cease upon the closing of title to such Residential Unit. Sponsor will, however, Maintain and operate the Buildings until the First Closing in substantially the same manner and condition as on the Filing Date of this Plan (subject to ordinary wear and tear), except to the extent that Sponsor is precluded from so doing by Acts of God, fire or other casualty, storm, strikes, lockouts, labor difficulties, 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 for any of the reasons set forth in the preceding sentence, other than fire or other casualty, Sponsor is prevented from so Maintaining the Buildings and the Common Elements (or causing the same to be Maintained), Sponsor shall make or cause to be made, within a reasonable period of time after such act ceases to exist, any repairs subsequent to the First Closing that it was obligated and agreed to make prior to the First Closing.

Under Federal Law, Sponsor must provide Purchasers with all available records and material pertaining to lead-based paint and/or lead-based hazards in the Buildings. Based upon the age of the Buildings, it is possible that there is lead-based paint or lead-based paint hazards in the Buildings, however, except as may be set forth in the Architect's Report, Sponsor is not aware of any lead-based paint or lead-based paint hazards in the Buildings that need to be remedied, and has no records or materials pertaining to same. Sponsor will comply with applicable Law concerning the use of lead-based paint. Set forth as an Exhibit in Part II of this Plan is a copy of the booklet issued by the United States Environmental Protection Agency, EPA 747-K-95-001, which details certain information regarding lead-based paint. In accordance with the terms of the rider annexed to the Agreement, Purchasers have the right to inspect their Residential Units for the presence of lead-based paint. Please refer to the Agreement set forth in Part II of this Plan for further details.

**PART II**

THE JOHN JAMES CONDOMINIUM
775 RIVERSIDE DRIVE AND
156-08 RIVERSIDE DRIVE WEST
NEW YORK, NEW YORK 10032

**EXHIBIT 1**

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**PURCHASE AGREEMENT**

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**PURCHASE AGREEMENT**
**The John James Condominium**
**775 Riverside Drive and**
**156-08 Riverside Drive**
**New York, New York 10032**

Residential Unit: ____ Interest in Common Elements: _____
_____ 775 Riverside Drive ____ 156-08 Riverside Drive

Sponsor: 775 Realty Co. LLC and 156-08 Realty Co. LLC, One Penn Plaza, Suite 4000, New York, New York 10119
Telephone: 212-564-2111

Attorney for Sponsor and Escrow Agent: Pryor Cashman LLP / Attn: Ronald B. Kremnitzer, Esq. and Barry C. Landsman, Esq., 7 Times Square, New York, NY 10036-6569 Telephone: 212-421-4100

Purchaser(s): _____ and _____

Social Security Number(s): _____ and _____

Purchaser(s) Address:_____

_____

Attorney for Purchaser: _____

Firm: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

Selling Agent: Keller Williams NYC, 425 Park Avenue, New York, NY 10022 / 212-838-3700

Co-Broker: _____

TENANT – PURCHASER: YES / NO

PURCHASE PRICE: $_____

DOWN PAYMENT: $_____

BALANCE DUE AT CLOSING: $_____

PURCHASER INITIALS: _____ _____

RESIDENTIAL UNIT NUMBER

____

_____ 775 Riverside Drive ____ 156-08 Riverside Drive

of

**The John James Condominium**
**775 Riverside Drive and**
**156-08 Riverside Drive**
**New York, New York 10032**

(to be executed in quintuplicate)

This agreement (this "Agreement"), is made as of the date on the signature page of this Agreement, between 775 Realty Co. LLC, and 156-08 Realty Co. LLC, each a New York limited liability company, having an office c/o Pinnacle Managing Co., LLC, One Penn Plaza, Suite 4000, New York, New York 10119 ("Sponsor") and _____, having an address at _____ (collectively, "Purchaser").

WITNESSETH:

1. THE PLAN. Purchaser acknowledges having received and read the Offering Plan for The John James Condominium and all amendments thereto, if any, filed with the Department of Law of the State of New York (collectively, the "Plan") at least 3 business days prior to Purchaser's signing this Agreement, unless fewer than 3 business days remain in the statutory time period to declare the Plan effective. If Purchaser is not a Tenant Purchaser, Purchaser understands that if Purchaser has not been afforded at least 3 business days prior to Purchaser's signing this Agreement to receive and read the Plan and all filed amendments prior to Purchaser's signing this Agreement, then in such event, Purchaser shall have 7 days after delivering this Agreement together with the Deposit (as hereinafter defined) to rescind this Agreement and have the Deposit refunded promptly by either personally delivering a written notice of rescission to Sponsor or the Selling Agent within the 7 day period or mailing the notice of rescission to Sponsor or the Selling Agent and having the mailing postmarked within the 7 day period. The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan will govern and be binding.

2. DEFINITIONS. Capitalized terms used herein which are also used in the Plan shall have the same meanings herein as therein unless the context otherwise requires.

3. THE RESIDENTIAL UNIT. Upon and subject to the terms and conditions set forth herein, Sponsor agrees to sell and convey, and Purchaser agrees to purchase, the residential unit (the "Residential Unit") designated as Residential Unit _____ at ____ 775 Riverside Drive / ____ 156-08 Riverside Drive, New York, New York 10032 in the Declaration, together with the percentage undivided interest in the Common Elements of the Condominium appurtenant thereto.

4. PURCHASE PRICE.

4.1 The purchase price for the Residential Unit (the "Purchase Price") is $_____.

The Purchase Price is payable as follows:

(a) $1,000.00 (for a Tenant-Purchaser) or $_____, which is 10% of the Purchase Price (for all others) (the "Deposit"), due upon Purchaser's signing and submitting this Agreement, by check (subject to collection), receipt of which is hereby acknowledged.

(b) $_____, constituting the balance of the Purchase Price (the "Balance"), by good certified check of Purchaser or official bank check, payable on the delivery of the deed as hereinafter provided.

4.2 All checks shall represent United States currency and shall be drawn on or issued by a New York bank or trust company which is a member of The New York Clearing House Association. Checks for the Deposit shall be made payable to "Pryor Cashman LLP, Escrow Agent." Checks for the Balance shall be made payable to the direct order of "775 Holding LLC" and/or "156-08 Realty Co. LLC" or such other party as Sponsor may designate upon not less than 2 days' prior notice. If any check is returned for insufficient funds or any other reason, Sponsor, at its option, may declare this Agreement void ab initio and of no further force and effect and may institute an action against Purchaser for the collection of the Deposit, as liquidated damages, or may declare a default by Purchaser under this Agreement which shall entitle Sponsor to exercise any of the remedies set forth in Article 14 hereof.

5. CLOSING OF TITLE.

5.1 The closing of title shall be held at such place in the City and State of New York and on such date and hour as Sponsor may designate to Purchaser on notice served not less than 30 days prior to the scheduled date for closing. If Sponsor consents to close at any other location as an accommodation to Purchaser, Purchaser shall pay to Sponsor's attorneys at closing an extra fee as set forth in the Plan. Sponsor, from time to time, may adjourn the date and hour for closing on written notice to Purchaser. In the event of such adjournment, a closing may be rescheduled by Sponsor upon written notice to Purchaser, which notice shall fix a new date, hour and place for the closing of title and will be given not less than 2 business days prior to the new scheduled date and time for closing. In the event this Agreement is executed after the First Closing, the closing of title shall occur 30 days after the date this Agreement is executed.

5.2 The closing of title shall occur only after or concurrently with compliance with the prerequisites as set forth under "Terms of Sale" in Part I of the Plan.

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

6. DELIVERY OF THE DEED AND POWER OF ATTORNEY.

6.1 At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with covenant against grantor's acts conveying title to the Residential Unit to Purchaser. The deed shall be prepared by Sponsor in substantially the form set forth in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording. Purchaser shall pay all New York State and New York

City real property transfer taxes and, if applicable, the New York State Additional Tax pursuant to Article 31 of the Tax Law (commonly referred to as the "Mansion Tax"), and Sponsor and Purchaser shall duly execute New York State and New York City Real Property Transfer Tax returns and any other forms then required by Law, all of which shall be prepared by Sponsor.

6.2 At the closing of title and simultaneously with the delivery of the deed conveying the Residential Unit to Purchaser, Purchaser shall execute and acknowledge the Power of Attorney to the Board and Sponsor substantially in the form set forth as Exhibit E to the Declaration in Part II of the Plan.

6.3 The deed and Power of Attorney to the Board and Sponsor shall be delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Sponsor's attorney) for recording in the City Register's Office, which recording shall be at Purchaser's expense. After being recorded, the deed shall be returned to Purchaser and the Power of Attorney shall be sent to the Managing Agent.

6.4 Sponsor shall deliver to Purchaser a certification stating that Sponsor is not a foreign person in the form then required by the relevant section of the Internal Revenue Code and each party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, as such other party may reasonably request in order to comply with IRC §6045(e), as amended, or any successor provision or any regulations promulgated pursuant thereto, insofar as the same requires reporting of information in respect of real estate transactions.

7. FEE TITLE. At the closing of title, Sponsor shall convey to Purchaser fee simple title to the Unit, free and clear of all encumbrances other than those expressly agreed to by Purchaser or set forth in Schedule A annexed hereto and made a part hereof. Any other title encumbrance shall not be an objection to title if (a) the instrument required to remove it of record is delivered at or prior to the closing of title to the proper party or to Purchaser's title insurance company, together with the attendant recording or filing fee, if any, or (b) Commonwealth Land Title Insurance Company, having an office at 2 Grand Central Tower, 140 East 45th Street, 22nd Floor, New York, New York 10017, Tel: 212-949-0100, Fax: 212-983-8430 (or such other title insurance company as Purchaser may utilize), is or would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that such encumbrance will not be collected out of the Residential Unit if it is a lien, or will not be enforced against the Residential Unit if it is not a lien.

8. CLOSING ADJUSTMENTS AND REAL ESTATE TAXES.

8.1 Subject to Paragraph 14.3 hereof, the following adjustments shall be made as of midnight of the day preceding the Closing Date with respect to the Unit:

(a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed), on the basis of the period for which assessed;

(b) Common Charges for the month in which title closes; and

(c) accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering the Unit.

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

Date, the adjustments and collection of taxes under subsection 8.1(a) hereof and future tax payments shall be as described in the Section of the Plan entitled "Closing Costs and Adjustments."

8.3 Sponsor and Purchaser hereby agree that, if Sponsor or Purchaser obtains a refund for real estate taxes paid (or a credit for such taxes to be paid) on the Unit, Purchaser and Sponsor will apportion the refund (as well as the costs and/or fees for obtaining the refund or credit) based on the percentage of time for which the refund or credit is obtained during which each party hereto owned the Unit. The provisions of this subsection shall survive the closing of title.

8.4 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.

8.5 Any errors or omissions in computing apportionments at the Closing shall be corrected and payment made to the proper party promptly after discovery. The provisions of this subsection shall survive the Closing.

9. CLOSING COSTS. In addition to those costs and adjustments described in Article 8 herein, Purchaser shall be required to pay the other closing costs which are Purchaser's responsibility as more particularly described in Part I of the Plan entitled "Closing Costs and Adjustments."

10. ESCROW AND ESCROW PROVISIONS.

10.1 Any Deposit received from Purchaser will be held in accordance with the provisions of this Article 10 and the Subsection entitled "Escrow and Trust Fund Requirements" under the Section entitled "Procedure to Purchase" set forth in Part I of the Plan. By signing this Agreement, Purchaser will not object and will be deemed to have agreed, without the need for a further written agreement, to the release of the Deposit to Sponsor in the event Sponsor and Purchaser close title under this Agreement. Sponsor is required by Law to submit a Form 1099 to the Internal Revenue Service reporting interest earned on Purchaser's Deposit, if any. Purchaser will be taxed accordingly on any such interest.

10.2 The law firm of Pryor Cashman LLP, with an address at 7 Times Square, New York, New York 10036-6569, telephone number (212) 421-4100, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. The individuals set forth in the "Procedure to Purchase" Section of the Plan have been designated by Escrow Agent to serve as signatories, none of whom has any interest in Sponsor. Neither Escrow Agent nor any authorized signatories on the account are Sponsor, Selling Agent, Managing Agent or any principal thereof, or have any beneficial interest in any of the foregoing.

10.3 Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of this Agreement or otherwise concerning the maintenance of release of the Deposit from escrow.

10.4 Escrow Agent has established a master escrow account at Citibank, N.A., located at 666 5th Avenue, 5th Floor, New York, New York 10103, in the State of New York (the "Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Pryor Cashman LLP, Attorney Trust Account (the "Master Escrow Account"). All Deposits will be placed initially in the non-interest bearing portion of the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) or a Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) in the form set forth in Part II of this Plan, as applicable, to Sponsor or Selling Agent at the time Purchaser tenders the Deposit and this Agreement. If a Deposit is accompanied by a completed and signed Form W-9 or Form W-8BEN, the

Deposit will thereafter be promptly transferred to an individual interest bearing sub-escrow savings account in the name of Purchaser. If a Purchaser does not deliver the Form W-9 or Form W-8BEN, the Deposit will remain in the non-interest bearing portion of the Master Escrow Account. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing portion of the Master Escrow Account so that checks may be drawn thereon. The Bank is covered by federal bank deposit insurance to a maximum of $250,000.00 and while a Deposit is in the checking portion of the Master Escrow Account, the Deposit may not be fully federally insured even if the Deposit does not exceed $250,000.00. No representation or guaranty is made by Sponsor that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so.

10.5 The interest rate for all deposits made into a sub-escrow savings account shall be the prevailing rate for such accounts. Interest shall begin to accrue upon placing the Deposit into its designated sub-escrow savings account. All interest earned thereon shall be paid to or credited to Purchaser at Closing. No fees of any kind may be deducted from the Master Escrow Account, and Sponsor shall bear all costs associated with the maintenance of the Master Escrow Account. Prior to release of the Deposit, Escrow Agent's fees and disbursements shall neither be paid by Sponsor from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

10.6 Sponsor agrees that Sponsor and its agents, including Selling Agent, shall deliver the Deposit received by them prior to Closing of the Residential Unit to a designated attorney who is a member of or employed by Escrow Agent, within 2 business days of tender of the Deposit by Purchaser. Within 5 business days after this Agreement has been tendered to Escrow Agent along with the Deposit, Escrow Agent shall sign this Agreement and place the Deposit into the Master Escrow Account. Within 10 business days of the placing the deposit in the Master Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. If Purchaser does not receive notice of such deposit within 15 business days after tender of the Deposit, he or she may cancel this Agreement within 90 days after tender of this Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Master Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to Purchaser.

10.7 All deposits, including the Deposit, but specifically excluding any deposits made in connection with advances made for upgrades, extras or custom work received in connection with this Agreement, are and shall continue to be Purchaser's money, and may not be comingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h. Any deposits made for upgrades, extras or custom work shall be initially deposited into the Master Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Sponsor.

10.8 Escrow Agent shall release the Deposit if so directed: (a) pursuant to the terms and conditions set forth in this Article 10 upon the closing of title to the Unit; (b) in a subsequent writing signed by both Sponsor and Purchaser or (c) by a final, non-appealable order or judgment of a court. Additionally, Sponsor shall not object to the release of the Deposit to: (i) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan or (ii) all Purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

10.9 If Escrow Agent is not directed to release the Deposit pursuant to Section 10.8 paragraphs (a) through (c) above, and Escrow Agent receives a request by either party to release the

Deposit, then Escrow Agent must give both Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and Escrow Agent shall provide further written notice to both parties informing them of said release. If Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to Section 10.8 (a) through (c) above. Notwithstanding the foregoing, Escrow Agent shall have the right at any time to deposit the Deposit contained in the Master Escrow Account with the clerk of the county where the Residential Unit is located and shall give written notice to both parties of such deposit. Under no circumstances shall Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of a post-closing Amendment by the New York State Department of Law. Consummation of the Plan does not relieve Sponsor of its obligations pursuant to GBL §§ 352-e(2-b) and 352-h.

10.10 A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h). Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulations.

10.11 Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Agreement and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

10.12 Any provision of this Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in this Agreement, Plan or any amendment thereto. Escrow Agent shall maintain the Escrow Account under its direct supervision and control. The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

10.13 Sponsor agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Agreement or the performance or non-performance of Escrow Agent's duties under this Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

10.14 Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless the same is in writing and signed by all parties hereto. In no event, however, shall any modification of this Agreement that shall affect the rights or duties of Escrow Agent be binding on Escrow Agent unless Escrow Agent shall have given its prior written consent.

10.15 Seller and Purchaser agree that Escrow Agent shall not be restricted in any manner whatsoever from acting as attorney for Seller with respect to any matter and consent to Escrow Agent so acting as attorney for Seller with respect to any matter, including, but not limited to, any litigation or

matter related to this Agreement, the Deposit or the transaction contemplated by this Agreement, and whether or not there is a controversy between Seller and Purchaser with respect thereto.

11. BINDING EFFECT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

12. AGREEMENT SUBJECT TO BUILDING MORTGAGE. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage heretofore or hereafter made, any advances heretofore or hereafter made thereon and any payments or expenses made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof to the full extent thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply in all cases, regardless of the timing of, or cause for, the making of advances of money or the incurring of expenses. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Residential Unit and its undivided interest in the Common Elements 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 Residential Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse 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, Sponsor, provided that any such mortgage(s) is subordinated to the Declaration.

13. RENT SECURITY DEPOSIT. If Purchaser is or hereafter becomes a tenant of the Unit, Purchaser's unapplied rent security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within forty-five (45) days following the Closing, provided Purchaser is not in default under Purchaser's lease or tenancy obligations. If the Residential Unit is occupied by anyone other than Purchaser, then the unapplied security deposit (if any) of the tenant or occupant will be transferred at the Closing to Purchaser, who will upon receipt, sign and deliver to Sponsor an agreement acknowledging the amount received, indemnifying Sponsor from all liability in connection therewith and agreeing to hold such security deposit in trust and to deposit same in an interest-bearing bank account pursuant to the provisions of Section 7-103 of the New York General Obligations Law (such agreement to be in form and substance satisfactory to Sponsor). In either event, Sponsor will have the right to deduct from any tenant's security deposit the amount of any rent arrearage owing to Sponsor and to sue the tenant to the extent such rent security is insufficient.

14. DEFAULT BY PURCHASER.

14.1 The following shall constitute an "Event of Default" hereunder:

(i) If Purchaser fails to pay the Balance on the Closing Date designated by Sponsor; or

(ii) If Purchaser fails to duly complete and sign before a notary public and deliver at the Closing the Power of Attorney and/or the New York State and City transfer tax returns; or

(iii) If Purchaser is or becomes the tenant of record of the Unit, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations; or

(iv) If Purchaser is or becomes the tenant of record of the Residential Unit and Purchaser vacates or abandons the Residential Unit; or

(v) If Purchaser assigns any of Purchaser's property for the benefit of creditors, or Purchaser files a voluntary petition in bankruptcy; or

(vi) If a bankruptcy trustee or receiver is appointed over Purchaser or Purchaser's property, or an involuntary petition in bankruptcy is filed against Purchaser; or

(vii) If a judgment or tax lien is filed against Purchaser and Purchaser does not pay or bond the same; or

(viii) If Purchaser fails to pay any closing costs set forth in this Agreement or the Plan on the Closing Date designated by Sponsor; or

(ix) If Purchaser fails to pay, perform or observe any of Purchaser's other obligations hereunder.

14.2 TIME IS OF THE ESSENCE with regard to Purchaser's obligations to pay the Balance and to perform Purchaser's other obligations under this Agreement. If Purchaser fails to make such payment when required as herein provided, or fails to perform any of Purchaser's other obligations hereunder, Sponsor may give notice to Purchaser of such default. If such default shall not be cured within thirty (30) days thereafter, Sponsor may, at its option, cancel this Agreement by notice of cancellation to Purchaser. If Sponsor elects to cancel this Agreement, (a) Sponsor may retain all sums deposited by Purchaser hereunder (including any amounts paid by Purchaser for additional work in the Unit) as liquidated damages (Sponsor's actual damages being difficult or impossible to ascertain) and, upon retaining such sum, this Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Agreement or the Plan, and (b) Sponsor may sell the Residential Unit to any third party as though this Agreement had never been made (without any obligation to account to Purchaser for any part of the proceeds of such sale).

14.3 If Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date, (a) the closing apportionments described in Section 8.1 hereof will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual closing of title occurs and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under this Agreement and the Plan, an amount equal to 0.05% of the Purchase Price for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date. If, through no fault of Purchaser, Sponsor postpones the originally scheduled Closing Date, these provisions shall apply to the rescheduled Closing Date if Purchaser fails for any reason to close title to the Residential Unit on the rescheduled Closing Date.

15. CLOSING CONTINGENT UPON PLAN BEING DECLARED EFFECTIVE.

15.1 The respective obligations of Purchaser and Sponsor hereunder are contingent upon the Plan being declared effective. The Plan shall not be declared effective except in accordance

with the prerequisites set forth in the Plan as same may be amended from time to time. Purchaser understands and agrees that Sponsor shall have the right to abandon the Plan at any time prior to its being declared effective or thereafter in certain limited cases set forth in the Plan (see the Section of the Plan entitled "Effective Date" for full details). The Plan will be abandoned or deemed abandoned if it has not been declared effective within the time limits prescribed in the Plan. Sponsor shall notify Purchaser, in writing or by a duly filed amendment to the Plan, when the Plan becomes effective or is abandoned.

15.2 If the Plan is abandoned or Sponsor elects not to declare the Plan effective or if after being declared effective the Plan is not consummated for any reason, this Agreement will be deemed canceled and the Deposit paid by Purchaser hereunder will be disbursed to Purchaser, subject to Sponsor's rights to retain certain funds deposited by Purchaser for any special work in the Unit, as more particularly described in the Section of the Plan entitled "Effective Date." After the monies are so disbursed, Purchaser and Sponsor will have no claim against each other or the Selling Agent in connection with this Agreement or the Plan, and the parties hereto will be released and discharged from all liabilities and obligations hereunder and under the Plan.

16. SPONSOR'S INABILITY TO CONVEY THE UNIT. If Sponsor is unable to deliver title to the Residential Unit to Purchaser in accordance with the provisions of this Agreement and the Plan, Sponsor will 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 and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability and if Purchaser is not in default hereunder, Purchaser's sole remedy will be to either (a) take title to the Residential Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against Sponsor for damages or otherwise) or (b) terminate this Agreement. If Purchaser so elects to terminate this Agreement, Sponsor will, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser the Deposit paid by Purchaser hereunder, subject to Sponsor's rights to retain certain funds deposited by Purchaser for any special work in the Unit, as more particularly described in the Section of the Plan entitled "Terms of Sale," and, upon making such payment, this Agreement will be terminated and neither party hereto will have any further rights, obligations or liability to or against the other under this Agreement or the Plan. The foregoing remedy must be exercised by notice of Purchaser in writing to Sponsor within fifteen (15) days after the giving of Sponsor's notice of refusal to cure such inability, failing which it will be conclusively deemed that Purchaser elected the remedy described in clause (a) above (i.e., to acquire title subject to such inability).

17. FIXTURES, APPLIANCES AND PERSONAL PROPERTY. At closing, the Residential Unit will contain only those appliances, countertop, cabinets, sinks, air conditioning units (if any), hardware and other fixtures, equipment and appliances currently installed therein that are owned by Sponsor. The Residential Unit is being sold unfurnished. Any appliances, air conditioning units, furnishings, equipment, fixtures and other personal property owned by any tenant of the Residential Unit are not included in this sale. However, if the Residential Unit is presently occupied by other than Purchaser and the existing tenant removes a stove, dishwasher and/or refrigerator belonging to him, then Sponsor agrees to supply a replacement, which may not be new, but will be in working order and similar in size and quality to the stoves, dishwashers and refrigerators owned by Sponsor that are contained in comparable Units in the Building on the Filing Date of the Plan. Furniture, wall coverings, furnishings, decorations and the like in or about any model unit are for display purposes only and are not included in this sale. Any floor plans or sketches shown to Purchaser or included in the Plan are only approximations of the Unit's dimensions and arrangement, and Purchaser should not rely thereon.

18. ACCEPTANCE OF CONDITION OF PROPERTY. The signing of this Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Property (as represented by Sponsor in the Plan) including the Building, the Common Elements, the Residential Unit and all fixtures, machinery,

equipment, furnishings, installations and other personal property contained therein (collectively, "Installations"), in their respective existing conditions, ordinary wear and tear excepted between the date Purchaser signs this Agreement and delivery of the deed to Purchaser. Purchaser acknowledges having read the Description of Property, which sets forth a description of the physical condition of the Building, set forth in Part II of the Plan. Purchaser understands that Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Residential Unit or the Installations, except as may otherwise be expressly set forth in the Plan. Sponsor has agreed in the Plan to Maintain the Building and the Common Elements in substantially the same condition they were in on the Filing Date, until the First Closing (subject to ordinary wear and tear between the Filing Date and the First Closing), unless prevented from so doing by reason of acts or events beyond Sponsor's control, as more particularly set forth in the Plan. To the maximum extent lawful, all implied warranties of fitness for a particular purpose, merchantability and habitability, all warranties imposed by statute (except only those imposed by applicable law to the extent they cannot be disclaimed and to the extent they have not expired by their terms) and all other implied or express warranties of any kind or character are specifically disclaimed. Unless caused by a violation of the Sound Transmission Code or other applicable code, there is no warranty as to sound transmission. Unless caused by a violation of an applicable code with regard to the ventilation system or other applicable code, there is no warranty as to odors. Unless caused by a code violation, there is no warranty with respect to mold, mildew, spores, fungi or other toxins. There is no warranty as to view or light quality. Sponsor has not given and Purchaser has not relied on or bargained for any of the foregoing warranties. In no event will Sponsor be liable for incidental or consequential damages (whether based on negligence, breach of contract, warranty or otherwise). Purchaser shall be given a reasonable opportunity to examine the Residential Unit prior to closing and it is recommended that Purchaser make a careful examination at such time. If Purchaser fails to examine the Residential Unit as aforesaid, Purchaser shall be deemed to have accepted the Residential Unit in good condition and in accordance with the terms of the Plan or Sponsor reserves the right to postpone the scheduled Closing, in its sole discretion. If Purchaser is not the existing tenant or occupant of the Unit, Purchaser acknowledges that Purchaser must make arrangements to move into the Residential Unit following the Closing and Purchaser agrees to follow the move-in procedures established by Sponsor or the Condominium Board. The provisions of this paragraph shall survive Closing.

19. DAMAGE TO THE RESIDENTIAL UNIT. If the Residential Unit is damaged by fire or other casualty between the date of this Agreement and the closing of title, the following shall apply:

19.1 If Purchaser is the existing tenant or occupant of the Unit, or if Purchaser is given possession of the Residential Unit prior to closing under an Interim Lease or otherwise, then Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Residential Unit resulting from Purchaser's use or occupancy, and Sponsor shall not be obligated to make any repairs to the Residential Unit or its Installations. However, until closing, Sponsor will remain responsible to make those repairs required of it as landlord under any existing lease or Interim Lease and, after closing, the Board will be responsible to make those repairs required of it under the Condominium Declaration and By-Laws.

19.2 If during Purchaser's occupancy the Residential Unit is damaged by casualty or otherwise, then 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 of Purchaser or other occupants of the Residential Unit or Purchaser's guests, invitees or workmen. If Purchaser is obligated to repair the damage then Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance and accepting delivery of the deed.

19.3 Except as provided in the preceding paragraph, all other risk of loss prior to closing has been assumed by Sponsor, but without any obligation or liability of Sponsor to repair the

damage or restore the Unit. If Sponsor elects to repair or replace the loss or damage, this Agreement shall continue in full force and effect, 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 shall be entitled to a reasonable period of time to complete, or to permit the Board to complete, such repairs or replacements. Purchaser shall not be required to pay the Balance unless and until: (i) the Residential Unit has been substantially repaired to as near as reasonably possible to 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 Sponsor (subject to the rights, if any, of the Board or other Residential Unit Owners) and if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing.

19.4 In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Residential Unit or if the Board does not do so and Purchaser declines to accept the Residential Unit without such repairs, this Agreement shall be deemed canceled and of no further force or effect and Sponsor shall return to Purchaser all sums deposited hereunder, whereupon the parties shall be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Sponsor shall be entitled to retain the Deposit in accordance with the terms of this Agreement.

20. NO REPRESENTATIONS. Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit, or the size or the dimensions of the Residential Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Residential Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes on the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, the right to any income tax credit with respect to the purchase of the Unit, or any other data, except as herein or in the Plan specifically represented, Purchaser having relied solely on such Purchaser's 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 Sponsor except as herein or in the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures in the Unit, the Common Elements or any other part of the Property, other than as expressly set forth herein or in the Plan.

21. PROHIBITION AGAINST ADVERTISING. Prior to the closing of title, Purchaser (except if a Tenant Purchaser) agrees not to list the Residential Unit for resale or rental with any broker or to advertise or otherwise offer, promote or publicize the availability of the Residential Unit for sale or lease, without Sponsor's prior written consent.

22. BROKER. Purchaser represents to Sponsor that Selling Agent and [_____] is [are] the only broker(s) or sales agent(s) with whom Purchaser has dealt in connection with this transaction, and Sponsor agrees to pay the commission earned by said broker(s) pursuant to a separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than the aforementioned broker(s), on account of any acts of Purchaser or Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from and against any and all liabilities and expenses in connection therewith, including reasonable legal fees. The provisions of this Article 22 shall survive the closing of title.

23. AGREEMENT MAY NOT BE ASSIGNED. Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor. If Purchaser is a corporation, partnership, limited liability company, trust or other legal entity, any sale, assignment, transfer, pledge, encumbrance or other disposition of any of the ownership interest of Purchaser (including without limitation, the stock, membership or beneficial interests of the stockholders, partners, members or beneficiaries of Purchaser or its stockholders, partners, members or beneficiaries) shall be considered an assignment of this Agreement and shall be subject to the provisions, prohibitions and terms of this paragraph concerning assignment of this Agreement. [For purposes of this Agreement, it is the intent of the parties that the individuals controlling Purchaser shall be deemed to be _____.] Any purported assignment by Purchaser in violation of this Agreement will constitute a default hereunder and will be voidable by Sponsor. Sponsor's refusal to consent to an assignment will not entitle Purchaser to cancel this Agreement or give rise to any claim for damages against Sponsor. If Sponsor, in its sole discretion, consents to Purchaser's request for an assignment of this Agreement, or for the addition, deletion or substitution of names on this Agreement, then Purchaser will be required to pay Sponsor's attorneys a fee of $500, in advance, for the preparation of an assignment agreement.

Notwithstanding the foregoing paragraph, if Purchaser is a Tenant Purchaser, Purchaser shall have the right to assign his or her executed Agreement one time to any individual, provided that:

1. Quintuplicate copies of this Agreement are executed by the Tenant in Occupancy with the Right To Purchaseand the Deposit is paid by the Tenant in Occupancy with the Right To Purchaseto Sponsor;
2. The Tenant in Occupancy with the Right To Purchaseshall not be in default under his or her Agreement;
3. Quintuplicate copies of the Assignment and Assumption Agreement, in the form annexed hereto and made a part hereof as Exhibit A, are executed by the Tenant in Occupancy with the Right To Purchaseand the assignee and are delivered to the Selling Agent no later than thirty (30) days prior to the Closing Date;
4. Quintuplicate copies of the Affidavit, in the form annexed hereto as Exhibit B, are executed by the assignee and are delivered to the Selling Agent no later than thirty (30) days prior to the Closing Date;
5. The Tenant Purchaser's existing lease is in good standing and not in default;
6. The assignor pays $500 to Pryor Cashman LLP, counsel to the Sponsor, for legal services rendered in connection with the assignment; and
7. If an assignment of this Agreement is made prior to the time the Plan is declared effective, such assignment will only become effective after the Plan is declared effective.

24. SALE SUBJECT TO EXISTING TENANCY.

24.1 Complete the following only if Purchaser is not the tenant of the Unit:

Residential Unit is Vacant: Yes ( ) No ( )

If Residential Unit is Occupied: Monthly Rent: $_____

Current Lease Term Expires: _____
or month-to-month ( )

Rent Security $_____

Residential Unit is Occupied by a Non-Purchasing Tenant: Yes ( ) No ( )

24.2 Purchaser understands and agrees that (i) the Residential Unit being sold hereunder is subject to the lease or tenancy of the present tenant and the rights afforded under Section 352-eeee of the New York State General Business Law (the "GBL"), as explained more fully in the Plan under the Section entitled "Rights of Existing Tenants" and (ii) Purchaser and Purchaser's successors and assigns shall continue to be bound by such Law and regulations so long as such occupancy continues.

24.3 Purchaser further understands, as explained in the Plan, that if a Non-Purchasing Tenant is in possession of the Residential Unit on the Closing Date hereunder, Purchaser must notify the Non-Purchasing Tenant of the change in ownership of the Residential Unit promptly after the Closing Date and Purchaser will assume the rights and obligations of Sponsor as the landlord of such tenant, including the right to collect rent (whether the same be greater or less than the Common Charges established from time to time by the Board) and the obligation to Maintain the Residential Unit (including its equipment and appliances) for the benefit of the existing tenant. From and after delivery of the deed, Purchaser alone will bear the entire costs and expenses of owning the Residential Unit (including, but not limited to, any legal fees and litigation expenses for enforcing the lease and obtaining possession of the Unit).

24.4 Purchaser understands that if the tenant of the Residential Unit exercises any right granted under the Plan (or any amendment thereto) or under the Rent Laws or the GBL or other applicable Law, which may or may not exist as of the date of this Agreement, or any administrative or judicial interpretation thereof, to purchase the Unit, then upon the closing of such purchase, this Agreement shall be deemed canceled and within thirty (30) days after the occurrence of such event all monies paid by Purchaser hereunder shall be refunded. Upon such repayment, Purchaser, Sponsor, the Selling Agent and any other party hereto shall be (and hereby are) released and discharged of all liability or obligations hereunder and under the Plan.

24.5 Purchaser hereby irrevocably appoints the then managing agent of the Building (which managing agent may be replaced from time to time by the Board) as his agent, coupled with an interest, to provide, for the account and at the expense of Purchaser, all services and facilities required by Law on a non-discriminatory basis to the Non-Purchasing Tenant who has the right to occupy the Residential Unit Purchaser is purchasing until such time as such right of occupancy terminates. Purchaser agrees to deposit with the managing agent at the closing hereunder a sum not less than an amount equal to the greater of (i) two (2) months' Common Charges or (ii) two (2) months' rent to be used as working capital to furnish service and facilities required under the Non-Purchasing Tenant's lease and those required by the GBL. Purchaser agrees that upon written notice by the then managing agent that such deposit has been diminished, that Purchaser shall replenish such fund within thirty (30) days thereafter. Purchaser further understands that Sponsor will guarantee the obligation of the then managing agent to provide all such services and facilities until such time as Sponsor surrenders control of the Board and Purchaser will indemnify Sponsor for all costs expended by Sponsor on Purchaser's behalf. The provisions of this paragraph shall survive the closing.

25. TENANT PURCHASER'S RIGHT TO BENEFIT FROM IMPROVED TERMS. If, prior to the expiration of any Exclusive Purchase Period which begins prior to the First Closing, Sponsor amends the terms and conditions of the Plan to be more favorable to Tenant Purchasers, then if Purchaser is a Tenant in Occupancy with the Right To Purchasewho executed and submitted this Agreement and the Deposit before Sponsor amended the terms of the Plan, Purchaser shall benefit from the more favorable terms and conditions.

26. PURCHASER'S REPRESENTATIONS.

26.1 If Purchaser was a tenant in occupancy of the Residential Unit on the Filing Date, Purchaser hereby represents that this Agreement was executed and delivered by Purchaser pursuant to an offering made without a discriminatory repurchase agreement or other discriminatory inducement.

26.2 If the Residential Unit to which this Agreement relates is not occupied by Purchaser, Purchaser shall duly complete and sign before a notary public the Bona Fide Purchaser Statement of Purchase set forth as Schedule B hereto and deliver same to the Selling Agent together with this Agreement.

26.3 If Purchaser is not a Tenant Purchaser, Purchaser acknowledges and agrees that Sponsor may desire to obtain certain information about Purchaser's (or Purchaser's principals) character, general reputation, finances, personal characteristics and mode of living prior to counter-executing this Agreement and in order to permit Sponsor to comply with the requirements of the Fair Credit Reporting Act, Purchaser hereby authorizes Sponsor, if Sponsor elects in its sole discretion, to obtain such information and to retain a credit reporting agency to obtain such information.

27. BINDING EFFECT. If Purchaser was a Tenant in Occupancy with the Right To Purchaseof the Residential Unit on the Filing Date, this Agreement shall be accepted by Sponsor, provided Purchaser signs and returns this Agreement, together with the Deposit, during the time within which Purchaser has the exclusive right to purchase the Residential Unit as set forth in the Plan. If Purchaser was a Tenant in Occupancy with the Right To Purchaseof the Residential Unit on the Filing Date, and signs and returns this Agreement, together with the requisite Deposit, after the period during which Purchaser has the exclusive right to purchase the Unit, or if Purchaser is not the tenant of record of the Unit, this Agreement shall not be binding upon Sponsor until a duplicate hereof, executed by Sponsor or its duly authorized agent, is delivered to Purchaser or Purchaser's attorney. In any such case, unless this Agreement, executed as aforesaid, is delivered to Purchaser within thirty (30) days after same is received by Sponsor or the Selling Agent, it shall be deemed rejected and neither party shall have any further rights or obligations hereunder with respect to the other, except that Sponsor shall be obligated to refund all monies paid by Purchaser within fifteen (15) days after such cancellation. Sponsor shall have the right to reject this Agreement without cause or explanation to Purchaser, provided such rejection is not based on sex, race, creed, color, national origin, ancestry or other ground proscribed by Law.

28. NOTICES. Any notice, request, letter, consent or other communication hereunder or under the Plan (other than amendments to the Plan, which shall be served in accordance with the Plan or documents for which the method of notice and/or delivery is otherwise set forth in the Plan) shall be in writing and delivered by regular mail as well as hand-delivered or sent, postage prepaid, by registered or certified mail, or by Fedex or other reputable overnight courier, to Purchaser at the address given at the beginning of this Agreement, and to Sponsor at the address given at the beginning of this Agreement, with a copy to Pryor Cashman LLP, 7 Times Square, New York, New York 10036-6569, Attn.: Ronald B. Kremnitzer, Esq. in the same manner as notice is given to Sponsor, or to such other address as either party may hereafter designate to the other in writing. Except as otherwise expressly provided herein, the date of hand delivery, mailing or delivery to an overnight courier shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address. Any notice either of the parties hereto receives from the other party's attorneys shall be deemed to be notice from such party itself (including, without limitation, any notices of closing or default which Sponsor's counsel is hereby expressly designated and empowered to issue). A failure by Purchaser to acknowledge receipt of any notice, request, letter, consent or other communication hereunder shall not in any way invalidate such communication. Notwithstanding anything to the contrary, notices regarding closing costs or ministerial matters, the rescheduling of Closing Dates or the scheduling or rescheduling of inspections, may be made by facsimile to each party's attorney.

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

30. PERFORMANCE BY AND LIABILITY OF SPONSOR. Purchaser's acceptance of the deed for the Residential Unit shall be deemed to be a full performance and discharge of each and every agreement and obligation on the part of Sponsor to be performed pursuant to the provisions of this Agreement, the Plan, 13 NYCRR, Part 23 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of the Plan) and GBL §352-e, except those (if any) herein or therein expressly stated to survive delivery of such deed.

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

32. AGREEMENT NOT CONTINGENT UPON FINANCING. The terms and provisions of this Agreement and Purchaser's obligations hereunder are not contingent upon Purchaser securing financing of the Purchase Price (or any portion thereof), and Purchaser understands and agrees that Purchaser's failure to obtain such financing will not relieve Purchaser of Purchaser's obligations hereunder. Purchaser further understands and agrees that if Purchaser chooses to finance Purchaser's purchase of the Residential Unit through a lending institution and obtain a commitment therefrom, neither a subsequent change in the terms of such commitment, the expiration or other termination or such commitment, nor any change in Purchaser's financial status or condition shall release or relieve Purchaser of Purchaser's obligations pursuant to this Agreement.

33. COSTS OF ENFORCING AND DEFENDING AGREEMENT. Purchaser shall be obligated to reimburse Sponsor for any legal fees and disbursements incurred by Sponsor in defending Sponsor's rights under this Agreement (where Sponsor is the prevailing party) or, in the event Purchaser defaults under this Agreement beyond any applicable grace period, in canceling this Agreement or otherwise enforcing Purchaser's obligations hereunder.

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

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

36. 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 agreements made and to be performed wholly in the State of New York, without regard to principles of conflicts of law.

37. WAIVER OF JURY. EXCEPT AS PROHIBITED BY LAW, THE PARTIES SHALL, AND THEY HEREBY DO, EXPRESSLY WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING

OUT OF, OR CONNECTED WITH, OR RELATING TO, THE PLAN, THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY. THE PROVISIONS OF THIS ARTICLE SHALL SURVIVE THE CLOSING OF TITLE.

38. ENTIRE AGREEMENT. This Agreement supersedes any and all understandings and agreements between the parties with respect to the subject matter hereof.

39. CERTAIN REFERENCES. Any 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 terms "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. Unless otherwise stated, all references herein to Paragraphs, Sections, subsections or other provisions are references to Paragraphs, Sections, subsections or other provisions of this Agreement.

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

41. RULE OF CONSTRUCTION. There shall be no presumption against the draftsman of this Agreement.

42. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

43. NO ORAL CHANGES. This Agreement cannot be changed or terminated orally. ANY CHANGES OR ADDITIONAL PROVISIONS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES HERETO OR BY AN AMENDMENT TO THE PLAN.

44. LEAD-BASED PAINT DISCLOSURE. Annexed hereto and incorporated herein as Schedule C is the "Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards" required to be executed pursuant to the provisions of Federal regulation.

45. COUNTERPARTS This Agreement may be executed in any number of counterparts, including counterparts transmitted by facsimile or pdf, any one of which shall constitute an original of the Agreement and this Rider. When counterparts or facsimiles or pdf's have been executed by all parties, they shall have the same effect as if the signatures to each counterpart or copy were upon the same documents and shall be deemed valid as originals. The parties agree that all such signatures may be transferred to a single document upon the request of any party. The Agreement shall not be binding unless and until it shall be fully executed and delivered by all parties hereto. In the event that the Agreement is executed and delivered by way of facsimile or pdf transmission, each party delivering a facsimile or pdf counterpart shall promptly deliver an ink-signed original counterpart of the Agreement to the other party by overnight courier service; provided however, that the failure of a party to deliver an ink-signed original counterpart shall not in any way effect the validity, enforceability or binding effect of a counterpart executed and delivered by facsimile or pdf transmission.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date below.

Date: _____
(To be inserted after
execution by Sponsor)

SPONSOR:
775 REALTY CO. LLC and
156-08 REALTY CO. LLC

By: _____
Name: Joel Wiener
Title: Authorized Signatory

PURCHASER:

_____
(Social Security or Federal
I.D. Number) _____

_____
(Social Security or Federal
I.D. Number) _____

Telephone No. _____

ESCROW AGENT:

PRYOR CASHMAN LLP
(only with respect to its obligations under Section 10)

By:_____
, Partner

## SCHEDULE A

PERMITTED ENCUMBRANCES

1. Building restrictions and zoning and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted.

2. Survey by Boro Land Surveying, P.C. dated 12/20/1995 and most recently updated by a visual examination made by Empire State Land Surveyor, P.C. on 6/1/12 (as to 775 Riverside Drive, New York, New York 10032 and 156-08 Riverside Drive West, New York, New York 10032) and any state of facts which an accurate survey of the Residential Unit would show, provided such state of facts would not make title to the Residential Unit uninsurable except as otherwise permitted herein.

a. As to 775 Riverside Drive, New York, New York 10032:

i. Projections over and/or encroachments onto Riverside Drive:

| | |
|---|---|
| Security camera | 1 foot 0 inches |
| Granite base | 0 feet 0-3/4 inches |
| Trim up to | 1 foot 6 inches |
| Stone guard blocks | 2 feet 0 inches |
| Oil vent pipe | 0 feet 4 inches |
| Lights | 0 feet 10 inches |
| Flag pole bracket | 0 feet 5 inches |
| Railing | 0 feet 5 inches |
| Retaining walls | 1 foot 8 1/2 inches |
| AC Unit | 0 feet 10 inches |

ii. Windows when open, in southerly wall of 6 story brick structure on premises described herein may project over premises adjoining on the south.

iii. Window sills of six story brick structure on premises described herein project 0 feet 1 inch over premises adjoining on the south.

iv. Passageway above cellar appears to connect premises described herein and premises adjoining on the west. Possible rights and easements of others are excepted by reason thereof.

v. Brick walls along the westerly line and one story brick structure in the northwest corner have been removed, new walls and a new stairwell now completed - not located.

vi. Cable box on premises adjoining on the north encroaches 1 foot 3-1/2 inches onto subject premises.

vii. Wall encroaches 1 foot 8 1/2 inches onto Riverside Drive.

viii. Roof cap of six story brick on premises described herein projects 0 feet 2 inches over premises adjoining on the south.

ix. Construction scaffolding in the northerly portion of the subject premises, not located.

x. Ramp adjoining on the southwest is not located.

b. As to 156-08 Riverside Drive West, New York, New York 10032:

i. Encroachments onto and/or projections over Riverside Drive West:

| | |
|---|---|
| Oil vent pipe | 0 feet 8 inches |
| Oil fill | 0 feet 6 inches |
| Air Condition unit up to | 1 foot 0 inches |
| Lights | 3 feet 3 inches |
| Sprinkler | 1 foot 4 inches |
| Hose bib. | 0 feet 2 inches |
| Granite base | 0 feet 5 inches |
| Trim up to granite wall | 1 foot 6 inches |
| Camera | 1 foot 5 inches |
| Security Camera | 1 foot 0 inches more or less |

ii. Windows when open, in northerly wall of six story brick structure on premises described herein may project over premises adjoining on the north.

iii. Roof caps of 6 story brick structure on premises described herein project 0 feet 2 inches over premises adjoining on the north.

iv. Cornice at roof of 17 story structure on premises adjoining on the north projects 1 foot 3-1/2 inches over premises described herein.

v. Passageway above cellar appears to connect premises described herein and premises adjoining on the east. Possible rights and easements of others are excepted by reason thereof.

vi. Windows, when open, in southerly wall of 6 story brick structure on premises described herein may project over premises adjoining on the south.

vii. Air conditioner unit of 6 story brick structure on premises described herein projects 1 foot 0 inches over premises adjoining on the south.

viii. Steps added to cellar extension in the northerly portion of subject premises.

ix. New walls of cellar extensions in the easterly part of the premises have been completed - not located.

x. Roof vents added in the easterly part of the premises.

xi. Ramp added in the southeasterly part of the premises – not located.

3. The terms, burdens, covenants, restrictions, conditions, easements and rules and regulations, all as set forth in the Declaration, the By-Laws and the Residential Rules and Regulations, the Power of Attorney from the Purchaser to the Board, and the Floor Plans; as all of the same may be amended from time to time.

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

5. Any easement or right of use in favor of any utility company for construction, use, maintenance or repair of utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles and other equipment and facilities on, under or across the Property.

6. Revocability of licenses for vault space, if any, under the sidewalks and streets.

7. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over or under the Property or the streets or sidewalks abutting the Property, and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the Property and retaining walls and the like, if any.

8. Leases and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

9. The lien of any unpaid Common Charge, real estate tax, water charge, sewer rent or vault charge, provided the same are adjusted at the closing of title.

10. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board), except that Sponsor shall pay all such assessments due prior to the Closing Date (with the then current installment to be apportioned as of the Closing Date) and Purchaser shall pay all assessments due from and after the Closing Date.

11. Any declaration or other instrument affecting the Property which Sponsor deems necessary or appropriate to comply with any law 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 demolition, construction, alteration, repair or restoration of the Building.

12. Any encumbrance as to which Commonwealth Land Title Insurance Company (or such other New York Board of Title Underwriters member title insurance company which insures Purchaser's title to the Unit) would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that such encumbrance (1) will not be collected out of the Residential Unit if it is a lien or (2) will not be enforced against the Residential Unit if it is not a lien.

13. Any other encumbrance, covenant, easement, agreement, or restriction against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Residential Unit for residential purposes.

14. Any lease covering the Residential Unit made from Sponsor to Purchaser, or if applicable, any lease covering, or tenancy or occupancy of, the Residential Unit and the rights of such tenant(s) and occupant(s), if any, under the Rent Laws, GBL or other applicable Law.

15. Any violation against the Property (other than the Unit) which is the obligation of the Board or another Residential Unit Owner to correct.

16. Covenants, conditions, easements, agreements of record, etc., as follows:

a. Terms, Covenants, Conditions and Provisions of Easement Agreement made between New Viaduct Building Corporation, 775 Riverside Drive Inc., William Kramer, Jr., William Henry Kramer, Charlotte Edith Kramer and The Equitable Trust Company of New York, as substituted Trustee under the Last Will and Testament of William Kramer, deceased, dated 4/10/1928 and recorded 6/8/1928 in Liber 3660 of Deeds, Page 302.

b. Terms, Covenants, Conditions and Provisions of Easement Agreement made between William Kramer Schmidt and The Equitable Trust Company of New York, as Administrators CTA of William Kramer, deceased, Manufacturers Trust Company and New Viaduct Building Corporation, dated 4/10/1928 and recorded 6/8/1928 in Liber 3660 of Deeds, Page 303.

c. Terms, Covenants, Conditions and Provisions of Declaration and Grant of Easement made between 775 Realty Co. LLC and 156-08 Realty Co. LLC, dated 10/18/2004 and recorded 11/17/2004 under CRFN 2004000713456.

d. Terms, Covenants, Conditions and Provisions of Declaration and Grant of Easement made between 775 Realty Co. LLC and 156-08 Realty Co. LLC, dated 11/14/2005 and recorded 12/9/2005 under CRFN 2005000681302.

e. The premises have been designated as part of the Audobon Park Historic District by Notcie of Designation recorded under CRFN 2011000032893 and are therefore subject to the restricted use as set forth in the New York City Charter and in the Adminstrative Code of the City of New York.

17. Any other liens, encumbrances and title conditions set forth in the Residential Unit Owner's Specimen Title Policy set forth in Part II of the Plan.

**SCHEDULE B**

BONA FIDE PURCHASER
STATEMENT OF PURCHASE

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

Re: Residential Unit _____
_____ 775 Riverside Drive
_____ 156-08 Riverside Drive
The John James Condominium
775 Riverside Drive and
156-08 Riverside Drive
New York, New York 10032

The undersigned Purchaser(s) represent that Purchaser(s) intend that Purchaser(s) or one or more specified members of Purchaser's(s') immediate family intend to occupy the above referenced Residential Unit when it becomes vacant.

PURCHASER(S):

_____
Signature

_____
Signature

Subscribed and sworn to
before me this ____ day of
_____ 201__

_____
Notary Public

INTENDED OCCUPANT(S)

_____
Print Name

_____
Print Name

## SCHEDULE C

DISCLOSURE OF INFORMATION ON
LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARDS

SALES

**Lead Warning Statement**

**Every purchase of any interest in residential real properly on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.**

**Seller's Disclosure**

(a) Presence of lead-based paint and/or lead-based paint hazards *(Check (i) or (ii) below):*

(i) □ Known lead-based paint and/or lead-based paint hazards are present in the housing *(explain).*

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

(b) Records and reports available to the seller *(Check (i) or (ii) below):*

(i) □ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing *(list documents below).*

(ii) □ Seller has no 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 **Protect 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.

**Agent's Acknowledgment** (initial)

(f) _____ Agent has informed Seller of Seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

**Certification 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.

| | |
|---|---|
| _____ | _____ |
| Seller | Date |
| _____ | _____ |
| Purchaser | Date |
| _____ | _____ |
| Purchaser | Date |
| _____ | _____ |
| Agent | Date |

**EXHIBIT A**

ASSIGNMENT AND ASSUMPTION AGREEMENT

(to be executed in quintuplicate)

KNOW ALL MEN that _____ residing at Residential Unit No. __, at ____ 775 Riverside Drive / ____ 156-08 Riverside Drive, New York 10032 ("Assignor"), for Ten ($10.00) Dollars and other good and valuable consideration in hand paid by _____ residing at _____ ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer and set over unto Assignee:

1. all of Assignor's right, title and interest in, to and under that certain Purchase Agreement dated _____, 201___ (the "Agreement") made by and between 775 Realty Co. LLC and 156-08 Realty Co. LLC (the "Sponsor"), and Assignor, as purchaser, for Residential Unit No. __, located at ____ 775 Riverside Drive / ____156-08 Riverside Drive, New York 10032 (the "Premises"); and

2. the $1,000.00 Deposit given in connection with such Agreement, and interest earned thereon, if any.

TO HAVE AND TO HOLD SAME unto Assignee, and Assignee's heirs, personal representatives, successors and permitted assigns, from and after the date hereof, forever, subject to all the terms, provisions and conditions contained in the Agreement.

Assignor represents to Assignee and to the Sponsor that (i) there are no claims, security interests or liens against the Agreement or the Deposit given thereunder, (ii) Assignor has not previously assigned, transferred or otherwise disposed of Assignor's interest in the Agreement or said Deposit, (iii) Assignor has full right and authority to assign the Agreement and said Deposit and (iv) Assignor is in good standing under his or her lease or tenancy, with all rent paid through the effective date of this Assignment.

Assignee represents to Assignor and to the Sponsor and agrees that:

1. Assignee or _____, a member of Assignee's immediate family, intends to occupy the Premises as soon as it is vacated by Assignor;
2. Assignee was not procured by Sponsor, the Selling Agent or the Managing Agent; and
3. Assignee has possessed for at least 3 days and read the Offering Plan, as amended to date.

Assignee, by executing this Assignment, does hereby assume the payment and the performance of all obligations and duties of Assignor under and pursuant to the terms of the Agreement as if same had originally been executed by Assignee as the purchaser thereunder.

If more than one Tenant in Occupancy with the Right To Purchaseexecuted the Agreement, then all such signatories to the Agreement must execute this Assignment.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption Agreement this __ day of _____, 201__.

_____
Assignor

_____
Assignor

_____
Assignee

_____
Assignee

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

On the ___ day of _____, in the year 201__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual (s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

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

On the ___ day of _____, in the year 201__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual (s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

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

On the ___ day of _____, in the year 201__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual (s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

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

On the ___ day of _____, in the year 201__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual (s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

**EXHIBIT B**

**AFFIDAVIT**

(to be executed in quintuplicate)

STATE OF NEW YORK )
) ss:
COUNTY OF )

_____ ("Assignee"), being duly sworn, deposes and says:

1. _____ residing at ____ Residential Unit No. __, located at 775 Riverside Drive, New York 10032 / ____ Residential Unit No. __, located at 156-08 Riverside Drive, New York 10032 ("Assignor") assigned, transferred and set over unto Assignee all of Assignor's right, title and interest in, to and under that certain Purchase Agreement dated _____, 201__ (the "Agreement") made by and between 775 Realty Co. LLC and 156-08 Realty Co. LLC, and Assignor, as purchaser, for Residential Unit No. __, located at ____ 775 Riverside Drive, New York 10032 / ____ 156-08 Riverside Drive, New York 10032 (the "Premises");

2. Assignee or a member of Assignee's immediate family, will personally occupy the Premises; and

3. Assignee was not procured by Sponsor, the Selling Agent or the Managing Agent.

_____

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

On the ___ day of _____, in the year 201__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual (s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/ they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

## RIDER TO AGREEMENT RE: STORAGE LOCKER LICENSE

**RIDER ATTACHED TO AND FORMING PART OF AGREEMENT BETWEEN SPONSOR AND PURCHASER OF RESIDENTIAL UNIT ____ AT THE JOHN JAMES CONDOMINIUM 775 RIVERSIDE DRIVE AND 156-08 RIVERSIDE DRIVE, NEW YORK, NEW YORK 10032**

R-1. LICENSE.

(a) Sponsor agrees to sell and grant, and Purchaser agrees to purchase the right to use, a Storage Locker for a purchase price of _____ ($_____). At closing, Sponsor shall designate, in its sole discretion, the Storage Locker which will be subject to such License. The License to use the Storage Locker shall be prepared by Sponsor substantially in the form set forth in Part II of the Plan.

(b) Upon execution of this Rider, Purchaser has delivered a check to Sponsor (subject to collection) in the amount of $_____ representing the Deposit due in connection with the purchase of the Storage Locker License.

(c) Upon execution of the License, Purchaser shall pay to Sponsor the balance of the Purchase Price allocable to the License in the amount of $_____

R-2. ACCESS.

Purchaser may be required to place into escrow the balance of the purchase price for the Storage Locker License even though at Closing access may not be available for the area of the Building designated for such use.

R-3. DAMAGE TO THE STORAGE SPACE.

If there is a fire or other casualty to the Storage Space and Sponsor does not elect to repair or restore such area following such fire or casualty, then the Agreement shall be deemed modified to provide for the closing of title with respect to the Residential Unit and any other unaffected License(s) only. In such event, the Purchase Price shall be reduced by the amount of the Purchase Price allocated to the affected License(s).

R-4. DEFINITIONS.

All capitalized terms used in this Rider not defined herein shall have the same meanings ascribed to them in the Agreement to which this Rider is annexed or in the Plan.

R-5. CONFLICTS.

In the event of any inconsistency between the provisions of this Rider and those contained in the Agreement to which this Rider is annexed, the provisions of this Rider shall govern and be binding.

**SPONSOR**:

775 REALTY CO. LLC and
156-08 REALTY CO. LLC

By: _____
Name: Joel Wiener
Title: Authorized Signatory

**PURCHASER(S)**:

_____

_____

# STORAGE LOCKER LICENSE

LICENSE made this _____ day of _____, 201__ (this "License") by and between THE BOARD OF MANAGERS OF THE JOHN JAMES CONDOMINIUM, acting on behalf of all Residential Unit Owners, having an address at 775 Riverside Drive or 156-08 Riverside Drive, New York, New York 10032 (the "Condominium Board" or "Licensor"), and _____, having an address at _____ ("Licensee").

WHEREAS, The John James Condominium (the "Condominium") is governed by a certain Declaration of Condominium dated _____, 201__, recorded in the New York County Office of the Register of the City of New York on _____, 201__ under 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 rules and regulations of the Condominium (as the same have been or may be amended from time to time, the "Rules and Regulations"; the "Declaration, the By-laws and the Rules and Regulations are hereinafter collectively referred to as the "Condominium Documents"); and

WHEREAS, in a portion of the cellars of the Condominium there are Common Elements designated for use as Storage Lockers (such portion of the cellar being the "Storage Space"); and

WHEREAS, in the Storage Space, storage lockers (collectively, the "Storage Lockers") have been installed for use by permitted Residential Unit Owners; and

WHEREAS, Licensee owns or simultaneously herewith is acquiring Residential Unit _____ in the Condominium (the "Unit"); and

WHEREAS, Licensee desires the right to the exclusive use of a Storage Locker for so long as Licensee owns a Residential Unit in the Condominium.

NOW THEREFORE, in consideration of the sum of Ten Dollars ($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 Licensee, and its permitted successors and assigns, a license for the exclusive use (the "License") of Storage Locker _____ (the "Designated Storage Locker") and Licensee hereby accepts such License from Licensor for a term commencing on the date hereof.

2. A Storage Locker may be used for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item, or any material which will pose a health or safety threat or which will result in the cancellation of insurance on the Building, or the contents thereof, or which would otherwise create a nuisance, be stored therein.

3. Licensee shall not (a) store any property in the Storage Space outside of the Designated Storage Locker; or (b) allow any other person to use the Storage Locker.

4. This License may be assigned by Licensee at any time provided (i) the assignee is a Residential Unit Owner at the Condominium, (ii) the assignee assumes the obligations hereunder pursuant to the form prepared by the Condominium, (iii) notification of the assignment is delivered in writing to the Licensor in compliance with its requirements as the same may be modified from time to time, and (iv) no

outstanding monies are owed to the Condominium by Licensee and/or the assignee. This License shall automatically terminate at such time as Licensee no longer owns a Residential Unit in the Condominium unless this License has been assigned to and assumed by another Residential Unit Owner.

5. Licensee represents that Licensee has made a thorough inspection of the Storage Locker and agrees to take same in its "as is" condition as of the date of this License. Licensee shall, throughout the term of this License, take good care of and maintain the Designated Storage Locker. All replacements and repairs to the Designated Storage Locker shall be made by Licensee at Licensee's sole cost and expense. All repairs and maintenance of the Storage Space shall be performed by the Licensor and the cost thereof shall be a Common Expense, unless the need for the repair or maintenance is caused by Licensee, in which case the Board shall charge Licensee for the cost of the repair or maintenance.

6. Licensee acknowledges that Sponsor reserves the right to designate at Closing the Storage Locker which will be subject to such Storage Locker License, and Sponsor does not guarantee that a Purchaser will be designated a Storage Locker in the same Building as the Residential Unit purchased by such Purchaser

7. Neither Licensor nor their respective agents or employees shall be liable for any theft or damage to any property stored in the Storage Space and/or the Designated Storage Locker.

8. The terms of this License are subject to the terms of the Condominium Documents.

9. If Licensee defaults in its obligations hereunder or under the Condominium Documents, the Licensor may, in addition to the rights and remedies set forth in the Condominium Documents, (i) deny access to and use of the Designated Storage Locker until Licensee cures such default or (ii) terminate this License upon written notice to Licensee.

10. The Licensor and/or its agents shall have the right (but not the obligation) to open the Designated Storage Locker in an emergency at any time, and, at other reasonable times upon prior notice to Licensee, to inspect and examine the Designated Storage Locker and to make such repairs, replacements and improvements as the Licensor shall deem necessary.

11. The Designated Storage Locker, until the termination of this License, is deemed to be, and treated as, for all intents and purposes, a Limited Residential Common Element as it will, upon the purchase of a Storage Locker License, exist for the use and enjoyment of Licensee to the exclusion of all other Residential Unit Owners.

12. This License shall not be construed under any circumstances to be a sale of the Designated Storage Locker or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between Licensor and Licensee with respect to this Agreement.

13. Licensee shall indemnify and hold Licensor and its members, 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, and disbursements asserted against or sustained by any of them in connection with any act, omission or negligence of Licensee or Licensee's family, servants, employees, agents, guests and/or invitees in connection with this License.

14. Licensee shall be obligated to reimburse Licensor for any legal fees and disbursements reasonably incurred by Licensor in defending the rights of Licensor under this License or, in the event Licensee defaults under this License, enforcing Licensee's obligations hereunder.

15. Neither this License 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 License, which alone fully and completely express their agreement and that this License supersedes any and all such understandings and agreements with respect to the subject matter hereof.

17. If any provision of this License is invalid or unenforceable as against any party or under certain circumstances, the remainder of this License and the applicability of such provision to other parties or circumstances shall not be affected thereby. Each provision of this License, except as otherwise herein provided, shall be valid and enforced to the fullest extent permitted by Law.

18. Any failure by Licensor to insist upon strict performance by Licensee of any of the provisions of this License 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 License to be performed by Licensee.

IN WITNESS WHEREOF, the undersigned have executed this License as of the day and year first above written.

Agreed to and Acknowledged by

**LICENSOR:**

THE BOARD OF MANAGERS OF
THE JOHN JAMES CONDOMINIUM

By:_____
Name:
Title:

**LICENSEE(S):**

_____
Name

_____

**EXHIBIT 2**

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**CONDOMINIUM UNIT DEED**

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# CONDOMINIUM UNIT DEED

THIS INDENTURE, made the ____ day of _____, 20__ between 775 REALTY CO. LLC and 156-08 Realty Co. LLC, each a New York limited liability company, having an office at One Penn Plaza, Suite 4000, New York, New York 10119 ("Grantor") and _____ ("Grantee"), having an address at _____.

W I T N E S S E T H:

That Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of Grantee, forever:

The Condominium Unit (the "Unit") in the premises known as THE JOHN JAMES CONDOMINIUM and by the street number 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032, Borough Manhattan and County, City, and State of New York, said Unit being designated and described as Unit No. _____ in the declaration (the "Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated _____ __, 201_ and recorded in the New York County office of the Register of the City of New York (the "City Register's Office") on _____, in Reel _____ page ____, and also designated as Tax Lot(s) ____ in Block _____ of Section ___ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of said building, certified by _____, on _____, and filed in the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____ also filed in the City Register's Office on _____ as Condominium Map No. ____. The premises within which the Unit is located are more particularly described in Schedule A attached hereto and made a part hereof. All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or in the by-laws of THE JOHN JAMES CONDOMINIUM (as the same may be amended from time to time, the "By-Laws")

Together with an undivided _____ percentage interest in the Common Elements (as such term is defined in the Declaration);

Together with the appurtenances and all the estate and rights of Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein.

Subject also to such other liens, agreements, covenants, easements, restrictions and other matters as pertain to the Unit and/or to the Property as more particularly described in Schedule B attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same unto Grantee and the heirs or successors and assigns of Grantee forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the

Condominium Act, or if any provision which is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Declaration shall control.

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

Grantor covenants that Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatsoever, except as aforesaid.

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

Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

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

**775 REALTY CO. LLC**

By: _____
Name:
Title:

**156-08 REALTY CO. LLC**

By: _____
Name:
Title:

_____
Grantee

_____
Grantee

State of New York )
) ss.:
County of )

On the ____ day of _____ in the year 201__ before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of )

On the ____ day of _____ in the year 201__ before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of )

On the ____ day of _____ in the year 201__ before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of )

On the ____ day of _____ in the year 201__ before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

SCHEDULE A

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough Manhattan and County, City and State of New York, bounded and described as follows:

The land upon which the Buildings containing the Units is situate is described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Riverside Drive as legally opened, where the said westerly side of Riverside Drive is intersected by the center line of 156th Street, as laid down on map made by Randal, dated 4/10 1819;

RUNNING THENCE northerly along the westerly line of Riverside Drive, 129 feet 10 inches; THENCE westerly parallel with the said line of 156th Street, 127 feet 1 inch;

THENCE southerly parallel with the westerly side of Riverside Drive, 129 feet 10 inches to the center line of said 156th Street, as shown on said map;

THENCE easterly along the said center line of 156th Street, 127 feet 1 inch to the westerly side of Riverside Drive, at the point or place of BEGINNING.

And

BEGINNING at a point on the easterly side of Riverside Drive West, distant 374 feet 11-7/8 inches southerly from the corner formed by the intersection of the said easterly side of Riverside Drive West with the southerly side of West 158th Street;

RUNNING THENCE easterly on a line forming an angle on its southerly side with the said easterly side of Riverside Drive West of 73 degrees 39 minutes 8 seconds, 146 feet 1-3/8 inches;

THENCE southerly at a right angle with the last mentioned course, 129 feet 10 inches;

THENCE westerly again at right angles with the last mentioned course, 108 feet 3/8 of an inch to the said easterly side of Riverside Drive West;

THENCE northerly along the said easterly side of Riverside Drive West, 135 feet 3-5/8 inches to the point or place of BEGINNING.

**SCHEDULE B**

**PERMITTED ENCUMBRANCES**

**REFER TO PERMITTED ENCUMBRANCES SET FORTH AS SCHEDULE A TO THE PURCHASE AGREEMENT AND IN THE SPECIMEN TITLE POLICY**

**TO BE INSERTED PRIOR TO CLOSING**

**EXHIBIT 3**

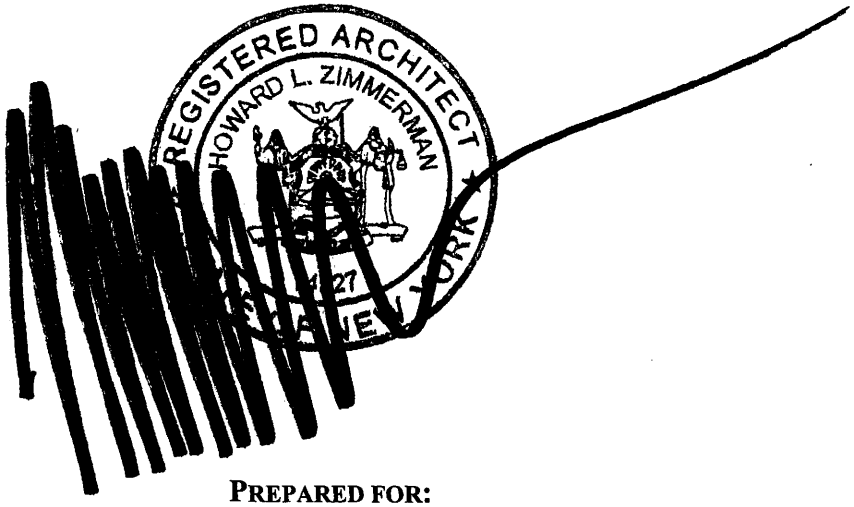
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**DESCRIPTION OF PROPERTY**

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# DESCRIPTION OF PROPERTY & BUILDING CONDITION

## THE JOHN JAMES CONDOMINIUM
## 775 RIVERSIDE DRIVE
## NEW YORK, NY 10032




**PREPARED FOR:**

**THE PINNACLE GROUP**
**ONE PENN PLAZA**
**NEW YORK, NY 10119**

***DATE: DECEMBER 17, 2013***
***REVISED: JULY 30, 2014***
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***PROJECT#: R13-0125 (775 RIVERSIDE DR)***

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## SECTION 23.7 Description of Property and Building Condition.

### PREFACE

This Report was prepared for the Sponsor for inclusion in an offering plan for said building in compliance with the requirements of the Department of Law of the State of New York. I hereby authorize reproduction of this Report for the purpose exclusively. Reproduction for any other purpose is not authorized.

The intent is to provide a description of the materials, finishes equipment and structure which comprise this Building, as outlined in the guidelines of the office of the Attorney General of the State of New York.

The content of this Report are based on:

a) An inspection of the existing records and applications on file with the Department of Buildings of the City of New York which were made available for review;

b) A visual inspection of some, but not all areas of the Building, including cellar, lobby, public halls, roof bulkheads, exterior walls, yards and courts, some but not all apartments, and related equipment contained therein;

c) Information on open violations on record provided by the governing New York City agencies;

and

d) Information provided by the Sponsor and/or his representatives.

Inspections were made on 01/06/06, 01/20/06, 03/29/06, 02/09/07, 11/28/07, 07/25/08, 03/26/13, 05/02/13, 05/23/13, 06/21/13 7/26/13, 10/1/13, and 07/24/14; and the conditions described then existed. Visual examination was made of a sufficiently large representative sampling of the spaces and equipment as deemed necessary in our professional opinion/but not, unless stated herein, any tests or penetrations into walls, ceilings, floors, etc. or removal of any structural or mechanical elements.

Except as noted in this Report, no representation is made as to the condition or legality of the various elements of the Building. This Report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value to the property or as an opinion as the advisability or inadvisability to purchase condominium units being offered pursuant to the Sponsor's offering plan.

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CONDITION

(a) *Location and Use of Property*

(1) Address: 775 Riverside Drive, New York, NY 10032

(2) Block and Lot Number: Block 2134, Lot 200, Elevator Apartment – Semi-

Fireproof without Store

(3) Zoning: R8: Residential

(4) Permissible Use:

The R8 zone is a General Residential District.

These districts provide for a variety of residential buildings types and housing types. Zoning requirements and guidelines are regulated by the surrounding environment and its existing conditions.

(b) *Status of construction*

(1) Year Built: 1930

(2) Class of Construction:

According to the Building's Certificate of Occupancy, the Building is classified as Class 3 – non-fireproof.

(3) Certificate of Occupancy (C of O), Type and Number:

C of O No. 38982 of 1951 indicates "Class A Multiple Dwelling". See Appendix 1. It is believed that the use of the Buildings and the number of units conform to the current C of O. This includes the legal existence of the Cellar unit.

The Building is located in the residential district and has always been for residential use.

The Sponsor has advised that they will be modifying the electric meter room to install approximately twenty-eight (28) wire mesh storage lockers in the Cellar with the potential to add more at a later date. If installed they will be located in a couple of locations within the Cellar. Also, the Sponsor advised that they are considering installing a bike room for the storage of bicycles at the Cellar level. The capacity bicycle storage is unknown at this time. Refer to Drawing A3-02A labeled "Proposed Cellar" for the exact locations of the proposed storage lockers and potential bike room.

(4) Alteration Permit Numbers and Description of Work done:

The following open records of alteration were found at the New York City Department of Buildings as of 07/18/13:

| Permit Number | Issued Date | Description of work |
|---|---|---|
| 100398106 | 04/10/1992 | Installation of compactor. |
| 103308760 | 11/16/2002 | Increasing the no. of cars in the garage* |
| 121019361 | 03/22/2012 | Proposed installation of heavy duty sidewalk shed filed for remedial repairs as per plans. |
| 121680207 | 06/12/2013 | Scaffold proposed installation of pipe scaffold for remedial repair as per plan. |

*Permit 103308760 is filed in conjunction with Permit 103308779 and is an Alteration Type 1 application requiring a change in the Certificate of Occupancy. The work required to close the Alt 1 and change the C of O includes the clearing of all open violations and the inspection and sign-off of all open permits; the Sponsor advises this is underway.

(c) *Site*

The property is located on the west side of Riverside Drive West at the intersection of Riverside Drive and West 156th Street in the Borough of Manhattan, City of New York.

It is bounded on the east by Riverside Drive; on the north by a sixteen (16) story Multi-Family Elevator building and a six (6) story Multi-Family Elevator building; on the west by a six (6) story Multi-Family Elevator building; and on the south by a six (6) story Multi-Family Elevator building.

To our knowledge no easements exist through the property. Additionally it is not believed that the condominium will need to obtain any right-of-egress from an adjacent neighbor.

(1) Size:

The rectangular lot is 129.92 feet long along Riverside Drive and 127.08 feet deep.

(2) Number of Buildings and Use

There is one (1) six-story Building plus and sub-cellar cellar building on the site, with apartments on floors one through six (1-6). The first floor is considered to be the lobby level since there are only four (4) steps up from the Building entry vestibule and the first floor apartments.

(3) Streets Owned or Maintained by the Project:

All streets are owned by the City of New York and are to be maintained by the Condominium. The Henry Hudson Parkway and Amtrak rail lines are nearby (approximately 400-500 feet west of the front sidewalk), but it is not believed to be a source of substantial noise. The streets in front of the Building are described as following:

Paving

The asphalt paved streets is in acceptable condition. Moderate cracks were found on the surface.

Curbing

Steel faced on Riverside Drive are in fair condition.

Catch Basins, Drainage

Riverside Drive slopes down from east to west and then north to south directly in front of the Building. There is one (1) catch basin with a grate that is flush with the street. It is approximately located in front of the main entrance to the Building. There is also another grate that aligns with the southern property line.

Street Lighting

All street lighting is standard New York City Department of Transportation street lighting. One (1) street light is located directly in front of the Building.

All items are in conformity with New York City Department of Transportation Highway Rules.

(4) Drives, Sidewalks and Ramp:

Paving

The concrete sidewalk in front of the Building is in acceptable condition. Moderate cracks were observed in front of the Building on Riverside Drive. The Sponsor has advised that repairs to the deteriorated sections of the existing concrete topping slab will be replaced. All sidewalks are owned by the City of New York and are to be maintained by the Condominium. No sidewalk vaults or easements are believed to exist at the property.

Curbing

N/A

Catch Basins, Drainage

N/A

Street Lighting

N/A

The sidewalk paving is in conformity with New York City Department of Transportation Highway Rules. Upon visual inspection, the sidewalks do not appear to be handicap accessible due to the site's topography. However, because of the site's topography, there does not appear to be a concern with adequate drainage. Several sewer grates were observed on Riverside Drive.

(d) *Utilities*

(1) Water: Provided by New York City as part of its services via a metered line. The Condominium will be responsible for all water charges.

(2) Sanitary Sewer: Provided by local municipality. The Condominium will be responsible for all sanitary sewer charges, if any.

(3) Storm Drainage: Provided by local municipality. The Condominium will be responsible for all storm water drainage charges, if any.

(4) Gas: Provided by Consolidated Edison Company of New York, a regulated public utility. The charges for gas consumed by the Unit

Owners will be separately metered and billed directly to such Unit Owner by Consolidated Edison. The Condominium will be responsible for any gas consumption charges within the common areas.

(5) Electricity: Provided by Consolidated Edison Company of New York, a regulated public utility. The charges for electricity consumed by the Unit Owners will be separately metered and billed directly to such Unit Owner by Consolidated Edison. The Condominium will be responsible for any electricity consumption charges within the common areas.

(6) Telephone/Cable/Internet:

Telephone service is provided by Verizon Telephone Company of New York and/or Time Warner Cable. Cable and internet is provided by Time Warner Cable. The charges for telephone, cable and/or internet will be directly billed to the Unit Owner.

(7) Fire Hydrant:

One (1) fire hydrant is located at the edge of the sidewalk in front of the Building (just north of the main entrance) on Riverside Drive and is in fair condition.

(8) Mail Box:

There is one (1) USPS relay mailbox in front of the Building. The closest U.S. mail box is located just north of the intersection of West 157th Street and Broadway on the west side of Broadway.

(9) Public Telephone:

No public telephone is located directly in front of the Building. The closest public telephone can be found just south of the southeast intersection of West 157th Street and Broadway

(10) Transit:

The entrance of subway 1 line is at the corner of Broadway and West 157th Street. The M4 and M5 buses run uptown and downtown along Broadway and stop at West 155th Street and West 157th Street. The Bx6 bus stops along Riverside Drive, Riverside Drive West, and West 155th Street.

(e) *Subsoil conditions*

(1) Detailed architectural/engineering plans for the Building foundations were not reviewed. Foundation walls consist of coarse rubbles, bricks,

and terra-cotta blocks and is considered to be in acceptable condition. Visual inspection of the cellar walls and floors, as well as the exterior façades, showed no evidence of cracking, mortar joint decay that may indicate uneven foundation movement and settling.

(2) The cellar is dry and shows no evidence of moisture or seepage or ground water infiltration. Upon inspection, dampness is not believed to exist. At the time of our visits, organic growth was not visually observed nor was there evidence of subterranean insects. However, we are not specialists and therefore cannot confirm or deny the presence of any organic growth or subterranean insects. It is recommended that an independent consultant inspect and obtain samples to make this determination.

(3) The U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) flood maps (map 3604970079F, effective 9/5/2007) show this area has a low risk of flooding. Flooding more likely will occur in the event of a water main break in the street or within the Building's plumbing lines. No practical preventative action is suggested. Any goods stored in the basement should be removed in the event of a flood. Additional U.S. Geological Survey maps show this area has a low risk of flooding, earthquake, mudslide, and erosion.

(f) *Landscaping and Enclosures*

(1) Grass Cover:

There is no grass cover on the premises.

(2) Plantings:

There are no plantings on the premises.

(3) Trees:

There are three (3) trees within tree pits located in front of the Building on Riverside Drive. The tree pits have steel guards around the perimeter and are in acceptable condition.

(4) Fencing:

There are no other fencing except in the courtyards, which are discussed in section (h)(9)(v).

(5) Gates:

There are no gates at on the premises except at the service entrance, which is discussed in section (h)(6)(ii).

(6) Garden Walls:

There are no garden walls on the premises.

(7) Retaining Walls:

There are no retaining walls on the premises.

(8) Display Pools and fountains:

There are no display pools and fountains on the premises.

(g) *Building size*

(1) Total Height:

The Building is approximately fifty-five feet (55') above curb level on Riverside Drive. Riverside Drive slopes from north to south and creates variances in height.

(2) Crawl Spaces:

There are no crawl spaces in the Building.

(3) Number of Sub-cellars and Cellars:

The Building contains one (1) cellar level and one (1) sub-cellar level.

The cellar level contains laundry room, oil tank and boiler room, electric room, elevator motor room, utility points of entry, support systems and storage rooms. The Sub-Cellar level contains garage.

(4) Number of Floors

The Building contains six (6) stories plus a sub-cellar and a cellar.

(5) Equipment Rooms

All equipment rooms are located in the cellar level.

(6) Parapet

The height of parapet wall varies from twenty-four to thirty-six inches (36") and forty-eight inches (48").

(h) *Structural System*

(1) Exterior of the Building:

Walls

The structure of the Building appears to be reinforced concrete frame with masonry infill. Based on photos from a recent repair project, the floor assembly within the units is composed of wood joists and plaster lath. It is unknown whether there is any sound insulation between the floors and walls. There is no cavity between the masonry infill and brick masonry face. The Sponsor does not believe there is insulation at the inboard face of the infill. Typical standard construction practices did not include insulation when the Building was built. The Sponsor is not planning on installing any new insulation at exterior walls even if interior renovations are planned. As a result, the lack of insulation is considered a special risk and noted as such in section (c)(c)(7) below.

The exterior walls of the front façade (east façade) are made of light yellow bricks arranged in Common Bond with projected battlements and medallions at the parapet level, spandrel panels above windows at second, third, and fourth levels, and turrets. Belt courses are located at the second and the sixth floors window sill levels. The base extends to below the first floor window sill level. Header courses are observed approximately every five (5) to six (6) courses. Header courses typically indicate a solid wall construction that relies on the walls thickness to prevent water infiltration. According to the Sponsor no waterproofing material is installed behind the brick masonry. Balconettes exist below the north and south double-double hung windows at the fifth floor as well as below the 5$^{th}$ floor window directly above the Building's main entrance. The Sponsor is currently working with NYC Landmarks Preservation Commission for the replacement of the balconettes since the existing ornamentation is severely deteriorated.

All other façades including the courtyards are comprised of lighter yellow bricks arranged in Common Bond. All walls are in acceptable condition. No active leaks through the walls have been reported recently. Moderate cracks were observed at the various locations in the brick masonry. Minor cracks and deteriorated mortar joints are also observed. It is recommended that the Sponsor retain a registered architect or a professional engineer to assess the facades and structural components of the Building as required per the New York City Façade Inspection Safety Program (FISP).

Local Law 11/98 (FISP) applies to the Building. The Cycle 5 inspection was completed in 2000 and the inspection result was stated to be "SAFE." The Cycle 7 window of inspection and filing began on February 21, 2010

and ended on February 21, 2012. No report was filed for both Cycle 6 and Cycle 7. See Appendix 1 for Cycle 5 Report. The Sponsor advises that the Cycle 7 report will be filed after the completion of the replacement of the balconettes; which shall proceed after Landmarks approval of same.

Windows

Most windows in the Building were replaced prior to the Sponsor's ownership of the Building (pre-1999). The manufacturer of the windows cannot be specified. We have not been provided a copy of any window warranty, if there was one for the windows, it is likely expired based on the time since the Sponsor took ownership of the Building. The Building does not have any window wells as a means of egress. The windows are considered to be in fair condition. No active leaks through the windows have been reported recently. We have been advised that all the replaced windows are aluminum double-pane/double hung thermally broken windows with steel lintels, slate or terra-cotta sills, anti-drift latches, tilt sash latches, spiral balances, and cam locks. All lintels and sills are in acceptable condition. Minor spalls and cracks of the sills were observed. Windows at the stairwells are fire rate metal clad windows and have frosted wire glass. Windows at some particular lines are original wooden windows with aluminum panning. Most windows in the cellar areas are original wooden windows. All original windows are in acceptable condition. Some broken glass and deteriorated sashes and frames were observed. Windows in the cellar, central stairwells, and apartments have various types of child guards. The Unit Owner is responsible for providing and maintaining the child guards when an apartment is occupied by children, as per the NYC code. Only New York City Fire Department approved gates are allowed on fire escape windows. All other types should be removed. Air conditioning units may not be installed at these windows. The Sponsor advises that all city required safety protocols are being followed for window mounted gates.

Lot line windows are located at the north and south windows in apartment 1J, I-Line and C-Line apartments. These windows are located within a habitable space, a bedroom. However, another window exists that is believed to provide adequate light and air. Should the adjacent buildings be demolished and re-built taller than their existing structures or up against the property line, these windows would need to be closed up. The Unit Owner of each affected Unit will be responsible for closing up these windows. The approximate cost per window is estimated at $3000.

Landmark Status

The Building is located within the Audubon Park Historic District. This district was designated in May 2009. Per the designation report, the Building was constructed in 1930 by George G. Miller in the medieval

revival style. Several alterations that include windows, signage and surface mounted equipment had been installed prior to designation.

(2) Parapets and Copings:

The parapet walls are 3-wythe brick walls with camel-back terra cotta copings. The parapet walls at the front façade are 4-wythe brick wall with terra-cotta copings. The inboard of the parapet walls are coated with roofing cement. Minor cracks were observed on the surface. The coatings prevent water from exiting the masonry and as a result, may cause deterioration. Generally, the parapet walls are in acceptable condition and upon visual inspection they are considered to be structurally sound. The heights of the parapet walls vary due to the battlement ornamentation and the pitch of the roof. It is believed that the parapet heights complied with code minimums at the time of the Building's construction. The sealant material is unknown.

(3) Chimneys and Caps:

One (1) chimney for the boiler and compactor is located next to the south stair bulkhead and one (1) chimney for the boiler is located next to the north stair bulkhead. Both chimneys are constructed of masonry coated with roofing cement and appear to be in acceptable condition. The coatings prevent water from exiting the masonry and as a result, may cause deterioration. The single wall chimney flue is classified as low temperature. The manufacturer, gauge and material of the boiler is unknown. The cleanout is located within the boiler room. The termination exhaust point is at the roof level. Backdraft protection is provided via a barometric damper in the Boiler Room. One of the chimneys has a mesh enclosure that acts as a bird deterrent.

(4) Balconies and Terraces:

There are only balcony-like protrusions at the end windows of the fifth floor on the primary façade of the Building as noted in section (h)(1). The protrusions have modillions and are in acceptable condition. There are no terraces at the Building.

(5) Exterior Entrances:

The portal-like front entrance is located on Riverside Drive. The steel door is not corrosion resistant.

Exterior Doors and Frames

The front entrance has two (2) steel multi-lite in-swing doors with one (1) arched head transom. One door is operable and is equipped with automatic overhead door closer. The doors and frames are in fair condition. No tripping hazards were observed to be present at the entrance. Two (2) floor drains are located within the front yard approximately one foot away

from the Building walls. The pipes from the drain are believed to connect to the main sewer plumbing line. Refer to A1-01 and/or A3-03 for drain locations. At the time of our site visit, drainage was considered adequate as there was no ponding observed.

Refer to section (h)(9) for drain information at the yards as well as drawings A1-01 and/or A3-02A for drain locations.

Vestibule Doors and Frames

The vestibule at the front entrance has two (2) steel multi-lite in-swing doors with one (1) fixed head transom. The doors are equipped with automatic overhead door closer and a handicap switch. The doors and frame are in fair condition.

Exterior Stairs

There are two (2) sets of stairs each comprised of two (2) risers located in front of the Building's front entrance. The stairs are made of concrete in fair condition. Due to these stairs, the entrance to the Building is not ADA compliant, but the Building was constructed prior to ADA requirements.

Railings

There is one (1) set of painted steel railings framing the lower front entry stairs. The railings are secured to the masonry and are in acceptable condition.

Mail Boxes

There is one (1) aluminum mail box panels located on the north side in the lobby. The mail boxes are the approved type by the U.S. Postmaster General. They are individually keyed and hinged on the right. All boxes and the panels are in fair condition.

Lighting

Two (2) surface mounted wall lanterns are located on the exterior walls next to the front entrance. Two (2) HID type surface mounted wall lights are located at the east corners in the front yard. The lightings are in fair condition.

(6) Service Entrances:

One (1) service entrance is located at the south end of the Building's front façade along Riverside Drive.

Doors and Frames

There are no doors or frames at the service entrance.

Gates

The service entrance has one (1) steel gate with expanded steel mesh. The gate is not corrosions resistant. The gate is in fair condition. There is another steel gate located at the center of the hallway of the service entrance and is also in fair condition.

Exterior Stairs

There are no exterior stairs at the service entrance.

Railings

One (1) wall-mounted painted steel railing is located on the east side of the north wall at the service entrance. Since the railing is painted, it has some corrosion resistance, but will need to be maintained.

Hallway

The hallway connects the service entrance to south courtyard and consists of concrete floor, painted concrete block and brick walls, and painted plaster ceiling. The hallway appears to be in fair condition.

Lighting

Surface mounted lighting is provided within the entryway leading to the courts.

Drainage

The flooring is pitched to the courts where a floor drain is located. The pitch appears to be adequate to promote proper drainage.

(7) Roof and Roof Structures:

Type Roofs for All Areas

*(a)* Material

The smooth built-up roof is coated with granulated cap sheet and is in fair condition. We have been advised that the entire roof was replaced in the summer of 2005. The Building Superintendent reports that there are currently no active leaks through the roof. It is unknown whether there are roof assemblies below the existing roof membrane. Due to

the age of the Building, such assemblies may contain asbestos materials. As a result, ACM is noted as a special risk in section (c)(c)(2).

*(b)* Insulation

Unknown. Further investigation should be conducted to understand the material and the condition of the insulation. As a result of not knowing the type, size, and R-value of the insulation, the insulation is considered a special risk and noted as such in section (c)(c)(8) below.

*(c)* Surface Finish

The granulated cap sheet is the finished roof surface. No roof pavers are installed at the roof.

*(d)* Bond or Guarantee

The Sponsor obtained a ten (10) year contractor warranty. The warranty is expected to expire in 2014 or 2015.

*(e)* Flashing Materials, including Counter Flashing

Silver painted metal reglet flashing is observed at the bottom portion of the parapet wall. It is believed to be copper, but due to the coating, it cannot be confirmed. The gauge of the metal is unknown. The metal reglet covers the termination of the base flashing. The flashing is in acceptable condition. The existing exterior materials are not believed to be corrosion resistant. Any repair work to roofing materials should utilize corrosion resistant materials where possible while also minimizing galvanic action as a result.

Drains

*(f)* Location, materials and Type

There are four (4) drains on the roof level located at the center of each of the four (4) sections of the roof. No obvious failure of the drains has been reported. At the time of our site visit, drainage was considered adequate as there was little or no ponding observed.

*(g)* Gutters and Leaders

Aluminum leaders are located at the bulkheads. Once water is collected from the scupper to the leader, water is directed to the roof drains. The leader is anchored to the wall with an aluminum strap. The leader and tie are considered to be in acceptable condition.

Skylights

Four (4) fixed skylights with frosted glass are located above the stairwell and elevator bulkheads. Wire mesh was installed below the glass at all stair bulkheads. The skylights are in acceptable condition. There has not been any obvious leaking observed or condition reported. The skylight dimensions are approximately six (6) feet by six (6) feet, but vary. The curb height for the skylights is unknown.

Bulkheads

*(h)* Stairs

There are two (2) stair bulkheads and one (1) elevator bulkhead at the roof level. The bulkheads are constructed of masonry and coated with a cementitious finish. Masonry is stenciling through the top half of the bulkhead. The bottom portion appears to have a thicker coating of the same product. Step cracking was observed at the upper section. The bulkheads are considered to be in acceptable condition.

*(i)* Elevator

The stair and elevator bulkhead is discussed in section (h)(7)(iv)*(a)*.

*(j)* Other

There are no other bulkheads in the Building.

Metal Work at Roof Levels

*(k)* Exterior, Metal Stairs

One (1) set of steel stairs is located at the stair and elevator bulkhead providing the access to the elevator machine room. The stairs are in fair condition

*(l)* Vertical ladders, including Gooseneck

There are no vertical ladders at the roof level.

*(m)* Railings

Steel railing is mounted on the steel stair discussed previously. The railing is in acceptable condition.

*(n)* Hatches to Roof

There are no hatches to roof.

*(o)* Other

Numerous steel plumbing ventilation pipes penetrate to the roof at many locations and are in acceptable condition. There is a chain link fence with razor wire at the north section of the roof. The chain link posts and framing are rusting.

Rooftop Facilities

There are no other rooftop facilities on the roof level.

(8) Fire Escapes:

Location

The enclosed center stairway is used as a fire escape which is discussed in section (h)(10). There are no exterior fire escapes.

Floors Covered

The enclosed center stairway extends from the cellar level to the roof level.

Drop Ladder

There are no drop ladders in the Buildings.

Type

See section (h)(10).

Materials

See section (h)(10).

(9) Yard and Courts:

The Building is designed in the shape of an 'H'. There are four (4) courts on the site that are found at the bottom, top and sides of the Building (front, west, north, and south courts respectively). According to the most current Zoning Resolution, these areas are considered Courts. There is an outer court at the front façade and is considered to be the bottom portion of the 'H' and is accessed from both the lobby and the street. The west outer court is accessed from the 1st floor and is considered to be the top of the 'H'. There are also north and south outer courts which are accessible from the cellar. The floors of the courts are constructed of concrete. Acceptable lighting is provided within each court as well as the hallways leading to the front and rear.

Paving

The concrete pavement in the front yard is in fair condition. The west and south yards are covered with walkway pads in acceptable condition. The concrete paving in the north courtyards is in poor condition. Sagging, spalling, and cracks around the drain were observed. The cause of the deteriorations is possibly the failure of drainage system. Further investigation should be performed to understand the causes.

Drainage

All drain covers in the courts are flat stamped metal covers in acceptable condition. The deterioration of the paving in the north yard suggests possible failure of the drain. Drains lead to plumbing branches that run to the sewer main. Refer to A1-01 for drain locations. At the time of our site visit, drainage was considered adequate as there was no ponding observed.

Railings

Painted metal railings are located along the property line of the yards. There are also railings along the perimeter of a concrete bridge to 156-08 Riverside Drive. The railings have horizontal intermediate bars that can be used as a ladder.

Stairs

The painted steel framed stringers with four (4) steel grate treads are located at the center of the west yard connect to a walkway that provides access to the adjacent building (156-08 Riverside Drive). The stairs are in fair condition.

Fencing

There is no fencing on the property.

Walls

The front yard is bounded by the walls of the Building at its north, west, and south ends and by the lot line at its east end.

The west courtyard is bounded by the walls of the Building at its east end and by the lot lines at its west, north, and south ends.

The north courtyard is bounded by the walls of the Building at its west, south, and east ends and by a short wall and railing at the lot line at its north end.

The south courtyard is bounded by the walls of the Building at its west, north, and east ends and by the lot line at its south end.

There are no retaining walls on the property.

Lighting

The front yard has ornamental surface lights at both sides of the main entrance. As well as surface mounted lights at the northeast corner. The west, north and south courtyards have surface mounted lights. Lighting is believed to be adequate.

(10) Interior Stairs:

Number of Stairs of each type

There are two (2) open stairwells located at the north and south ends of the Building. There is one (1) enclosed stairwell at the center of the Building and one (1) enclosed stairwell connecting the east courtyard to the garage. There are also two (2) sets of four-riser stairs connecting the lobby level to the first (1st) floor hallways. The enclosed stairwell is believed to be constructed with masonry and/or block and finished with plaster. However, since no fire rating is indicated on the Certificate of Occupancy therefore the assembly and fire rating for the stairwell cannot be determined.

Enclosure

All stairs are enclosed by Building walls and open to each floor landing, lobby, or hallway they serve. There are windows at the stairwells to bring in natural light as described previously in the Report.

Stair Construction

All stairs in the Building are constructed of iron stringers, painted or unpainted marble or ceramic tile treads, mosaic tile landings, steel plate or ceramic tile risers, painted wood guardrails, cast iron posts, and wrought iron and cast iron spindles. All metal components are painted. The stairs to the garage are constructed of painted steel.

Stringers

The painted iron stringers of the stairs are generally in fair condition.

Treads

The marble, ceramic tile, and steel treads of all stairs are generally in fair condition.

Risers

The steel plate and ceramic tile risers are generally in fair condition

Guardrails

The wooden and steel guardrails are generally in fair condition.

Balustrade

The balustrades of the stairs are made of wrought iron and cast iron spindles and cast iron posts. All balustrades are generally in fair condition.

(11) Interior Doors and Frames:

Unit Entrance and Interior Doors and Frames

Unit entrances have metal doors and frames or steel clad wood doors and frames with key dead bolts, peek holes, and self-closing springs. The manufacturer of the original doors is unknown. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating.

The Sponsor has provided door specifications for doors they have replaced at the Building. These doors are manufactured by ABCO Steel Door.

Within apartments existing interior bedroom and bathroom entrances typically have wood doors and frames. No fire rating is typically designated for the interior doors. As with any multiple dwelling building erected prior to 1960, the potential for the presence of lead-based paint exits, and thus lead is listed as a Special Risk later in this report. Owners and Residents have regular responsibility under the NYC Building code to notify, report, investigate, and remediate.

Most of the doors are in fair condition.

Corridor doors and Frames

The corridors have metal door frame and steel clad wood doors with diamond vision panels in acceptable condition. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating.

Stair Hall Doors and Frames

There are no doors enclosing the stairs.

Roof Door, Basement Doors and Frames

The garage, exits to the yards, and the roof have steel doors and frames. The roof doors are equipped with Detex alarm locks. The boiler room, elevator motor room, storage rooms, and laundry room has steel clad wood doors and frames. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating. The elevator motor room also has an open metal accordion gate. All doors and frames are in acceptable condition.

(12) Elevators:

Number of passenger and service elevators

There is one (1) elevator in the Building. The elevator appears to be in fair condition.

Manufacturer, age of each and capacity

The elevator, device no. 1P11325, was manufactured by Staley Elevator Co. Inc. and has the capacity of 2,000 lbs or 13 passengers.

Type of operation for each elevator by elevator number or location in Building

The elevator is automatically operated.

Automatic

The elevator has a call button at each floor and a call button panel with indicator lights in the cab.

Floors served

The elevator extends from the cellar level to the sixth level.

Type

The elevator is traction elevator and is basement drum type.

Doors

The elevator has a two-section horizontal sliding door and a manual hinged out-swing door.

Location of machine rooms

The motor of the elevator is located in the cellar with roof level wheel house. There is no means of ventilation present within the room.

DC motor

There are no DC motors in the elevator room.

AC motor-generator set

The AC motor-generator set was manufactured by A B See Elevator Company and appears to be in fair condition.

Other

All cables and controller for the passenger elevator appear to be in fair condition.

The sponsor advises that elevator safety mirrors will be checked and installed if missing from vandalism.

(13) Elevator Cabs:

Kind

The manufacturer of the elevator cab is Staley Elevator Co. Inc. The elevator cab appears to be in fair condition.

Floor

The elevator cab has vinyl flooring and is in fair condition.

Walls

The elevator cab has stainless steel wall panels. The wall finish is in fair condition.

Ceiling

The elevator cab ceiling is laminated with vinyl sheets. The ceiling is in fair condition.

Lighting

The elevator has compact fluorescent lighting in fair condition.

Alarm, safety system

The elevator has an alarm button and an emergency stop button in the elevator cab.

Maintenance Contract

The elevator has maintenance contract with Vertical Maintenance & Repair that renews on an annual basis.

(i) *Auxiliary Facilities*

(1) Laundry Rooms

Location and Number of Rooms

One (1) laundry room is located between the west yard and the south yard of the Building in the Cellar.

Clothes Washers

There are four (4) card-operated washers in the laundry room. The washers are Maytag Commercial Washer. The washers are in acceptable condition.

Clothes Dryer

There are three (3) card-operated ADC (American Dryer Corporation) Dryers. The dryers are in acceptable condition.

Room Ventilation

One (1) window is located at the east wall of the room that adequately ventilates the space.

Dryer Ventilation

There is one (1) round duct for each dryer exhausting to the hallway connecting the west and south yards.

(2) Refuse Disposal

Incinerator

There are no incinerators in the Building.

Compactor

There is one (1) compactor located on the cellar level. The compactor is Apple Pak 100, Stationary type and has the capacity of two (2) cubic yard.

Approvals by Authority having Jurisdiction

None.

Initial Storage Location

The initial storage is located in the cellar via trash chute located in the hallways at each level. Then it is collected by the Superintendent to the street level.

Pick-up Schedule, and whether public or private provider

Regular refuse disposals are picked up every Monday, Wednesday, and Friday. Recycled disposals are picked up every Wednesday. Pick-up is performed by New York City Department of Sanitation.

(j) *Plumbing and Drainage*

(1) Water Supply:

The Building is provided with one (1) domestic water service. This service is provided by a 4" pipe that enters the Cellar level from Riverside Drive. Cold water service from the cellar is insulated, in good condition. Cold water piping from the water service supplies the domestic water system. The building's entire system does not have any backflow preventers.

Risers are provided for hot water supply, cold water, waste and vent piping.A portion piping in the cellar is not insulated. Insulation is recommended to be installed. Estimated cost is approximately $7,500 Both cold and hot water supply risers and distribution are insulated throughout the building. Cold water supply from the service is distributed to brass water supply risers and the domestic water coil. The majority of the risers are brass in fair condition. Leaks do not occur frequently.

Domestic hot water is generated by a coil in the boiler. The capacity of the coil is adequate for the current hot water load. A motorized tempering valve is provided to maintain domestic hot water temperatures. Domestic hot water is adequate. The piping joints appear to be in adequate condition.

Brass hot and cold water supply pipes from risers extend to fixtures in the bathrooms, and kitchens. In building of this vintage, crossover of hot and cold water may occur. Typically, this is related to lack of riser air vents, no expansion tank at the hot water coil, no check valves, water balancing of the system or condition of shower bodies. Monitoring of this condition should be continued.

(2) Fire Protection System

Standpipes

There are no standpipes in the Building.

Hose Racks, Hoses and Nozzles

There are no hose racks, hoses or nozzles in the Building.

Sprinkler Heads

The laundry room, compactor room, and chute are provided with a sprinkler system. The garage is provided with a dry pipe sprinkler system which is fed from 156-08 Riverside Drive. Sprinkler system is in fair condition. The building's sprinkler systems are checked by FDNY and comply with all codes at the time of the building's construction.

Siamese Connection

There are no siamese connections in the system.

(3) Water Storage Tank and Enclosures

There are no water storage tanks in the Building.

Number, Type, Location of each

N/A

Material

N/A

Access to Tank

N/A

Total Capacity

N/A

Fire Reserve Capacity

N/A

(4) Water Pressure and how Maintained

Water pressure is provided from street pressure and is adequate and above the minimum code required at the highest level of the building. There are no booster pumps present at the building.

(5) Sanitary Sewage System

There is a combined sanitary and storm drainage system.

Sewage Piping

The stacks and mains piping for the waste system are cast iron piping. Leaks do not occur frequently. The joints are in fair condition. The branch waste and vent piping at fixtures are in fair condition.

The system serves plumbing fixtures and equipment throughout the Building. Drainage and vent piping extends up the Building in shafts. This piping is from the original building installation and in fair condition. Vent lines extend vertically above the roof.

Sewage Pumps

There are no sewage pumps in the Building.

Sewage Disposal

The combined house sewer connects to the street sewer. The sanitary drainage and vent system is conventional gravity drainage system which flows from the vertical stacks to house sewer at cellar level which are piped to the street sewers after being combined with the Building storm drains. One (1) sewer exits the Building at Riverside Drive.

Toilets are tank and flush valve type.

(6) Permit(s) required

All permits are to current date.

| Permit | Issued by | Date Issued | Exp. Date |
|---|---|---|---|
| Petroleum Storage Bulk Certificate | New York State Department of Environmental Conservation | 05/30/2010 | 06/15/2015 |
| Certificate of Operation (Boiler and Burner) | Department of Environmental Protection | 05/07/2014 | 04/20/2016 |

(7) Storm Drainage System

The combined sanitary and storm drainage system is described in section (j)(5).

Catch Basins

There are no catch basins in the system.

Yard and Roof Drains

Roof drains and yard drains are provided. The drains connect to the interior storm system. This storm piping connects to the sewer line and exits the Building as a combined system.

Piping

Storm drainage piping is cast iron in fair condition.

Eject or Sump Pumps

There are no eject or sump pumps in the Building.

(k) *Heating*

(1) The heating system consists of a steam boiler with cast iron radiation. The boiler is coupled with a tankless domestic hot water heating coil. The boiler and domestic hot water heating coil are adequate to maintain requirements of the Building.

(2) Number of Boilers and Description

The heating system is comprised of one (1) Rockmills 150SL oil fired steam boiler and one (1) Industrial Combustion DEG 63-P burner that is fired on No.4 fuel oil. The boiler is rated for an input heating capacity of 4,017 MBH in fair condition. A visual inspection of the boiler indicated that leaks were not present. The boiler is approximately 25 years old, in fair condition, and can remain in use. The system is not out of service frequently. The heating system is adequate. The boiler is provided with all required safety devices to maintain proper operation including low water cutout, barometric damper and pressure relief. A sidearm heat exchanger is provided to warm the oil. A tankless coil is installed within the boiler to generate domestic hot water. Combustion air is drawn into the cellar boiler room with a fan to the yard. There is no instant hot water devices present at the building.

(3) Manufacturer and age of boiler

The boiler is Rockmills Model No. MP-150, approximately 25 years old, with 30 years remaining life expectancy. Neither the manufacturer nor installer warranty of the boiler is available.

(4) Manufacturer and age of burners

The burner is Industrial Combustion Model DEG-63P with a consumption of oil, approximately 25 years old, with 30 years remaining life expectancy.

(5) Type of controls

A Heat Timer control panel and pressure gauges are provided to cycle boiler operation.

(6) Radiators, piping, insulation, valves, pumps

Steam from the boiler is supplied to cast iron radiators by means of a two pipe distribution system. Steel piping extends vertically throughout the Building exposed or within concealed enclosures. Where exposed, steam piping heats kitchens and bathrooms. These risers were visually inspected in variety locations and can remain in service. Steam distribution piping can remain in service with periodic repairs as warranted.

Radiators typically are located beneath windows. Each radiator is coupled with an air vent and shut-off valve. The units themselves are in fair condition and can remain in use. Additionally, some rooms (i.e. kitchen and bathrooms) are provided with a single exposed steam riser. With systems of this vintage and configuration, knocking and banging of steam pipes will occur during heating cycles. Individual radiators, branch piping, valves and air vents should be examined and adjusted or repaired on an individual basis to reduce noise levels.

(7) Fuel

No. 4 oil only. The certificate expired on April 20, 2013.

(8) Location of Oil Tank, materials, enclosure

No. 4 oil is contained in a 5,000 gallon steel fuel oil tank. The tank is located in the cellar. The tank does not indicate any signs of leaks. A Petrometer is provided to measure fuel oil levels. Oil piping is black steel in fair condition. Fill and vent lines extend to Riverside Drive. An oil pump, located adjacent the boiler, circulates oil between the burner and the tank.

(9) Capacity of oil tank

The capacity of the tank is 5,000 gallons.

(10) For gas

N/A

(l) *Gas Supply*

(1) Type

Consolidation Edison Company provides gas supply through a 3" gas service. Gas service enters the Building from Riverside Drive.

(2) Meters

In the Cellar there is gas piping which extends to Consolidation Edison Company meters. A gas meter is provided for the house and meters for apartments. Gas meters are located within the cellar.

(3) Piping

Metered gas piping extends to the boiler and kitchens. Exposed black steel gas piping is in fair condition and can remain in use.

(m)*Air Conditioning*

(1) Type of system

Air conditioning for apartments is provided as need basis by individual tenants who purchase their own window type units.

(2) Central System

There is no central air conditioning system.

(3) Cooling Towers, Condensers

There are no cooling towers or condensers in the Building.

(4) Individual Units Covered by the offer

N/A

(n) *Ventilation*

Dryer vents extend to the courtyard. The noise emission rating of the mechanical ventilation is unknown. The cellar level is naturally ventilated via operable windows and doors and meets code requirements.

(o) *Electrical System*

The Building has one (1) electric service. The service has a house meter and tenant meters.

(1) Service from main service switchgear

The service is rated at 120/208 volt, 3 phase, 4 wire, 60 HZ supplied by Consolidation Edison Company. A fused disconnect switch is provided with the following equipment:

End Box

Two (2) 600 Amp fused disconnect switches

120/208 volt 60 amperes per apartment

PL&P, garage, and individual apartment meters

225Amp, 42-pole loadcenter for PL&P

A series of panels which serve apartments meters were upgraded. The panels serve apartments at I, G, K, H, B, D lines on the $4^{th}$-$6^{th}$ floors and apartments at B, C, D lines on the $1^{st}$-$3^{rd}$ floors.

(2) Service to individual units

Original feeders (conduit/wire) extend to panels which are located with apartments.

(3) Compartment switchgear

Switchgear is located in the cellar. Wiring is enclosed in rigid pipe conduit. No defects were observed in the cellar.

(4) Unit Service

Apartments are provided with 100 Amp and 120/208 Volts.

(5) Adequacy

Service

Wiring within the apartments is in poor-fair condition. The apartments have original wiring. Wiring is not adequate for modern usage. Bathrooms are not equipped with GFCI outlets. The kitchen has some GFCI outlets, but some are missing. Estimate cost is approximately $100/outlet. Smoke detectors are provided within apartments.

Lighting and Fixtures

Lighting in typical corridors is fluorescent type. Exterior lighting is provided. Three way switches are not provided.

Convenience outlets, appliance outlets

Convenience outlets are scattered throughout apartments. A portion of appliances are provided with dedicated appliance outlets.

(p) *Intercommunication and/or door signal systems, security closed circuit TV*

There is a simple closed circuit push button buzzing/intercom system with one (1) buzzer panel in the front vestibule and buzzers in most apartments. The buzzer panel and the buzzers in the inspected apartments are in fair condition. The manufacturer, model number, and warranty for the intercom system are unknown.

Time Warner Cable Company provides cable television and internet service to the Building.

(q) *Public Area Lighting*

Cellar and central stairs are not provided with emergency lighting. The hallway on the first level has ceiling and wall mounted light fixture with fluorescent lamps. The hallways on each floor have ceiling mounted light fixture with fluorescent lamps. The lobby has ceiling and wall mounted light fixtures. The vestibule has a chandelier. All lightings appear to be adequate. All lighting code requirements at the time of the building's construction are being followed.

(r) *Garages and Parking Areas*

(1) Location of garages

The garage is located in the sub-cellar directly underneath the Building.

(2) Location of parking areas

The garage has twenty-one (21) parking spaces under the existing Certificate of Occupancy. The Sponsor advises the garage is currently being operated in accordance with the existing Certificate of Occupancy. The Sponsor further advises that a Temporary C of O is currently being filed for to reflect the additional parking spaces under DOB application 103308760 / 103308779.

(3) DOB applications 103308760 / 103308779 propose a total of 145 spaces.Surfaces

The garage have concrete floor, painted plaster walls, and steel frame roof.

(4) Parking

Parking in the garage will not be attended.

(5) Garage ventilation

Ventilation is provided to the garage through existing windows and four (4) 10,000 CFM exhaust fans that have been installed in the garage under job application 104839098.

(6) Garage fire protection

(7) Refer to section J(2) Fire Protection System.Drainage

There are two (2) drains with flat stamped metal covers in the garage. The drains are in acceptable condition. One (1) broken drain cover was observed.

(s) *Swimming Pools*

There are no swimming pools at the premises.

(t) *Tennis Courts, Playgrounds and Recreation Facilities*

There are no tennis courts, playgrounds, or recreation facilities at the premises.

(u) *Permits and Certificates*

| Permit | Issued by | Date Issued | Exp. Date |
|---|---|---|---|
| Petroleum Storage Bulk Certificate | New York State Department of Environmental Conservation | 05/30/2010 | 06/15/2015 |
| Certificate of Operation (Boiler and Burner) | Department of Environmental Protection | 05/07/2014 | 04/20/2016 |

Inspections:

- Low pressure boiler annual inspection
- New York City Local Law 11 of 98 Façade Inspection
- Elevator Inspection

Updated boiler and elevator inspection certificates and permits will be provided at the time of closing.

(v) *Violations*

The Sponsor will attempt to resolve Building specific violations (see violations below with * at end of violation number). Resolution includes, filings with agencies, paying fines and performing the required necessary repairs. Although we have been advised that the Sponsor is attempting to resolve these violations, we are noting them as a special risk under section (c)(c)(1).

Department of Buildings (as of 07/30/2014): 5 open violation, 0 open complaints.

| Violation No. | Issued Date | Description |
|---|---|---|
| V113007LL1198NRF44332* | 11/30/2007 | LL1198 – Local Law 11/98 Façade |
| V013113FISPNRF00868* | 01/31/2013 | Failed to file FISP Cycle 7A Technical Report |
| V053014ACC104313* | 05/30/2014 | VIO ISSUED TO ELEVATOR - FAIL TO CORRECT DEFECTS ON 2012 CAT 1 INSP/TST |
| V053014ACC104314* | 05/30/2014 | VIO ISSUED TO ELEVATOR - FAIL TO CORRECT DEFECTS ON 2012 CAT 1 INSP/TST |
| V112013E9027/508320* | 11/20/2013 | Elevator |

Environment Control Board (as of 07/30/2014): 9 open

| ECB No. | Issued Date | Description |
|---|---|---|
| 34784173H* | 06/19/2009 | Failure to maintain building wall(s) or appurtenances. |
| 36007735R* | 01/23/2009 | Failure to submit a required report of critical examination documenting condition of exterior wall and appurtenances. |

| | | |
|---|---|---|
| 34984924X* | 10/18/2012 | Failure to maintain building wall(s) or appurtenances. |
| 32072860L* | 12/10/2012 | Steam valve leaking-replace, mixing valve leaking-replace, tank room needs to be cleaned up. |
| 36018025X* | 12/15/2011 | Failure to submit a required report of critical examination documenting condition of exterior wall and appurtenances. |
| 36013389Y* | 06/04/2010 | Failure to submit a required report of critical examination documenting condition of exterior wall and appurtenances. |
| 36016139P* | 01/25/2011 | Failure to submit a required report of critical examination documenting condition of exterior wall and appurtenances. |
| 34872366Y* | 04/08/2011 | Failure to maintain building wall(s) or appurtenances. |

Bureau of Electrical Control (as of 07/18/13): 3 open applications

| Control No. | Issued Date | Description |
|---|---|---|
| Z134258 | 03/22/2012 | Sidewalk shed wiring and lighting; awaiting inspection request. |
| Z099985 | 04/13/2004 | No Access 05/20/2004 |
| Z069724 | 03/27/1997 | Service work/Notify utility; awaiting inspection request. |

New York City Fire Department: 1 open (pre 2013). However a violation search was completed in May 2013 and no open violations were reported.

| Violation No. | Issued Date | Description |
|---|---|---|
| V10924758Y | 08/24/2005 | Failure to produce permit, failure to provide signage/instructions, failure to maintain sprinkler/standpipe/alarm/suppression system, and failure to obtain a Certificate of Fitness for Sprinkler Operations. |

Department of Housing Preservation and Development (HPD) (as of 07/18/13): 9 open violations exist.

| Apt Story | Reported Date, NOV Issued Date | Hzrd Class | Violation Description | Status Status Date |
|---|---|---|---|---|
| - - | 2011/07/14 2011/07/19 | A | § 27-2005 adm code properly repair with similar material the broken or defective cracked brickwork at building entrance | NOV SENT 2011/07/19 |
| - 6 | 2010/11/20 2010/11/22 | B | § 27-2005 adm code properly repair with similar material the broken or defective fire retardant material at ceiling at public hall, 6th story, section at north | NOV SENT 2010/11/22 |
| B1-1 | 2010/06/27 2010/08/25 | A | § 27-2013 adm code paint with light colored paint to the satisfaction of this department the ceiling in the 1st room from north located at apt b1, 1st apartment from south at west | NOT COMPLIED 2010/11/24 |
| B1-1 | 2010/06/27 2010/08/25 | A | § 27-2013 adm code paint with light colored paint to the satisfaction of this department the ceiling in the private hallway located at apt b1, 1st apartment from south at west | NOT COMPLIED 2010/11/24 |
| B1-1 | 2010/06/27 2010/08/25 | A | § 27-2013 adm code paint with light colored paint to the satisfaction of this department the ceiling, north wall in the 3rd room from north located at apt b1, 1st apartment from south at west | NOT COMPLIED 2010/11/24 |
| B1-1 | 2010/06/27 2010/07/06 | A | § 27-2005 adm code replace with new the broken or defective counter balance at upper and lower sash in the kitchen located at apt b1, 1st apartment from south at west | NOT COMPLIED 2010/11/24 |
| B1-1 | 2010/06/27 2010/07/06 | A | § 27-2005 adm code replace with new the broken or defective counter balance at upper and lower sash in the 1st room from north located at apt b1, 1st apartment from south at west | NOT COMPLIED 2010/11/24 |
| 2D 2 | 2002/11/08 2002/11/18 | A | § 300 m/d law file plans and application and legalize the following alteration or restore to the legal condition existing prior to the making of said alteration the shower in the 2nd bathroom from east at south located at apt 2d, 2nd story, 2nd apartment from north at east | 2 NO ACCESS 2010/11/24 |
| 5I - | 1986/10/17 1986/11/12 | C | d26-10.01 adm code & 309 m/d law abate the nuisance consisting of double cylinder key operated lock entrance door to 5th sty southwest apt 5i. , section " " | 2 NO ACCESS 2010/11/24 |

Department of Transportation: A violation search was completed in May 2013 and zero (0) open violations were found.

(w) *Unit Information*

There are sixty-eight (68) apartments in the Building. The following 12 apartment lines are located on the first (1st) floor: A, B, C, D, E, F, G, H, I, J, K and L. Each of these apartments has one (1) bedroom. Floors two through six (2-6) have the following eleven (11) apartment lines per floor: A, B, C, D, E, F, G, H, I, J and K. Each of the A, B, C, F, I, J and K line apartments have one (1) bedroom. Each of the

D, E, G, and H line apartments have two (2) bedrooms. There is also a two (2) bedroom apartment located at the cellar level which is in compliance with the Certificate of Occupancy. Determination of equipment and finish condition is based on accessing at least one (1) apartment per line; see also (cc)(1) Special Risks for Layout/Condition of Uninspected Apartments.

(1) Type and grade of finish material used in each type of unit.

The condition of the finishes varies, based on the age and the use by the tenants. Most of the paint on the walls and ceilings are in acceptable condition.

| Room | Floor | Walls | Ceiling |
|---|---|---|---|
| Corridor | 2 ½" Strip Oak Flooring/VCT* Flooring | Wall Paper/Textured Painted Plaster/ Painted Plaster | Textured Painted Plaster/ Painted Plaster |
| Kitchen | Ceramic Tiles/Porcelain Tiles/VCT* Flooring | Ceramic Tiles/Painted Plaster | Painted Plaster |
| Bathroom | Ceramic Tiles/Mosaic Tiles/VCT* Flooring | Ceramic Tiles/Painted Plaster | Textured Painted Plaster/Painted Plaster |
| Living room | 2 ½" Strip Oak Flooring/VCT* Flooring/Carpet | Wall Paper/Painted Plaster | Textured Painted Plaster/Painted Plaster |
| Bedroom | 2 ½" Strip Oak Flooring/VCT* Flooring /Carpet | Wall Paper/Painted Plaster | Textured Painted Plaster/Painted Plaster |

*Vinyl tiles observed were 12"x12" which are typically VCT not VAT. However, based on the age of the Building VAT tiles may exist within the Building and Asbestos is listed as a Special Risk later in this report.

(2) Presence, type and condition of all bathroom fixtures

Bathroom fixtures in the inspected apartments include gel-coated fiberglass or porcelain enamel tubs, single molded lavatory counters set on top of plywood vanities or porcelain lavatory basins, two-piece tank water closets, and two-piece tank type toilets. The condition of the fixtures varies based on the age and the use by the tenants. Additionally the manufacturer and model of the fixtures is unknown and varies from unit to unit.

(3) Presence, type and condition of kitchen and laundry equipment

Kitchen equipment in the inspected apartments include generic plastic laminate/plywood over-counter cabinets, under-counter cabinets, stainless steel kitchen sinks, marble/plastic laminate counters, 4-burner gas stoves/ovens, and 5-feet refrigerators. No laundry equipment was observed in the inspected units. The condition of the equipment varies based on the age and the use by the tenants. Additionally the manufacturer and model of the equipment is unknown and varies from unit to unit.

(x) *Finish Schedule of Spaces Other Than Units*

| Room | Floor | Walls | Ceiling | Condition |
|---|---|---|---|---|
| Storage Room 1 | Painted Concrete | Painted Brick/Painted Coarse Rubble | Painted Plaster | Acceptable |
| Storage Room 2 | Painted Concrete | Painted Brick | Painted Plaster | Acceptable |
| Boiler Room | Painted Concrete | Painted Coarse Rubble | Painted Plaster | Acceptable |
| Electric Room | Painted Concrete | Painted Coarse Rubble | Painted Plaster | Fair |
| Elevator Motor Room | Painted Concrete | Painted Brick | Painted Plaster | Fair |

| | | | | |
|---|---|---|---|---|
| Cellar Corridor | Painted Concrete | Painted Brick/Painted Coarse Rubble | Painted Plaster | Fair |
| Laundry Room | Painted Concrete | Painted Coarse Rubble | Painted Plaster | Fair |
| Lobby | Marble | Painted Concrete Block | Painted Plaster/Painted Textured Plaster Wall Paper | Fair |
| Stairwell | Ceramic Mosaic and Marble Platforms/Marble Treads | Painted Plaster | Painted Plaster | Acceptable |
| Hallway ($1^{st} - 6^{th}$ Floor) | Ceramic Mosaic | Painted Plaster/Painted Concrete Blocks | Painted Plaster | Fair |

(y) *Safety and Warning Devices*

New smoke/carbon monoxide (CO) detectors that are required by the new regulation were installed in all apartments in June, 2005. The Sponsor advised that BRK SC02b/SC02LB detectors were installed in all public areas recently. The boiler has its own Smoke Watchman detector and a heat detector should also be installed in the boiler room.

(z) *Additional Information Required*

(1) Site Plan

See Appendix 2.

(2) Area Map

N/A. It is only required if the buildings are not located in highly urban areas.

(3) Floor plan

See Appendix 3.

(4) Floor to ceiling heights of units

All units are approximately 9' high.

(5) Approximate total area of each unit

| Apartment | Approximate Total Area (SF) |
|---|---|
| 1-6A | 581 |
| 1-6B | 891 |
| 1-6C | 907 |
| 2-6D | 1261 |
| 1D | 914 |
| 2-6E | 1213 |
| 1E | 887 |
| 2-6F | 474 |
| 1F | 636 |
| 2-6G | 1209 |
| 1G | 640 |

| Apartment | Approximate Total Area (SF) |
|---|---|
| 2-6H | 1262 |
| 1H | 883 |
| 2-6I | 907 |
| 1I | 919 |
| 2-6J | 890 |
| 1J | 907 |
| 2-6K | 586 |
| 1K | 754 |
| 1L | 714 |
| Cellar Unit | 1115 |
| Garage | 7,260 |

(6) Master floor plan

See Appendix 4.

(aa) *Further investigation*

Further investigation should be conducted to understand the material roof insulation and flashing.

(bb) *Further development*

This office has not been advised that any further development is anticipated or planned.

(cc) *Special Risks*

(1) Layout/Condition of Uninspected Apartments:

Access was provided originally at various dates in 2005 through 2008. Verification and re-inspection took place in 2013. Access was provided to at least one (1) apartment per line to verify the existing drawings. The Sponsor has advised that the layouts represented are typical of the unit's original layout. These layouts were verified by Building personnel when access was not provided. Each unit may have some minor variation based on modification completed by past or current residents. The Sponsor advises that they anticipate returning the layouts to the original configuration to the extent required by law and therefore are represented as such.

(2) Asbestos:

In our visual inspections we found no evidence of asbestos containing materials (ACM) such as insulation, VAT, fireproof materials, etc. However, based on the age of the Building, further testing of specific materials is recommended to confirm or deny the presence of ACM.

(3) Lead Based Paint:

In our visual inspections we found no evidence of lead based paint. Testing of paint samples should be conducted to confirm if any lead based paint is present within the Building.

(4) Violations:

As noted in the report, there are several violations form multiple agencies. Refer to section (v) for specific issues and more violation information.

(5) Water Supply:

A portion of piping in the cellar is not insulated. Insulation is recommended. The estimated cost is approximately $7,500.

(6) Electrical System:

Wiring and Circuitry: Some bathrooms and kitchens are not equipped with GFI outlets. The estimated cost is approximately $100/outlet.

(7) Wall Insulation:

Further investigation should be conducted to determine if insulation exists between the masonry infill and the interior plaster. Sponsor does not believe that any insulation exists. Any interior gut renovations to the infill or brick face will require compliance with the Energy Conservation Construction Code of New York State.

(8) Roof Insulation:

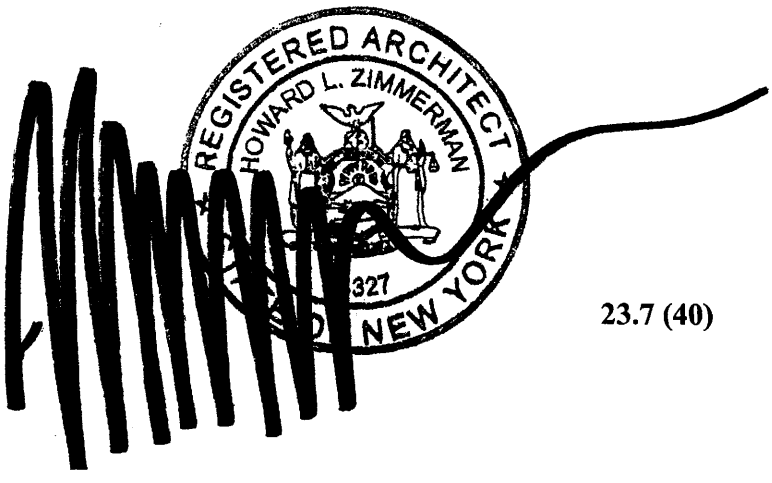
Further investigation should be conducted to determine if insulation exists below the roof membrane. Insulation is believed to be installed however the type, size, and R-value of the insulation is unknown. Any roof replacement project completed in the future will need to comply with the Energy Conservation Construction Code of New York State.

*Note:*

*The term "fair" used in the Report refers to the moderately good, satisfactory, and above average conditions with minor deteriorations that are mostly aesthetic and do not require repair.*

*The term "acceptable" used in the Report refers to the conditions that meet the minimum requirement of the performance and are judged to be in conformity with approved usage. The item may contain moderate deteriorations that require proper and continuous maintenance or minimal repair.*

*The term "poor" used in the Report refers to the under-satisfactory and inadequate conditions with deteriorations that require repair or replacement.*




**23.7 (40)**

# APPENDIX 1

# CERTIFICATE OF OCCUPANCY

Form 54 C (Rev. 6/63)-4M-201196(68)

as

# DEPARTMENT OF BUILDINGS

BOROUGH OF MANHATTAN, THE CITY OF NEW YORK

Date November 21, 1968 No. 66734

# CERTIFICATE OF OCCUPANCY

NO CHANGES OF USE OR OCCUPANCY NOT CONSISTENT WITH THIS CERTIFICATE SHALL BE MADE UNLESS FIRST APPROVED BY THE BOROUGH SUPERINTENDENT

AMENDS

This certificate supersedes C. O. No. 17515

THIS CERTIFIES that the new altered—~~existing~~ building—premises located at 769-777 Riverside Drive 773-777 ~~Corrected~~ Block 2134 Lot 200

That the zoning lot and premises above referred to are situated, bounded and described as follows:

BEGINNING at a point on the ~~corner~~ side of distant feet from the corner formed by the intersection of and

running thence *SEE STATEMENT "A" feet; thence feet;

thence of Alt. 1099-1967 feet; thence feet;

running thence feet; thence feet;

to the point or place of beginning, conforms substantially to the approved plans and specifications, and to the requirements of the Building Code, the Zoning Resolution and all other laws and ordinances, and of the rules 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 646c of the New York Charter have been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent.

Alt. No.— 1099-1967 Construction classification— Class 3 Nonfireproof

Occupancy classification— Hereafter Erected Cl Height 6 stories, 55 feet.

Date of completion— October 31, 1968 Located in R 8 Zoning District.

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: and The City Planning Commission: (Calendar numbers to be inserted here)

## PERMISSIBLE USE AND OCCUPANCY

Off-Street Parking Spaces

Off-Street Loading Berths

| STORY | LIVE LOADS Lbs. per Sq. Ft. | PERSONS ACCOMMODATED | USE |
|---|---|---|---|
| Sub-Cel. | On Ground | | Garage for twenty-one (21) motor vehicles. |
| Cel. | 40 | | One (1) apartment, boiler room, incinerator, carriage, locker rooms and storage. |
| 1st | 40 | | Twelve (12) apartments. |
| 2nd to 6th Incl. | 40 each | | Eleven (11) apartments on each story. |

NOTE: Parking is primarily for residents and may include parking for non-residents; For non-residents the time is limited to not less than one (1) week and not more than one (1) month. Residents may recapture any of the non-resident parking spaces upon thirty (30) day written notice to the owner.

Fire Department Fuel Oil Permit No. C 9772-2.

NOTE: This is an AMENDED Certificate of Occupancy.

THIS CERTIFICATE SHALL ALSO BE CONSIDERED A CERTIFICATE OF COMPLIANCE WITH SECTION 301 OF THE HOUSING AND MULTIPLE DWELLING LAW.

OFFICE COPY—DEPARTMENT OF BUILDINGS

Borough Superintendent

IT MUST BE POSTED IN ACCORDANCE WITH THE RULES OF THE DEPARTMENT OF BUILDINGS

STATE OF NEW YORK )
COUNTY OF NY ) SS:

This is to certify that this is a true copy of a record in the custody of The Department of Buildings of the City of New York.

4-3-02 _____
Date Certifying Officer

# APPENDIX 2

# NEW YORK CITY
# LOCAL LAW 11 OF 98
# FACADE INSPECTION REPORT
# CYCLE #5

THE CITY OF NEW YORK
DEPARTMENT OF BUILDINGS

# Technical Report
# Periodic Inspection of
# Exterior Walls and Appurtenance

February 21, 1999 - February 21, 2004
Please File 3 Copies
This Form Must Be Typewritten and Submitted with the Report

RECEIVED
FEB 18 2000
Pending Approval
Approved

Control # for location
From DOB LL 11/98 Master printout

Cycle Number: 5

## 1 Filing Status

[X] Initial Filing [ ] Amended Filing indicate initial filing date: ___/___/___ [ ] Supplemental Cycle 4 Local Law 11/98 Filing

Was filing made for any previous cycles (yes/no)? If yes, indicate last filing date: ___/___/___ Indicate last filing date: ___/___/___

## 2 Location

| | | | | | |
|---|---|---|---|---|---|
| Borough | Manhattan | Block | 2134 | Lot(s) | 200 |
| House No(s). | 775 | Street Name | Riverside Drive | | BIN |

[ ] A.K.A. address(es)

## 3 Applicant

| | | | | | |
|---|---|---|---|---|---|
| Last Name | Katz | First Name | Andrew | M.I. | |
| Business Name | Andrew Katz Engineers | | | Business Phone | ( 718 ) 252-8735 |
| Address | 1708 Ocean Avenue | City | Bkyn | State | NY ZIP 11230 |
| [X] P.E. [ ] R.A. | | | | Lic. No. | 051094 |

## 4 Owner

| | | | | | |
|---|---|---|---|---|---|
| Last Name | Wiener | First Name | Joel | M.I. | |
| Business Name | 775 Realty Co., LLC | | | Business Phone | ( 212 ) 564-2111 |
| Address | One Penn Plaza, Suite 4000 | City | NYC. | State | NY ZIP 10119 |

## 5 Building Characteristics

| | | | |
|---|---|---|---|
| Number of Stories | 7 | Exterior Wall Type | brick |

## 6 Prior Status - Last Cycle Local Law 10/80

| | | |
|---|---|---|
| [ ] Ongoing Maintenance Program | [ ] Precautionary Conditions | [ ] Unsafe Conditions |
| [ ] Conformed with Code Requirements | Current Completion of Work Estimated to be ___ % | Current Completion of Work Estimated to be ___ % |

## 7 Current Field Report - Critical Examination

[XX] SAFE: All observed conditions conform to Code Requirements and applicable Rules, Regulations and Directives.

[ ] SAFE WITH A REPAIR AND MAINTENANCE PROGRAM: All observed conditions conform to Code Requirements and applicable Rules, Regulations and Directives except for the recommended Repair and Maintenance work described in the report and below:

[ ] UNSAFE: All observed conditions conform to Code Requirements and applicable Rules, Regulations and Directives except for the unsafe conditions described in the report and below

## 8 Statements and Signatures

Falsification of any statement is a misdemeanor under Section 26-124 of the Administrative code and is 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. Violation is punishable by imprisonment or fine or both.

| | |
|---|---|
| P.E. Seal: STATE OF NEW YORK ANDREW A. KATZ No. 051094 LICENSED PROFESSIONAL ENGINEER | 775 Realty Co., LLC |
| Applicant's name (print): Andrew Katz<br>I hereby state that the owner has authorized me to make this application. 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. | Owner's name (print): Joel Wiener, Agent<br>I, hereby state that I am the owner of the premises referenced in the attached report. Furthermore, I hereby state that I have received a copy of the attached report and that I am aware of the required repairs and or maintenance, if any, and the recommended time frame for same |
| Applicant's signature: | Owner's signature |
| Date: 12/30/99 | Date: 12/30/99 |

SEE INSTRUCTIONS ON REVERSE SIDE

TR-6 Revised 09-98

# NEW YORK CITY LOCAL LAW #11 OF 1998

# FACADE INSPECTION REPORT

**FOR**

**775 RIVERSIDE DRIVE**
**NEW YORK, NY**

**BLOCK: 2134 LOT: 200**




**Prepared by:**

**ANDREW KATZ, P.E.**
1708 Ocean Avenue
Brooklyn, NY 11230
(718)252-8735

Enclosures:

Technical Report (TR-6)
Written Report - Pgs. 1-3
Photographs - V-1,2
Bldg. Dept. Printout

December 30, 1999

A critical examination of the exterior walls and appurtenances pursuant to Local Law 11/1998, Section C27-129 of the Administrative Code of the City of New York was done on December 30, 1999.

1. Building Address: 775 Riverside Drive, New York, NY

The building is located 100 feet from the north corner of West 155 Street and Riverside Drive,

Block 2134 Lot 200.

2. The Certificate of Occupancy number was not available at the time of the inspection. The building is a multiple dwelling apartment house.

3. The building has no landmark status. It is approximately 70 years old.

4. The owner of the building is 775 Realty Co. LLC, located at One Penn Plaza, Suite 4000, New York, NY 10119. Telephone 212-564-2111.

5. The average height of the building from grade to roof level is approximately 70 feet. The entire building is seven floors. The exterior walls are masonry bricks and there are new replacement windows. The building is non-fireproof.

6. The building has through the wall air conditioner sleeves for each apartment. Some apartments have window mounted air conditioner units and/or child guards.

7. The roof has internal drainage for storm water. There are roof bulkheads with masonry walls. The parapet walls are brick and appear in good condition.

**Description of the procedures used in making this critical examination.**

The inspection consisted of a thorough visual examination of all the exterior brick walls using binoculars, a camera with a telephoto lens and all the fire escapes located all around the building. The roof, the bulkheads and the parapet walls were inspected from the roof level.

## Current Condition

The exterior wall brickwork of this building is generally in good condition. The water tightness of the exterior seems in good condition.

## General Recommendations

1. All lintels should be scraped and painted. All open mortar joints should be repointed.
2. The building has been repointed at various elevations and locations.
3. Remove the flower pots from the window sills facing Riverside Drive.
4. Roof:
   The elevator bulkheads need repointing. The chimney needs steel straps for reinforcement.

See the attached photographs for the above items.

The owner/property manager should make sure that no loose items or objects, such as potted plants, are placed in areas where they could fall and that window air conditioning units are properly installed as per the manufacturer's recommendations and supported at all times. Make sure that windows and window screens are secured. Records should be kept of all problems related to the building exterior and of all exterior building repairs.

It is recommended that the building facade and appurtenances be inspected regularly by the building superintendent to minimize potential problems. The management should be certain that all window guards as required by law are properly installed, maintained and secured.

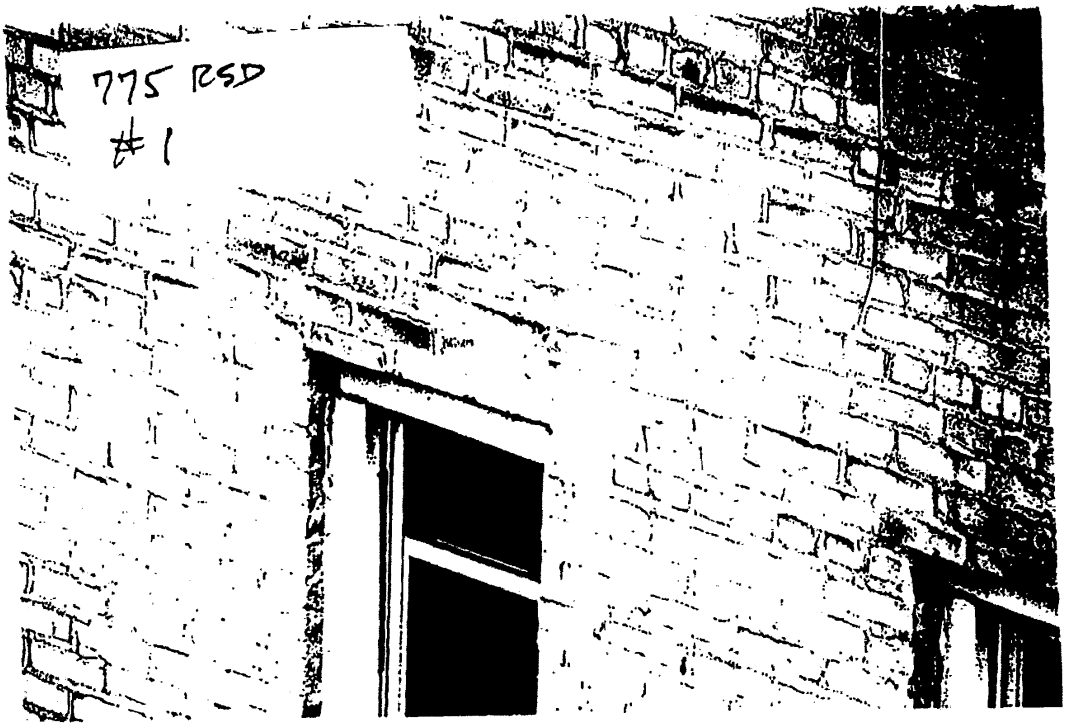
## Inspection Notes

The sole purpose of this report is to provide a critical examination of the building exterior as defined by Local Law 11/98.
The engineer assumes no responsibility for the adequacy of the design or construction of the original building, nor the adequacy of repair work either performed in the past, present or future by contractors or maintenance personnel.

This report represents the professional opinion of the undersigned, and is not to be construed as a warranty or guarantee with respect to the condition of the building.

See the attached photographs of various facades of the building

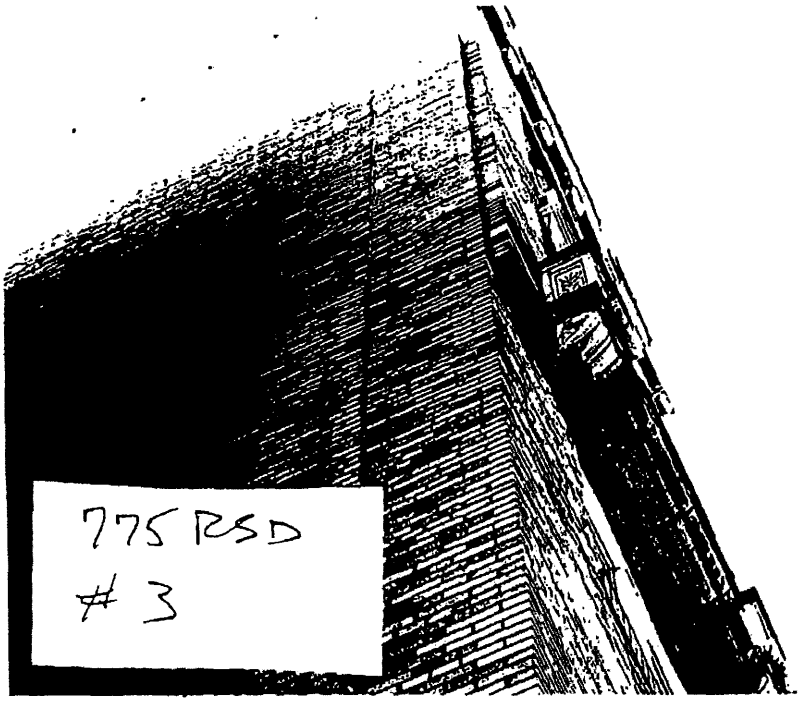
We find that this building complies to Local Law #11/98 as **safe** with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and Directives.







Local Law #11/97
775 Riverside Dr
Manhattan #V-1









Local Law #11/92

775 Riverside Dr

Manhattan tv-2

# APPENDIX 3

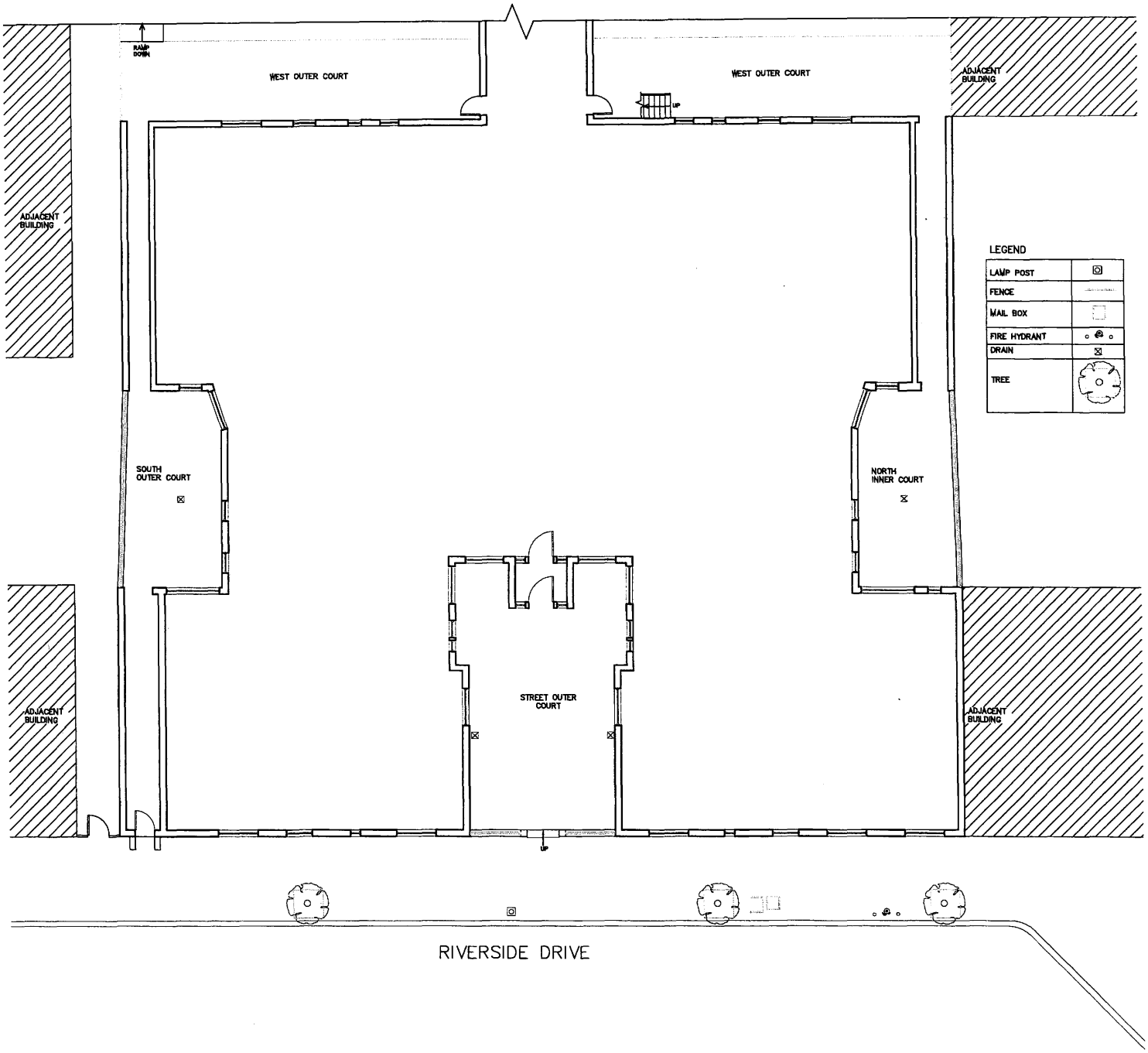
# SITE PLAN

1 / A1-01 SITE PLAN

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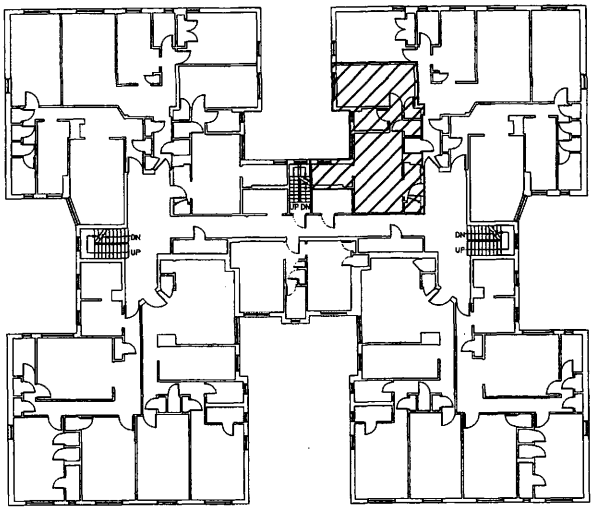
775 RIVERSIDE DRIVE
7/18/2013

NOTE:
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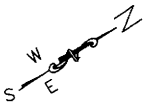


# APPENDIX 4

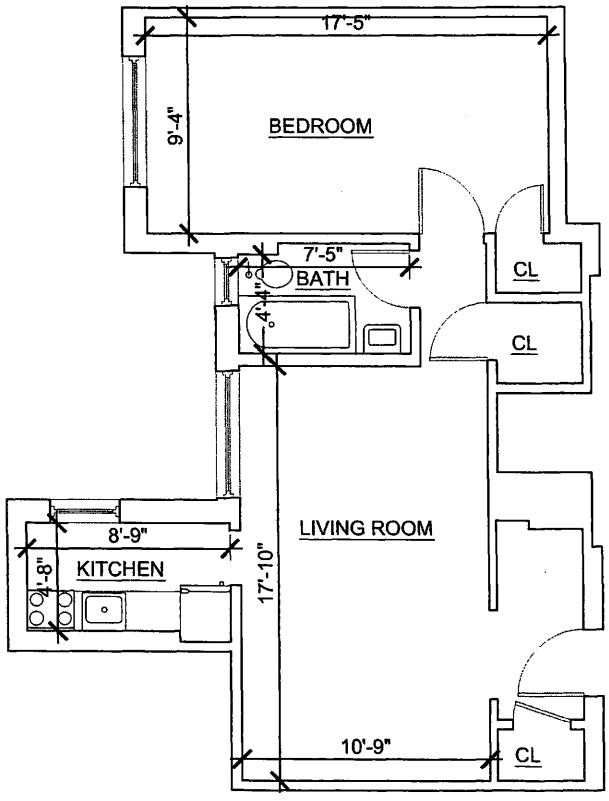
# FLOOR PLANS



1 / A2-01 TYPICAL A LINE
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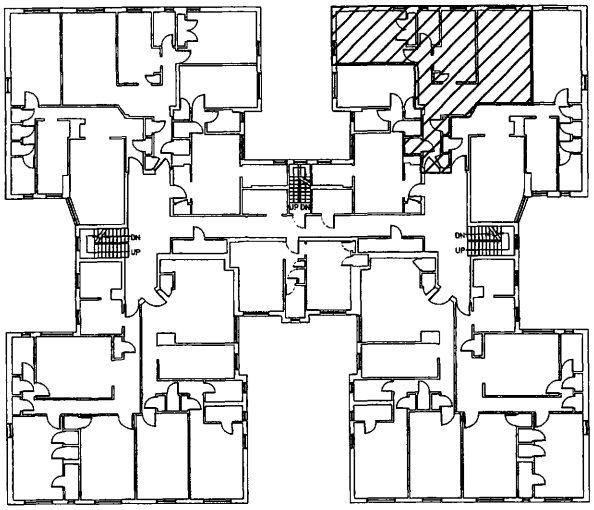



775 RIVERSIDE DRIVE
7/18/2013



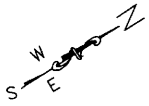

APPROXIMATE SQ. FT. = 581

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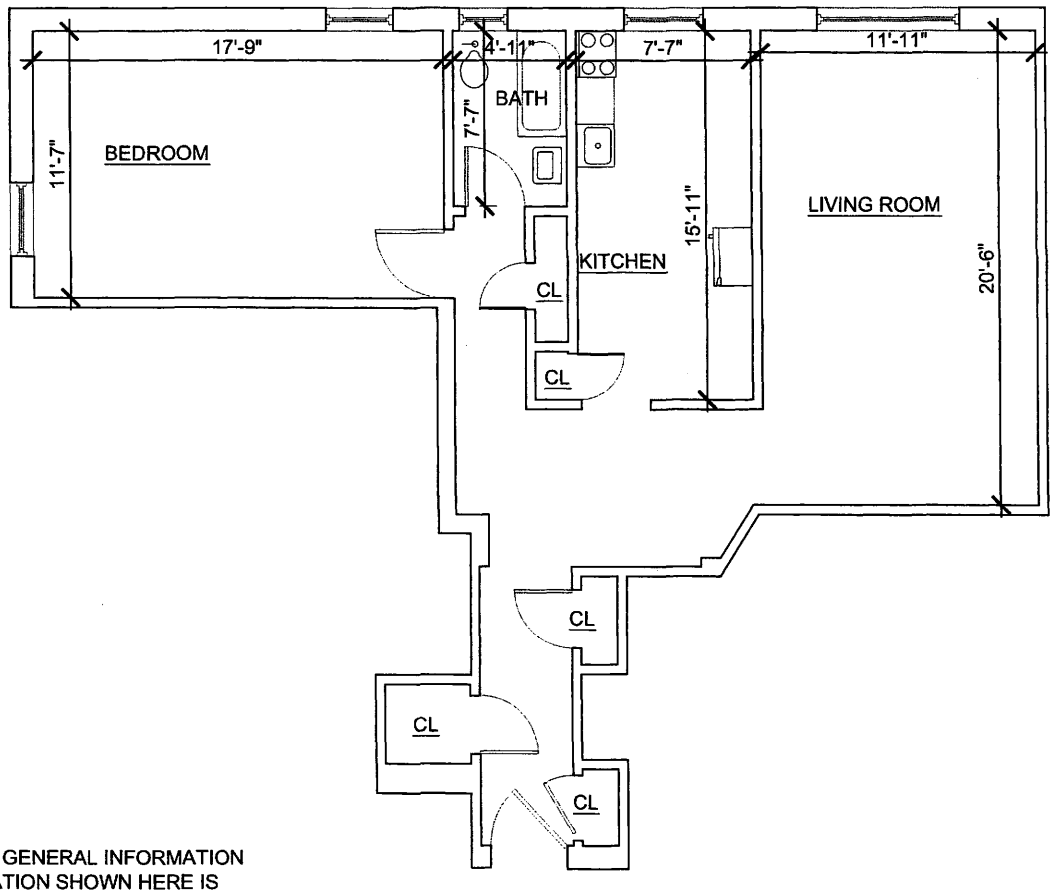
1 / A2-02 TYPICAL B LINE

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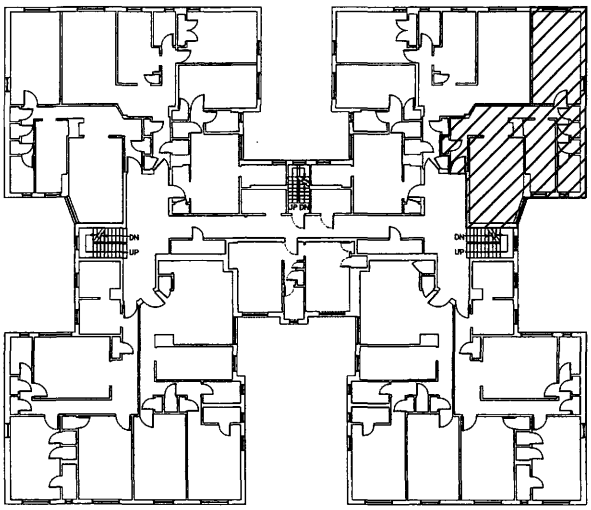



775 RIVERSIDE DRIVE
7/18/2013

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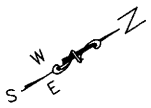



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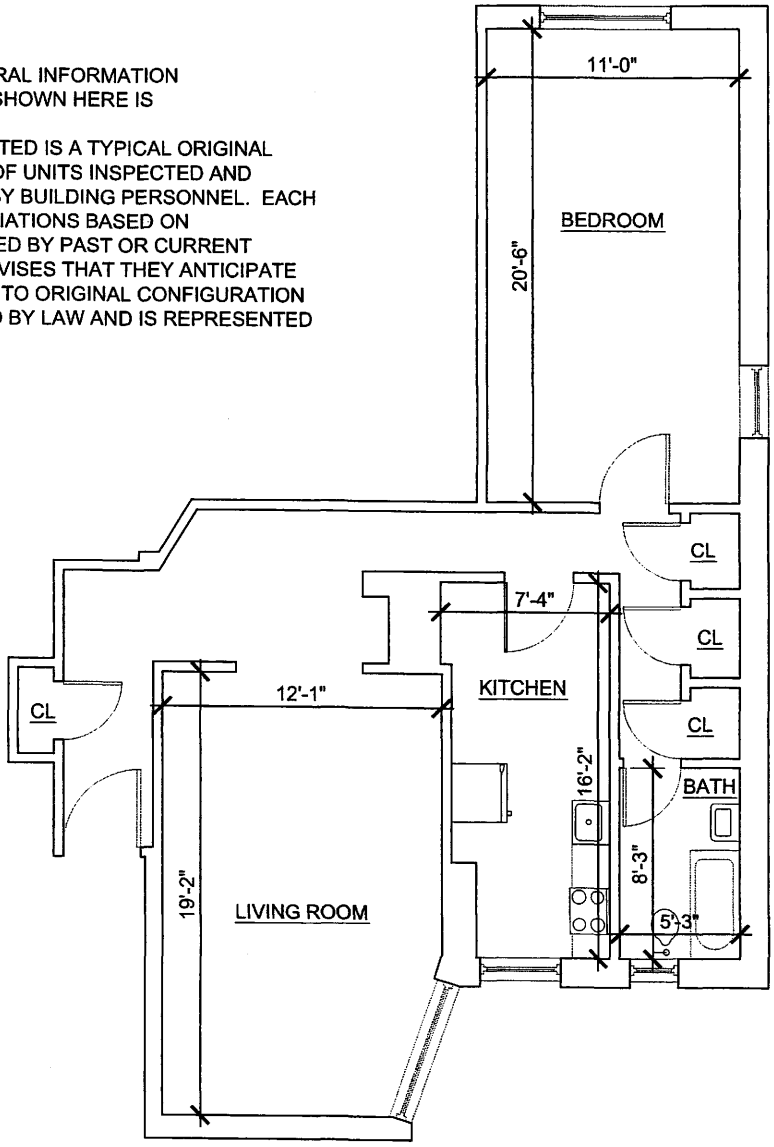
1 / A2-03 TYPICAL C LINE

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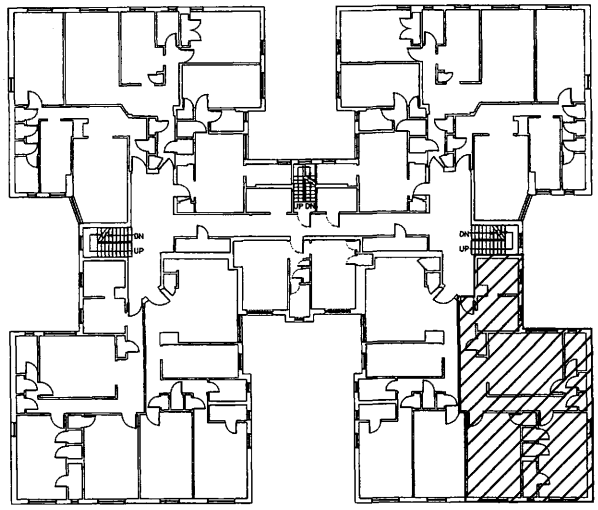



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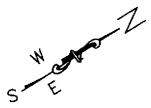



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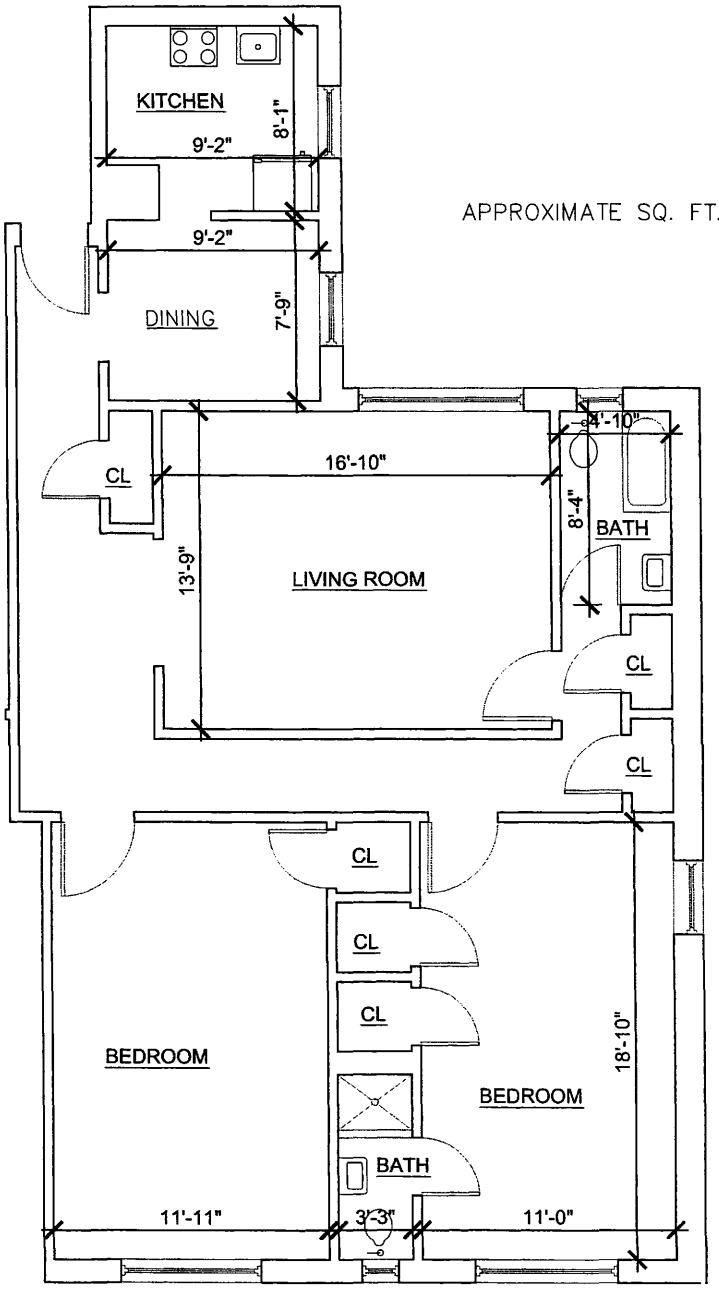
1 / A2-04 TYPICAL D LINE

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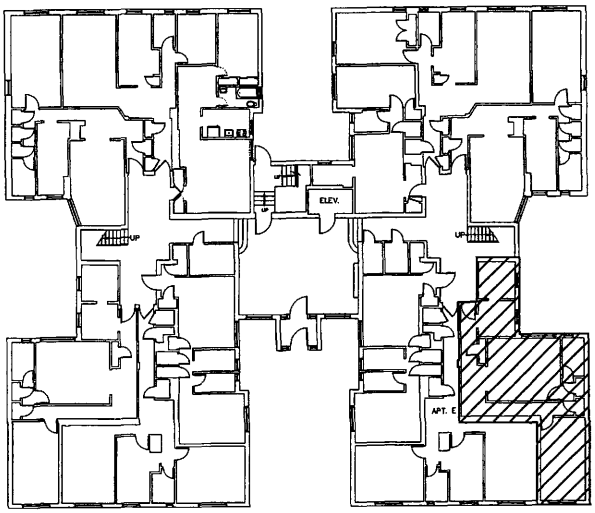



775 RIVERSIDE DRIVE
7/18/2013

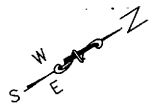
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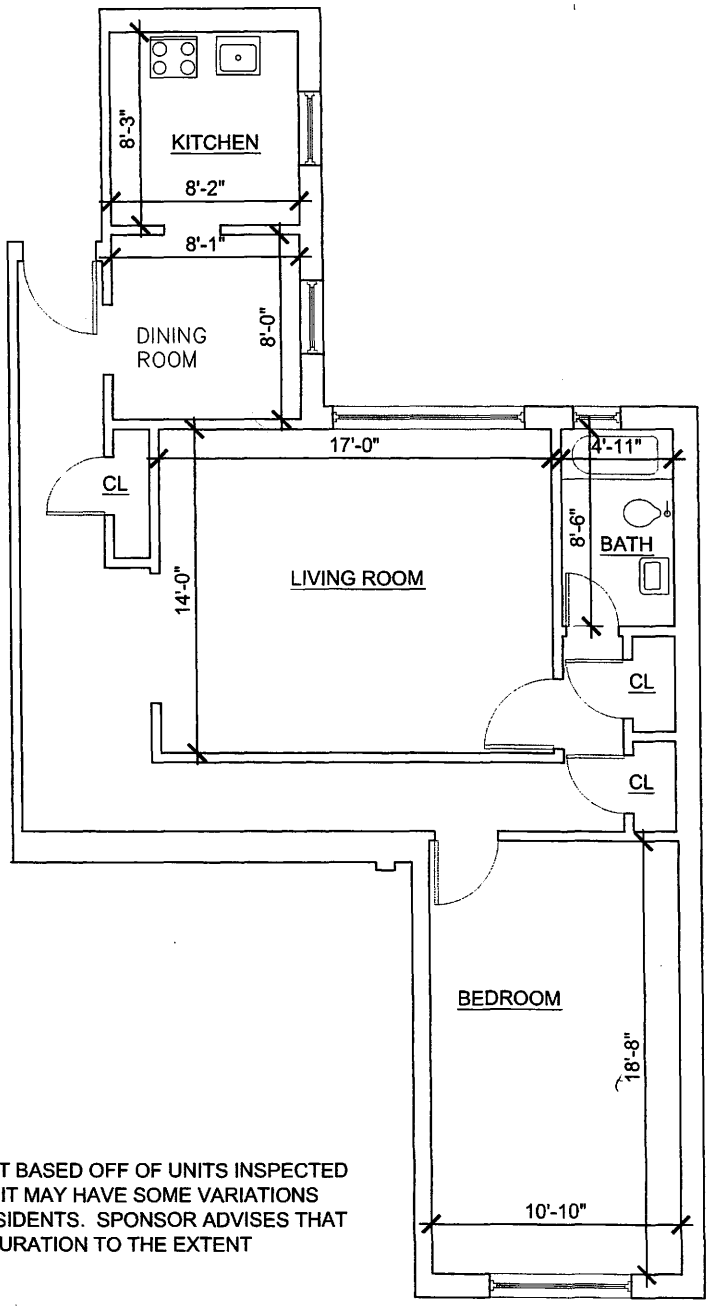



1 A2-05 UNIT 1D
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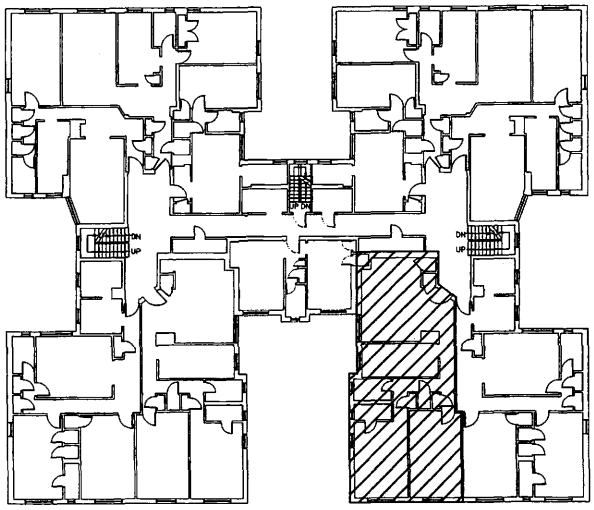



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775 RIVERSIDE DRIVE
7/18/2013

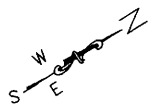



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1 / A2-06 TYPICAL E LINE

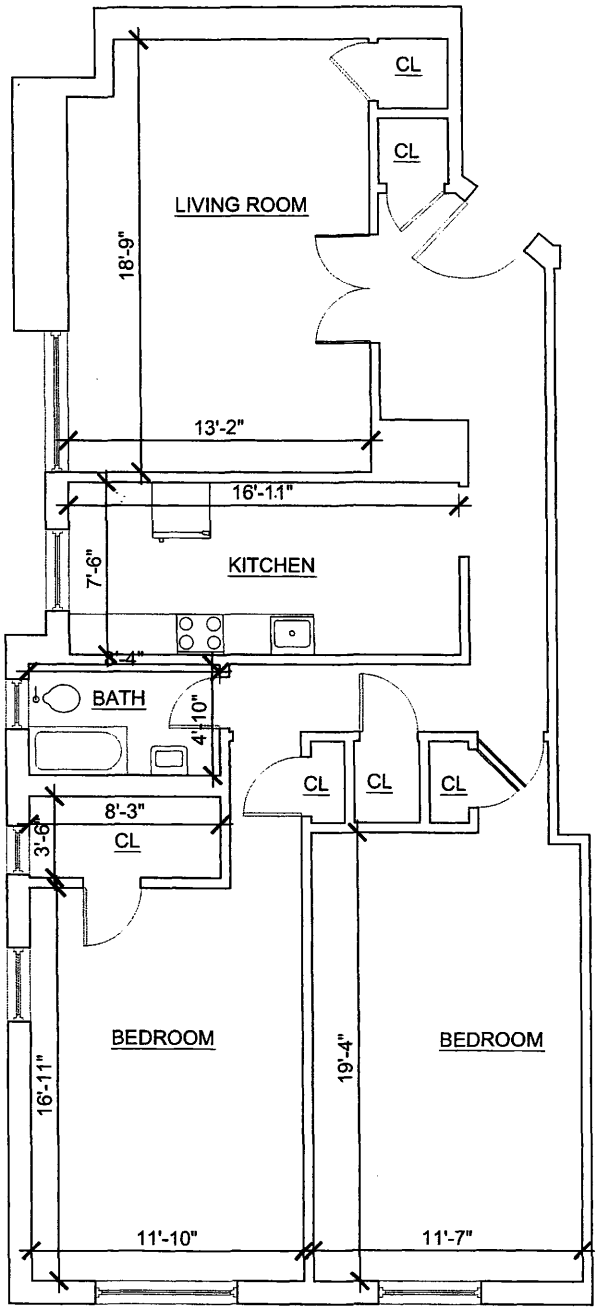
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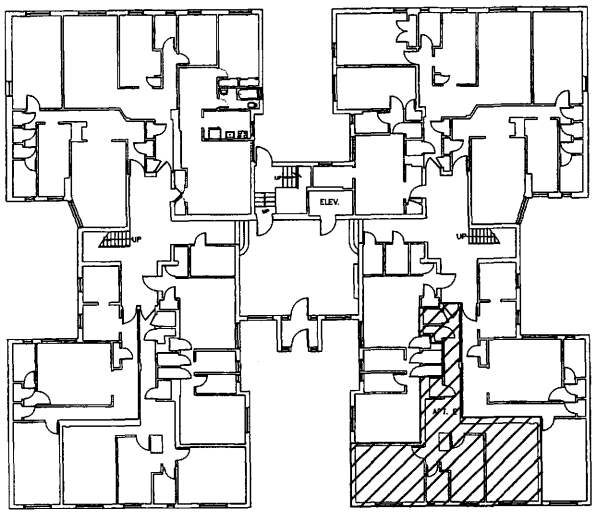



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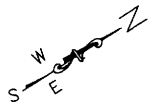
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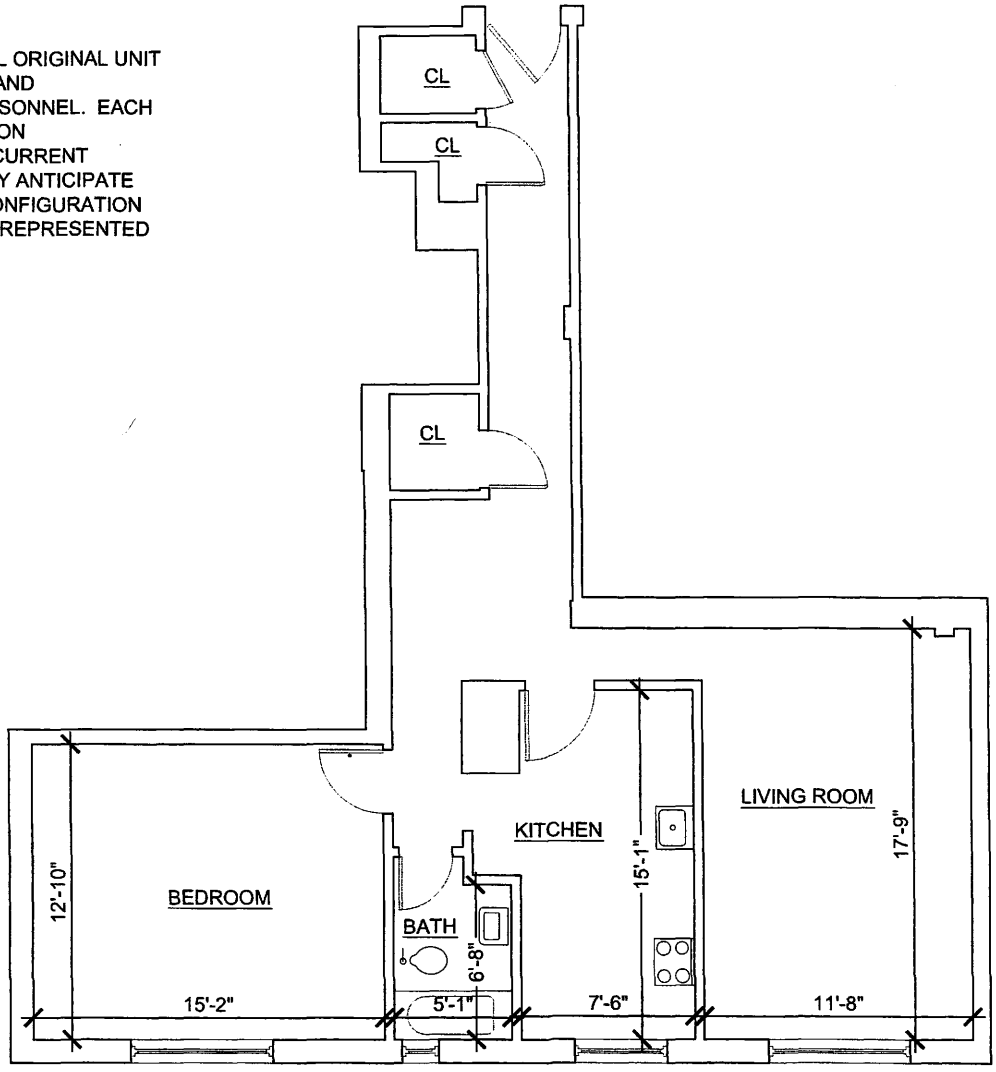

1 / A2-07 UNIT 1E
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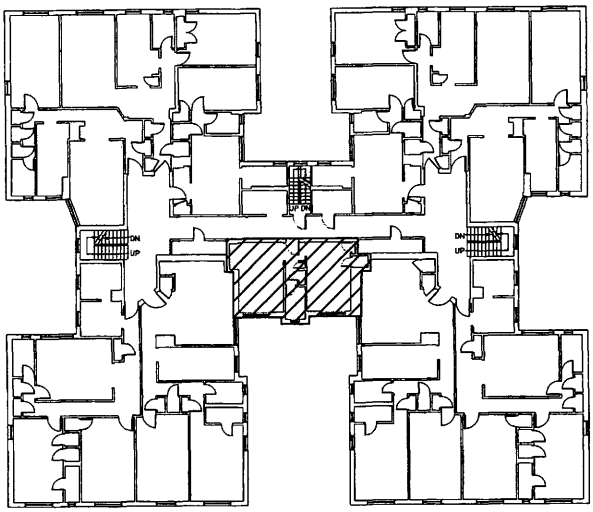



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 887

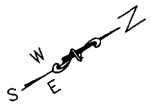
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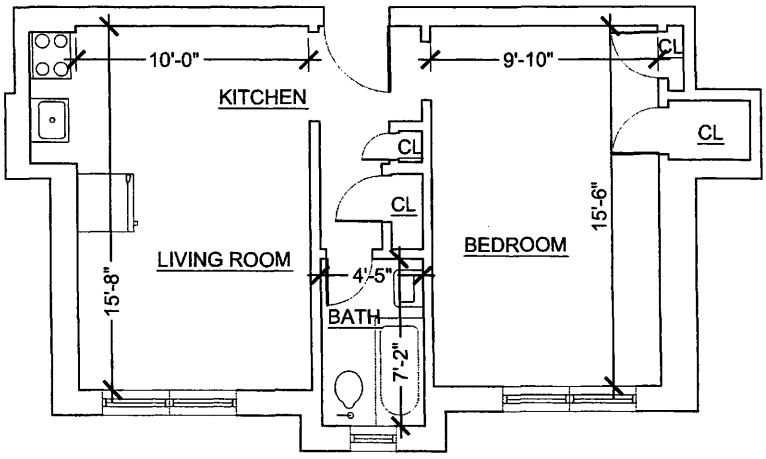


1 / A2-08 TYPICAL F LINE

SCALE: 1/8"= 1'-0"

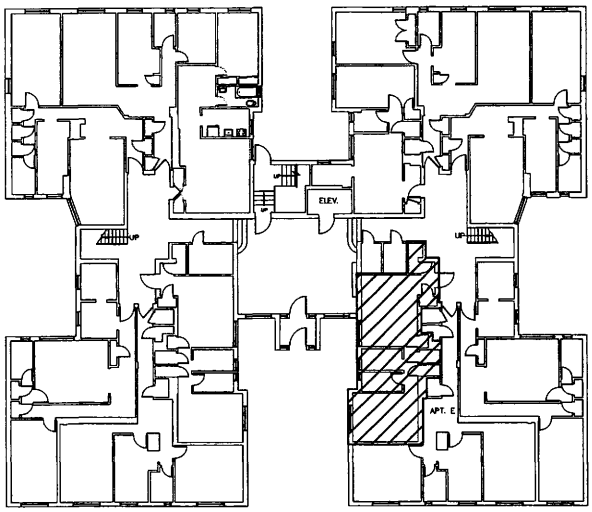



775 RIVERSIDE DRIVE
7/18/2013

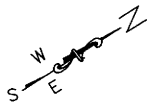



APPROXIMATE SQ. FT. = 474

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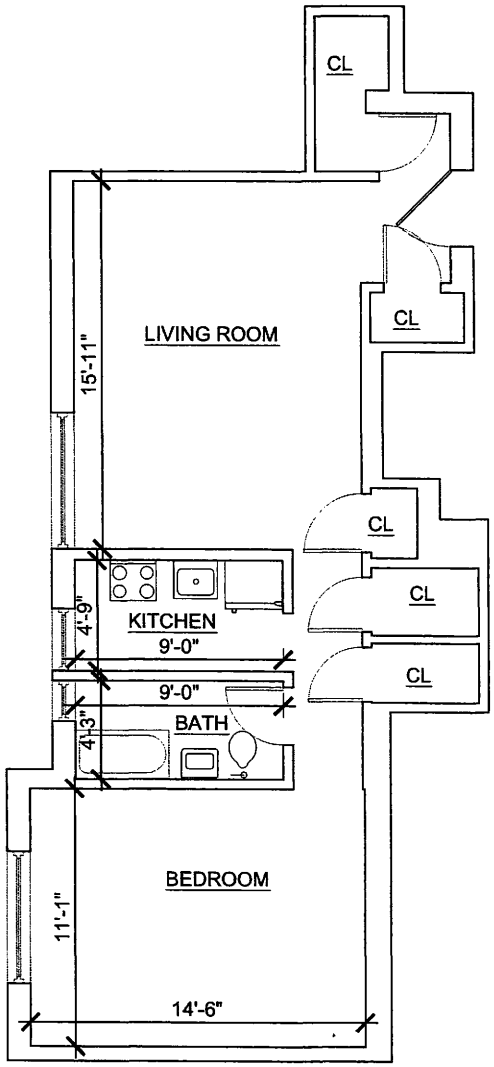

1 / A2-09 UNIT 1F
SCALE: 1/8"= 1'-0"

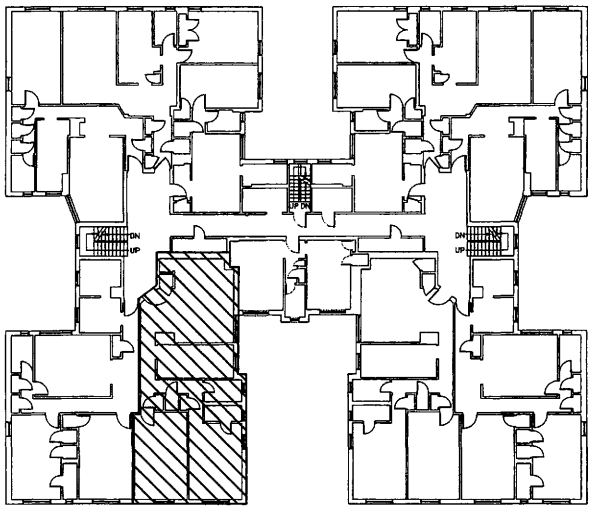



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 636

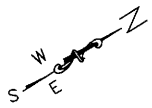
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1 / A2-10 TYPICAL G LINE

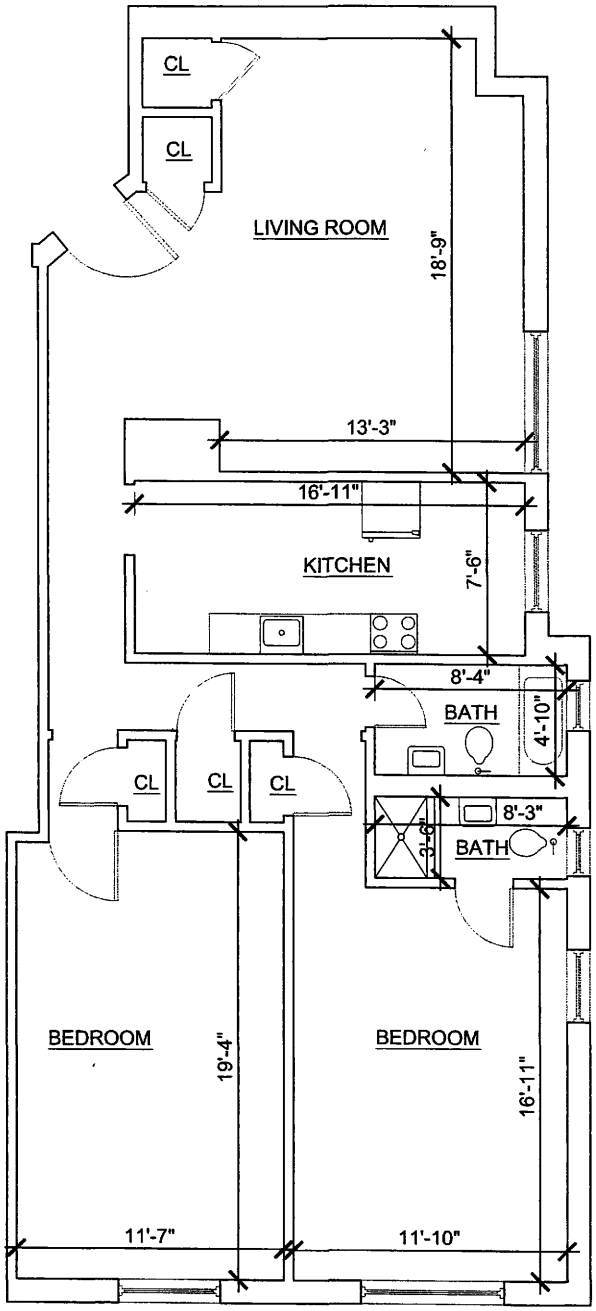
SCALE: 1/8"= 1'-0"

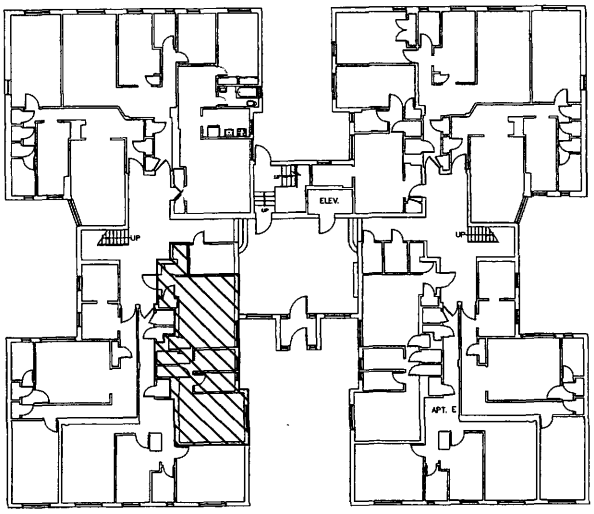



APPROXIMATE SQ. FT. = 1209

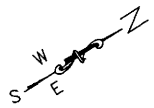
775 RIVERSIDE DRIVE
7/18/2013

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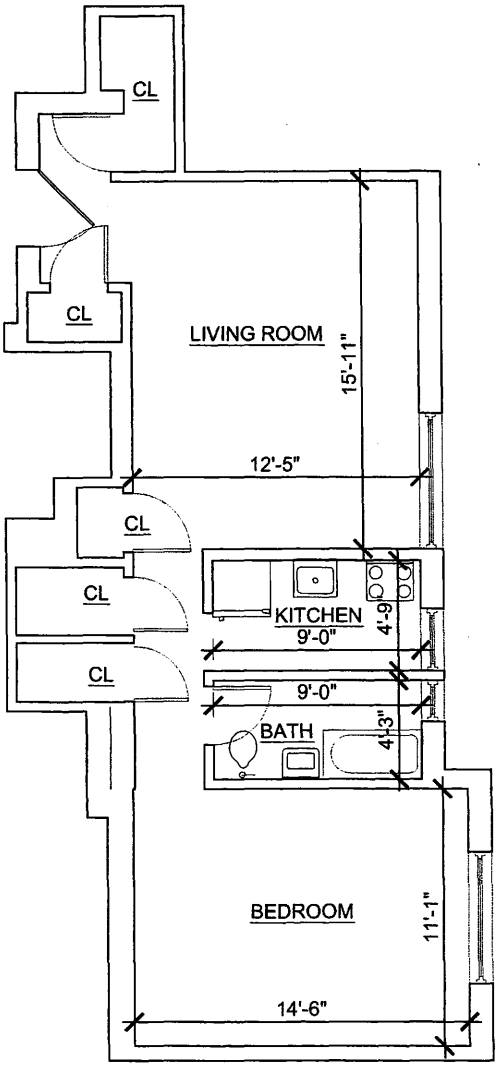



1 / A2-11 UNIT 1G
SCALE: 1/8"= 1'-0"

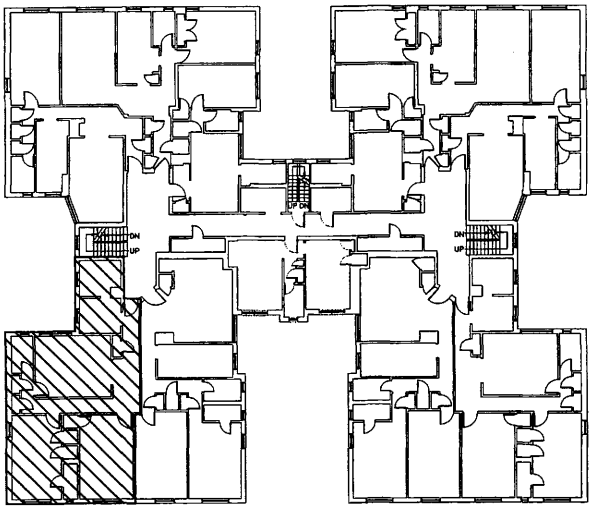



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 640

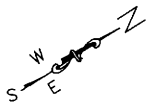



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1 / A2-12 TYPICAL H LINE

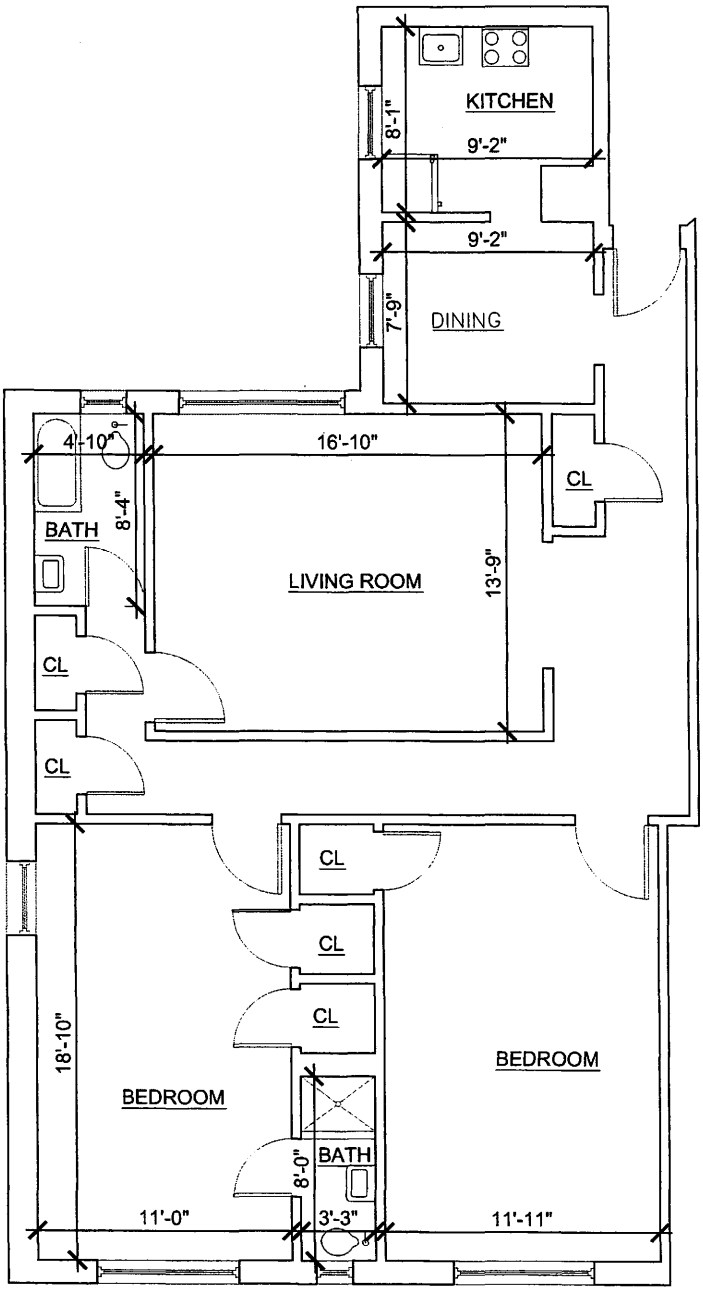
SCALE: 1/8"= 1'-0"

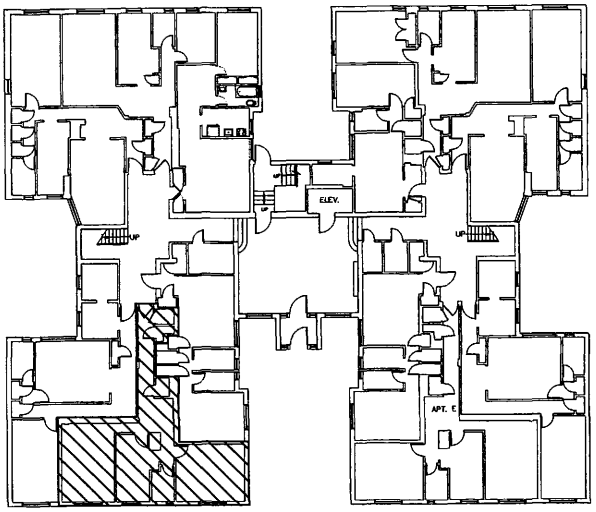



APPROXIMATE SQ. FT. = 1262

775 RIVERSIDE DRIVE
7/18/2013

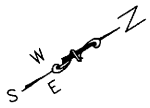
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1 / A2-13 UNIT 1H

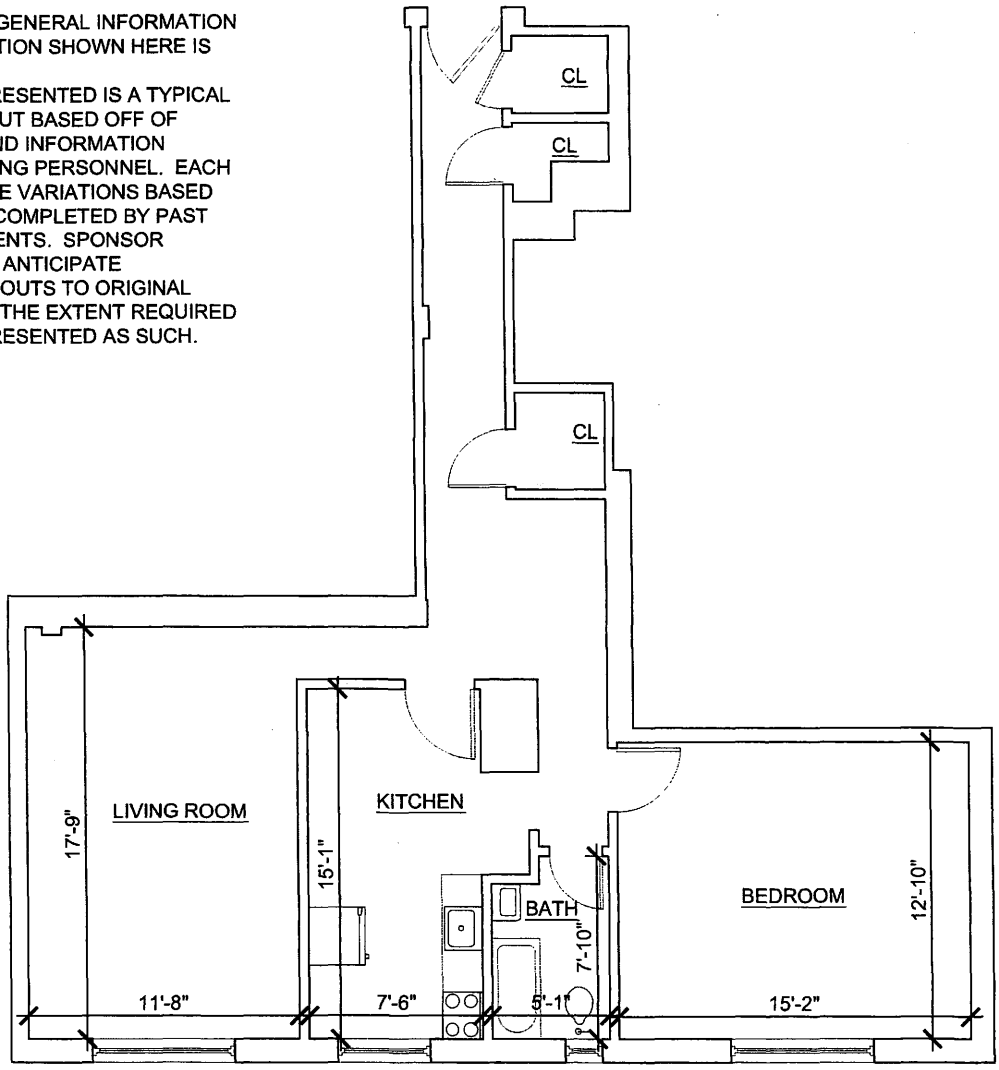
SCALE: 1/8"= 1'-0"

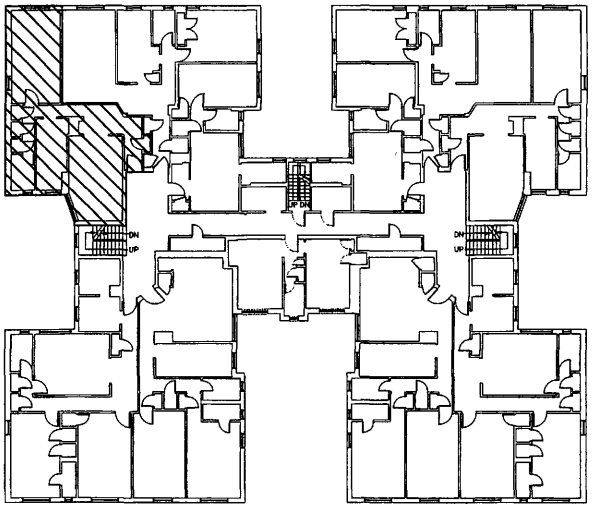



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 883

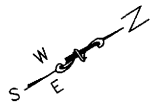
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1 / A2-14 TYPICAL I LINE

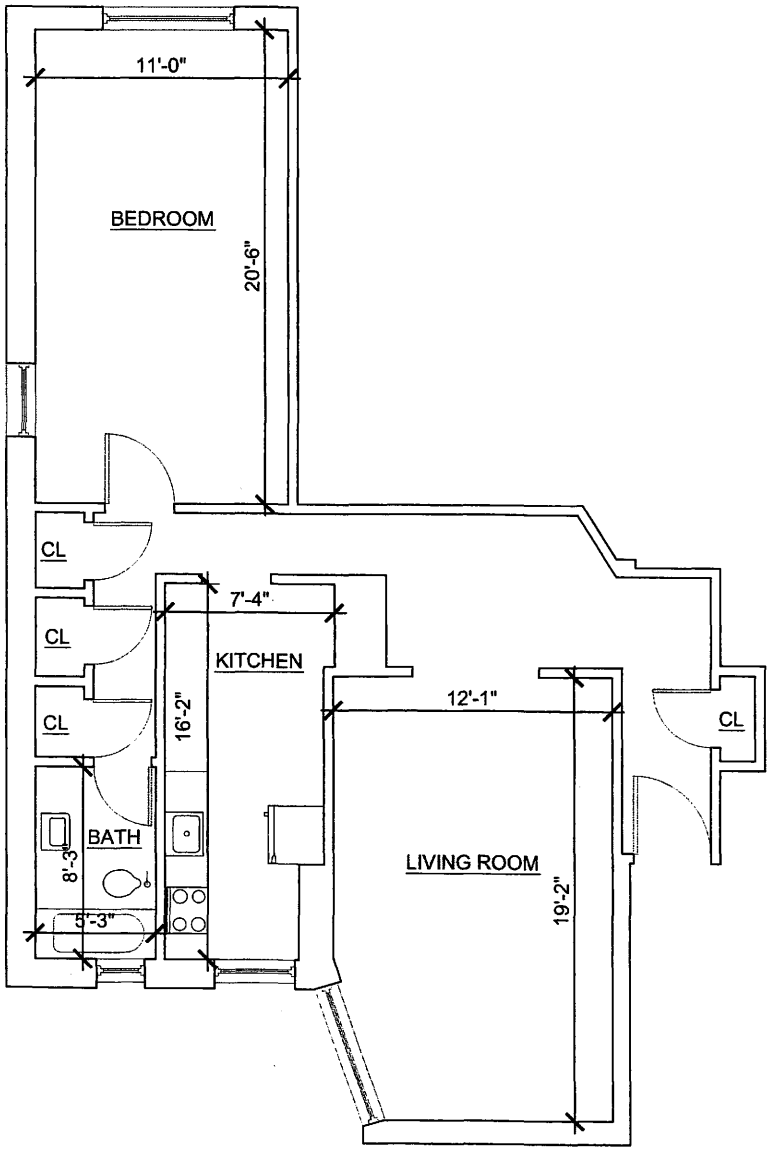
SCALE: 1/8"= 1'-0"

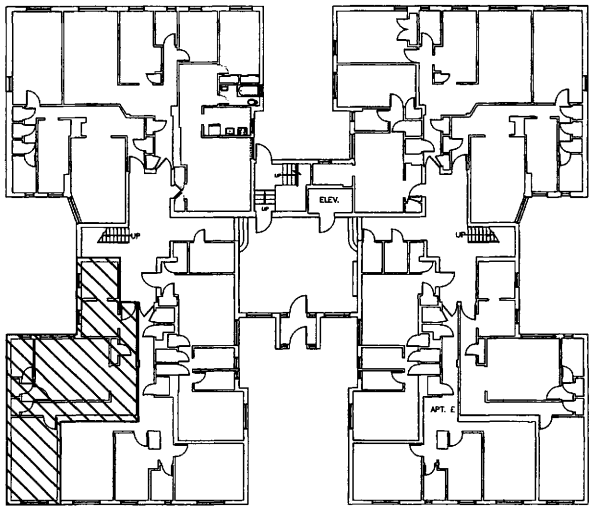



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 907

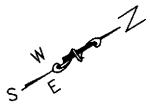
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1 / A2-15 UNIT 1I

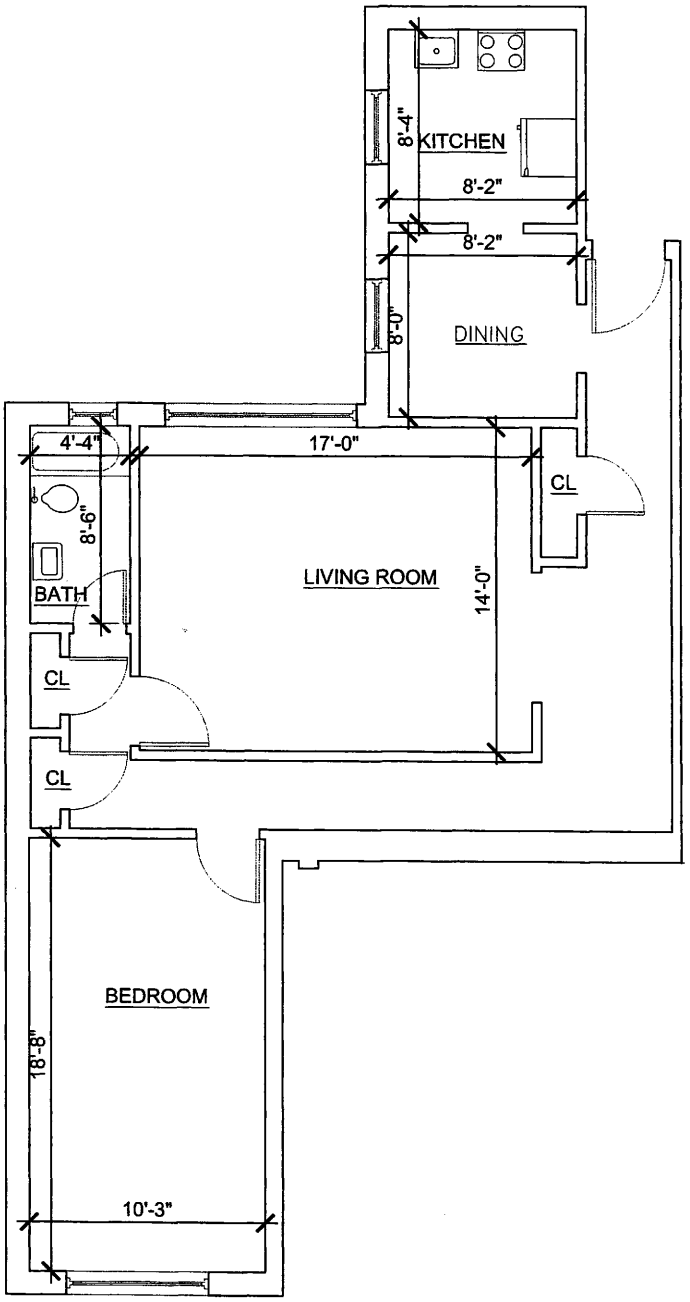
SCALE: 1/8"= 1'-0"

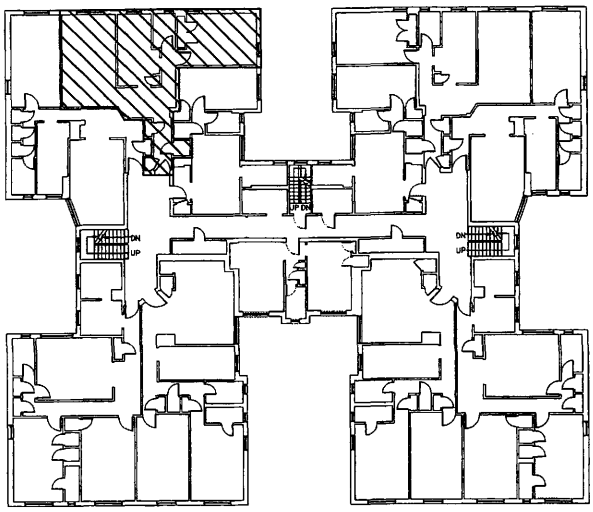



APPROXIMATE SQ. FT. = 919

775 RIVERSIDE DRIVE
7/18/2013

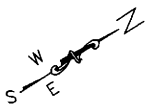
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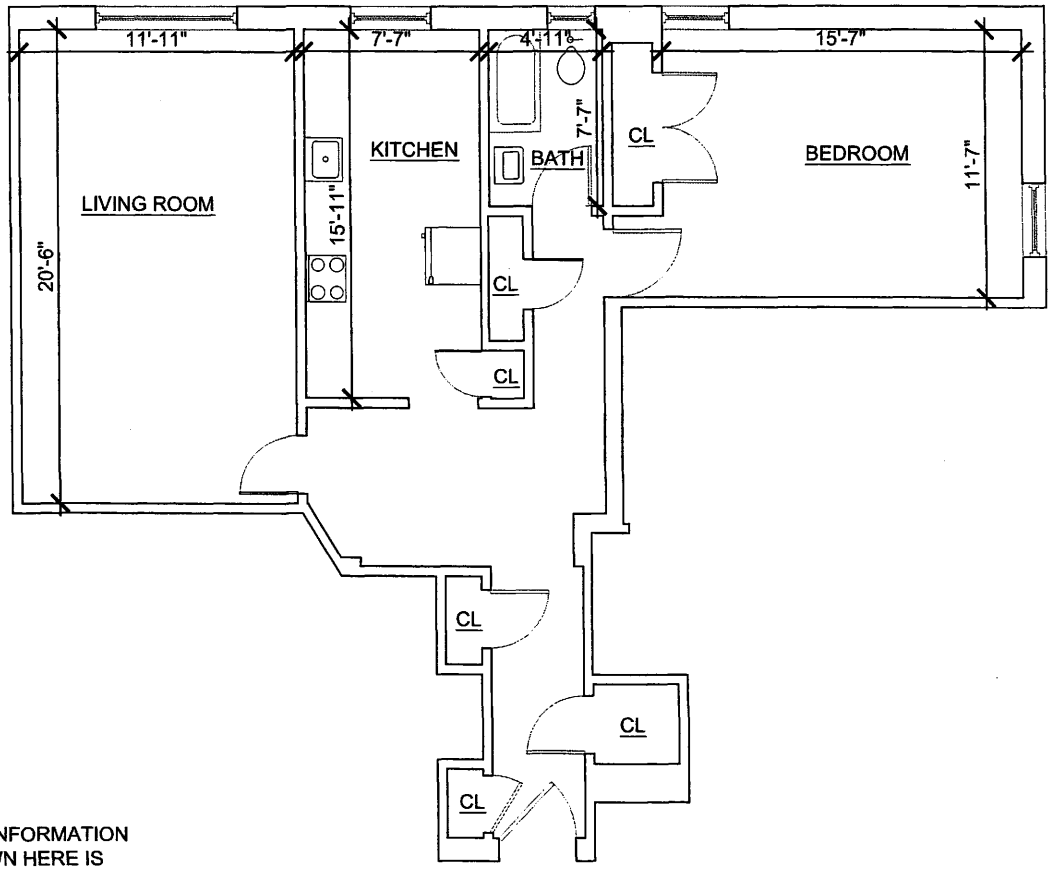
1 / A2-16 TYPICAL J LINE

SCALE: 1/8"= 1'-0"

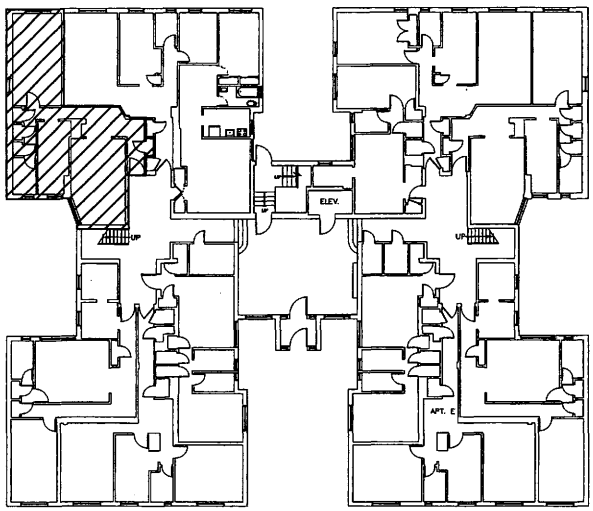



775 RIVERSIDE DRIVE
7/18/2013

APPROXIMATE SQ. FT. = 890




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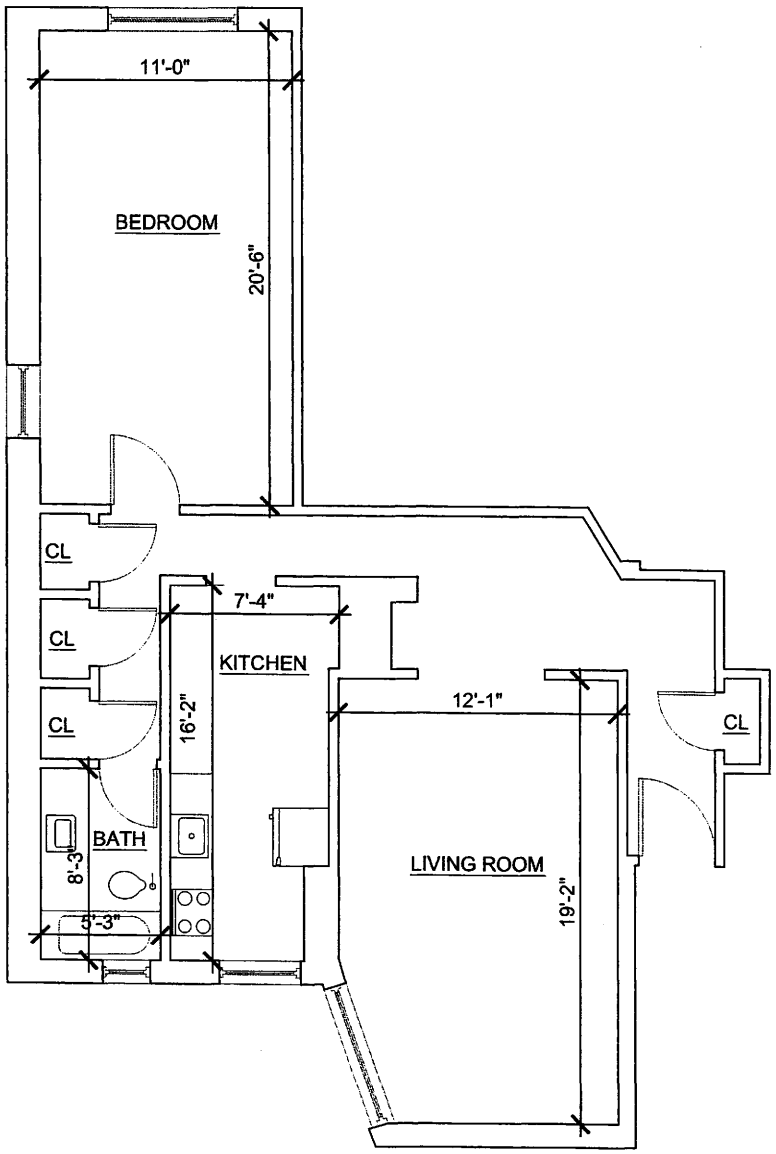


1 / A2-17 UNIT 1J

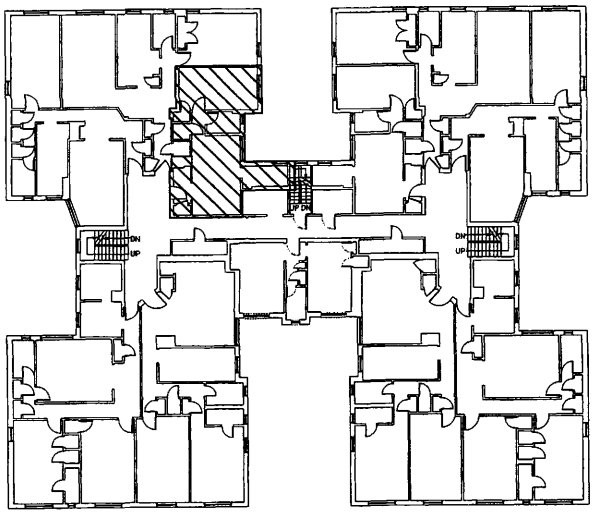
SCALE: 1/8"= 1'-0"

APPROXIMATE SQ. FT. = 907

775 RIVERSIDE DRIVE
7/18/2013

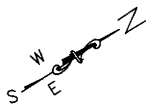



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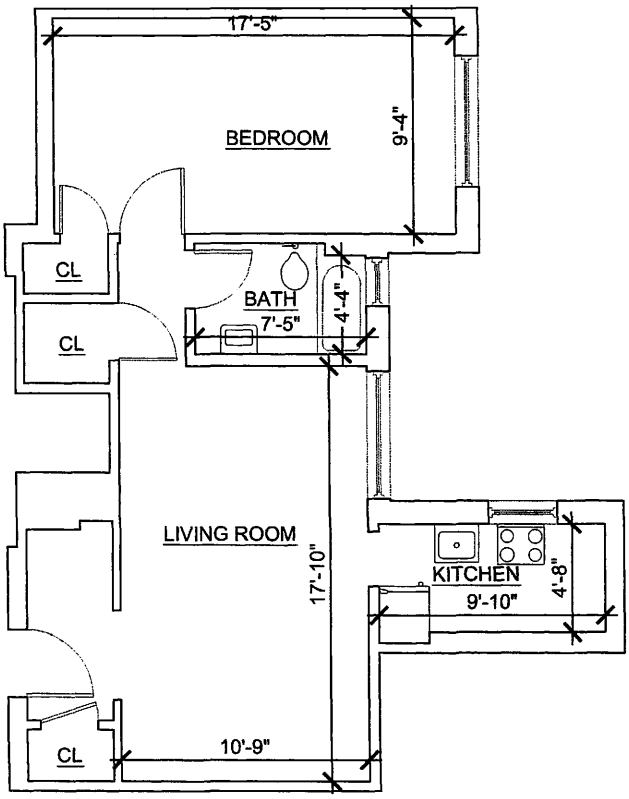
1 / A2-18 TYPICAL K LINE

SCALE: 1/8"= 1'-0"

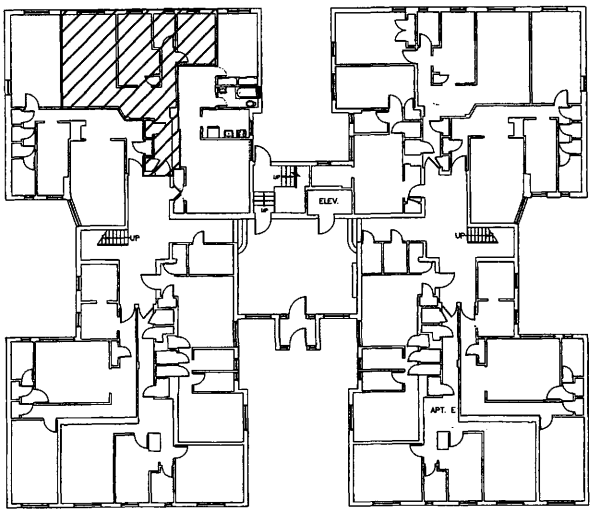



775 RIVERSIDE DRIVE
7/18/2013

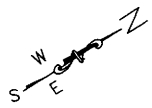
APPROXIMATE SQ. FT. = 586




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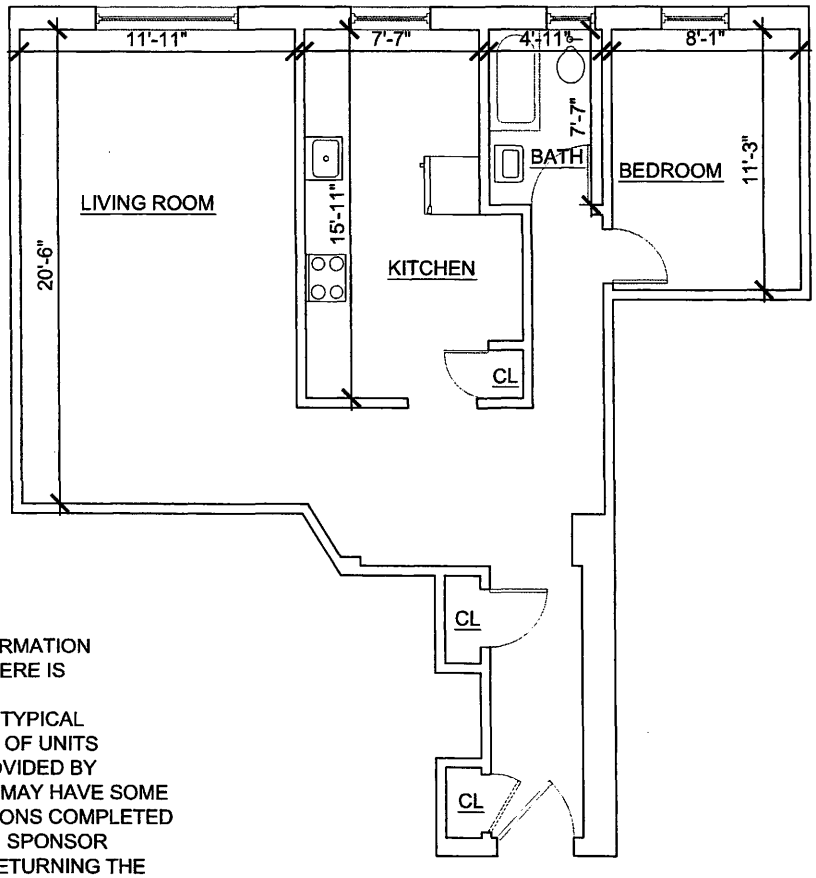



1 / A2-19 UNIT 1K
SCALE: 1/8"= 1'-0"

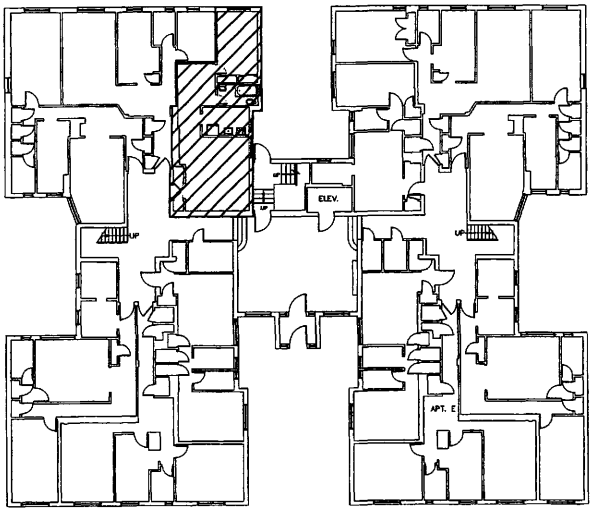



APPROXIMATE SQ. FT. = 754

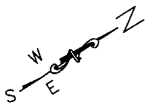
775 RIVERSIDE DRIVE
7/18/2013




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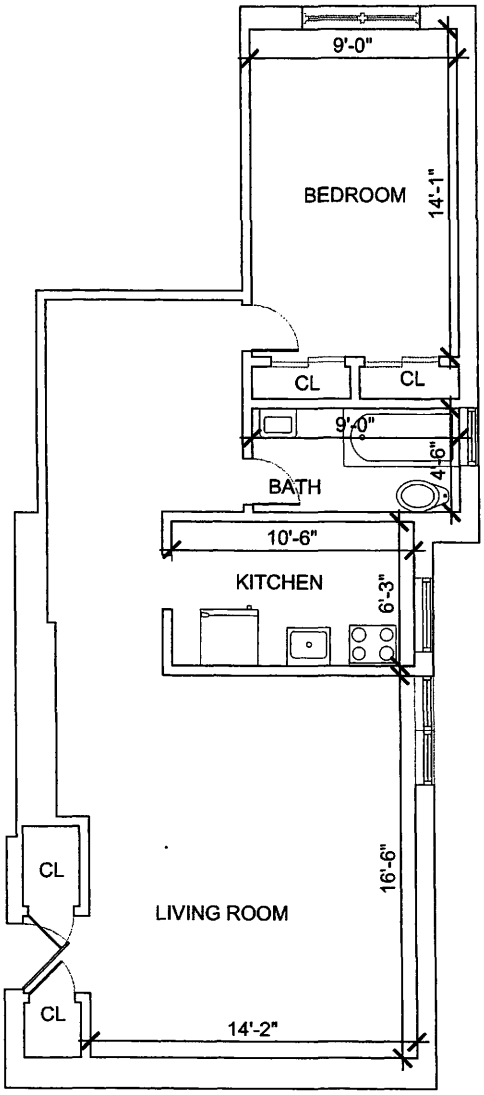

1 A2-20 UNIT 1L
SCALE: 1/8"= 1'-0"




APPROXIMATE SQ. FT. = 714

775 RIVERSIDE DRIVE
7/18/2013

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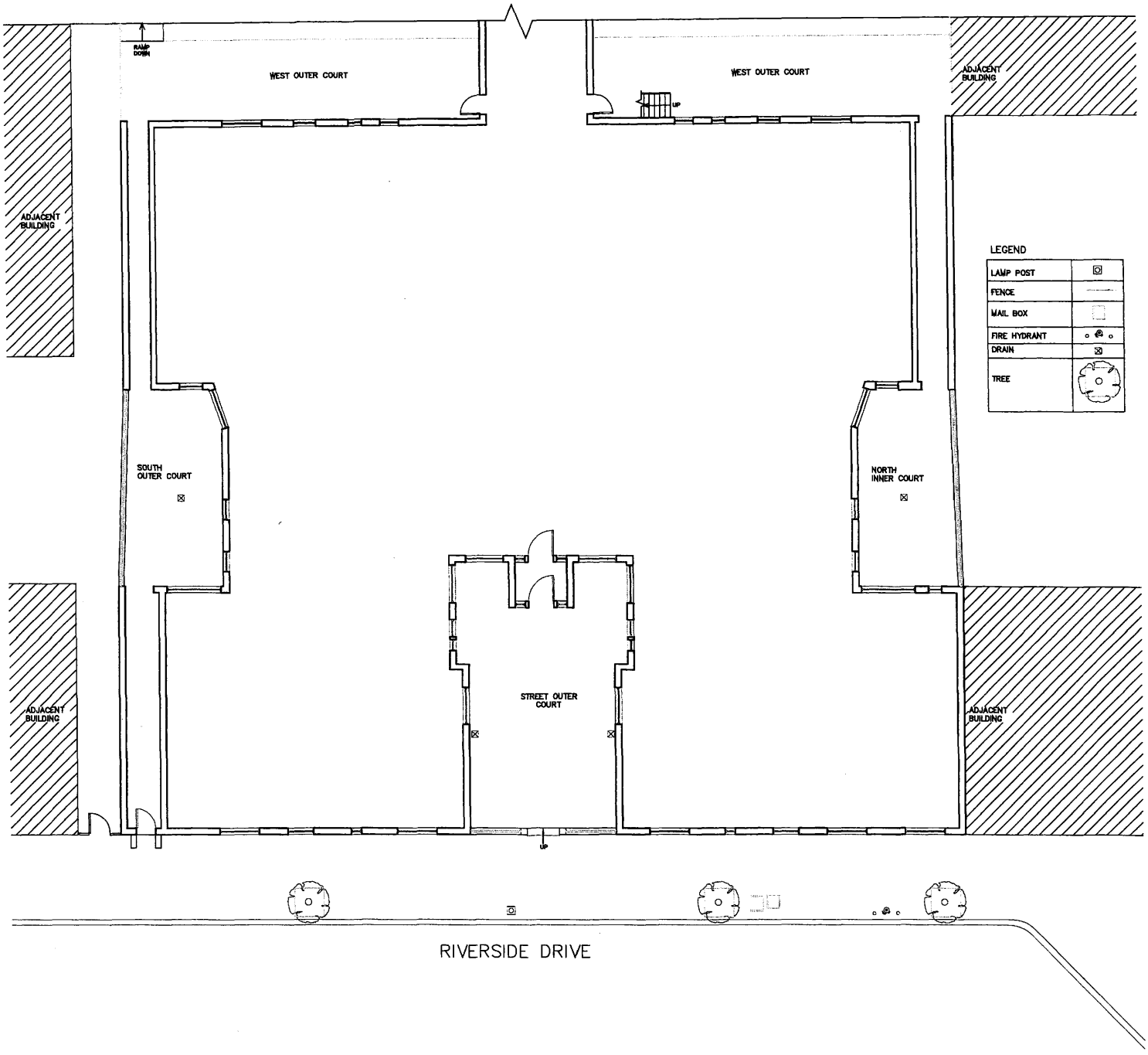


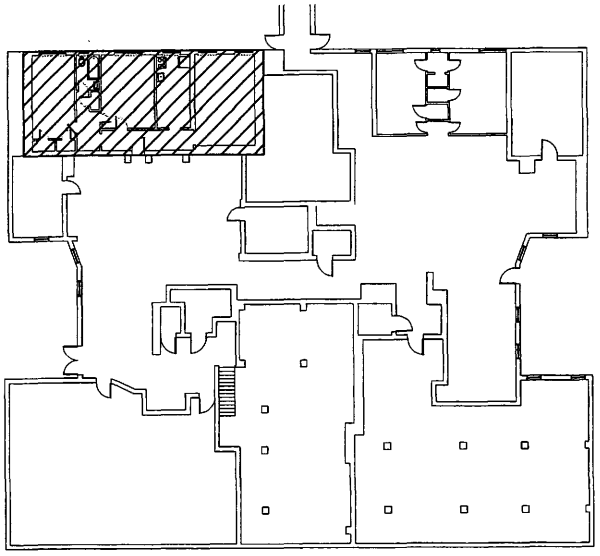
1 / A1-01 SITE PLAN

SCALE: 3/64"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

NOTE:
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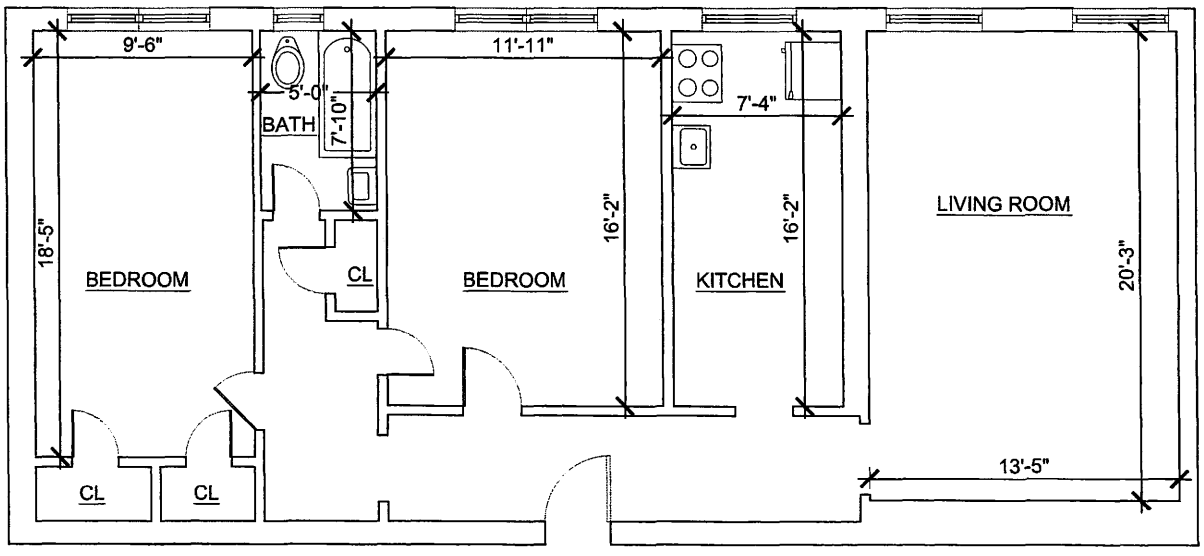




1 A2-21 BASEMENT APT
SCALE: 1/8"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

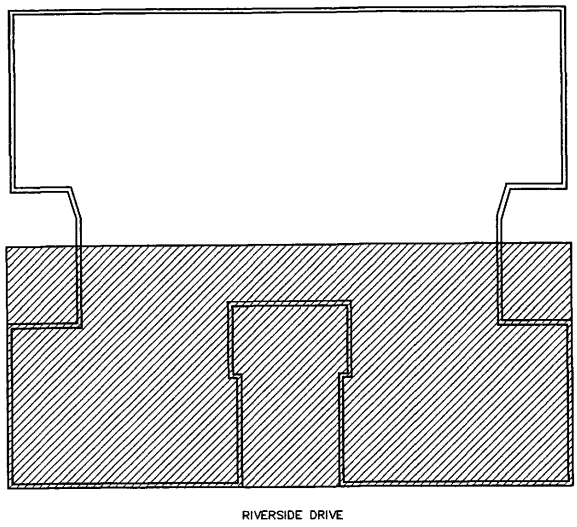
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APPROXIMATE SQ. FT. = 1115

# APPENDIX 5

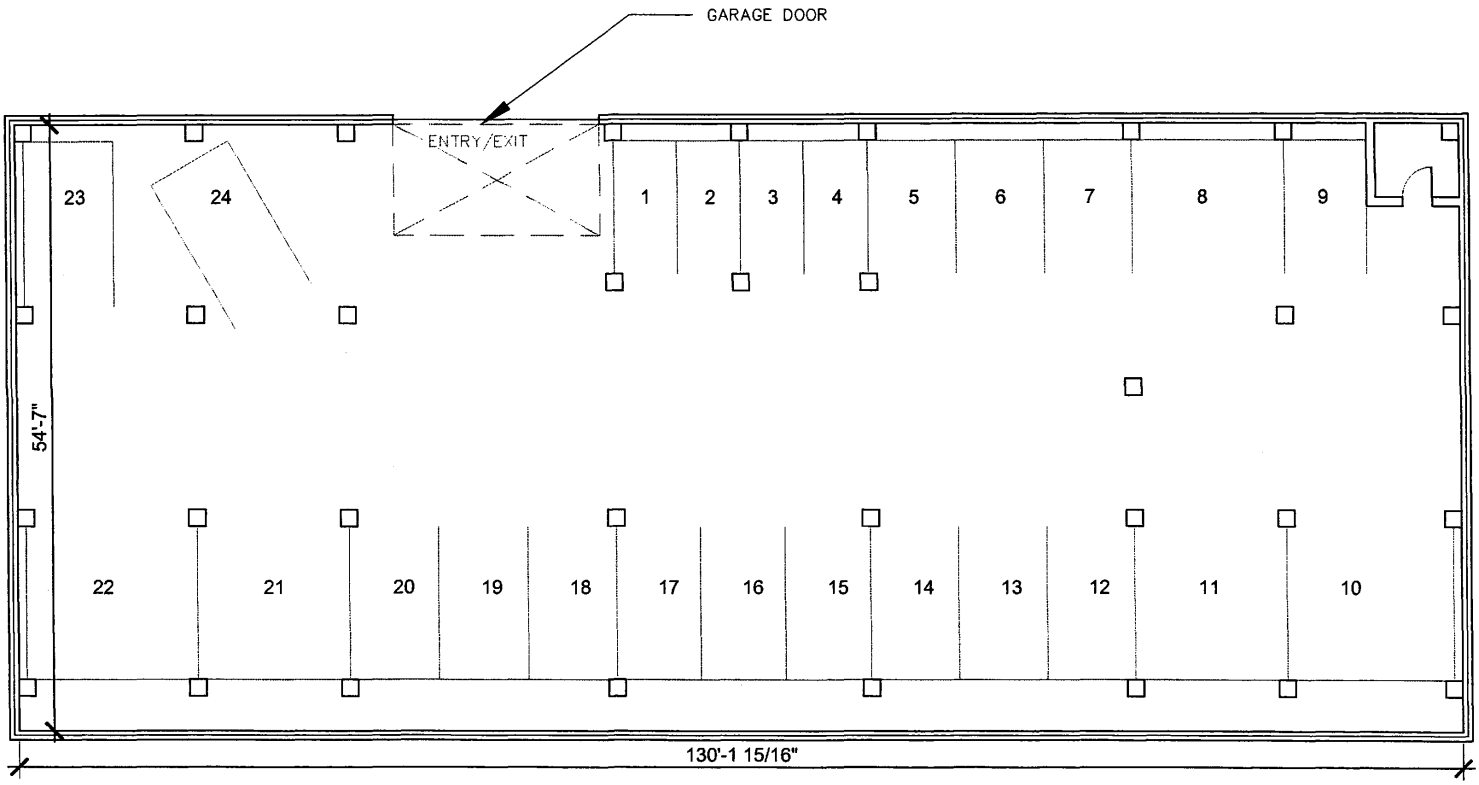
# MASTER FLOOR PLANS




1 A3-01 GARAGE

SCALE: 1/16"= 1'-0"

775 RIVERSIDE DRIVE
10/24/2014



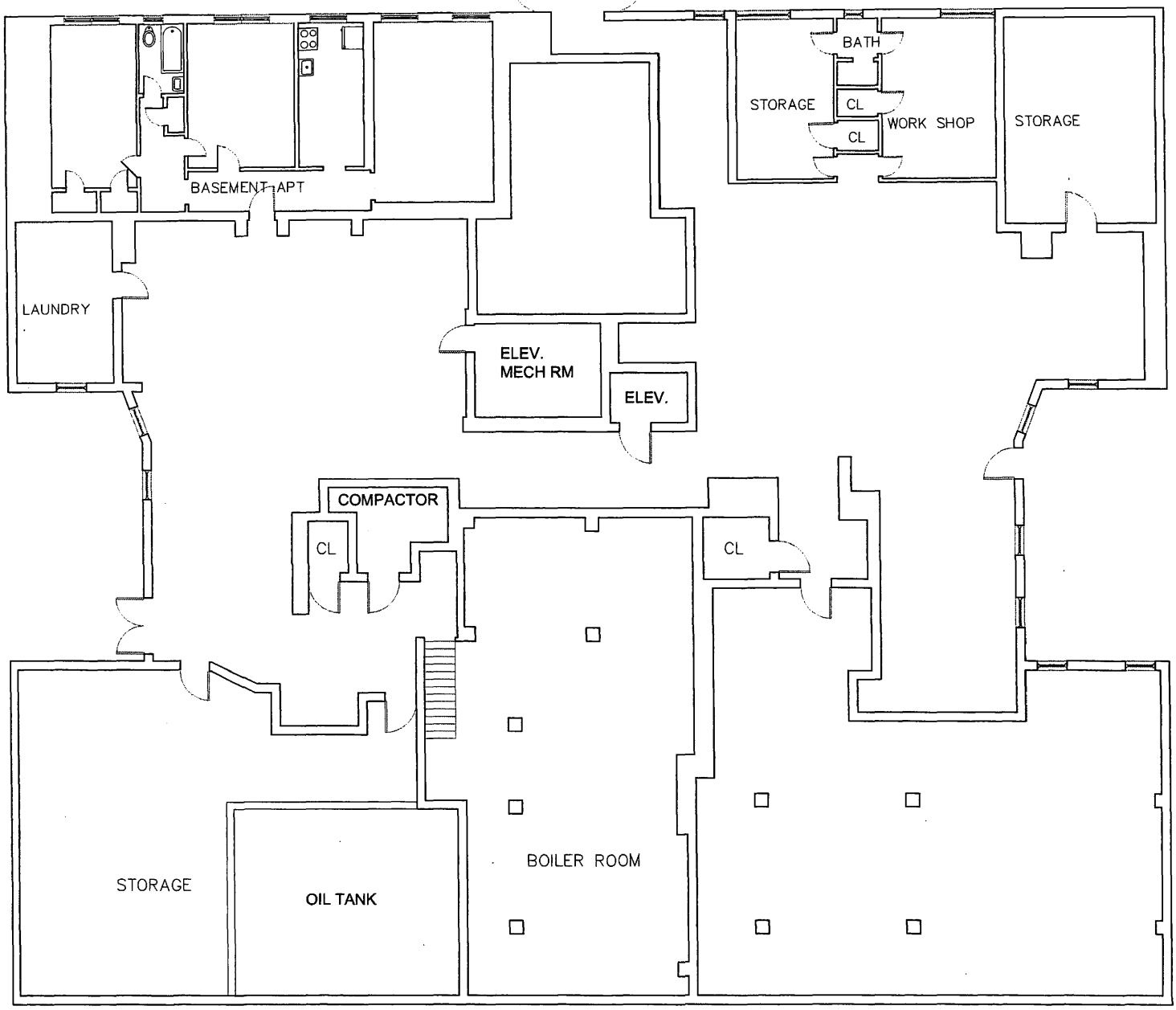

NOTE:
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PARKING LAYOUT AND NUMBER OF SPACES IS PER APPROVED DOB APPLICATIONS 103308760 / 103308779.

775 RIVERSIDE DRIVE
7/18/2013

1 / A3-02 CELLAR

SCALE: 1/16"= 1'-0"

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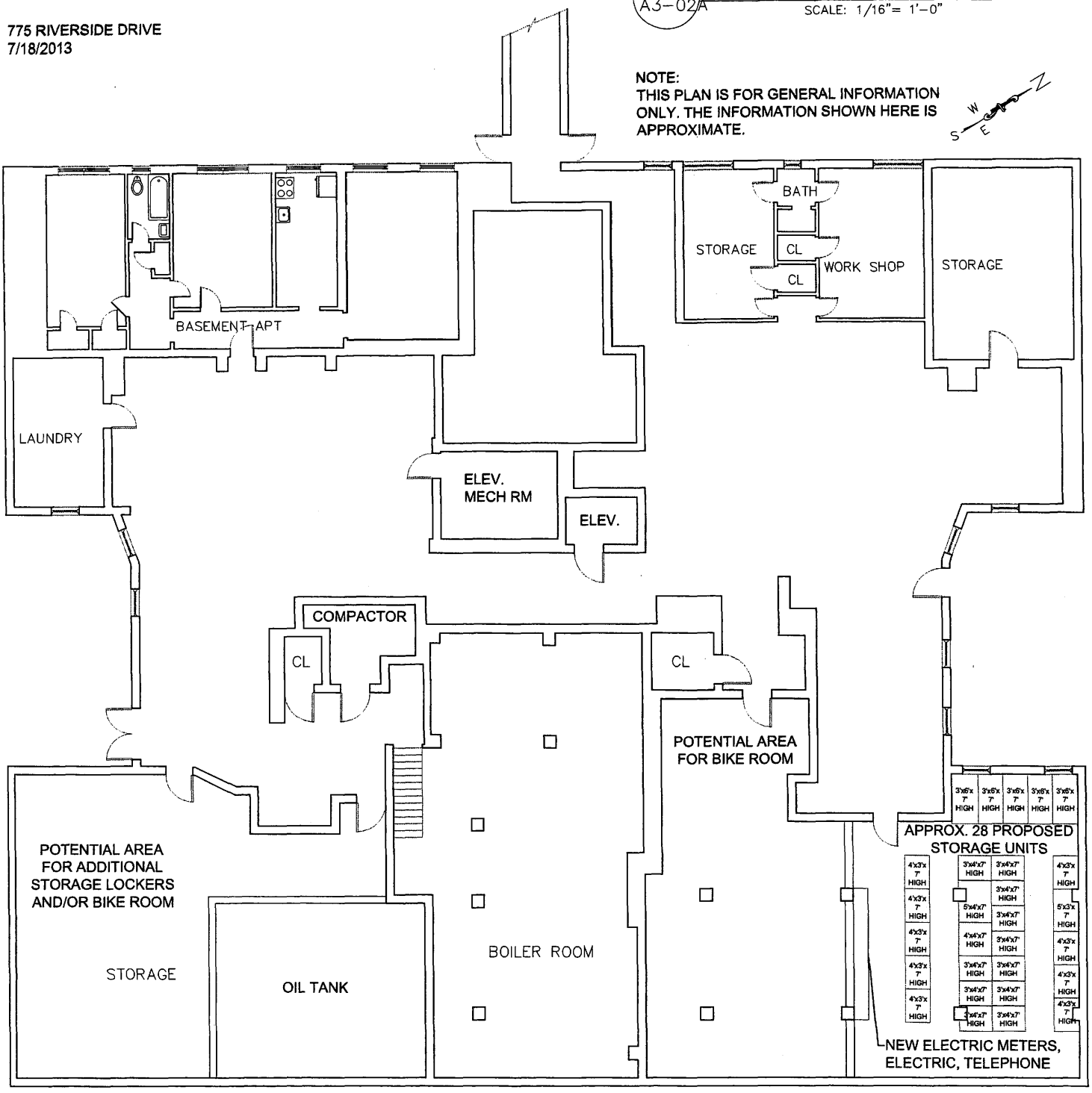

RIVERSIDE DRIVE

1 / A3-02/A PROPOSED CELLAR

SCALE: 1/16"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

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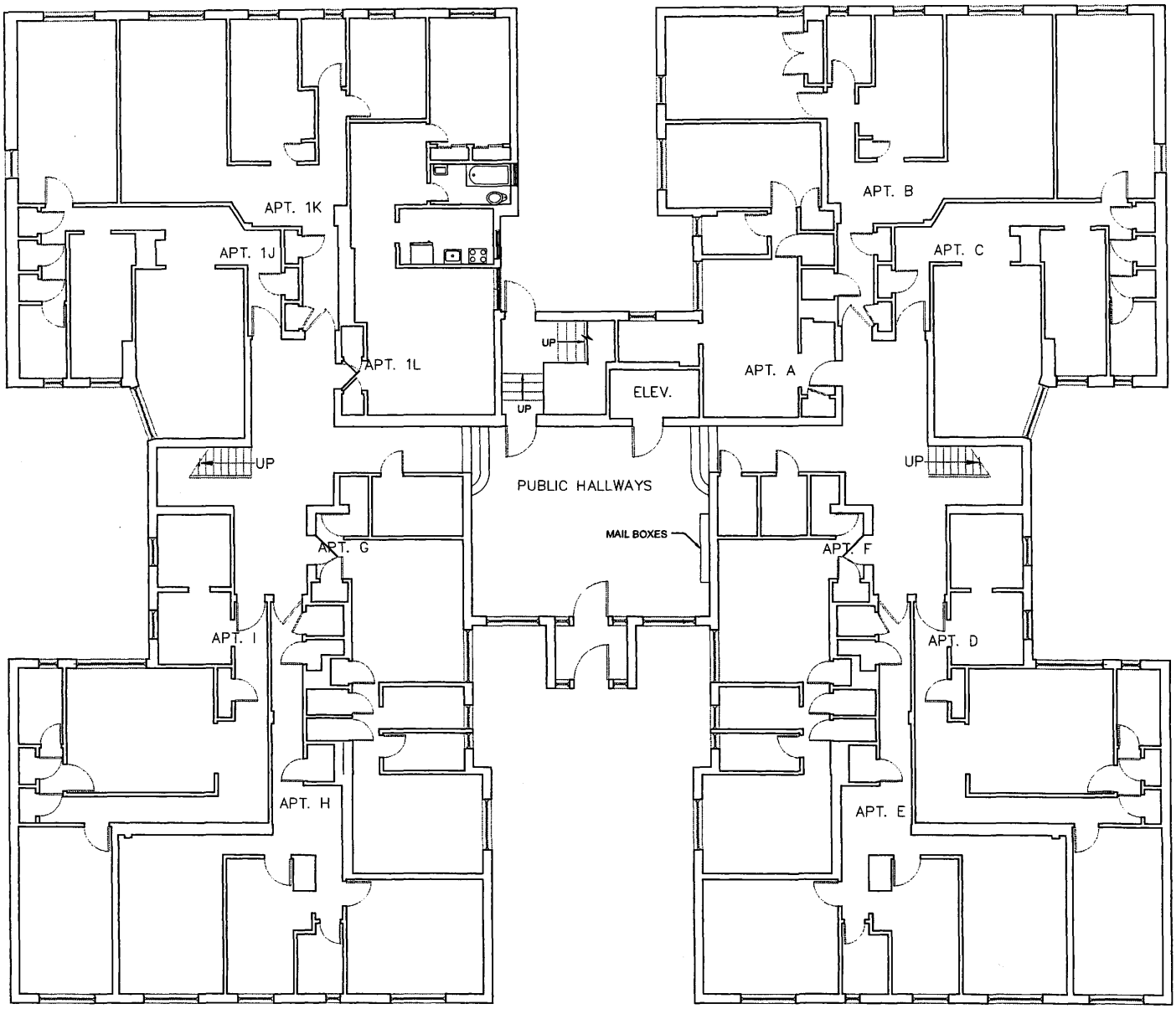

RIVERSIDE DRIVE

1 A3-03 1ST FLOOR

SCALE: 1/16"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

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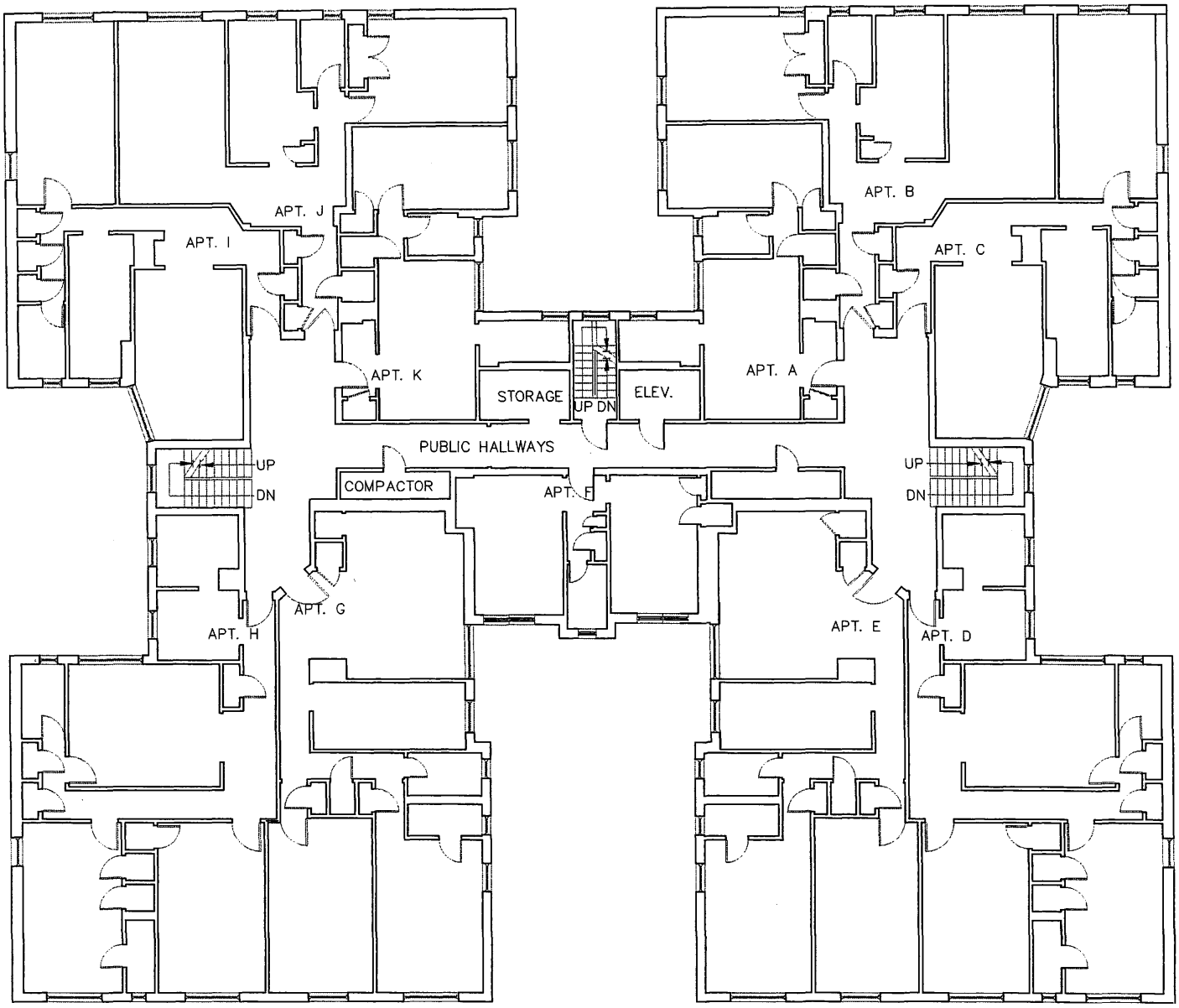

RIVERSIDE DRIVE

1 / A3-04 2nd TO 6th FLOORS

SCALE: 1/16"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

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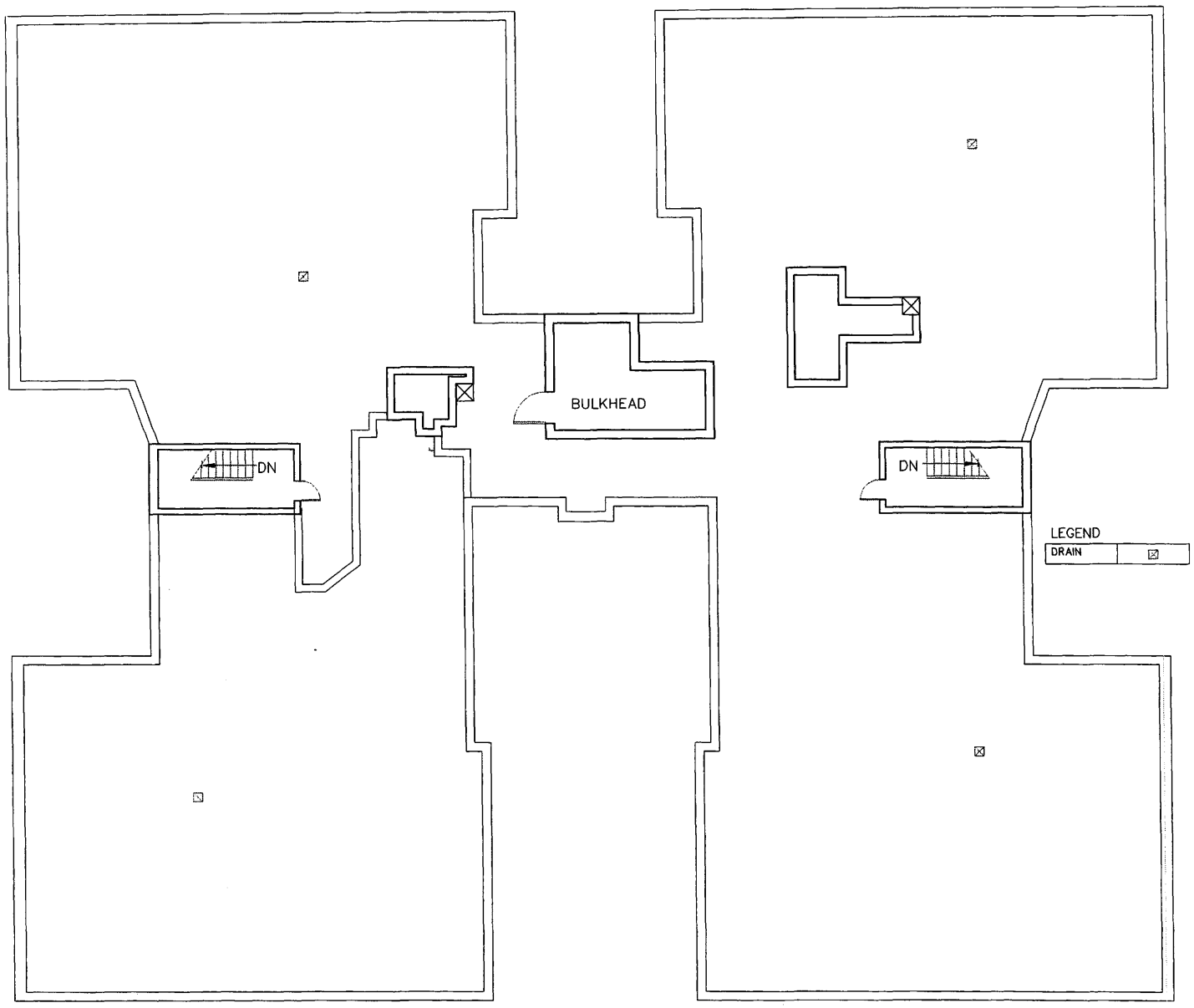

RIVERSIDE DRIVE

1 A3-05 ROOF

SCALE: 1/16"= 1'-0"

775 RIVERSIDE DRIVE
7/18/2013

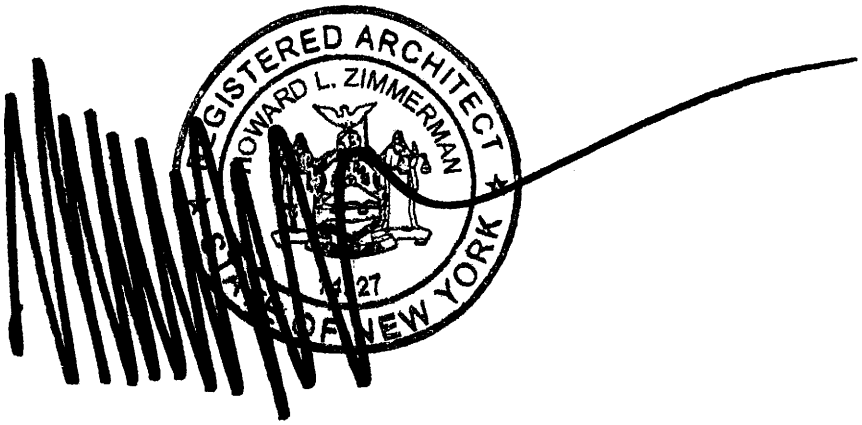
NOTE:
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RIVERSIDE DRIVE

# DESCRIPTION OF PROPERTY & BUILDING CONDITION

## THE JOHN JAMES CONDOMINIUM
## 156-08 RIVERSIDE DRIVE WEST
## NEW YORK, NY 10032




**PREPARED FOR:**

**THE PINNACLE GROUP**
**ONE PENN PLAZA**
**NEW YORK, NY 10119**

***DATE: DECEMBER 17, 2013***
***REVISED: JULY 30, 2014***
***REVISED: OCTOBER 24, 2014***
***PROJECT#: R13-0126 (13-156-08 RIVERSIDE DRIVE)***

HOWARD L. ZIMMERMAN ARCHITECTS, P.C. *11 West 30th St. NY, NY 10001 Phone 212.564.9393 Fax 212.564.9032*

## SECTION 23.7 Description of Property and Building Condition.

### PREFACE

This Report was prepared for the Sponsor for inclusion in an offering plan for said building in compliance with the requirements of the Department of Law of the State of New York. I hereby authorize reproduction of this Report for the purpose exclusively. Reproduction for any other purpose is not authorized.

The intent is to provide a description of the materials, finishes equipment and structure which comprise this Building, as outlined in the guidelines of the office of the Attorney General of the State of New York.

The content of this Report are based on:

a) An inspection of the existing records and applications on file with the Department of Buildings of the City of New York which were made available for review;

b) A visual inspection of some, but not all areas of the Building, including cellar, lobby, public halls, roof bulkheads, exterior walls, yards and courts, some but not all apartments, and related equipment contained therein;

c) Information on open violations on record provided by the governing New York City agencies;

and

d) Information provided by the Sponsor and/or his representatives.

Inspections were made on 01/11/06, 01/17/06, 01/23/06, 01/30/06, 03/29/06, 02/07/07, 02/09/07, 11/27/08, 03/26/13, 05/02/13, 05/23/13, 06/21/13, 07/26/13, 10/01/13 and 07/24/2014; and the conditions described then existed. Visual examination was made of a sufficiently large representative sampling of the spaces and equipment as deemed necessary in our professional opinion/but not, unless stated herein, any tests or penetrations into walls, ceilings, floors, etc. or removal of any structural or mechanical elements.

Except as noted in this Report, no representation is made as to the condition or legality of the various elements of the Building. This Report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value to the property or as an opinion as the advisability or inadvisability to purchase condominium units being offered pursuant to the Sponsor's offering plan.

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**CONDITION**

(a) *Location and Use of Property*

(1) Address: 156-08 Riverside Drive West, New York, NY 10032 (A.K.A. 672 West 158th Street and 158-08 Riverside Drive)

(2) Block and Lot Number: Block 2134, Lot 250, Elevator Apartment – Semi-Fireproof without Store

(3) Zoning: R8: Residential

(4) Permissible Use:

The R8 zone is a General Residential District.

These districts provide for a variety of residential buildings types and housing types. Zoning requirements and guidelines are regulated by the surrounding environment and its existing conditions.

(b) *Status of construction*

(1) Year Built: 1930

(2) Class of Construction:

Class 3 – Non-fireproof

(3) Certificate of Occupancy (C of O), Type and Number:

C of O No. 66733 of 1968 indicates "Non-Fireproof, Class A Multi Dwelling". The number of apartments and use of the Building conform with the current C of O. See Appendix 1. This includes the legal existence of the Cellar unit. The current C of O states that the garage has a capacity for sixty-seven (67) motor vehicles. However, renovation and modifications to the sub cellar were completed in order to expand the capacity to one hundred-twenty two (122) motor vehicles by creating two levels of parking. The Sponsor has advised that they are working on amending the existing C of O to reflect the addition of parking spaces in the sub cellar.

The Sponsor has advised that they will be modifying the northwest storage room to install approximately thirty (30) wire mesh storage lockers in the Cellar with the potential to add more at a later date. If installed they will be located in a couple of locations within the Cellar. Also, the Sponsor advised that they are considering installing a bike room for the storage of bicycles at the Cellar level. The capacity bicycle storage is unknown at this time. Refer to Drawing A3-03A labeled "Proposed Cellar Plan" for the exact locations of the proposed storage lockers and potential bike room.

(4) Alteration Permit Numbers and Description of Work done:

The following open records of alteration were found at the New York City Department of Buildings as of 07/29/13:

| Permit Number | Issued Date | Description of work |
|---|---|---|
| 101280506 | 04/09/1996 | Remove existing underground storage tanks as per plan. |
| 102204829 | 06/25/1999 | Fire alarm application for applicant #101776259. |
| 103308779 | 11/19/2002 | Increasing the number of cars in the garage.* |
| 104760153 | 05/14/2007 | Install proposed fire suppression system over existing pump island. |
| 110183630 | 05/30/2008 | Install pipe scaffold as per plan at 156-08 Riverside Drive West during remedial repairs, work shall comply with LL 33/98. |
| 120795185 | 08/16/2011 | Installation of temporary heavy duty sidewalk shed for remedial repairs as per plans. |

*Permit 103308760 is filed in conjunction with Permit 103308779 and is an Alteration Type 1 application requiring a change in the Certificate of Occupancy. The work required to close the Alt 1 and change the C of O includes the clearing of all open violations and the inspection and sign-off of all open permits; the Sponsor advises this is underway.

(c) *Site*

The property is located on the east side of Riverside Drive West in the Borough of Manhattan, City of New York.

It is bounded on the west by Riverside Drive West; on the north by a sixteen (16) story Multi-Family Elevator building; on the east by a six (6) story Multi-Family Elevator building; and on the south by a six (6) story Multi-Family Elevator building.

To our knowledge no easements exist through the property. Additionally it is not believed that the condominium will need to obtain any right-of-egress from an adjacent neighbor.

(1) Size:

According to the New York City Digital Tax Map, the irregular trapezoidal lot is 135.39 feet along Riverside Drive West, 146.11 feet along the north property line, 129.92 feet along the east property line and 108.03 along the south property line.

(2) Number of Buildings and Use

There is one (1) six (6) story Building plus cellar and sub-cellar building on the site, with apartments on floors one through six (1-6). The first floor is considered to be the lobby level since there are only four (4) steps up from the Building entry vestibule and the first floor apartments.

(3) Streets Owned or Maintained by the Project:

All streets are owned by the City of New York and are to be maintained by the Condominium. The Henry Hudson Parkway and Amtrak rail lines are nearby (approximately 400-500 feet west of the front sidewalk), but it is not believed to be a source of substantial noise. The streets in front of the Building are described as following:

Paving

The asphalt paved streets is in acceptable condition. Minor spalls and moderate cracks were found on the surface.

Curbing

Granite curbing on Riverside Drive West is in fair condition.

Catch Basins, Drainage

Riverside Drive West slopes down from north to south. One (1) drain is located in front of the adjacent building south of the Building in fair condition.

Street Lighting

All street lightings are standard New York City Department of Transportation street lighting. Two (2) street lights are located directly in front of the Building.

All items are in conformity with New York City Department of Transportation Highway Rules.

(4) Drives, Sidewalks and Ramp:

Paving

The concrete sidewalk in front of the Building is in acceptable condition. Minor cracks were observed in front of the Building on Riverside Drive West. The Sponsor has advised that repairs to the deteriorated sections of the existing concrete topping slab will be replaced. All sidewalks are owned by the City of New York and are to be maintained by the Condominium. No sidewalk vaults or easements are believed to exist at the property.

Curbing

N/A

Catch Basins, Drainage

N/A

Street Lighting

N/A

The sidewalk paving is in conformity with New York City Department of Transportation Highway Rules. Upon visual inspection, the sidewalks do not appear to be handicap accessible due to the site's topography. However, because of the site's topography, there does not appear to be a concern with adequate drainage.

(d) *Utilities*

(1) Water: Provided by New York City as part of its services via a metered line. The Condominium will be responsible for all water charges.

(2) Sanitary Sewer: Provided by local municipality. The Condominium will be responsible for all sanitary sewer charges, if any.

(3) Storm Drainage: Provided by local municipality. The Condominium will be responsible for all storm water drainage charges, if any.

(4) Gas: Provided by Consolidated Edison Company of New York, a regulated public utility company. The charges for gas consumed by the Unit Owners will be separately metered and billed directly to such Unit

Owner by Consolidated Edison. The Condominium will be responsible for any gas consumption charges within the common areas.

(5) Electricity: Provided by Consolidated Edison Company of New York, a regulated public utility company. The charges for electricity consumed by the Unit Owners will be separately metered and billed directly to such Unit Owner by Consolidated Edison. The Condominium will be responsible for any electricity consumption charges within the common areas.

(6) Telephone: Telephone service is provided by Verizon Telephone Company of New York and/or Time Warner Cable. Cable and internet is provided by Time Warner Cable. The charges for telephone, cable and/or internet will be directly billed to the Unit Owner.

(7) Fire Hydrant:

One (1) fire hydrant is located at the edge of the sidewalk in front of the adjacent building south of the Building on Riverside Drive West is in fair condition.

(8) Mail Box:

There are no mail boxes located near the Building. The closest U.S. mail box is located just north of the intersection of West 157th Street and Broadway on the west side of Broadway.

(9) Public Telephone:

No public telephone is located directly in front of the Building. The closest public telephone can be found just south of the southeast intersection of West 157th Street and Broadway

(10) Transit:

The entrance of the subway 1 line is at the corner of Broadway and West 157th Street. The M4 and M5 buses run uptown and downtown along Broadway and stop at West 155th Street and West 157th Street. The Bx6 bus stops along Riverside Drive, Riverside Drive West, and West 155th Street.

(e) *Subsoil conditions*

(1) Detailed architectural/engineering plans for the Building foundations were not reviewed. Foundation walls consist of coarse rubbles, bricks, and terra-cotta blocks and is considered to be in acceptable condition.. Visual inspection of the cellar walls and floors, as well as the exterior façades, showed no evidence of cracking, mortar joint decay that may indicate uneven foundation movement and settling.

(2) The cellar and sub-cellar are dry and show no evidence of moisture or seepage or ground water infiltration. Upon inspection, dampness is not believed to exist. At the time of our visits, organic growth was not visually observed nor was there evidence of subterranean insects. However, we are not specialists and therefore cannot confirm or deny the presence of any organic growth or subterranean insects. It is recommended that an independent consultant inspect and obtain samples to make this determination.

(3) The U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) flood maps (map 3604970079F, effective 9/5/2007) show this area has a low risk of flooding. Flooding more likely will occur in the event of a water main break in the street or within the Building's plumbing lines. No practical preventative action is suggested. Any goods stored in the basement should be removed in the event of a flood. Additional U.S. Geological Survey maps show this area has a low risk of flooding, earthquake, mudslide, and erosion.

(f) *Landscaping and Enclosures*

(1) Grass Cover:

There is no grass cover on the premises.

(2) Plantings:

There are no plantings on the premises.

(3) Trees:

There are no trees located directly in front of the Building.

(4) Fencing:

There are no other fencing except in the courtyards, which are discussed in section (h)(9)(v).

(5) Gates:

There are no gates at on the premises except at the service entrance, which is discussed in section (h)(6)(ii).

(6) Garden Walls:

There are no garden walls on the premises.

(7) Retaining Walls:

There are no retaining walls on the premises.

(8) Display Pools and fountains:

There are no display pools and fountains on the premises.

(g) *Building size*

It is believed that the use of the Building and the number of units conform to the current C of O.

(1) Total Height:

According to the Building's Certificate of Occupancy (C of O), the Building is fifty-five feet (55') above curb level on Riverside Drive West. Riverside Drive slopes from north to south and creates variances in height.

(2) Crawl Spaces:

There are no crawl spaces in the Building.

(3) Number of Subcellars and Cellars:

The Building contains one (1) cellar level and one (1) sub-cellar level.

The Cellar level contains laundry room, oil tank and boiler room, electric room, elevator motor room, utility points of entry, support systems and storage rooms. The Sub-Cellar level contains a garage for sixty-seven (67) vehicles.

(4) Number of Floors

The Building contains six (6) stories plus a cellar and sub-cellar.

(5) Equipment Rooms

All equipment rooms are located in the cellar level.

(6) Parapet

The parapet has varied heights. The lower portion of battlement sections are approximately twenty-three inches (23") tall. The upper portion of battlement sections comply with building code parapet height minimums. Some portions of the parapet extend up to seven (7') at select location along the street façade.

(h) *Structural System*

(1) Exterior of the Building:

Walls

The structure of the Building appears to be reinforced concrete frame with masonry infill. Based on photos from a recent repair project, the floor assembly within the units is composed of wood joists and plaster lath.

The exterior walls of the front façade (west façade) are made of light yellow bricks arranged in Common Bond with projected battlements and medallions at the parapet level, spandrel panels above windows at second, third, and fourth levels, and turrets at the inner corners. Belt courses are located at the second and the sixth floors window sill levels. There is a terracotta balconette resting on modillions below the outer 5th floor north and south windows. Blind arches with a string course run between the 5th and 6th floors. Corner windows have a gothic arch with inset terracotta ornamental panels. The base extends to below the first floor window sill level. It is unknown whether there is any sound insulation between the floors and walls. There is no cavity between the masonry infill and brick masonry face. The Sponsor does not believe there is insulation at the inboard face of the infill. Typical standard construction practices did not include insulation when the Building was built. The Sponsor is not planning on installing any new insulation at exterior walls even if interior renovations are planned. As a result, the lack of insulation is considered a special risk and noted as such in section (a)(a)(8) below.

All other façades including the courtyards are comprised of lighter yellow bricks arranged in Common Bond. All walls are in acceptable condition. No active leaks through the walls have been reported recently. Moderate cracks were observed at the various locations in the brick masonry. Minor cracks and deteriorated mortar joints were also observed. It is recommended that the Sponsor retain a registered architect or a professional engineer to assess the facades and structural components of the Building as required per the New York City Façade Inspection Safety Program (FISP).

Local Law 11/98 applies to the Building. A combined Cycle 6 and Cycle 7 inspection was completed on June 14, 2012. According to DOB records

the report was filed as "SAFE." See Appendix 1 for Cycle 7 Report that was provided by the Sponsor.

Windows

Most windows in the Building were replaced prior to the Sponsor's ownership of the Building (pre-1999). The manufacturer of the windows cannot be specified. We have not been provided a copy of any window warranty, if there was one for the windows, it is likely expired based on the time since the Sponsor took ownership of the Building. The Building does not have any window wells as a means of egress. The windows are considered to be in acceptable condition. No active leaks through the windows have been reported recently. We have been advised that all the replaced windows are aluminum double-pane/double hung thermally broken windows with steel lintels, slate or terra-cotta sills, anti-drift latches, tilt sash latches, spiral balances, and cam locks. All lintels and sills are in acceptable-fair condition. Minor spalls and cracks of the sills were observed. Windows at the stairwells are metal framed windows and have frosted wire glass. Windows at some particular lines are original wooden windows with aluminum panning. Most windows in the cellar areas are original wooden windows. All original windows are in acceptable condition. Windows in the cellar, central stairwells, and apartments have various types of child guards. The unit owner is responsible for providing and maintaining the child guards when an apartment is occupied by children, as per the NYC code. Only New York City Fire Department approved gates are allowed on fire escape windows. All other types should be removed. Air conditioning units may not be installed at these windows. The Sponsor advises that all city required safety protocols are being followed for window mounted gates. Window wells are not believed to exist at the Building and therefore do not provide a means of egress.

Lot line windows are located at the north and south windows in apartment 1J, I-Line C-Line, H-Line, and D-Line apartments. These windows are located within a habitable space, a bedroom. However, a non-lot line window exists that is believed to provide adequate light and air for the room. Should the adjacent buildings be demolished and re-built taller than their existing structures or up against the property line, these windows would need to be closed up. The Unit Owner of each affected unit will be responsible for closing up these windows. The approximate cost per window is estimated at $3000.

Landmark Status

The Building is located within the Audubon Park Historic District. This district was designated in May 2009. Per the designation report, the Building was constructed in 1930 by George G. Miller in the medieval revival style. Several alterations that include windows, signage and surface mounted equipment had been installed prior to designation.

(2) Parapets and Copings:

The parapet walls are 3-wythe brick walls with camel-back terra cotta copings. The parapet walls at the front façade are 4-wythe brick wall with terra-cotta copings. The inboard of the parapet walls are coated with roofing cement and minor cracks were observed on the surface. The coatings prevent water from exiting the masonry and cause deterioration. The Riverside Drive West parapet walls are laterally braced at the taller battlements. Generally, the parapet walls are in acceptable condition and upon visual inspection they are considered to be structurally sound. The heights of the parapet walls vary due to the battlement ornamentation and the pitch of the roof. It is believed that the parapet heights complied with code minimums at the time of the Building's construction. The sealant material is unknown.

(3) Chimneys and Caps:

One (1) chimney for the boiler and compactor is located next to the north stair bulkhead and one (1) chimney for the boiler is located next to the south stair bulkhead. Both chimneys are constructed of masonry coated with roofing cement and appear to be in fair condition. The coatings prevent water from exiting the masonry and may cause deterioration. The single wall chimney flue is classified as low temperature. The manufacturer, gauge and material of the boiler is unknown. The cleanout is located within the boiler room. The termination exhaust point is at the roof level. Backdraft protection is provided via a barometric damper in the Boiler Room.

(4) Balconies and Terraces:

There are only balcony-like protrusions (balconette's) at the end windows at the fifth floor on the primary façade of the Building as noted in section (h)(1). The protrusions have modillions and are in fair condition. There are no terraces at the Building.

(5) Exterior Entrances:

The portal-like front entrance is located on Riverside Drive West.

Exterior Doors and Frames

The front entrance has two (2) steel multi-lite in-swing doors with one (1) arched head transom. One door is operable and is equipped with automatic overhead door closer. The doors and frames are in acceptable condition. No tripping hazards were observed to be present at the entrance. Two (2) floor drains are located within the front yard approximately one foot away from the Building walls. The pipes from the drain are believed to connect to the main sewer plumbing line. Refer to A1-01 and/or A3-03 for drain locations. At the time of our site visit, drainage was considered adequate as there was no ponding observed.

Refer to section (h)(9) for drain information at the yards as well as drawings A1-01 and/or A3-03 for drain locations. Vestibule Doors and Frames

The vestibule at the front entrance has two (2) steel multi-lite in-swing doors equipped with automatic overhead door closer and a handicap switch. The doors and frame are in acceptable condition.

Exterior Stairs

There are two (2) sets of stairs each comprised of two (2) risers located in front of the Building's front entrance (one at the sidewalk and the other at the main entrance). The stairs are made of concrete in acceptable condition. A metal framed ramp has also been installed at both sets of stairs. Based on visual inspection, the ramp appears to be ADA compliant.

Railings

There is a stone rail with balustrade flanking the sidewalk stairs to the main entrance. The rail is in acceptable condition.

Mail Boxes

There are two (2) aluminum mail box panels located on the first level, one is next to the north stairwell and in the hallway connecting to the south part of the Building. The mail boxes are the approved type by the U.S. Postmaster General. They are individually keyed and hinged on the right. All boxes and the panels are in fair condition.

Lighting

Two (2) surface mounted lanterns are located on the exterior walls next to the front entrance (at the Building's inner corners of the main street façade).

(6) Service Entrances:

One (1) service entrance is located at the south end of the Building's front façade.

Doors and Frames

There are no doors at the service entrance.

Gates

The service entrance has one (1) steel gate with expanded steel mesh. The gate is in acceptable condition. There is another steel gate located at the end of the hallway of the service entrance and is also in acceptable condition.

Exterior Stairs

There are no exterior stairs at the service entrance.

Railings

One (1) wall-mounted steel railing is located on the west side of the north wall at the service entrance.

Hallway

The hallway connects the service entrance to south courtyard and consists of concrete floor, painted concrete block and brick walls, and painted plaster ceiling. The hallway appears to be in acceptable condition.

Lighting

Surface mounted lighting is provided within the entryway leading to the courts.

Drainage

The flooring is pitched to the courts where a floor drain is located. The pitch appears to be adequate to promote proper drainage.

(7) Roof and Roof Structures:

Type Roofs for All Areas

*(a)* Material

The smooth built-up roof is coated with granulated cap sheet and is in fair condition. We have been advised that the entire roof was replaced in the summer of 2005. The Building Superintendent reports that there

are currently no active leaks through the roof. It is unknown whether there are roof assemblies below the existing roof membrane. Due to the age of the Building, such assemblies may contain asbestos materials. As a result, ACM is noted as a special risk in section (c)(c)(3).

*(b)* Insulation

Unknown. Further investigation should be conducted to understand the material and the condition of the insulation. As a result of not knowing the type, size, and R-value of the insulation, the insulation is considered a special risk and noted as such in section (c)(c)(9) below.

*(c)* Surface Finish

The granulated cap sheet is the finished roof surface. No roof pavers are installed at the roof.

*(d)* Bond or Guarantee

The Sponsor obtained a ten (10) year contractor warranty. The warranty is expected to expire in 2014 or 2015.

*(e)* Flashing Materials, including Counter Flashing

Silver painted metal reglet flashing is observed at the bottom portion of the parapet wall. It is believed to be copper, but due to the coating, it cannot be confirmed. The gauge of the metal is unknown. The metal reglet covers the termination of the base flashing. The flashing is in acceptable condition. The existing exterior materials are not believed to be corrosion resistant. Any repair work to roofing materials should utilize corrosion resistant materials where possible while also minimizing galvanic action as a result.

Drains

*(f)* Location, materials and Type

There are four (4) drains on the roof level located at the center of each of the four (4) sections of the roof. No obvious failure of the drains has been reported. At the time of our site visit, drainage was considered adequate as there was little or no ponding observed.

*(g)* Gutters and Leaders

Aluminum leaders are located at the bulkheads. Once water is collected from the scupper to the leader, water is directed to the roof

drains. The leader is anchored to the wall with an aluminum strap. The leader and tie are considered to be in acceptable condition.

Skylights

Four (4) fixed skylights with frosted glass are located above the stairwell and elevator bulkheads. Wire mesh was installed below the glass at all stair bulkheads. The skylights are in acceptable condition. There has not been any obvious leaking condition reported. The skylight dimensions are approximately six (6) feet by six (6) feet, but vary. The curb height for the skylights is unknown.

Bulkheads

*(h)* Stairs

There are two (2) stair bulkheads and one (1) combined stair and elevator bulkhead at the roof level. The bulkheads are comprised of masonry coated with roofing cement and are in acceptable condition. The coating prevents water from exiting the brickwork and causes cracks on the surface. The bulkhead finished surfaces are in acceptable condition.

*(i)* Elevator

The stair and elevator bulkhead is discussed in section (h)(7)(iv)*(a)*.

*(j)* Other

There are no other bulkheads in the Building.

Metal Work at Roof Levels

*(k)* Exterior, Metal Stairs

One (1) set of steel stairs is located at the stair and elevator bulkhead providing the access to the elevator machine room. The stairs are in fair condition.

*(l)* Vertical ladders, including Gooseneck

There are no vertical ladders at the roof level.

*(m)* Railings

Steel railing is mounted on the steel stairs that are discussed previously. The railing is in fair condition.

*(n)* Hatches to Roof

There are no hatches to roof.

*(o)* Other

Numerous steel plumbing ventilation pipes penetrate to the roof at many locations and are in acceptable condition.

Rooftop Facilities

There are no other rooftop facilities on the roof level.

(8) Fire Escapes:

Location

The enclosed center stairway (next to the elevator) is used as a fire escape which is discussed in section (h)(10). There are no exterior fire escapes.

Floors Covered

The enclosed stairway extends from the cellar level to the roof level.

Drop Ladder

There are no drop ladders in the Buildings.

Type

See section (h)(10).

Materials

See section (h)(10).

(9) Yard and Courts:

The Building is designed with an H-shaped plan. There are four (4) courts on the premises. According to the most current Zoning Resolution, these areas are considered Courts. The area to the south is considered a inner court while the north, east and west areas are considered outer courts. Refer to Section Z10-12. There is an outer court at the Riverside Drive West elevation (street facade). This outer court is located at the center of the west façade of the Building accessing the lobby to the street. There are also outer courts at the north and east elevations and serve as light wells. The east outer court occupies the east façade of the Building and is connected to the outer court of the adjacent building. The north outer court is located at the center of the north façade of the Building connecting the east outer court with a hallway. The south inner court is located at the center of the south façade of the Building connecting the east

outer court and the service entrance with hallways. Acceptable lighting is provided within each court as well as the hallways leading to the front and rear.

Paving

The concrete pavement in the front, east, south and north yards are in acceptable condition. The east and south yards are concrete and in acceptable condition.

Drainage

All drain covers in the courts are flat stamped metal covers in acceptable condition. Refer to Drawing A1-01 labeled "Site Plan" for the locations of all of the drains. We have not been advised of any ponding or flooding within the courtyard and therefore the system is considered to be adequate. Some minor green colored organic growth is observed around some drains. This is not believed to mold, however this firm is not an environmental consultant and cannot guarantee any evidence of organic growth. Drains lead to plumbing branches that run to the sewer main. Refer to A1-01, A3-03 and/or A3-03A for drain locations. At the time of our site visit, drainage was considered adequate as there was no ponding observed.

Railings

There is a steel painted railing along the perimeter of a concrete bridge to 775 Riverside Drive.

Stairs

The painted steel framed stringers with four (4) steel grate treads are located at the center of the west yard connect to a walkway that provides access to the adjacent building (775 Riverside Drive). The stairs are in fair condition.

Fencing

There are painted steel security bars at the west courtyard at the first ($1^{st}$) floor on the exterior of the windows. They are anchored into the brick masonry. Painted steel picket fences are located along the lot lines in the east, north, and south yards. The fences are in acceptable condition.

Walls

The front court is bounded by the walls of the Building at its north, east, and south ends and by the lot line at its west end.

The east court is bounded by the walls of the Building at its west end and by the lot lines at its east, north, and south ends.

The north court is bounded by the walls of the Building at its west, south, and east ends and by the lot line at its north end.

The south court is bounded by the walls of the Building at its west, north, and east ends and by the lot line at its south end.

There are no retaining walls on the property.

(10) Interior Stairs:

Number of Stairs of each type

There are two (2) open stairwells located at the north and south ends of the Building. There is one (1) enclosed stairwell at the center of the Building that provides access from the sixth ($6^{th}$) floor down to the lobby level ($1^{st}$ floor). There is another enclosed stair from the garage to the basement. There are also two (2) sets of four-riser stairs connecting the lobby level to the first ($1^{st}$) floor hallways. The enclosed stairwell is believed to be constructed with masonry and/or block and finished with plaster. However, since no fire rating is indicated on the Certificate of Occupancy therefore the assembly and fire rating for the stairwell cannot be determined.

Enclosure

All stairs are enclosed by Building walls and open to each floor landing, lobby, or hallway they serve. There are windows at the stairwells to bring the nature light as described previously in the Report. The enclosed stairs are surrounding by painted brick walls.

Stair Construction

All stairs in the Building are constructed of iron stringers, painted or unpainted marble or ceramic tile treads, mosaic tile landings, steel plate or ceramic tile risers, painted wood guardrails, cast iron posts, and wrought iron and cast iron spindles. All metal components are painted. The stairs to the garage are constructed of painted steel.

Stringers

The painted iron stringers of the stairs are generally in fair condition.

Treads

The marble, ceramic tile, and steel treads of all stairs are generally in fair condition.

Risers

The steel plate and ceramic tile risers are generally in fair condition

Guardrails

The wooden and steel guardrails are generally in fair condition.

Balustrade

The balustrades of the stairs are made of wrought iron and cast iron spindles and cast iron posts. All balustrades are generally in fair condition.

(11) Interior Doors and Frames:

Unit Entrance and Interior Doors and Frames

Unit entrances have steel doors and frames or steel clad wood doors and frames with key dead bolts, peek holes, and self-closing springs. The manufacturer of the original doors is unknown. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating.

The Sponsor has provided door specifications for doors they have replaced at the Building. These doors are manufactured by ABCO Steel Door. Within apartments existing interior bedroom and bathroom entrances typically have wood doors and frames. No fire rating is typically designated for the interior doors. As with any multiple dwelling building erected prior to 1960, the potential for the presence of lead-based paint exists, and thus lead is listed as a Special Risk later in this report. Owners and Residents have regular responsibility under the NYC Building code to notify, report, investigate, and remediate.

Most of the doors are in fair condition.

Corridor doors and Frames

The corridors have steel door frames and steel clad wood doors with diamond visions panels which are considered to be in acceptable condition.

Stair Hall Doors and Frames

There are no doors enclosing the open stairs. The door and frame at the enclosed stairs appears to be metal frame with a metal clad wood or metal door and an upper vision panel with wire mesh glass. The door and frame are considered to be in acceptable condition. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating.

Roof Door, Basement Doors and Frames

The garage, exits to the yards, and the roof have steel doors and frames. The roof doors are equipped with Detex alarm locks. The boiler room, elevator motor room, storage rooms, and laundry room has steel clad wood doors and frames. Fire door ratings could not be confirmed, but were likely painted over. It is assumed that all unit entrance doors have a Class B 1 ½ hour fire rating. The elevator motor room also has an open metal accordion gate. All doors and frames are in acceptable condition.

(12) Elevators:

Number of passenger and service elevators

There is one (1) elevator in the Building. The elevator appears to be in fair condition.

Manufacturer, age of each and capacity

The elevator, device no. 1P18804, was manufactured by Staley Elevator Co. Inc. and has the capacity of 2,000 lbs or 13 passengers.

Type of operation for each elevator by elevator number or location in Building

The elevator is automatically operated.

Automatic

The elevator has a call button at each floor and a call button panel with indicator lights in the cab.

Floors served

The elevator extends from the cellar level to the sixth level.

Type

The elevator is traction elevator and is basement drum type.

Doors

The elevator has a two-section horizontal sliding door and a manual hinged out-swing door.

Location of machine rooms

The motor of the elevator is located in the cellar with roof level wheel house. There is no means of ventilation present within the room.

DC motor

There are no DC motors in the elevator room.

AC motor-generator

The AC motor-generator set was manufactured by A B See Elevator Company and appears to be in fair condition.

Other

All cables and controller for the passenger elevator appear to be in fair condition. The controller was new in 1997.

The sponsor advises that elevator safety mirrors will be checked and installed if missing from vandalism.

(13) Elevator Cabs:

Kind

The manufacturer of the elevator cab is Staley Elevator Co. Inc. The elevator cab appears to be in fair condition.

Floor

The elevator cab has vinyl flooring and is in fair condition.

Walls

The elevator cab has stainless steel wall panels. The wall finish is in fair condition.

Ceiling

The elevator cab ceiling is laminated with vinyl sheets. The ceiling is in fair condition.

Lighting

The elevator has compact fluorescent lighting in fair condition.

Alarm, safety system

The elevator has an alarm button and an emergency stop button in the elevator cab.

Maintenance Contract

The elevator has a maintenance contract with Vertical Maintenance & Repair that renews on an annual basis.

(i) *Auxiliary Facilities*

(1) Laundry Rooms

Location and Number of Rooms

One (1) laundry room is located at the south end of the Building between the south yard and east yard in the Cellar.

Clothes Washers

There are four (4) coin operated washers in the laundry room. The washers are Maytag Commercial Washer. The washers are in fair condition.

Clothes Dryer

There are three (3) coin operated Hercules Dryers. The dryers are in acceptable condition and are out of service occasionally.

Room Ventilation

One (1) window is located at the west wall of the room that adequately ventilates the space.

Dryer Ventilation

There is one (1) round duct for each dryer exhausting to the hallway connecting the east and south yards.

(2) Refuse Disposal

Incinerator

There are no incinerators in the Building.

Compactor

There is one (1) compactor located on the cellar level. The compactor is Apple Pak 100, Stationary type and has the capacity of two (2) cubic yard.

Approvals by Authority having Jurisdiction

None.

Initial Storage Location

The initial storage is located in the cellar via trash chute located in the hallways at each level. Then it is collected by the Superintendent to the street level.

Pick-up Schedule, and whether public or private provider

Regular refuse disposals are picked up every Monday, Wednesday, and Friday. Recycled disposals are picked up every Wednesday. Pick-up is performed by New York City Department of Sanitation.

(j) *Plumbing and Drainage*

(1) Water Supply:

The Building is provided with one (1) domestic water service. This service is provided by a 4" pipe that enters the cellar level from Riverside Drive West. Cold water service from the cellar is insulated and is in fair condition. Cold water piping from the water service supplies the domestic water system.

Risers are provided for hot water supply, cold water, waste and vent piping. A portion piping in the cellar is not insulated. Insulation is recommended. The estimated cost is approximately $10,000. Both cold and hot water supply risers and distribution are insulated throughout the building. Cold water supply from the service is distributed to brass water supply risers and the domestic water coil. The majority of the risers are brass in fair condition. Leaks do not occur frequently.

Domestic hot water is generated by a coil in the boiler. The capacity of the coil is adequate for the current hot water load. A tempering valve is provided to maintain domestic hot water temperatures. Domestic hot water is adequate. The piping joints appear to be in adequate condition.

Brass hot and cold water supply pipes from risers extend to fixtures in the bathrooms, and kitchens. In building of this vintage, crossover of hot and cold water may occur. Typically, this is related to lack of riser air vents, no expansion tank at the hot water coil, no check valves, water balancing of the

system or condition of shower bodies. Monitoring of this condition should be continued.

(2) Fire Protection System

Standpipes

There are no standpipes in the Building.

Hose Racks, Hoses and Nozzles

There are no hose racks, hoses or nozzles in the Building.

Sprinkler Heads

The laundry room, compactor room, and chute are provided with a sprinkler system. The garage is provided with a dry pipe sprinkler system. A 6" sprinkler service is provided with two (2) dry pipe valves. One (1) valve serves 156-08 Riverside Drive West and one (1) valve serves 775 Riverside Drive. Sprinkler system is in fair condition. The building's sprinkler systems are checked by FDNY and comply with all codes at the time of the building's construction.

Siamese Connection

There are no siamese connections in the system.

(3) Water Storage Tank and Enclosures

There are no water storage tanks in the Building.

Number, Type, Location of each

N/A

Material

N/A

Access to Tank

N/A

Total Capacity

N/A

Fire Reserve Capacity

N/A

(4) Water Pressure and how Maintained

Water pressure is provided from street pressure and is adequate and above the minimum code required at the highest level of the building. There are no booster pumps present at the building

(5) Sanitary Sewage System

There is a combined sanitary and storm drainage system.

Sewage Piping

The stacks and mains piping for the waste system are cast iron piping. Leaks do not occur frequently. The joints are in fair condition. The branch waste and vent piping at fixtures is in fair condition.

The system serves plumbing fixtures and equipment throughout the Building. Drainage and vent piping extends up the Building in shafts. This piping is from the original building installation and in fair condition. Vent lines extend vertically above the roof.

Sewage Pumps

There are no sewage pumps in the Building.

Sewage Disposal

The combined house sewer connects to the street sewer. The sanitary drainage and vent system is conventional gravity drainage system which flows from the vertical stacks to house sewer at cellar level which are piped to the street sewers after being combined with the Building storm drains. One (1) sewer exits the Building at Riverside Drive West.

Toilets are tank and flush valve type.

(6) Permit(s) required

All permits are to current date.

| Permit | Issued by | Date Issued | Exp. Date |
|---|---|---|---|
| Petroleum Storage | New York State Department of | 04/29/2010 | 06/14/2015 |

| | | | |
|---|---|---|---|
| Bulk Certificate | Environmental Conservation | | |
| Certificate of Operation (Boiler and Burner) | Department of Environmental Protection | 10/06/2010 | 04/20/2013 |

(7) Storm Drainage System

The combined sanitary and storm drainage system is described in section (j)(5).

Catch Basins

There are no catch basins in the system.

Yard and Roof Drains

Roof drains and yard drains are provided. The drains connect to the interior storm system. This storm piping connects to the sewer line and exits the Building as a combined system.

Piping

Storm drainage piping is cast iron in fair condition.

Eject or Sump Pumps

There are no eject or sump pumps in the Building.

(k) *Heating*

(1) The heating system consists of a steam boiler with cast iron radiation. The boiler is coupled with a tankless domestic hot water heating coil. The boiler and domestic hot water heating coil are adequate to maintain requirements of the Building.

(2) Number of Boilers and Description

The heating system is comprised of one (1) steel oil fired steam boiler. The boiler is rated for an input heating capacity of 4,017 MBH in fair condition. A visual inspection of the boiler indicates that leaks are not present. The boiler was installed in 1988 and is approximately 25 years old, in fair condition, and can remain in use. The system is not out of service frequently. The heating system is adequate. The boiler is provided with all required safety devices to maintain proper operation including low water cutout, barometric damper and pressure relief. A sidearm heat exchanger is provided to warm the oil. A

tankless coil is installed within the boiler to generate domestic hot water. Combustion air is drawn into the cellar boiler room with a fan to the yard. There is no instant hot water devices present at the building.

(3) Manufacturer and age of boiler

The boiler is Rockmills Model No. MP-150SL, approximately 25 years old, with 30 years remaining life expectancy. Neither the manufacturer nor installer warranty of the boiler is available.

(4) Manufacturer and age of burners

The burner is Industrial Combustion Model DEG-63P with a consumption of oil, approximately 25 years old, with 30 years remaining life expectancy.

(5) Type of controls

A Heat Timer control panel and pressure gauges are provided to cycle boiler operation.

(6) Radiators, piping, insulation, valves, pumps

Steam from the boiler is supplied to cast iron radiators by means of a two pipe distribution system. Steel piping extends vertically throughout the Building exposed or within concealed enclosures. Where exposed, steam piping heats kitchens and bathrooms. These risers were visually inspected in variety locations and can remain in service.

Radiators typically are located beneath windows. Each radiator is coupled with an air vent and shut-off valve along with a trap. The units themselves are in fair condition and can remain in use. Additionally, some rooms (i.e. kitchen and bathrooms) are provided with a single exposed steam riser. With systems of this vintage and configuration, knocking and banging of steam pipes will occur during heating cycles. Individual radiators, branch piping, valves and air vents should be examined and adjusted or repaired on an individual basis to reduce noise levels.

(7) Fuel

No. 4 oil. The certificate expired on 04/20/13.

(8) Location of Oil Tank, materials, enclosure

No. 4 oil is contained in a 5,000 gallon steel fuel oil tank. The tank is located in the cellar. The tank does not indicate any signs of leaks. A Petrometer is provided to measure fuel oil levels. Oil piping is black steel in fair condition. Fill and vent lines extend to Riverside Drive West. An oil pump, located adjacent the boiler, circulates oil between the burner and the tank.

(9) Capacity of oil tank

The capacity of the tank is 5,000 gallons.

(10) For gas

N/A

(l) *Gas Supply*

(1) Type

Consolidation Edison Company provides gas supply through a 3" gas service. Gas service enters the Building from Riverside Drive West.

(2) Meters

In the cellar there is gas piping which extends to Consolidation Edison Company meters. A gas meter is provided for the house and meters for apartments. Gas meters are located within the cellar.

(3) Piping

Metered gas piping extends to the boiler and kitchens. Exposed black steel gas piping is in fair condition and can remain in use.

(m)*Air Conditioning*

(1) Type of system

Air conditioning for apartments is provided as need basis by individual tenants who purchase their own window type units.

(2) Central System

There is no central air conditioning system.

(3) Cooling Towers, Condensers

There are no cooling towers or condensers in the Building.

(4) Individual Units Covered by the offer

N/A

(n) *Ventilation*

Dryer vents extend to the courtyard. The noise emission rating of the mechanical ventilation is unknown. The cellar level is naturally ventilated via operable windows and doors and meets code requirements.

(o) *Electrical System*

The Building has one (1) electric service. The service has a house meter, garage meter, and tenant meters.

(1) Service from main service switchgear

The service is rated at 120/208 volt, 3 phase, 4 wire, 60 HZ supplied by Consolidation Edison Company. A fused disconnect switch is provided with the following equipment:

End Box

Two (2) 600 Amp fused disconnect switches for apartments

2 P 40A enclosed circuit breaker with meter serves garage and 120/208 Volt 60 Amp per apartment

A fuser holder with (6) 100 amp fuses

House panel and meter

Garage Meter

PL&P Meter

Individual apartment electronic meters

A series of panels which serve apartments meters were upgraded. The panels serve $4^{th}$-$6^{th}$ floors apartments at C, D, and E lines and $1^{st}$-$3^{rd}$ floors apartments at B, G, and H lines.

(2) Service to individual units

Original feeders (conduit/wire) extend to panels which are located with apartments.

(3) Compartment switchgear

Switchgear is located in the cellar. Wiring is enclosed in rigid pipe conduit. No defects in the cellar were observed.

(4) Unit Service

All apartments are provided with 100 Amp 8/16 pole General Electric circuit breaker panels.

(5) Adequacy

Service

Each apartment typically has one (1) circuit breaker panel in good-poor condition. The panels serve lighting, appliances and outlets throughout the apartments. Wiring within the apartments is in poor-fair condition. The apartments have not been provided with new wiring. Wiring is not adequate for modern usage. Some bathrooms and kitchens are not equipped with GFI outlets. Estimate cost is approximately $100/outlet. Smoke detectors are provided within apartments.

Lighting and Fixtures

Lighting in typical corridors is fluorescent type. Exterior lighting is provided. Three way switches are not provided

Convenience outlets, appliance outlets

Convenience outlets are scattered throughout apartments. A portion of appliances are provided with dedicated appliance outlets.

(p) *Intercommunication and/or door signal systems, security closed circuit TV*

There is a simple closed circuit push button buzzing/intercom system with one (1) buzzer panel in the front vestibule and buzzers in most apartments. The buzzer panel and the buzzers in the inspected apartments are in fair condition. The manufacturer, model number, and warranty for the intercom system are unknown.

Time Warner Cable Company provides cable television and internet service to the Building.

(q) *Public Area Lighting*

Cellar and central stairs are not provided with emergency lighting. The hallway on the first level has ceiling and wall mounted light fixture with fluorescent lamps. The hallways on each floor have ceiling mounted light fixture with fluorescent lamps. The lobby has ceiling and wall mounted light fixtures. The vestibule has a chandelier. All lightings appear to be adequate. All lighting code requirements at the time of the building's construction are being followed.

(r) *Garages and Parking Areas*

(1) Location of garages

The two-level garage is located in the sub-cellar directly underneath the Building. The garage was modified from its earlier configuration in 2007-2009 under various NYC DOB applications. The Sponsor has advised that they are working to amend the Certificate of Occupancy to reflect these renovations.

(2) Location of parking areas

The garage has sixty-seven (67) parking spaces under the existing Certificate of Occupancy. The Sponsor advises the garage is currently being operated in accordance with the existing Certificate of Occupancy. The Sponsor further advises that a Temporary C of O is currently being filed for to reflect the additional parking spaces under DOB application 103308760 / 103308779.

DOB applications 103308760 / 103308779 propose a total of 145 spaces.

(3) Surfaces

The garage has a concrete floor, latex painted walls, and steel frame roof.

(4) Parking

Parking in the garage is not attendant parking.

(5) Garage ventilation

Ventilation is provided to the garage through existing windows and four (4) 10,000 CFM exhaust fans that have been installed in the garage under job application 104839098.

(6) Garage fire protection

New dry sprinkler system has been installed in the garage.

(7) Drainage

Six (6) drains with flat stamped metal covers are installed in the upper level and eight (8) drains with the same covers are installed in the lower level.

(s) *Swimming Pools*

There are no swimming pools at the premises.

(t) *Tennis Courts, Playgrounds and Recreation Facilities*

There are no tennis courts, playgrounds, or recreation facilities at the premises.

(u) *Permits and Certificates*

| Permit | Issued by | Date Issued | Exp. Date |
|---|---|---|---|
| Certificate of Occupancy | Department of Buildings, City of New York | 03/11/1977 | - |
| Petroleum Storage Bulk Certificate | New York State Department of Environmental Conservation | 04/29/2010 | 06/14/2015 |
| Certificate of Operation (Boiler and Burner) | Department of Environmental Protection | 10/09/2010 | 04/20/2013 |

Inspections:

- Low pressure boiler annual inspection
- New York City Local Law 11 of 98 Façade Inspection
- Elevator Inspection

The Sponsor has advised that updated boiler and elevator inspection certificates and permits will be provided at the time of closing.

(v) *Violations*

The Sponsor will attempt to resolve Building specific violations (see violations below with * at end of violation number). Resolution includes, filings with agencies, paying fines and performing the required necessary repairs. Although we have been advised that the Sponsor is attempting to resolve these violations, we are noting them as a special risk under section (c)(c)(1).

Department of Buildings (as of 07/30/2014): 5 open violation, 0 open complaints.

| Violation No. | Issued Date | Description |
|---|---|---|
| V 113007LL1198NRF44333* | 11/30/2007 | LL1198 – UNKNOWN |
| V 041212E9027/423965 | 04/12/2012 | E-Elevator |

| | | |
|---|---|---|
| V 013113FISPNRF00866* | 01/31/2013 | FISPNRF – NO REPORT AND/OR LATE FILING (FAÇADE) |
| V051514LBLVIO06608* | 05/15/2014 | VIOLATION ISSUED FOR FAILURE TO FILE ANNUAL BOILER 2012 INSPECTION REPORT |
| V053014ACC104318* | 05/30/2014 | VIO ISSUED TO ELEVATOR - FAIL TO CORRECT DEFECTS ON 2012 CAT 1 INSP/TST |

Environment Control Board(as of 05/29/2013): 3 open

| Violation No. | Issued Date | Description |
|---|---|---|
| 34985001M* | 10/18/2012 | FAILOR TO MAINTAIN BUILDING WALLS(S) OR APPURTENANCES |
| 35002046M* | 09/24/2013 | FAILURE TO MAINTAIN EXTERIOR BLDG. WEST ELEVATION, EXP 1 OBSERVE CRACKS, DISPLACEMENT, DETERIORATING FAILURE IN PARAPET FACADE; BROKEN ANDDETERIORATING IN DECORATIVE TERRA-COTTA CORNICE BRACKET, NORTH END; |
| 34897992M | 12/08/2011 | FOLLOWING THE RECEIPT OF A PERMIT TO ERECT A SIDEWALK SHED THE PERMITHOLDER SHALL POST A READILY VISIBLE SIGN ON THE SIDEWALK SHED. SUCH SIGN SHALL INCLUDE 1- NAME/ADDRESS 2- PERMIT |

| | | NUMBER 3-EXPIRATION DATE |
|---|---|---|

New York City Fire Department (as of 05/29/2013): 0 open

Department of Housing Preservation and Development (HPD): 9 open violations exist (as of 05/29/2013) (Class A: 3, Class B: 6, Class C: 0, Class I: 0).

| Apt Story | Reported Date, NOV Issued Date | Hzrd Class | Violation Description | Status Status Date |
|---|---|---|---|---|
| 2H 2 | 2013/05/15 2013/05/20 | A | § 27-2026, 2027 hmc: properly repair the source and abate the evidence of a water leak at ceiling in the 2nd room from east at south located at apt 2h, 2nd story, 2nd apartment from south at west , section at north | TO BE REINSPECT 2013/06/18 |
| 2H 2 | 2013/05/15 2013/05/20 | A | § 27-2005 adm code repair the broken or defective plastered surfaces and paint in a uniform color the ceiling in the 2nd room from east at south located at apt 2h, 2nd story, 2nd apartment from south at west , section at north | TO BE REINSPECT 2013/06/18 |
| 5I 5 | 2012/09/11 2012/09/13 | B | § 27-2026, 2027 hmc: properly repair the source and abate the evidence of a water leak at ceiling in the bathroom located at apt 5i, 5th story, 1st apartment from north at east | NOT COMPLIED 2012/10/12 |
| 4G 4 | 2012/02/13 2012/02/15 | B | § 27-2046.1, 2046.2 hmc: provide an approved and operational carbon monoxide detecting device, installed in accordance with applicable law and rules. in the entire apartment located at apt 4g, 4th story, 1st apartment from south at west , section at north | NOV SENT 2012/02/15 |
| 4G 4 | 2012/02/13 2012/02/15 | B | § 27-2045 adm code repair or replace the smoke detector missing in the entire apartment located at apt 4g, 4th story, 1st apartment from south at west , section at north | NOV SENT 2012/02/15 |
| 4G 4 | 2011/09/23 2011/09/29 | A | § 27-2005 adm code properly repair the broken or defective wood base and wall cabinets in the kitchen located at apt 4g, 4th story, 1st apartment from south at west | NOT COMPLIED 2012/02/14 |
| 4G 4 | 2011/05/25 2011/06/01 | B | § 27-2005 adm code repair the broken or defective plastered surfaces and paint in a uniform color ceiling at shower stall in the 2nd bathroom from east at south located at apt 4g, 4th story, 1st apartment from south at west , section at north | NOT COMPLIED 2011/08/02 |
| 4G 4 | 2011/05/25 2011/06/01 | B | § 27-2005 adm code replace with new the missing escutcheon plate at riser in the 2nd bathroom from east at south located at apt 4g, 4th story, 1st apartment from south at west , section at north | NOT COMPLIED 2011/08/02 |
| 4G 4 | 2011/05/25 2011/06/01 | B | § 27-2005, 2007 adm code arrange and make self-closing the doors .. in the entrance located at apt 4g, 4th story, 1st apartment from south at west , section at north | NOT COMPLIED 2011/08/02 |

Department of Transportation (as of 05/29/2013): 0 open

(w) *Unit Information*

There are sixty-six (66) apartments in the Building. Apartments at are A, B, C, F, I, J, and K lines are one-bedroom apartments. Apartments at D, E, G, and H lines as well as Cellar Unit 1 are two-bedroom apartments (The Cellar Unit is legal and in compliance as indicated in the Certificate of Occupancy). Approximately four (4) units are vacant at the time of inspection. Determination of equipment and finish condition is based on accessing at least one (1) apartment per line; see also (cc)(1) Special Risks for Layout/Condition of Uninspected Apartments.

(1) Type and grade of finish material used in each type of unit.

The condition of the finishes varies, based on the age and the use by the tenants. Most of the paint on the walls and ceilings are in acceptable condition.

| Room | Floor | Walls | Ceiling |
|---|---|---|---|
| Corridor | 2 ½" Strip Oak Flooring/VCT* Flooring/Carpet | Textured Painted Plaster/ Painted Plaster | Textured Painted Plaster/ Painted Plaster |
| Kitchen | Ceramic Tiles /VCT* Flooring | Ceramic Tiles/Painted Plaster | Painted Plaster |
| Bathroom | Ceramic Tiles/Mosaic Tiles/VCT* Flooring | Ceramic Tiles/Painted Plaster | Textured Painted Plaster/Painted Plaster |
| Living room | 2 ½" Strip Oak Flooring/VCT* Flooring/Carpet | Painted Plaster | Textured Painted Plaster/Painted Plaster |
| Bedroom | 2 ½" Strip Oak Flooring/VCT* Flooring /Carpet | Painted Plaster | Textured Painted Plaster/Painted Plaster |

* Vinyl tiles observed were 12"x12" which are typically VCT not VAT. However, based on the age of the Building VAT tiles may exist within the Building and Asbestos is listed as a Special Risk later in this report.

(2) Presence, type and condition of all bathroom fixtures

Bathroom fixtures in the inspected apartments include gel-coated fiberglass or porcelain enamel tubs with shower head; single molded lavatory counters set on top of plywood vanities, wall mounted or porcelain pedestal sinks; two-piece tank water closets/one-piece flush valve type toilets. The condition of the fixtures varies based on the age and the use by the tenants. Additionally the manufacturer and model of the fixtures is unknown and varies from unit to unit.

(3) Presence, type and condition of kitchen and laundry equipment

Kitchen equipment in the inspected apartments include generic plastic laminate/plywood over-counter cabinets, under-counter cabinets, stainless steel kitchen sinks, marble/plastic laminate counters, 4-burner gas stoves/ovens, and various sized refrigerators. Some units had dishwashers. Laundry equipment was not observed in the inspected units. The condition of the equipment varies based on the age and the use by the tenants. Additionally the manufacturer and model of the equipment is unknown and varies from unit to unit.

(x) *Finish Schedule of Spaces Other Than Units*

| Room | Floor | Walls | Ceiling | Condition |
|---|---|---|---|---|
| Storage Room 1 | Painted Concrete | Painted Brick | Painted Plaster | Acceptable |
| Storage Room 2 | Concrete | Painted Brick/Concrete | Painted Plaster | Acceptable |
| Boiler Room* | Painted Concrete | Painted Brick/Painted Terra Cotta Blocks | Painted Plaster | Poor/ Acceptable |
| Oil Tank Room | Painted Concrete | Painted Brick | Painted Plaster | Poor/ Acceptable |
| Electric Room | Painted Concrete | Painted Brick/Painted Terra Cotta Blocks | Painted Plaster | Acceptable |

| | | | | |
|---|---|---|---|---|
| Elevator Motor Room | Painted Concrete | Painted Brick/Painted Plaster | Painted Plaster | Acceptable |
| Cellar Corridor | Painted Concrete | Painted Brick/ Painted Terra Cotta Blocks | Painted Plaster | Fair |
| Laundry Room | Painted Concrete | Painted Plaster/ Painted Concrete | Painted Plaster | Acceptable |
| Lobby | Ceramic Mosaic | Painted Textured Plaster/Ceramic Tiles | Painted Plaster/Painted Textured Plaster | Fair |
| Stairwell | Ceramic Mosaic Platforms/Marble Treads | Painted Plaster/Painted Brick | Painted Plaster | Acceptable |
| Hallway ($1^{st}$ – $6^{th}$ Floor) | Ceramic Mosaic | Painted Textured Plaster | Painted Plaster | Fair |

**Spalled concrete and rusted steel Q-decking was observed at the underside of the boiler room ceiling. This could be from previous waterproofing issues that have since been resolved. The steel should be scraped, and primed then coated with a code compliant and appropriate material to meet the fire code.*

(y) *Safety and Warning Devices*

New smoke/carbon monoxide (CO) detectors that are required by the new regulation were installed in all apartments in June, 2005. The Sponsor advised that BRK SC02b/SC02LB detectors were installed in all public areas recently. The boiler has its own Smoke Watchman detector and a heat detector should also be installed in the boiler room.

(z) *Additional Information Required*

(1) Site Plan

See Appendix 3.

(2) Area Map

N/A. It is only required if the buildings are not located in highly urban areas.

(3) Floor plan

See Appendix 4.

(4) Floor to ceiling heights of units

All units are approximately 11' high at first level and 10' high at all other levels.

(5) Approximate total area of each unit

| Apartment | Approximate Total Area (SF) |
|---|---|
| A | 619 |
| B | 853 |
| C | 875 |
| D | 852 |
| E | 1289 |
| F | 6635 |
| G | 1211 |
| H | 1503 |

| Apartment | Approximate Total Area (SF) |
|---|---|
| I | 925 |
| J | 852 |
| 1J | 788 |
| K | 684 |
| 1K | 674 |
| Cellar Unit | 1072 |
| Garage - Lower Level | 22,408 |
| Garage – | 19,685 |

| | |
|---|---|
| | |

| | |
|---|---|
| Upper Level | |

(6) Master floor plans

See Appendix 5.

(aa) *Further investigation*

Further investigation should be conducted to understand the material and the condition of the roof insulation. A copy of the LL11/98 7th Cycle should also be reviewed.

(bb) *Further development*

This office has not been advised that any further development is anticipate or planned. This office has not calculated if further development is permissible as-of-right.

(cc) *Special Risks*

(1) Violations:

As noted in the report, there are several violations form multiple agencies. Refer to section (v) for specific issues and more violation information.

(2) Layout/Condition of Uninspected Apartments:

Access was provided originally at various dates in 2005 through 2008. Verification and re-inspection took place in 2013. Access was provided to at least one (1) apartment per line to verify the existing drawings. The Sponsor has advised that the layouts represented are typical of the unit's original layout. These layouts were verified by Building personnel when/if access was not provided. Each unit may have some minor variation based on modifications completed by past or current residents. The Sponsor advises that they anticipate returning the layouts to the original configuration to the extent required by law and therefore are represented as such.

(3) Asbestos:

In our visual inspections, we found no evidence of asbestos containing materials (ACM) such as insulation, VAT, fireproof materials, etc. However, further testing of specific materials is recommended to confirm or deny the presence of ACM.

(4) Lead Based Paint:

In our visual inspections, we found no evidence of lead based paint. Testing of paint samples should be conducted to confirm if any lead based paint is present within the Building.

(5) Water Supply:

A portion of piping in the cellar is not insulated. Insulation is recommended. The estimated cost is approximately $10,000.

(6) Electrical System:

Wiring and Circuitry: Some bathrooms and kitchens are not equipped with GFI outlets. The estimated cost is approximately $100/outlet.

(7) Smoke Detectors:

There are no smoke/CO detectors in the common areas and are highly recommended to be installed in elevator and electric rooms.

(8) Wall Insulation:

Further investigation should be conducted to determine if insulation exists between the masonry infill and the interior plaster. Sponsor does not believe that any insulation exists. Any interior gut renovations to the infill or brick face will require compliance with the Energy Conservation Construction Code of New York State.

(9) Roof Insulation:

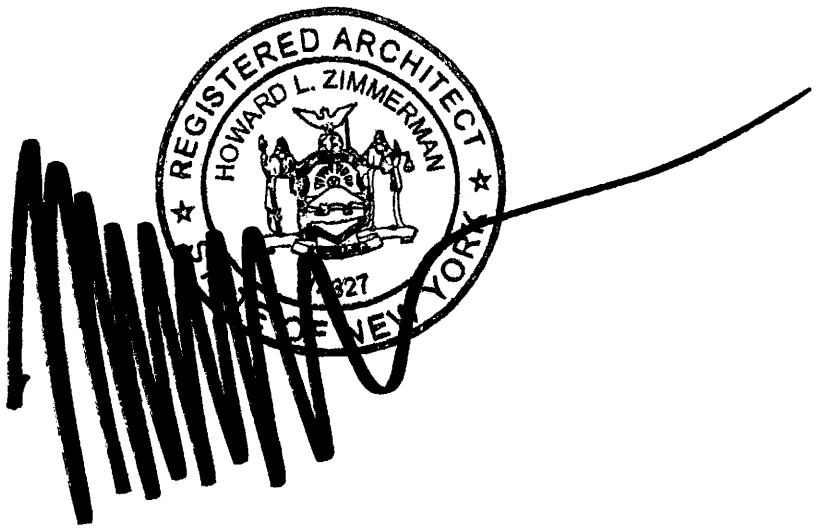
Further investigation should be conducted to determine if insulation exists below the roof membrane. Insulation is believed to be installed however the type, size, and R-value of the insulation is unknown. Any roof replacement project completed in the future will need to comply with the Energy Conservation Construction Code of New York State.

*Note:*

*The term "fair" used in the Report refers to the moderately good, satisfactory, and above average conditions with minor deteriorations that are mostly aesthetic and do not require repair.*

*The term "acceptable" used in the Report refers to the conditions that meet the minimum requirement of the performance and are judged to be in conformity with approved usage. The item may contain moderate deteriorations that require proper and continuous maintenance or minimal repair.*

*The term "poor" used in the Report refers to the under-satisfactory and inadequate conditions with deteriorations that require repair or replacement.*



# APPENDIX 1

# CERTIFICATE OF OCCUPANCY

Form 54-C (Rev. 4/62)-4ZM-701150(63) 114

ac

# DEPARTMENT OF BUILDINGS

BOROUGH OF MANHATTAN, THE CITY OF NEW YORK

Date November 21, 1968 No. 66723

# CERTIFICATE OF OCCUPANCY

**NO CHANGES OF USE OR OCCUPANCY NOT CONSISTENT WITH THIS CERTIFICATE SHALL BE MADE UNLESS FIRST APPROVED BY THE BOROUGH SUPERINTENDENT**

This certificate ~~supersedes~~ AMENDS C. O. No. 17516

THIS CERTIFIES that the ~~new~~ altered ~~existing~~ building—premises located at 156-08 Riverside Drive Block 2134 Lot 250

That the zoning lot and premises above referred to are situated, bounded and described as follows:

BEGINNING at a point on the ____ side of ____ distant ____ feet from the corner formed by the intersection of ____ and ____

running thence "SEE STATEMENT "A" ____ feet; thence ____ feet;

thence ____ of Alt. 1098-1967 ____ feet; thence ____ feet;

running thence ____ feet; thence ____ feet;

to the point or place of beginning, conforms substantially to the approved plans and specifications, and to the requirements of the Building Code, the Zoning Resolution and all other laws and ordinances, and of the rules 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 646c of the New York Charter have been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent.

~~New~~ Alt. No.— 1098-1967 Construction classification— Class 3 Nonfireproof

Occupancy classification— Hereafter Erected Class "A" Fully Dwell. Height 6 stories, 55' feet.

Date of completion— October 30, 1968 Located in B 8 Zoning District.

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: and The City Planning Commission:** (Calendar numbers to be inserted here)

## PERMISSIBLE USE AND OCCUPANCY

Off-Street Parking Spaces ____

Off-Street Loading Berths ____

| STORY | LIVE LOADS Lbs. per Sq. Ft. | PERSONS ACCOMMODATED | USE |
|---|---|---|---|
| Sub-Cel. | On Ground | | Garage for sixty-seven motor vehicles. |
| Cel. | 40 | | One (1) apartment. |
| 1st | 40 | | Ten (10) apartments. |
| 2nd to 6th Incl. | 40 each | | Eleven (11) apartments on each story. |
| | NOTE: | | Parking is primarily for residents and may include parking for non-residents; For non-residents the time is limited to not less than one (1) week and not more than one (1) month. Residents may recapture any of the non-resident parking spaces upon thirty (30) day written notice to the owner. |
| | | | Fire Department Fuel Oil Permit No. C 9772-1. |
| | | NOTE: | This is an AMENDED Certificate of Occupancy. |

THIS CERTIFICATE SHALL ALSO BE CONSIDERED A CERTIFICATE [illegible]

Borough Superintendent

OFFICE COPY—DEPARTMENT OF BUILDINGS

**PERMISSIBLE USE AND OCCUPANCY (continued)**

| STORY | LIVE LOADS Lbs. per Sq. Ft. | PERSONS ACCOMMODATED | USE |
|---|---|---|---|
| | | | |

*Borough Superintendent*

# APPENDIX 2

# NEW YORK CITY
# LOCAL LAW 11 OF 98
# FACADE INSPECTION REPORT
# COMBINED CYCLE #6 & 7

NYC Buildings

# Technical Report (TR6)

**Periodic Inspection of Exterior Walls and Appurtenances**
Sub-Cycle 7A – February 21, 2010 — February 21, 2012
Sub-Cycle 7B – February 21, 2011 — August 21, 2012
Sub-Cycle 7C – February 21, 2012 — February 21, 2013

*Must be typewritten.*

RECEIVED
[illegible]
Place stamp here
DEPT. OF BUILDINGS
LOCAL LAW ENFORCEMENT UNIT

***For SWARMP or Safe status reports,* submit *one (1) microfilm, one (1) original report, and one (1) copy.***
***For Unsafe status or Amended reports,* submit *one (1) microfilm, one (1) original report, and two (2) copies.***

Control #: 707121 607121

## 1 Filing Information *(Indicate if combined cycles)*

☒ Initial Filing ☐ Amended Filing ☐ Subsequent Filing

Report cycle: 7A & 6 Report cycle: _____ Initial filing date: _____

Last cycle filing date: 2/18/2000 Initial unsafe filing date: _____

N.Y.C. Dept. of Bldgs. ACCEPTED LOCAL LAW ENFORCEMENT UNIT

## 2 Location Information

House No(s) 156-08 Street Name Riverside Drive West Zip 10032 CB No 112 BIN 1063279

Borough Manh AKA 672 West 158th Street Block 2134 Lot 250

## 3 Inspection Report Status Information

Current Cycle: Last Inspection Date 06-14-12 SWARMP Recommended Date _____

☒ Safe ☐ Safe with repair and maintenance program (SWARMP) ☐ Unsafe

Prior Filing Cycle 5

☒ Safe ☐ SWARMP ☐ Unsafe

## 4 Building Characteristics

Landmark Building: ☒ Yes ☐ No Landmark District: ☐ Yes ☒ No

Number of stories: 7 Exterior wall type: MASONRY

Wall(s) Subject to Inspection ☒ All ☐ Partial _____

## 5 Qualified Exterior Wall Inspector (QEWI) Information

Last Name Katz First Name Andrew MI

Bus. Name Andrew Katz Engineers Bus. Address 3452 Bedford Ave Bus. Tel. 718-252-8735

City Brooklyn State NY Zip 11210 Bus. Fax 718-253-2712

NYS Lic. # 051094 ☒ P.E. ☐ R.A. Mobile Phone

E-Mail akatz@andrewkatzengineers.com

## 6 Owner of Record Information *(Not a Representative or Business Manager or Agent)*

Last Name Buskila First Name Meir MI

Bus. Name 750 Realty Co., LLC Bus. Address 1 Penn Plaza, Suite 4000 Bus. Tel. 212-564-2111

City New York State NY Zip 10019 Bus. Fax

E-Mail Mobile Phone

## 7 Statements and Signatures

**Owner / Owner Representative**

(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 same.

(B) I certify that all items noted as SWARMP conditions in the previous cycle's report have been corrected/repaired; or this report must be rated as Unsafe as per Administrative Code section §28-302.1, if applicable.

Name Meir Buskila Signature Meir Buskila

Relationship to owner same Phone 212-564-2111

Email _____ Date 6/14/2012

**Qualified Exterior Wall Inspector (QEWI)**

Name (please print) Andrew Katz

Signature Date 06-14-12

I hereby state that the owner / Owner's Representative has authorized me to submit this 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. (Check)

P.E. / R.A. [illegible] (apply seal, then sign and date)

STATE OF NEW YORK ANDREW KATZ 051094 LICENSED PROFESSIONAL ENGINEER

Falsification of any statement is a misdemeanor and is 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. Violation is punishable by imprisonment or fine or both.

# NEW YORK CITY LOCAL LAW #11 OF 1998
# FACADE INSPECTION REPORT
# CYCLE #7A
# & CYCLE 6

## FOR

## 156-08 RIVERSIDE DRIVE WEST
## AKA 672 WEST 158TH STREET
## NEW YORK, NY 10032

## BLOCK: 2134 LOT: 250

**Prepared By:**

**ANDREW KATZ, P.E.**
3452 Bedford Avenue
Brooklyn, NY 11210
(718)252-8735

Enclosures:

Technical Report (TR-6)
Written Report - Pgs. 1-3
Photographs - P1-3
Bldg. Dept. Printout

June 14, 2012



**ANDREW KATZ, PE**

Re: LL 11/98
156-08 Riverside Drive West
Manhattan



(A) Building Address: 156-08 Riverside Drive West
Block: 2134 Lot: 250
BIN: 1063279
Landmark Building: Yes
Nearest cross street: West 155th Street
See attached property profile.

(B) Owner's Information
Name: 156-08 Realty Co., LLC
Address: 1 Penn Plaza, Suite 4000
New York, NY 10019
Tel: 212-564-2111

(C) The building has seven (7) stories and is 68 feet high. It sits on a 135.33 x 146 floor area and has masonry exterior walls. The building is a multiple dwelling apartment houses. The Certificate of Occupancy is 77539. The building is approximately 82 years old.

(D) The inspection consisted of a thorough visual examination of all the exterior brick walls using binoculars, a camera with a telephoto lens and one exterior scaffold drop on Riverside Drive West. The scaffold contractor is Mohammed Sheeble for Tri-Circle Enterprises, Montauk Avenue, Brooklyn, NY, Riggers License #5641.

**ANDREW KATZ, PE**

Re: LL 11/98
156-08 Riverside Drive West
Manhattan



(F)
1. The building was examined through binoculars on all sides. The roof, bulkhead and parapet walls were examined from the roof level.
2. See attached plot plan indicating the main entrance, nearest cross street and location of inspection.
3. The critical examination was done on June 14, 2012.

(G)
1. There was no significant deterioration or movement detected. The condition is classified as SAFE.
2. The water-tightness throughout is in good condition. The condition is SAFE.
3. In general the building is classified as SAFE. All exterior appurtenances, including window air conditioners, satellite dishes are stable and SAFE. The balcony and exterior lights are in good stable condition.

(H) N/A – Building is classified as SAFE.

(I) The exterior maintenance of the building is satisfactory, the building is well maintained.
There are no open violations.

(J) All repairs required under previous SWARMP reported in January of 2007 were corrected under Building Department Application #120795185 permitted May 10th 2012 and Application #110183630 permitted December 19th 2008. The repairs consist of:

**ANDREW KATZ, PE**

Re: LL 11/98
156-08 Riverside Drive West
Manhattan



1. Replaced Terra Cotta tiles atop parapet walls.
2. Installed new and approved brackets for air-conditioning units.
3. Repointed mortar joints.
4. The rear of the building was repointed.
5. The masonry cracks and spalls on East View front have been repaired.

(K) N/A There are no SWARMP items, building is SAFE.

(L) N/A No work required.

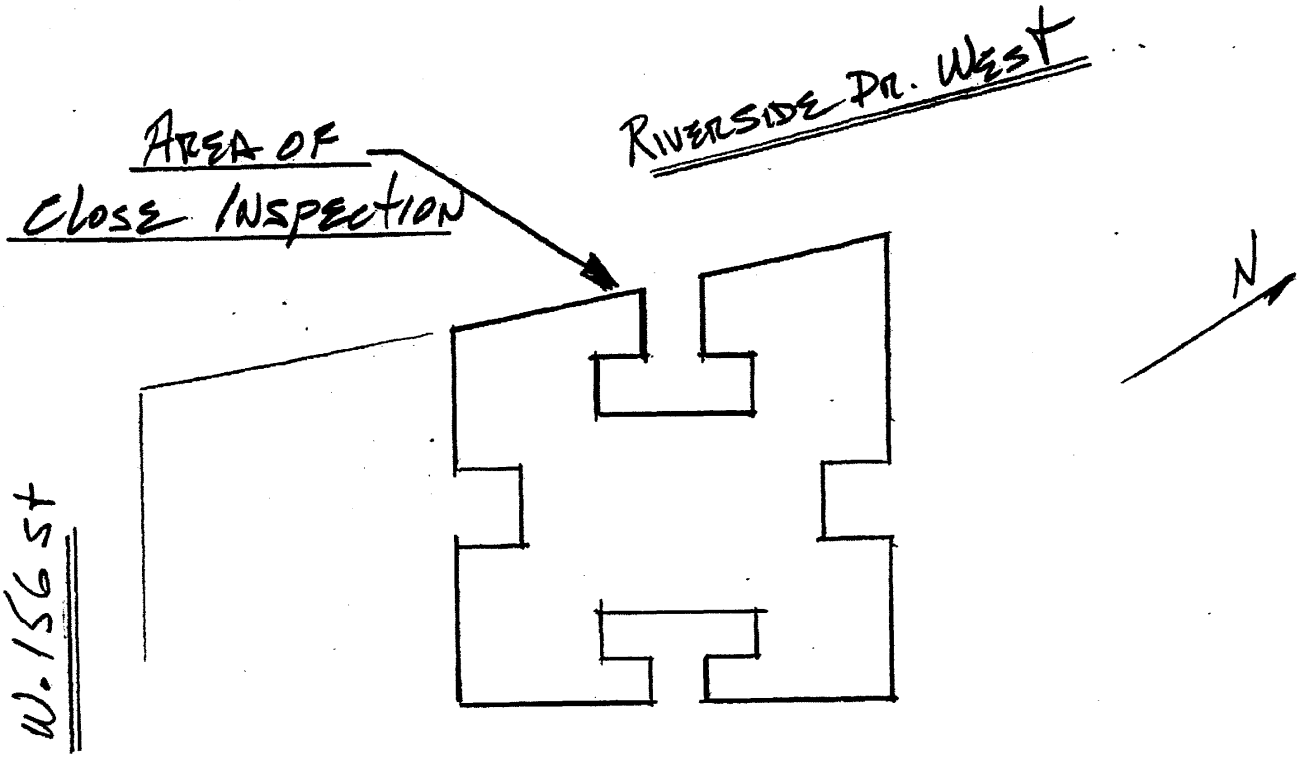
(M) See attached photographs.

(N) We find that this building complies to Local Law# 11/98 as SAFE with all observed conditions conforming to New York City Code Requirements and Applicable Rules, Regulations and directives.

(O) Signature & Seal of QEW1.

Andrew Katz, PE






SITE PLAN

Cycle #7A 6.14.12

FACADE INSPECTION

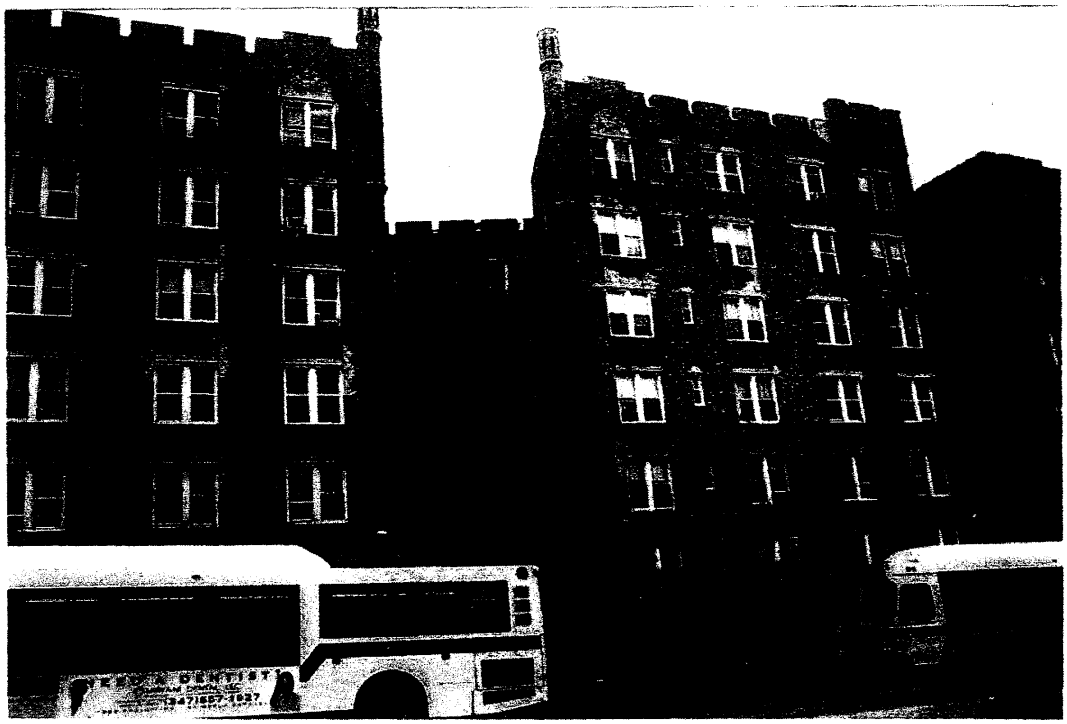
LOCAL LAW # 11/98

156-08 RIVERSIDE DR. W.

MANH B-2134 L-250

1/3

**ANDREW KATZ**
**CONSULTING ENGINEERS**
**3452 BEDFORD AVENUE, BROOKLYN, NY 11210**
**TEL: (718)252-8735 FAX: (718)253-2712**



FRONT - VIEW



AIR CONDITION SUPPORT

Cycle # 7A 6.14.12

FACADE INSPECTION

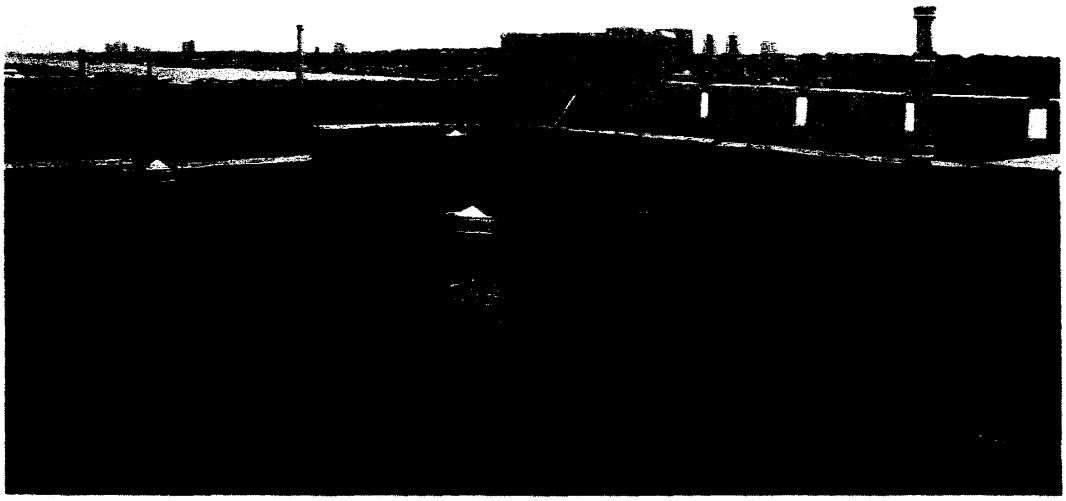
LOCAL LAW # 11/98

156-02 RIVERSIDE DR. W.

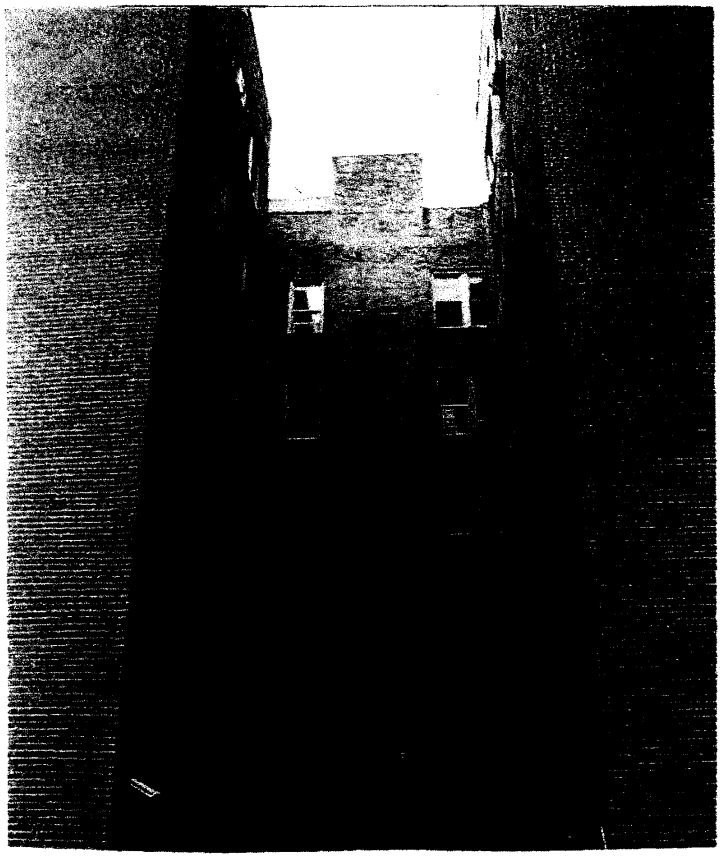
MANH: B-2134 L-250

2/3

**ANDREW KATZ**
**CONSULTING ENGINEERS**
**3452 BEDFORD AVENUE, BROOKLYN, NY 11210**
**TEL: (718)252-8735 FAX: (718)253-2712**



ROOF & PARAPET



INNER COURTYARD

Cycle #7A 6.H.12

FACADE INSPECTION

LOCAL LAW # 11/98

156-08 RIVERSIDE DR. W.

MANH: B-2134 L-250

3/3

***ANDREW KATZ***
***CONSULTING ENGINEERS***
***3452 BEDFORD AVENUE, BROOKLYN, NY 11210***
***TEL: (718)252-8735 FAX: (718)253-2712***

NYC Buildings

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NYC Department of Buildings

## Property Profile Overview

**156-08 RIVERSIDE DRIVE WEST** MANHATTAN 10032 BIN# 1063279

RIVERSIDE DRIVE WEST 156-08 - 156-08

| | | | |
|---|---|---|---|
| Census Tract | : 241 | Tax Block | : 2134 |
| Community Board | : 112 | Tax Lot | : 250 |
| Buildings on Lot | : 1 | Condo | : NO |
| | | Vacant | : NO |

View DCP Addresses... Browse Block

View Zoning Documents View Challenge Results View Certificates of Occupanc

| | | | |
|---|---|---|---|
| **Cross Street(s):** | WEST 158 STREET | | |
| **DOB Special Place Name:** | | | |
| **DOB Building Remarks:** | | | |
| **Landmark Status:** | L - LANDMARK | **Special Status:** | N/A |
| **Local Law:** | NO | **Loft Law:** | NO |
| **SRO Restricted:** | NO | **TA Restricted:** | NO |
| **UB Restricted:** | NO | | |
| **Little 'E' Restricted:** | N/A | **Grandfathered Sign:** | NO |
| **Legal Adult Use:** | NO | **City Owned:** | NO |
| **Additional BINs for Building:** | NONE | | |

**Special District:** UNKNOWN

**This property is located in an area that may be affected by the following:**

| | | |
|---|---|---|
| **Tidal Wetlands Map Check:** | Yes | |
| **Freshwater Wetlands Map Check:** | No | Click here for more information |
| **Coastal Erosion Hazard Area Map Check:** | No | |

**Department of Finance Building Classification:** D1-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 the legal u structure. To determine the legal use of a structure, research the records of the Department of Buildings.

| | Total | Open |
|---|---|---|
| Complaints | 27 | 0 |
| Violations-DOB | 29 | 2 |
| Violations-ECB (DOB) | 16 | 6 |
| Jobs/Filings | 13 | |
| ARA / LAA Jobs | 1 | |
| Total Jobs | 14 | |
| Actions | 32 | |

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

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**NYC Department of Buildings**

## Facades on Block / Lot



Premises: 156-08 RIVERSIDE DRIVE WEST MANHATTAN BIN: 1063279 Block: 2134 Lot: 250

Filter by cycle: Show All Cycles GO

| CYCLE | SUB-CYCLE | CONTROL NUMBER | HOUSE NUMBER | STREET NAME | BBL SEQNO | CURRENT STATUS | BIN | NUM STORIES | INIT FILE DATE |
|---|---|---|---|---|---|---|---|---|---|
| 05 | | 507121 | 156 | RIVERSIDE DRIVE WEST | 01 | OK | 1063279 | 007 | 02/18/2000 |
| 06 | | 607121 | 156-08 | RIVERSIDE DRIVE WEST | 01 | NR | 1063279 | 007 | |
| 07 | A | 707121 | 156-08 | RIVERSIDE DRIVE WEST | 01 | NR | 1063279 | 007 | |

360

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

# FACADE BATCH INTAKE FORM (FB11)

Must be typewritten

Date: 08-06-2012

| | |
|---|---|
| Submitted by: | Mordechai Druxman |
| Business Name: | Andrew Katz Engineers |
| Business Address | 3452 Bedford ave Brooklyn 11210 |
| Business Number | 718-252-8735 |
| Mobile Number: | 718-869-1183 |

FILING TYPE (CHECK ONE BOX ONLY): X Initial; Subsequent; Extension

EXEMPTIONS (CHECK ONE BOX ONLY): City Owned; Rejections

**COMPLETE THE FOLLOWING INFORMATION**

| | CONTROL # | ADDRESS | BORO | BLOCK | LOT | TYPE | AMOUNT |
|---|---|---|---|---|---|---|---|
| 1 | 712082 | 215 East Gun Hill Road | | | | | |
| 2 | 710196 | 94-06 34th Street | | | | | |
| 3 | 707121 | 156-08 River Side Drive West | | | | | |
| 4 | 702453 | 7-9 East 32nd Street | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |

**FOR OFFICE USE ONLY** TOTAL $ 6

1) DATE RECEIVED BY LLEU: 8/8/12

2) PRINT NAME: G. DALTON

3) DATE RECEIVED BY CASHIER:

4) PRINT NAME:

5) DATE CASHIERED:

6) BIS INVOICE NUMBER:

FEE SCHEDULE

| | |
|---|---|
| Initial Reports | $265 |
| Amended Reports | $100 |
| Extensions | $135 |

LLEU RECEIVED STAMP:

NYC DEPARTMENT OF BUILDINGS
LOCAL LAW ENFORCEMENT UNIT
RECEIVED
Date 8/8/12
Pending Approval
Approval Date

STATUS CODES:
SAFE
SWARMP
UNSAFE

INTAKE REVIEW STAMP:

02/11

NYC Buildings

NYC.gov always open

CLICK HERE TO SIGN UP FOR BUILDINGS NEWS

NYC Department of Buildings

## Facades on Block / Lot



**Premises: 156-08 RIVERSIDE DRIVE WEST MANHATTAN** BIN: 1063279 Block: 2134 Lot: 250

Filter by cycle: Show All Cycles ▾ GO

| CYCLE | SUB-CYCLE | CONTROL NUMBER | HOUSE NUMBER | STREET NAME | BBL SEQNO | CURRENT STATUS | BIN | NUM STORIES | INIT FILE DATE |
|---|---|---|---|---|---|---|---|---|---|
| 05 | | 507121 | 156 | RIVERSIDE DRIVE WEST | 01 | OK | 1063279 | 007 | 02/18/2000 |
| 06 | | 607121 | 156-08 | RIVERSIDE DRIVE WEST | 01 | OK | 1063279 | 007 | 08/08/2012 |
| 07 | A | 707121 | 156-08 | RIVERSIDE DRIVE WEST | 01 | OK | 1063279 | 007 | 08/08/2012 |

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.

# APPENDIX 3

# SITE PLAN

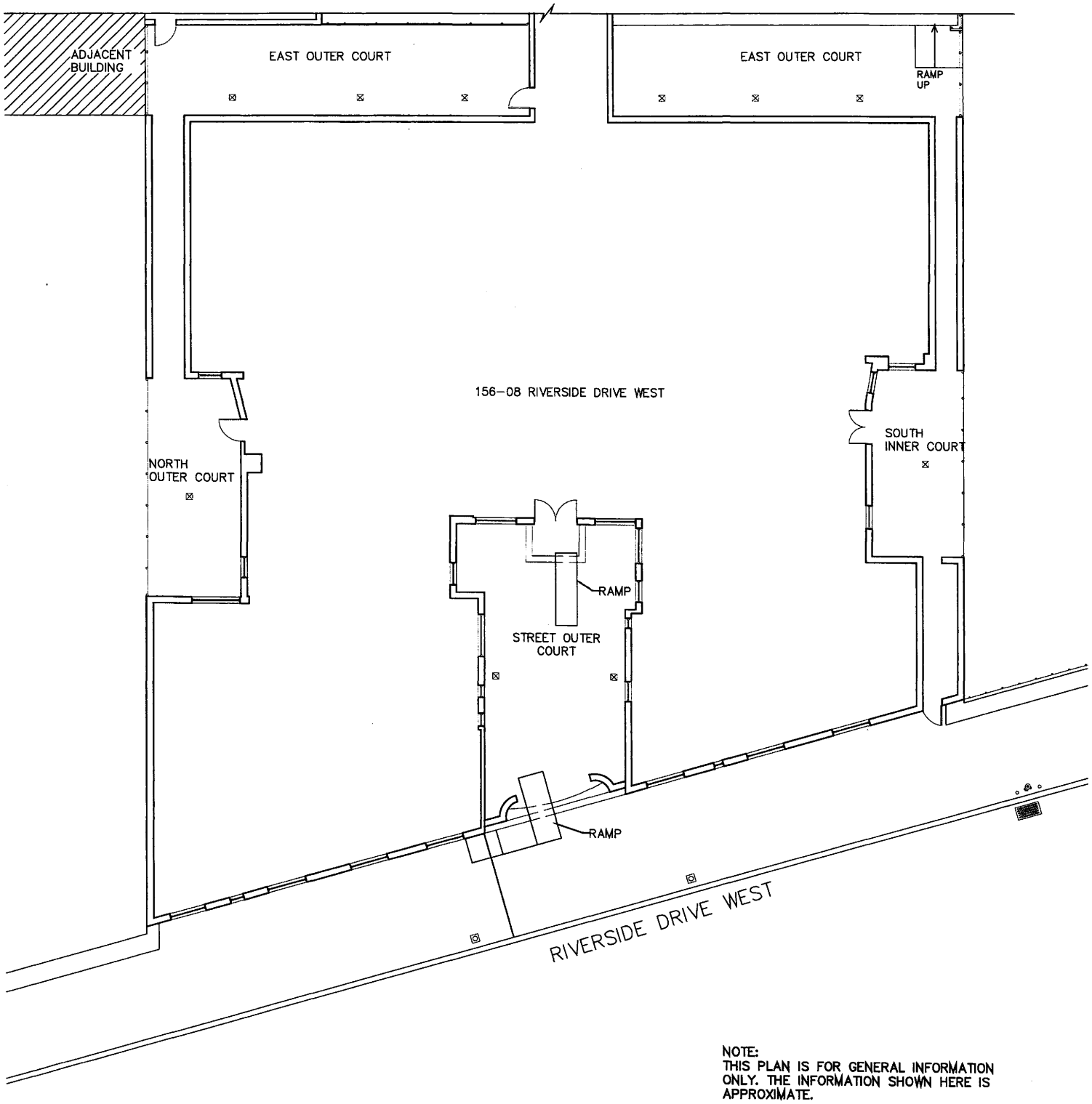
1 / A1-01 SITE PLAN

SCALE: 3/64"= 1'-0"

LEGEND

| | |
|---|---|
| STREET LIGHT | |
| SEWER GRATE | |
| EXPANSION JOINT | |
| FIRE HYDRANT | |
| DRAIN | |
| FENCE | |

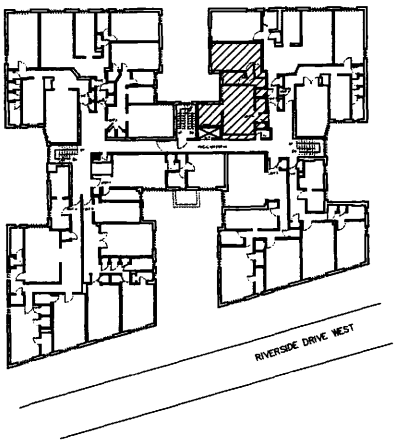
**156-08 RIVERSIDE DRIVE**
**JULY 30TH, 2013**




NOTE:
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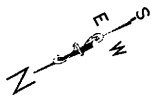
# APPENDIX 4

# FLOOR PLANS



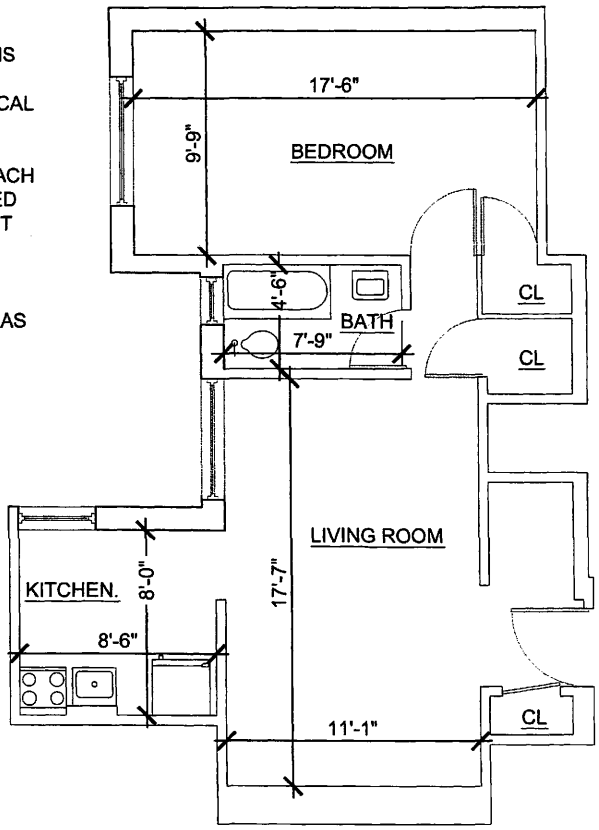

1 A2-01 TYPICAL A LINE

SCALE: 1/8"= 1'-0"




156-08 RIVERSIDE DRIVE

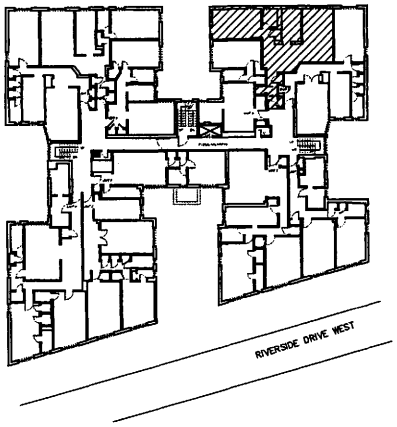
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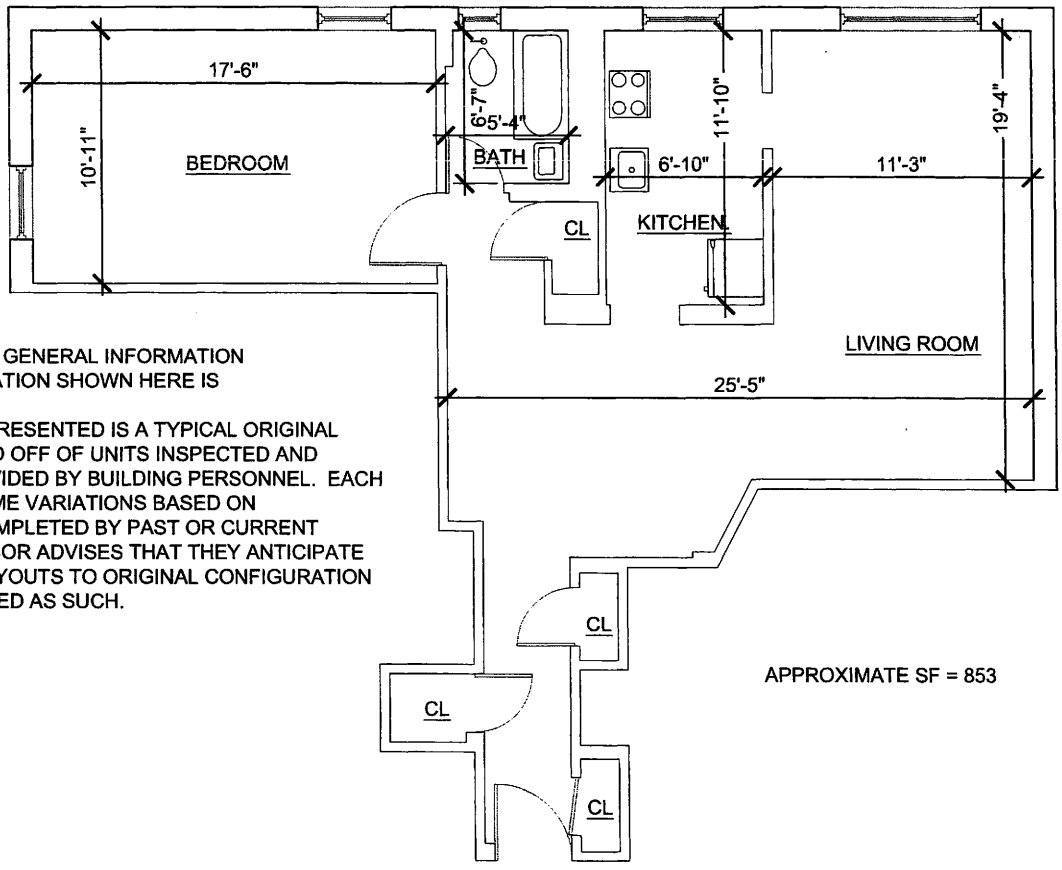

APPROXIMATE SF = 619

1 A2–02 TYPICAL B LINE

SCALE: 1/8"= 1'–0"

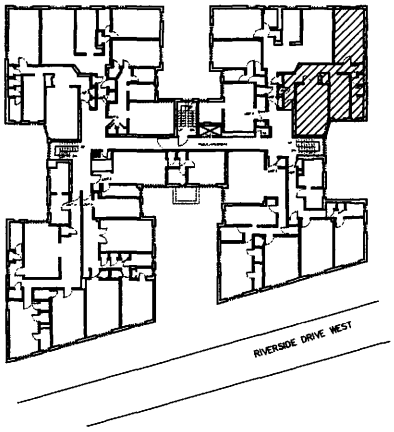



156-08 RIVERSIDE DRIVE




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APPROXIMATE SF = 853

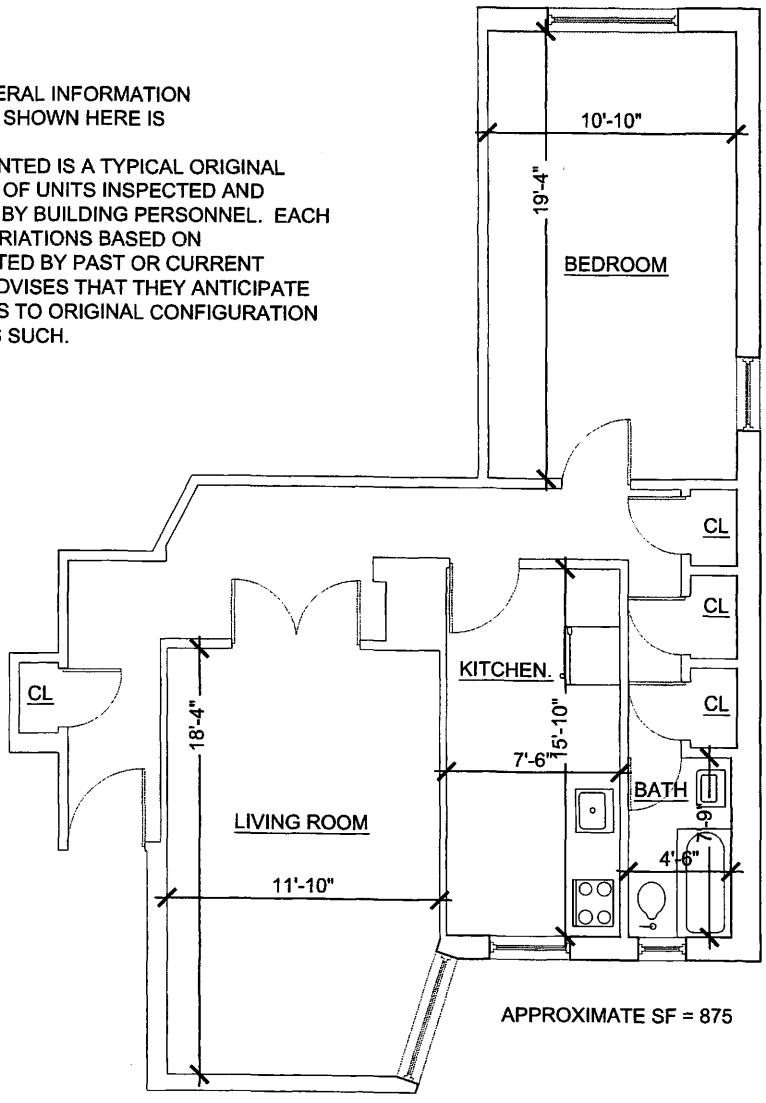



1 A2-03 TYPICAL C LINE

SCALE: 1/8"= 1'-0"

156-08 RIVERSIDE DRIVE

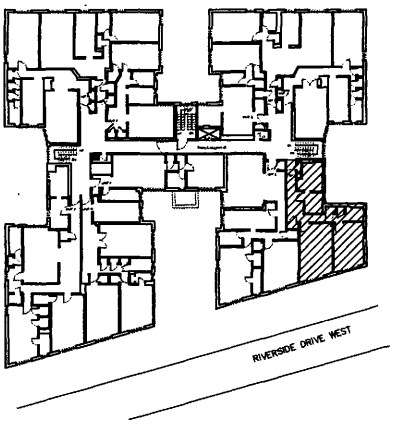
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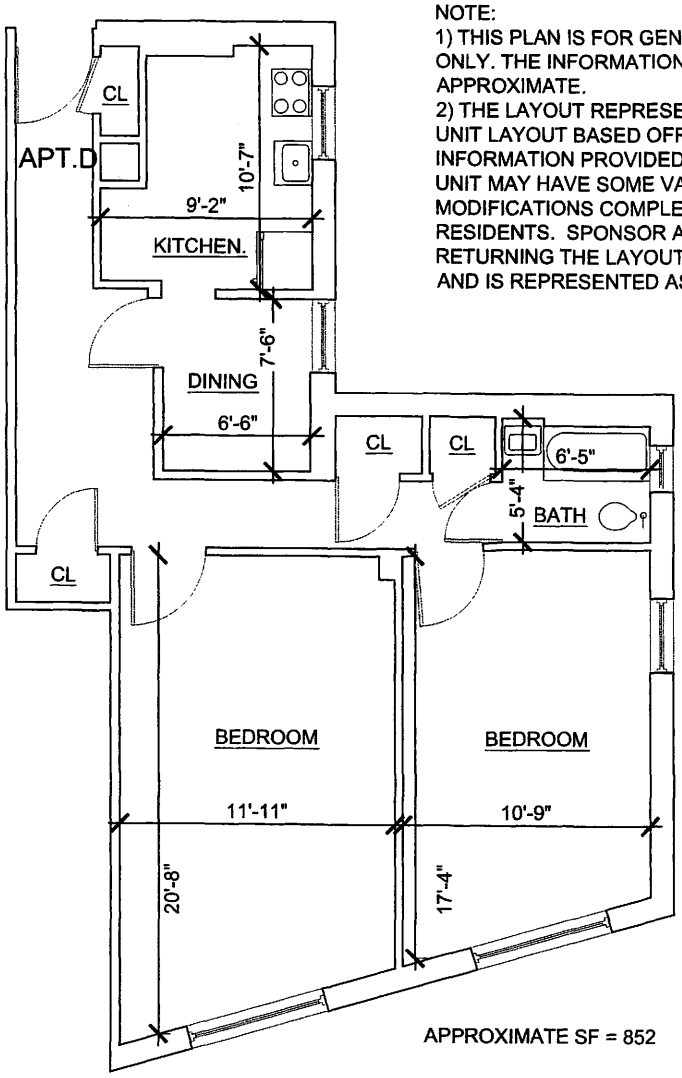

APPROXIMATE SF = 875

1 / A2-04 TYPICAL D LINE

SCALE: 1/8"= 1'-0"

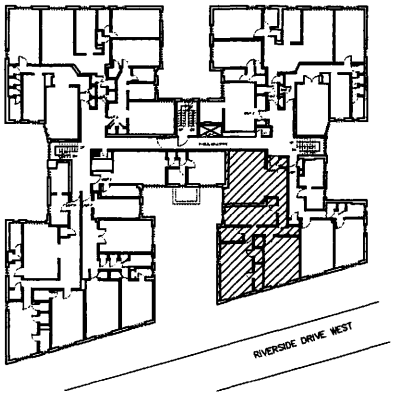



156-08 RIVERSIDE DRIVE




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APPROXIMATE SF = 852

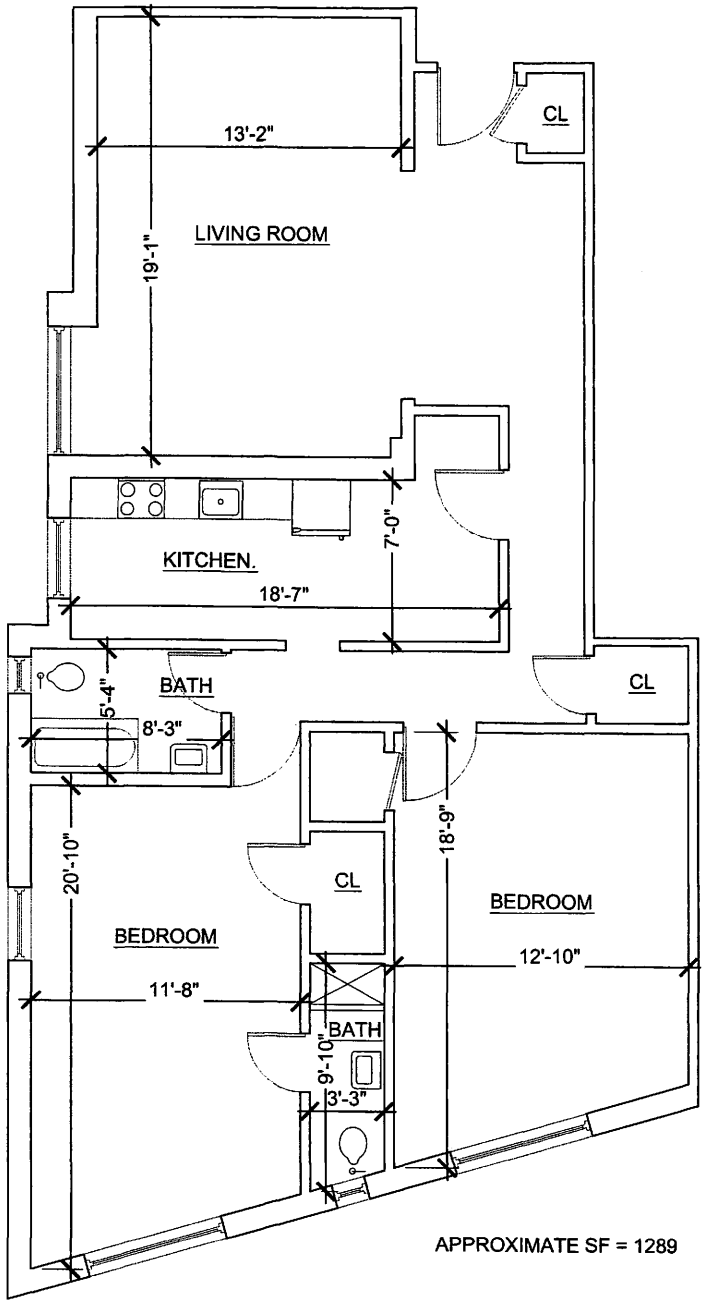



1 / A2-05 TYPICAL E LINE

SCALE: 1/8"= 1'-0"

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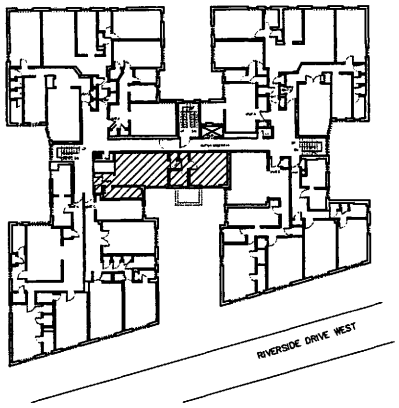
156-08 RIVERSIDE DRIVE




APPROXIMATE SF = 1289

1 / A2-06 TYPICAL F LINE

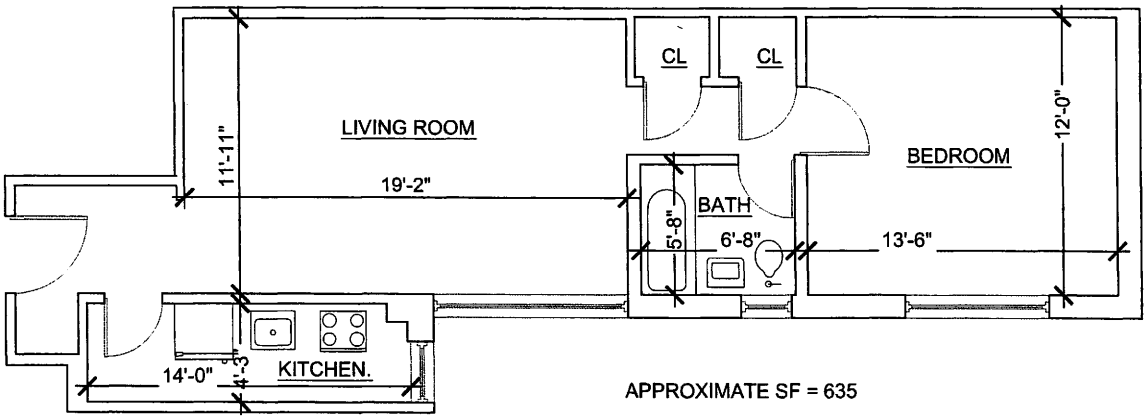
SCALE: 1/8"= 1'-0"




156-08 RIVERSIDE DRIVE

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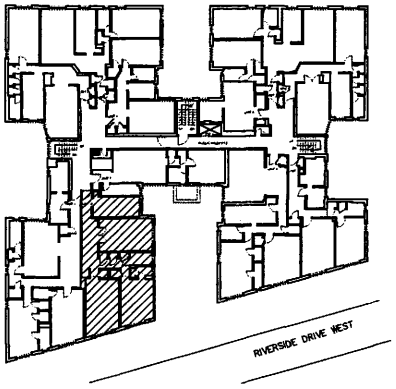



APPROXIMATE SF = 635

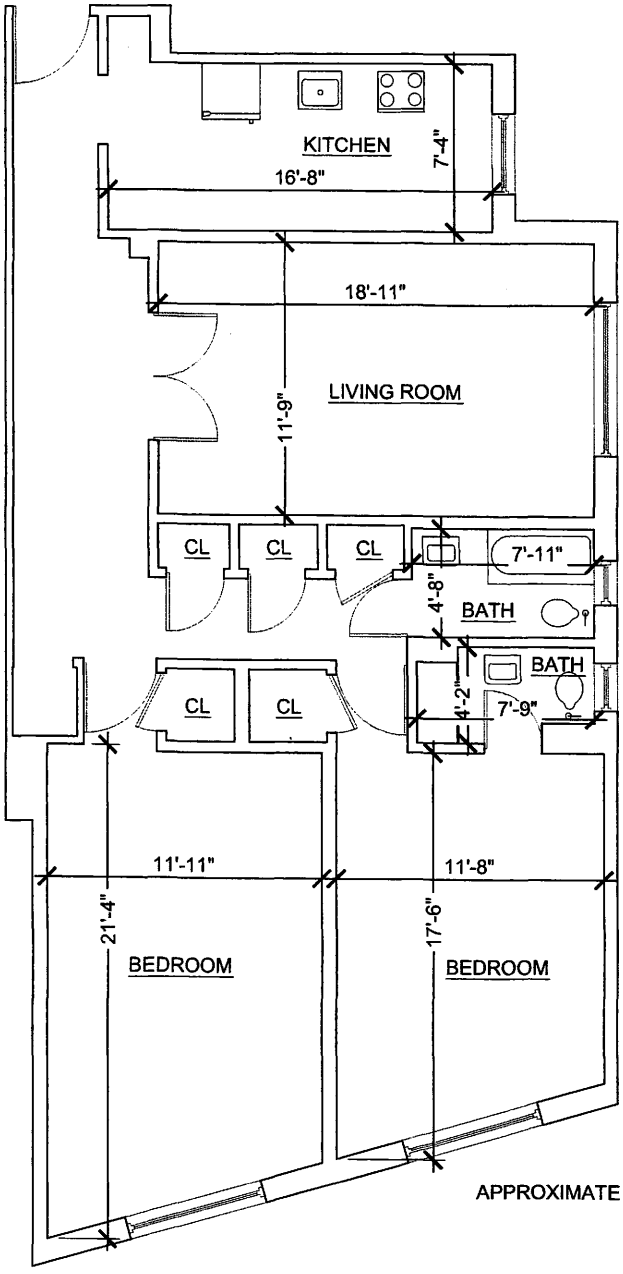
1 / A2-07 TYPICAL G LINE

SCALE: 1/8"= 1'-0"

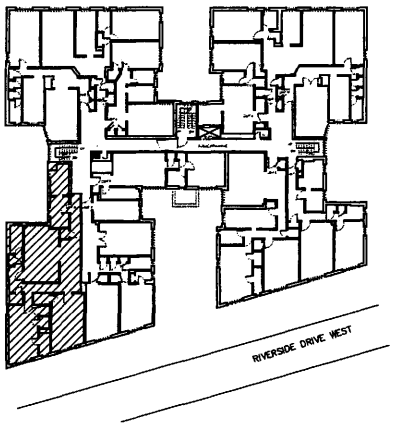



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156-08 RIVERSIDE DRIVE



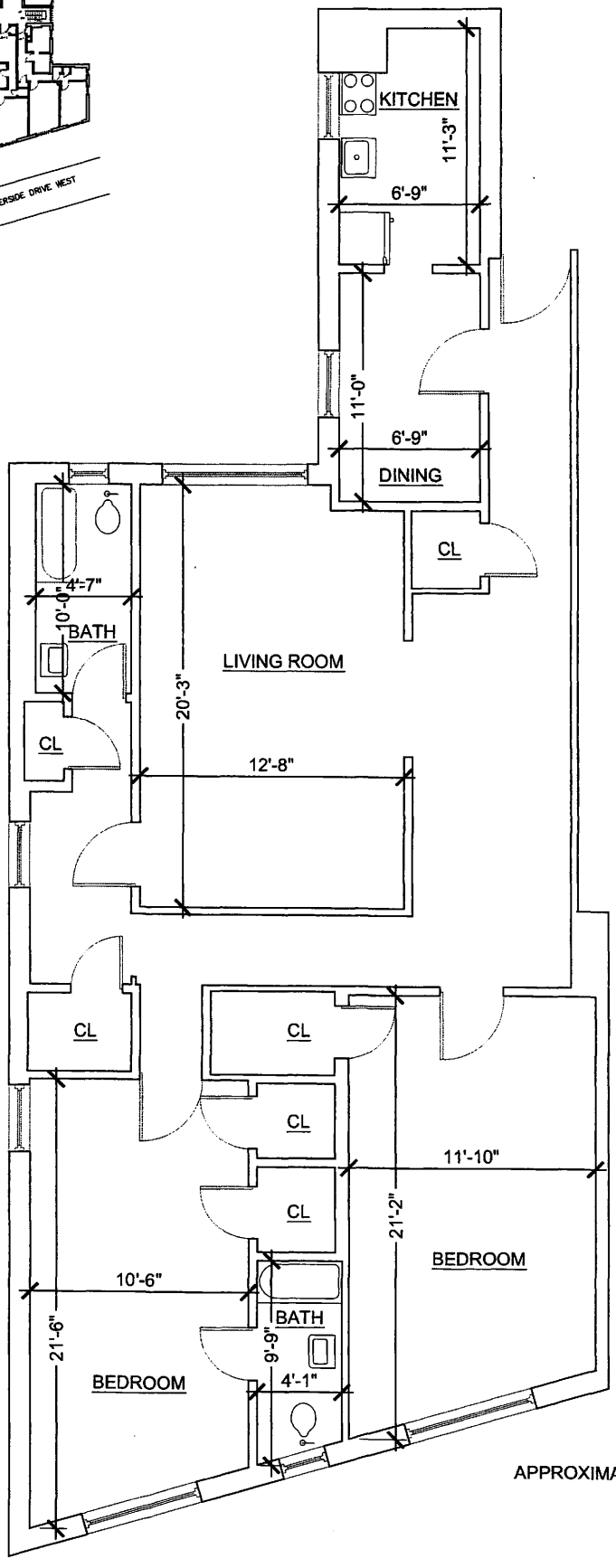

APPROXIMATE SF = 1211




156-08 RIVERSIDE DRIVE

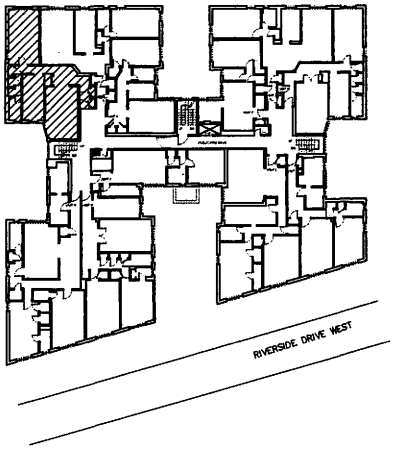
1 / A2-08 TYPICAL H LINE

SCALE: 1/8"= 1'-0"




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APPROXIMATE SF = 1503

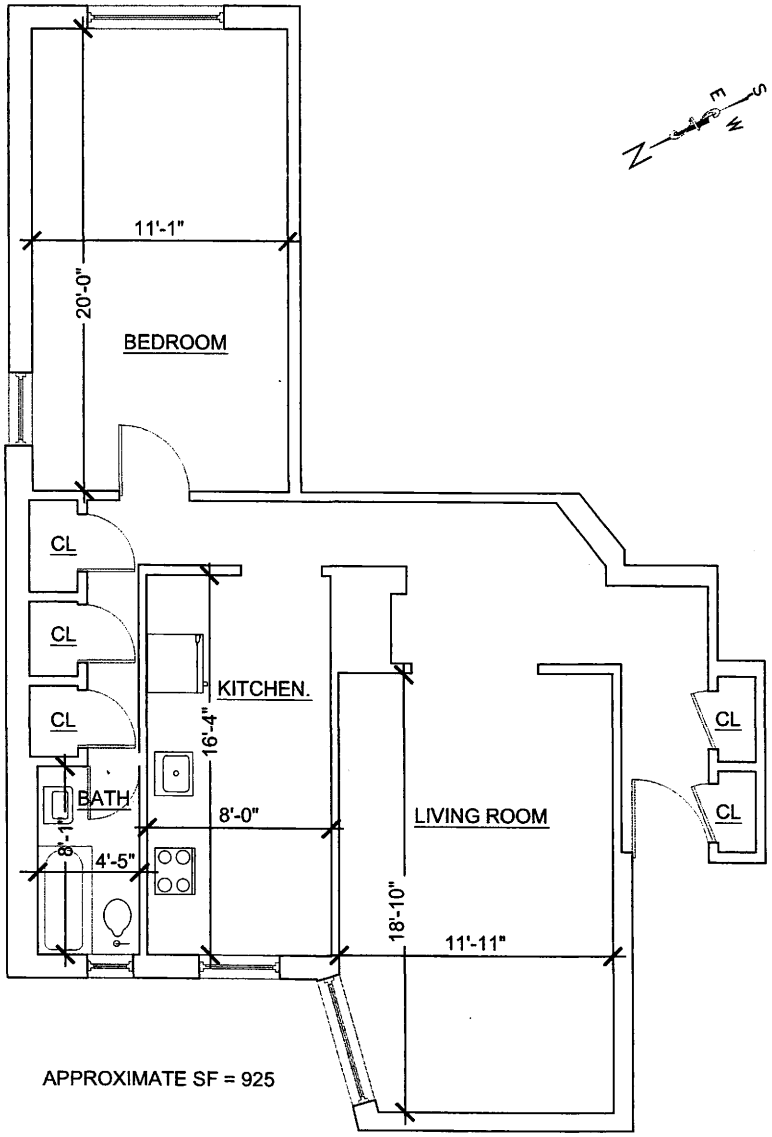



1 A2-09 TYPICAL I LINE

SCALE: 1/8"= 1'-0"

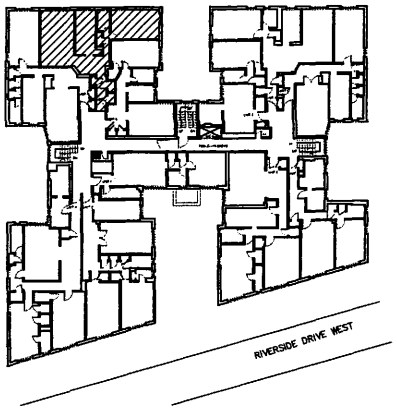
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156-08 RIVERSIDE DRIVE



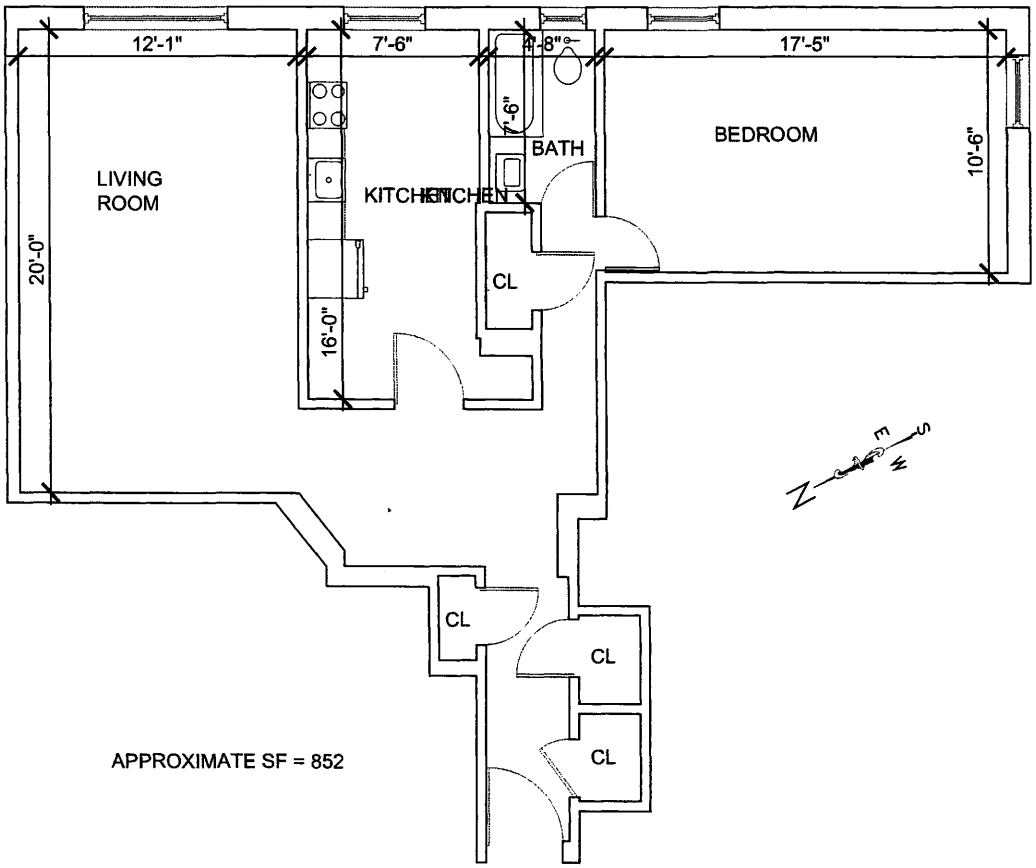
1 / A2-10 TYPICAL J LINE

SCALE: 1/8"= 1'-0"




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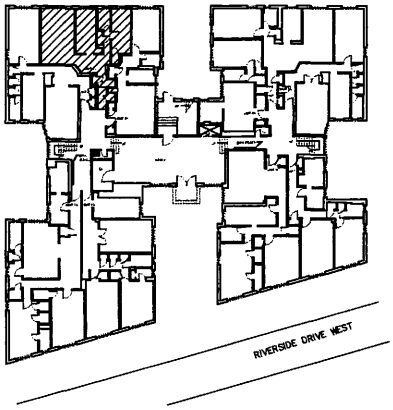
156-08 RIVERSIDE DRIVE




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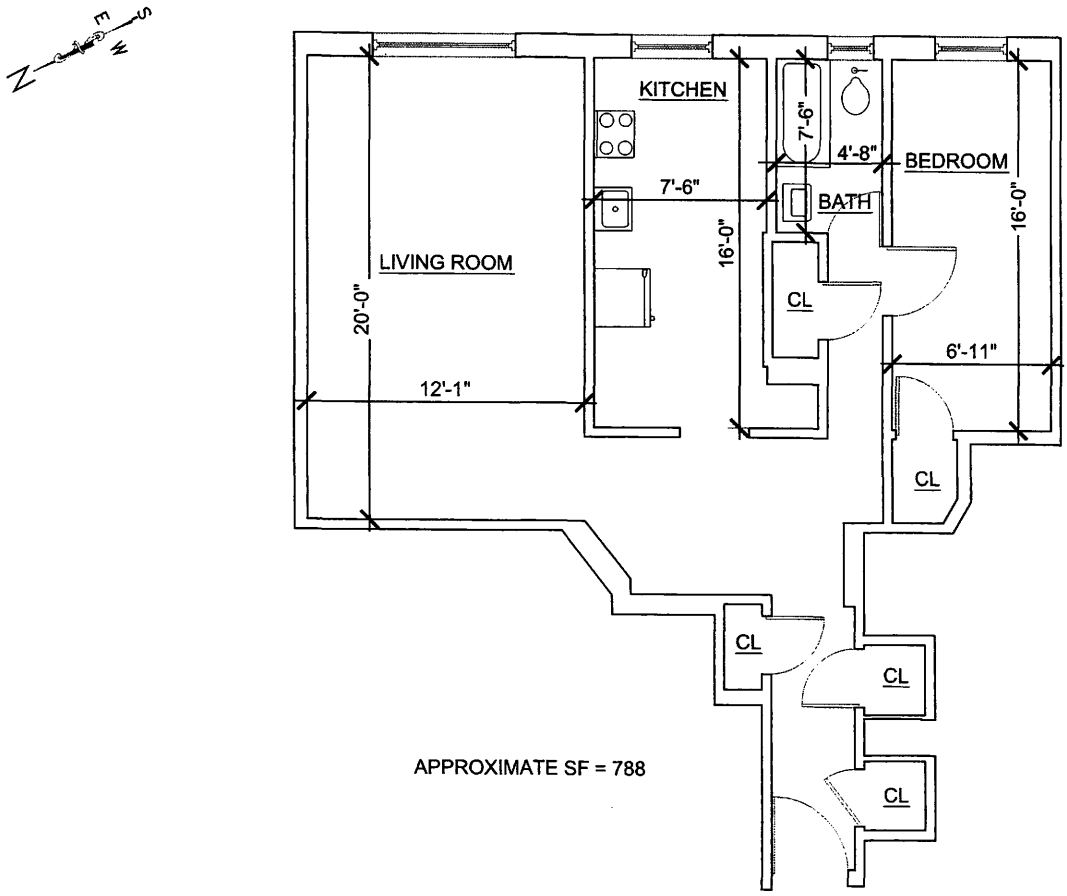
1 / A2-11 UNIT 1J

SCALE: 1/8"= 1'-0"




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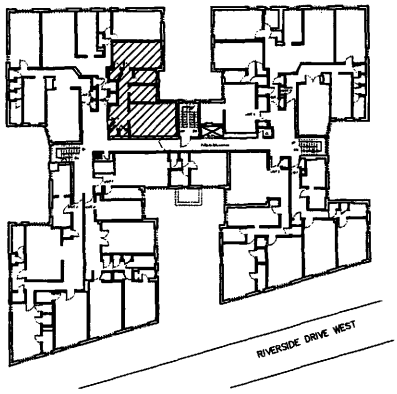
156-08 RIVERSIDE DRIVE




APPROXIMATE SF = 788

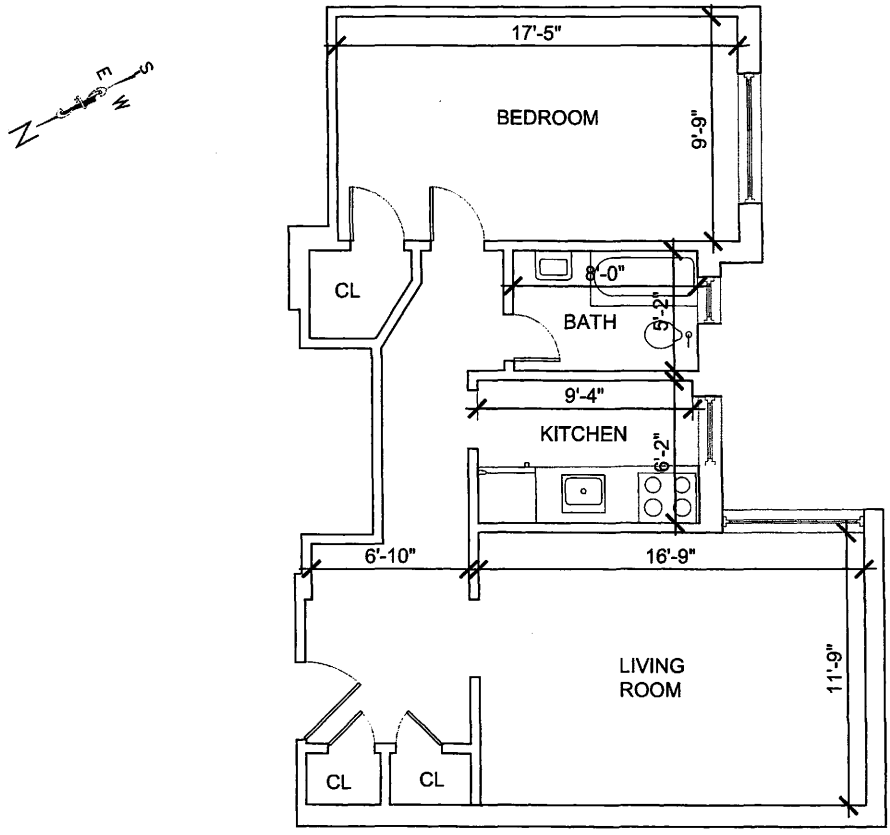
1 / A2-12 TYPICAL K LINE

SCALE: 1/8"= 1'-0"




156-08 RIVERSIDE DRIVE

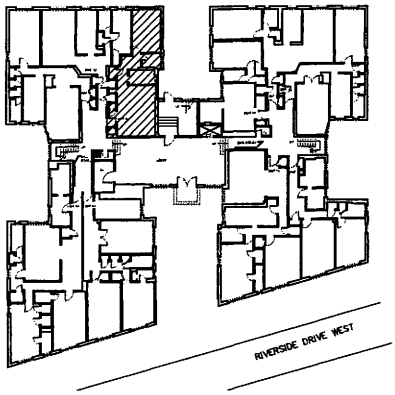
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APPROXIMATE SF = 684

1 A2–13 UNIT 1K

SCALE: 1/8"= 1'–0"

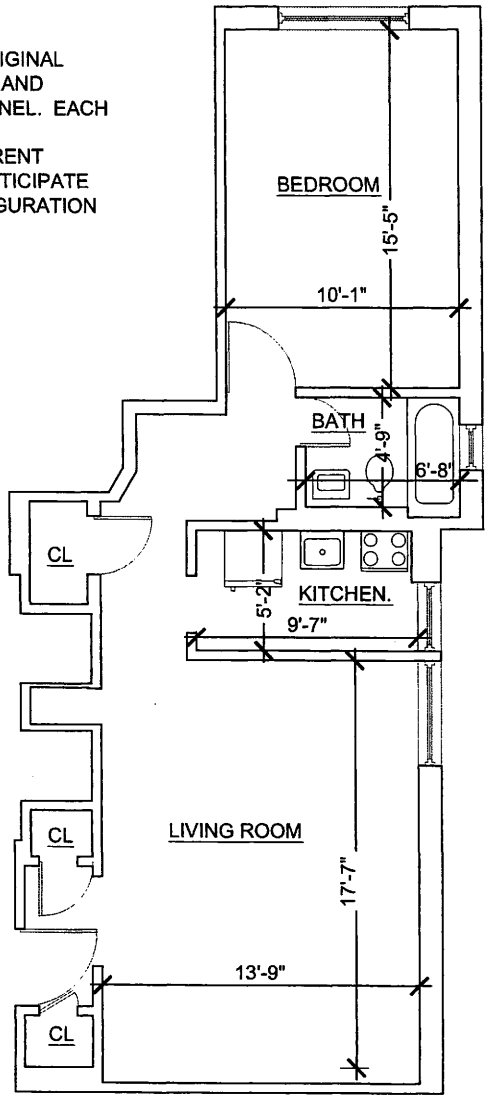






156-08 RIVERSIDE DRIVE

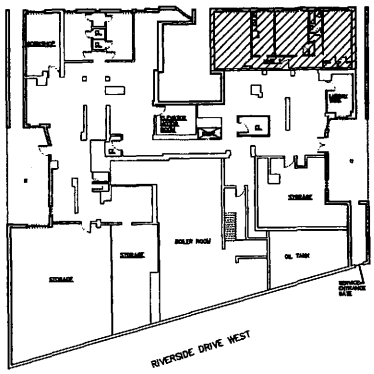
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APPROXIMATE SF = 674

1 / A2-14 CELLAR UNIT 1

SCALE: 1/8"= 1'-0"

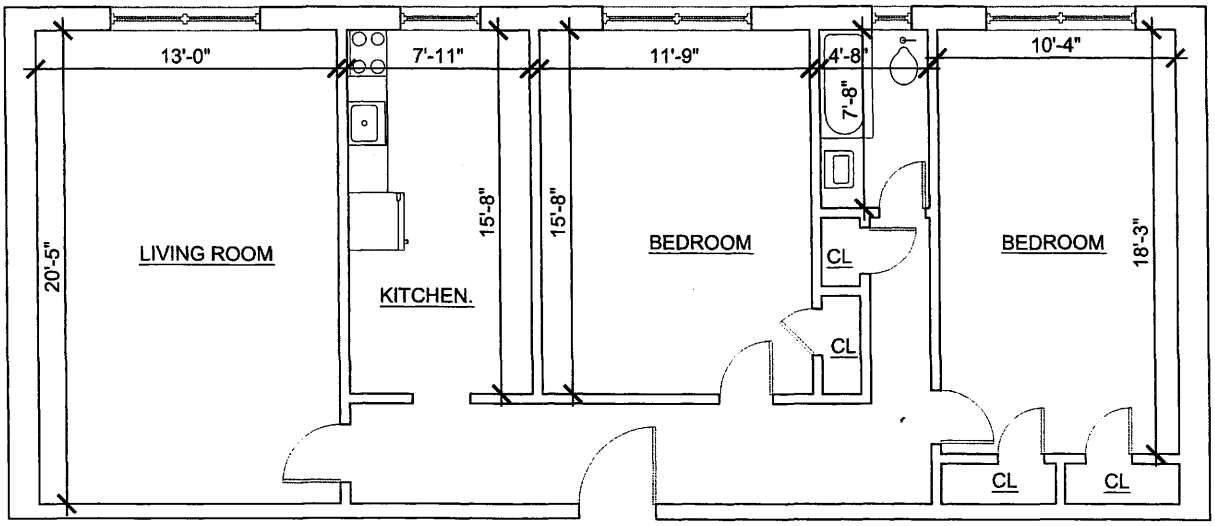






156-08 RIVERSIDE DRIVE
OCTOBER 1st, 2013

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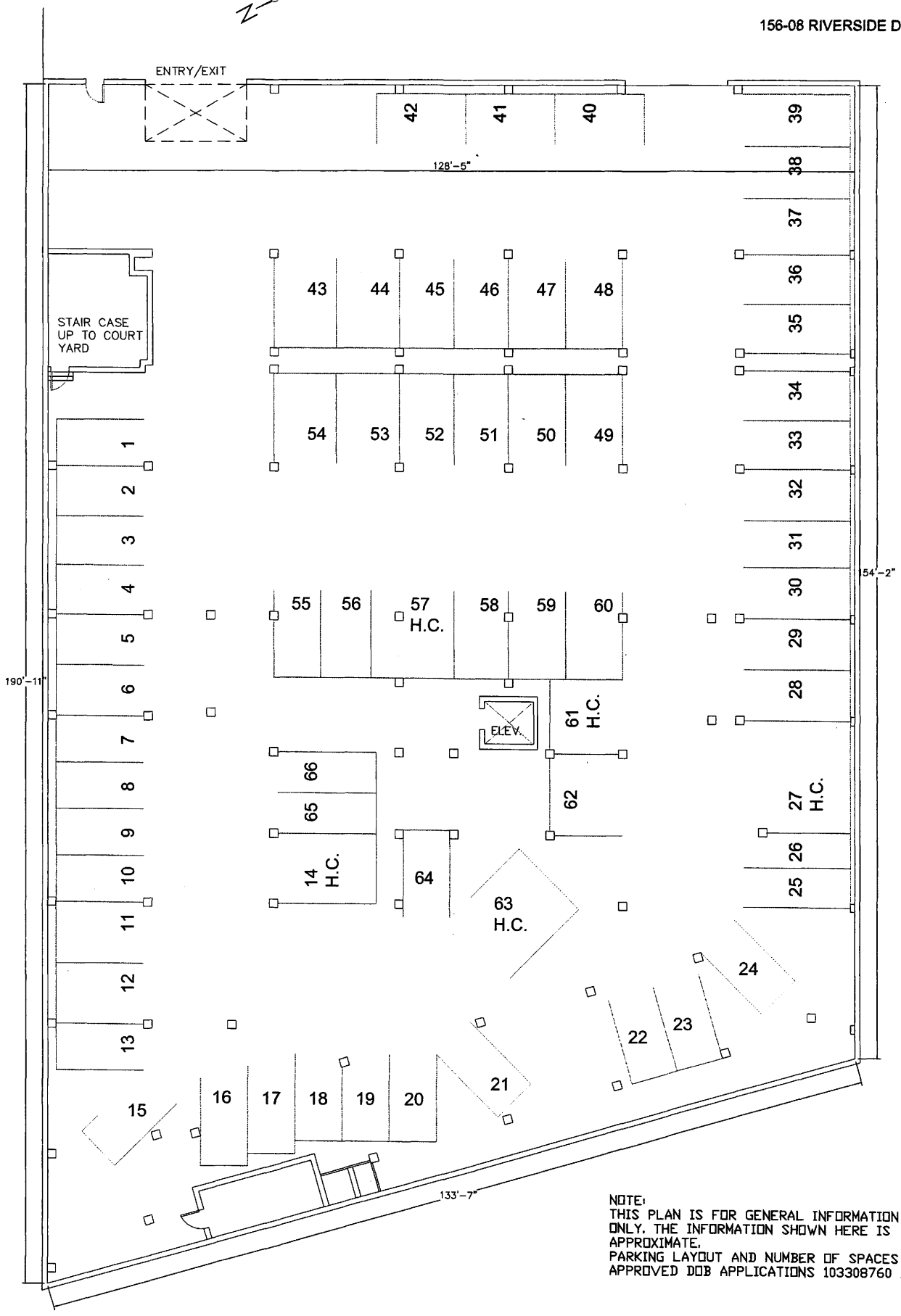
# APPENDIX 5

# MASTER FLOOR PLANS

# 1 / A3-01 GARAGE PLAN LOWER LEVEL

SCALE: 3/64"= 1'-0"

**156-08 RIVERSIDE DRIVE**



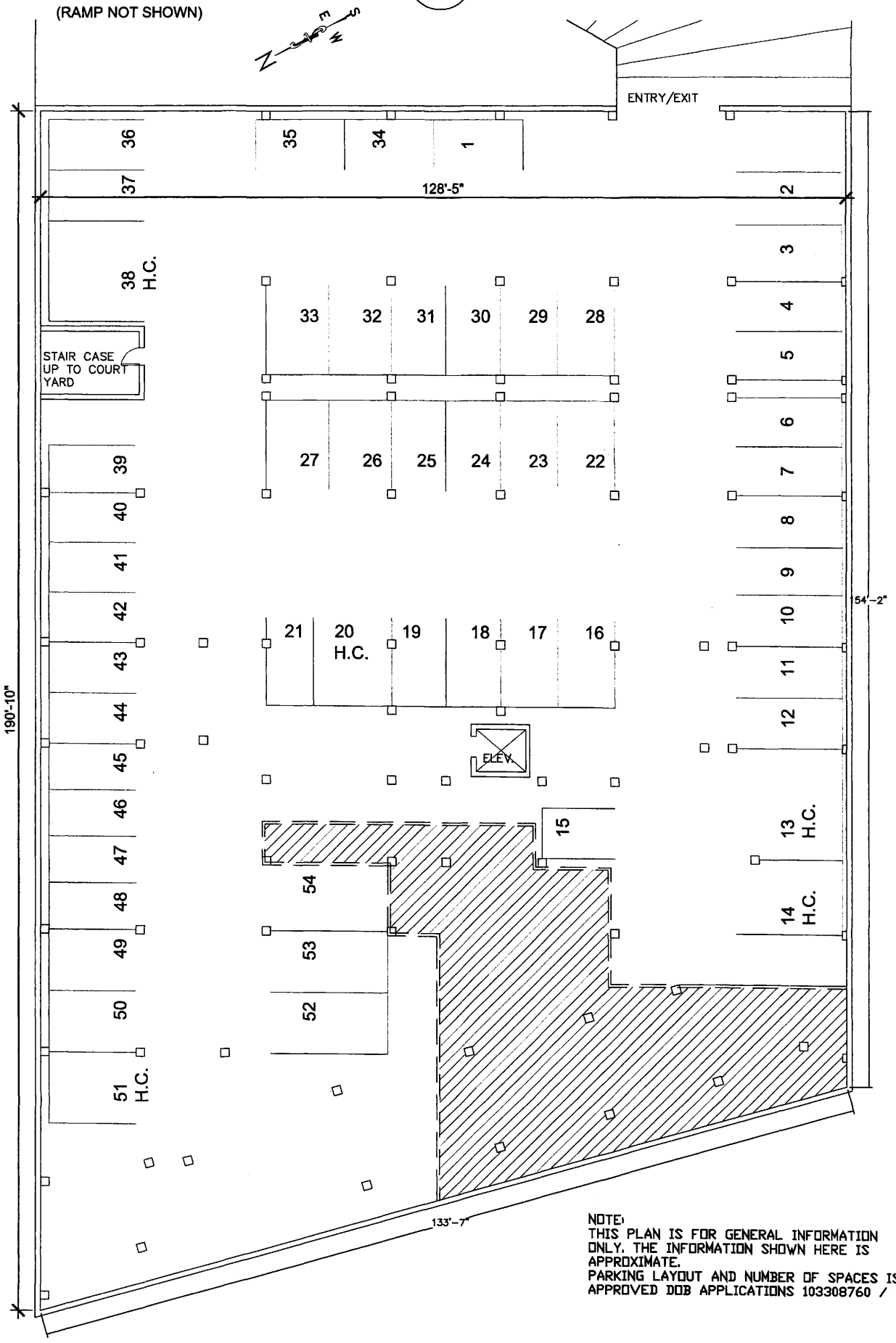

NOTE:
THIS PLAN IS FOR GENERAL INFORMATION ONLY. THE INFORMATION SHOWN HERE IS APPROXIMATE.
PARKING LAYOUT AND NUMBER OF SPACES IS PER APPROVED DOB APPLICATIONS 103308760 / 103308779.

156-08 RIVERSIDE DRIVE

(RAMP NOT SHOWN)

1 / A3-02 GARAGE PLAN UPPER LEVEL

SCALE: 3/64"= 1'-0"



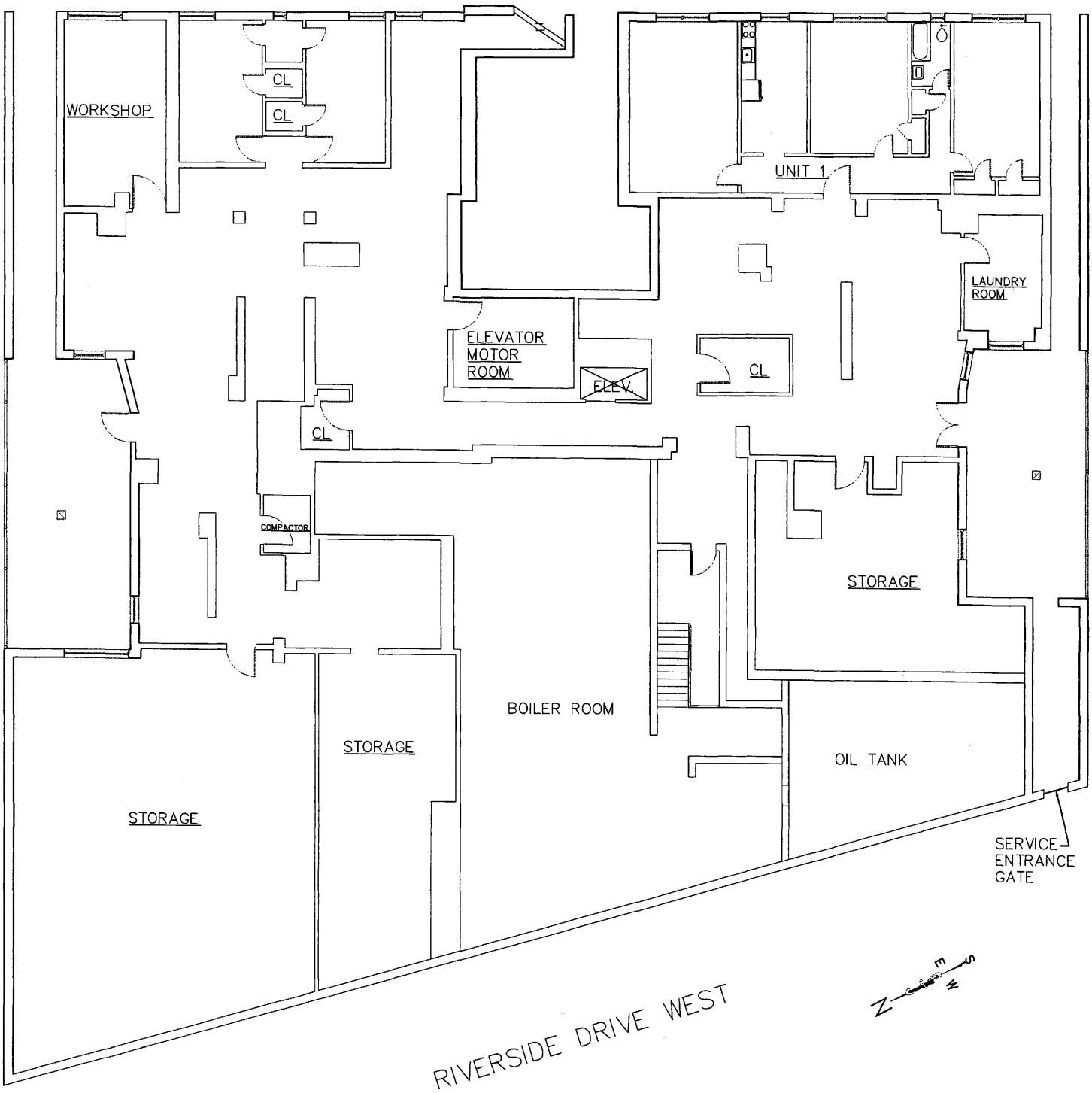

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PARKING LAYOUT AND NUMBER OF SPACES IS PER APPROVED DOB APPLICATIONS 103308760 / 103308779.

156-08 RIVERSIDE DRIVE
OCTOBER 1ST, 2013

NOTE:
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2) THE LAYOUT REPRESENTED IS A TYPICAL ORIGINAL UNIT LAYOUT BASED OFF OF UNITS INSPECTED AND INFORMATION PROVIDED BY BUILDING PERSONNEL. EACH UNIT MAY HAVE SOME VARIATIONS BASED ON MODIFICATIONS COMPLETED BY PAST OR CURRENT RESIDENTS. SPONSOR ADVISES THAT THEY ANTICIPATE RETURNING THE LAYOUTS TO ORIGINAL CONFIGURATION AND IS REPRESENTED AS SUCH.

1 / A3-03 CELLAR PLAN
SCALE: 1/16"= 1'-0"

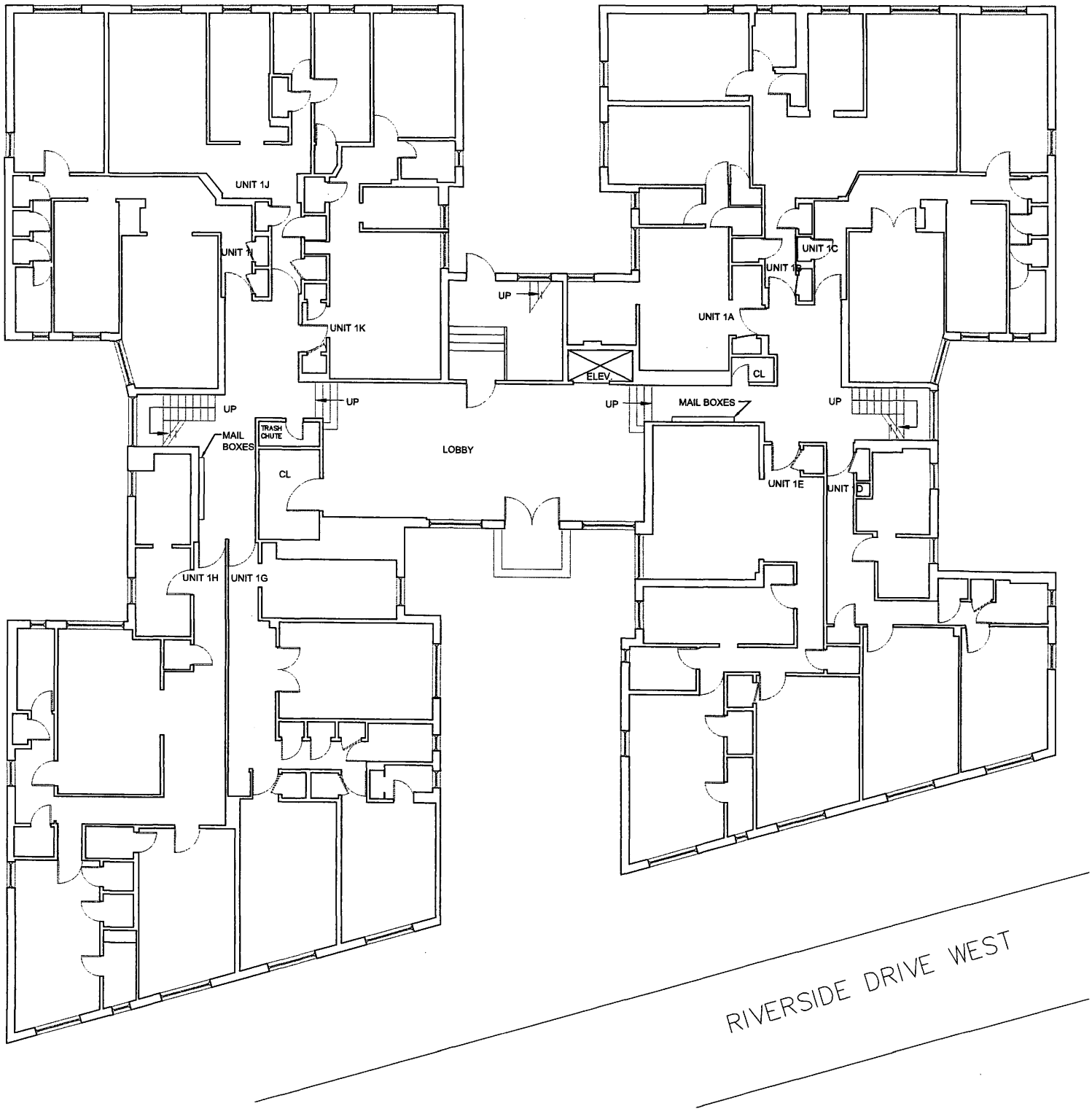
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156-08 RIVERSIDE DRIVE

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1 / A3-04 IST FLOOR PLAN
SCALE: 1/16"= 1'-0"

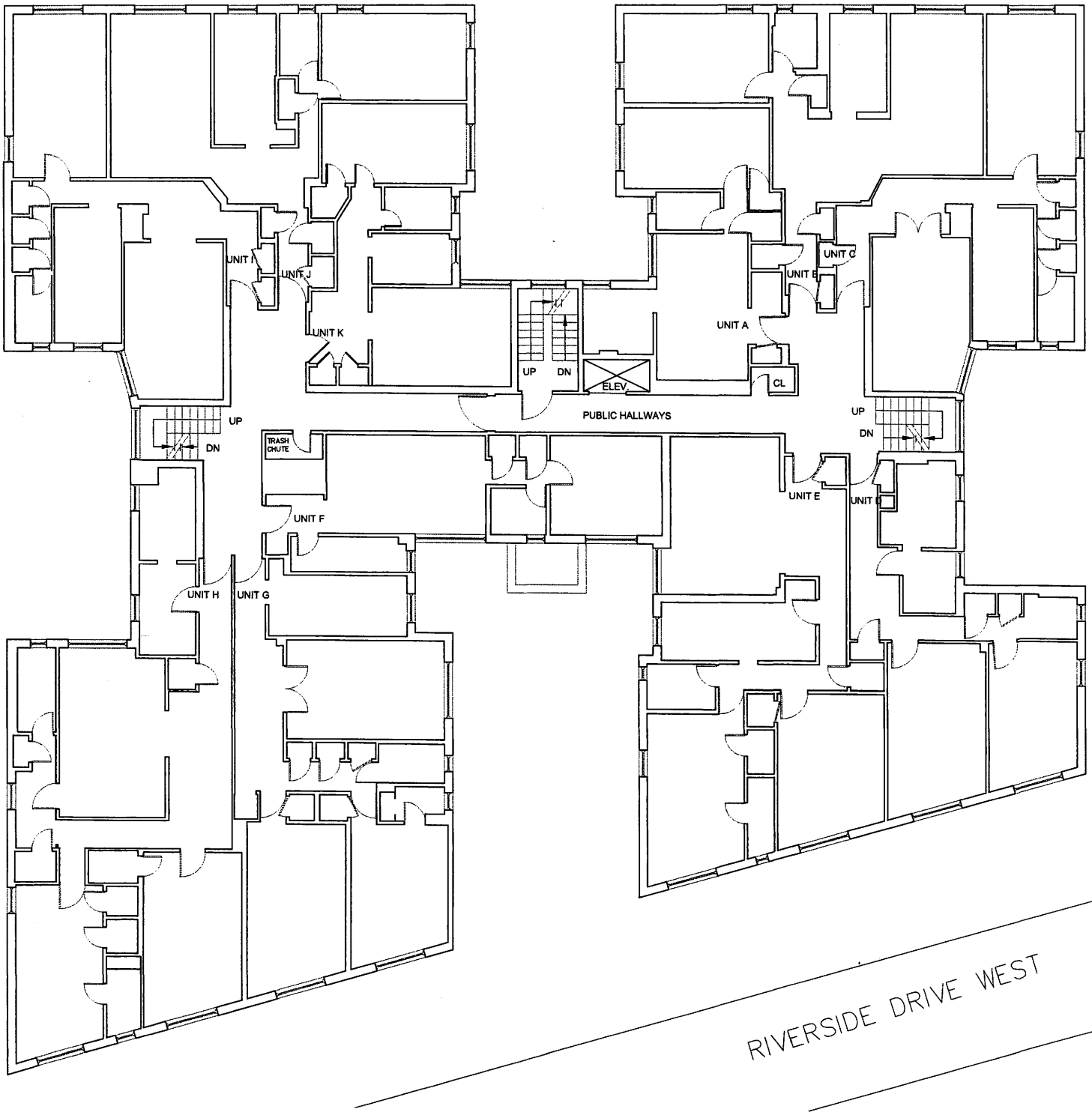


1 / A3-05 2ND TO 6TH FLOORS

SCALE: 1/16"= 1'-0"

156-08 RIVERSIDE DRIVE

NOTE:
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156-08 RIVERSIDE DRIVE

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1 / A3-06 ROOF PLAN
SCALE: 1/16"= 1'-0"

DRAIN

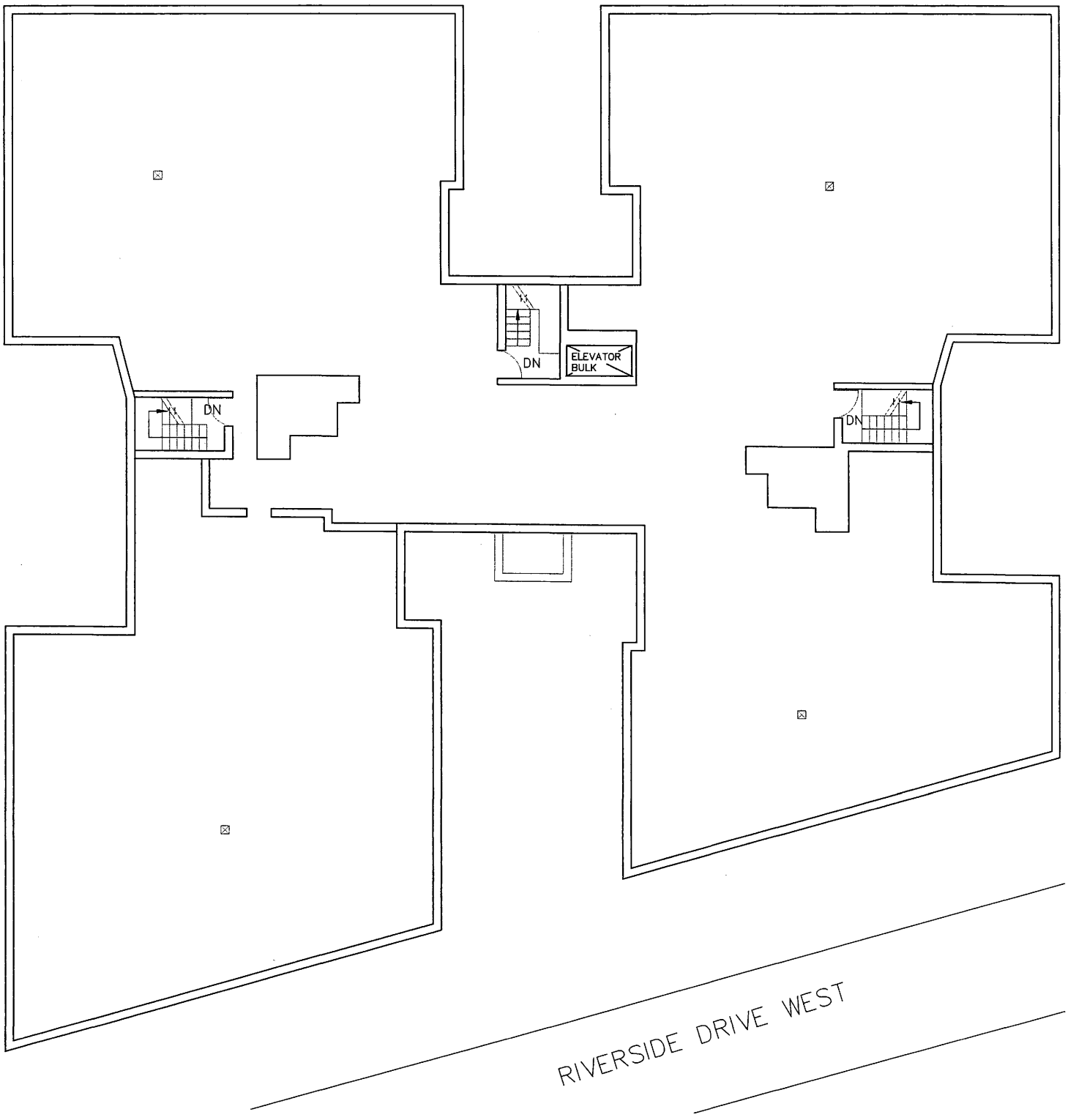


**EXHIBIT 4**

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**ASBESTOS REPORT**

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SINGER
environmental group

# ASBESTOS STUDY



## 775 Riverside Drive
## MANHATTAN, NY

5318 New Utrecht Avenue Brooklyn, New York 11219
T: 718.437.9600 F: 718.437.0082 E: esingenv@aol.com

# ASBESTOS STUDY

**PROPERTY ADDRESS:** 775 Riverside Drive
Manhattan, NY

**PREPARED FOR:** ATTORNEY GENERAL
120 BROADWAY
NEW YORK, NY 10271

**PREPARED BY:** SINGER ENVIRONMENTAL GROUP, LTD
5318 NEW UTRECHT AVENUE
BROOKLYN, NY 11219

**DATE:** November 6, 2013

# INTRODUCTION

Singer Environmental Group, Ltd. was formed to meet the needs of clients wishing to comply with Federal, State and City regulations regarding asbestos abatement requirements as well as the identification of hazardous or potentially toxic chemicals and substances.

# SCOPE OF THIS ASBESTOS STUDY

To thoroughly inspect the basement areas, various apartments, and common areas of the residential building located at 775 Riverside Drive in the borough of Manhattan, NY. including all mechanical equipment, boiler piping, duct work, insulation and other facilities to determine the presence of asbestos. If asbestos is detected, to determine quantity and condition (friable or stable) and to determine what action, if any, should be taken to conform with the latest requirements of the asbestos code. Additional recommendations are made as to whether or not removal, encapsulation or enclosure is required for each area and facility in which asbestos containing materials are presented.

No core samples were taken (unless noted) from any walls, ceilings, rough flooring, structural beams unless so noted with the Survey Findings section of this report. The assessment presented in this asbestos survey is based on the professional opinion of the Asbestos Inspector. Observations made herein and conclusions drawn are not to be considered a warranty or guarantee, and are based on inspection of those areas directly visible and observable, without the removal or alterations of an item or structure and reflect conditions seen on the day of inspection.

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 1**

## SURVEY FINDINGS

### GENERAL

A visual inspection of the subject property took place on October 31, 2013, by Mr. Singer.

The areas visually inspected were the basement areas, garage, common areas, and six random/accessible residential units.

### ASBESTOS CONTAINING MATERIALS

Asbestos is the generic name of a group of naturally occurring hydrated mineral silicates that are characterized by fibers or bundles of fine single crystal fibers. The New York City Department of Environmental Protection defines asbestos containing materials as "any material which contains more than one percent asbestos by weight." Asbestos materials were used for many years in a variety of insulating and thermal barrier properties. The durability of asbestos fibers and their small size and fibrous shape make asbestos an unusual environmental contaminant. Water infiltration's, contact during routine maintenance and age are major factors breaking down asbestos containing materials and creating exposure problems.

**See Next Page**

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 2**

Rooms/areas/facilities in the basement areas, common areas, and six random/accessible residential units were inspected as part of this asbestos survey.

**Basement areas**

| | | |
|---|---|---|
| Boiler Room | - | Suspect ACM spray on fireproofing on ceiling in good condition. |
| Oil Tank Room | - | Approximately 15 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Hallway/Gas Meters | - | Approximately 735 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Supply Room | - | Approximately 50 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Laundry Room | - | Approximately 10 Lft. of suspect ACM pipe insulation in good condition. |
| Electric Meter Room | - | Approximately 280 Lft. of suspect ACM pipe insulation in good condition. |
| Former Incinerator Room | - | Approximately 3 Lft. of suspect ACM pipe insulation in good condition. |
| Apartment 1 | - | No visible and/or friable ACM. |
| Garage | - | Concrete. |

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 3**

| | | |
|---|---|---|
| Compactor Room, Elevator Motor Room, Empty Storage Room, Supers Room | - | No visible and/or friable ACM. |
| Compactor Chute Rooms | - | Ceramic. |
| Stairways (3) | - | No Pipe. |
| **Apartments** | | |
| #'s 1H, 2C, 3D, 4G, 5B, 5C | - | No visible and/or friable ACM. |

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Summary of Findings**
**Page 1**

## SUMMARY OF FINDINGS

**The following is a summary of findings from the asbestos survey of the property located at 775 Riverside Drive, MANHATTAN, NY.**

| ALL FOOTAGES ARE APPROXIMATE | | | |
|---|---|---|---|
| LOCATION | FOOTAGE | CONDITION | RECOMMENDATION |
| Basement areas | | | |
| Boiler Room | Spray On Fireproofing on ceiling throughout | Good | Deferred Action |
| Oil Tank Room | 15 Lft. | Good-Fair | Deferred Action |
| Hallways/Gas Meters | 735 Lft. | Good-Fair | Deferred Action |
| Supply Room | 50 Lft. | Good-Fair | Deferred Action |
| Laundry Room | 10 Lft. | Good | Deferred Action |
| Electric Meter Room | 280 Lft. | Good | Deferred Action |
| Former Incinerator Room | 3 Lft. | Good | Deferred Action |

**Please note: NO core samples were taken during this inspection, in the event of change in present status, eg, demolition, alteration, modification, all materials should tested and verified free of any ACM.**

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 1**

## RECOMMENDATIONS

The following are recommendations based on the Asbestos survey conducted at 775 Riverside Drive, Manhattan, NY.

On October 31, 2013, an asbestos survey of the basement areas, common areas, and six random/accessible residential units at the above-mentioned property was conducted for the determination and location of asbestos containing materials. The inspection covered various facilities on each of the aforementioned areas.

Within each of the rooms/areas/facilities inspected piping insulation (e.g. on hot and cold water supply piping, heat risers) was checked at exposed/accessible locations for possible asbestos content.

According to the Environmental Protection Agency and included in the publication EPA 560/5-85-024 "Guidance for Controlling Asbestos Containing Materials (ACM) in Buildings", asbestos containing materials in buildings are found in three forms: (1) sprayed or troweled on ceilings and walls (surfacing material); (2) in insulation around hot or cold pipes, ducts, boilers, and tanks (pipe and boiler insulation); and (3) in a variety of other products such as ceiling and floor tiles and wall boards (miscellaneous materials). In general, ACM in the first two categories is of greatest concern, especially if it is friable. (Friable material can be crumbled, pulverized, or reduced to powder by hand pressure.)

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 2**

Materials which were found and determined to contain asbestos were on the steam supply piping and/or risers and spray on fireproofing. These materials were generally found to be in good and good to fair condition. Piping that is enclosed in pipe chases that are not visible pose no imminent health hazard. In these areas, asbestos containing materials are not required to be removed. Monitoring of these operations & maintenance (O & M) Program in order to ensure that current conditions are maintained. This monitoring should include an inspection of all such asbestos containing materials for damage and/or deterioration, with all findings reported to the owner. These actions should be undertaken under strict conformance with applicable EPA guidelines and OSHA requirements.

Asbestos containing materials are believed to be present on the roof in tars, felts and papers used in roof coatings. These materials were examined visually and found to be in stable, non friable, satisfactory condition.

In the event of any renovation/demolition/modification alteration of any area in the building, friable or non friable ACM, a more thorough inspection must be conducted prior to any commencement of work.

**775 Riverside Drive**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 3**

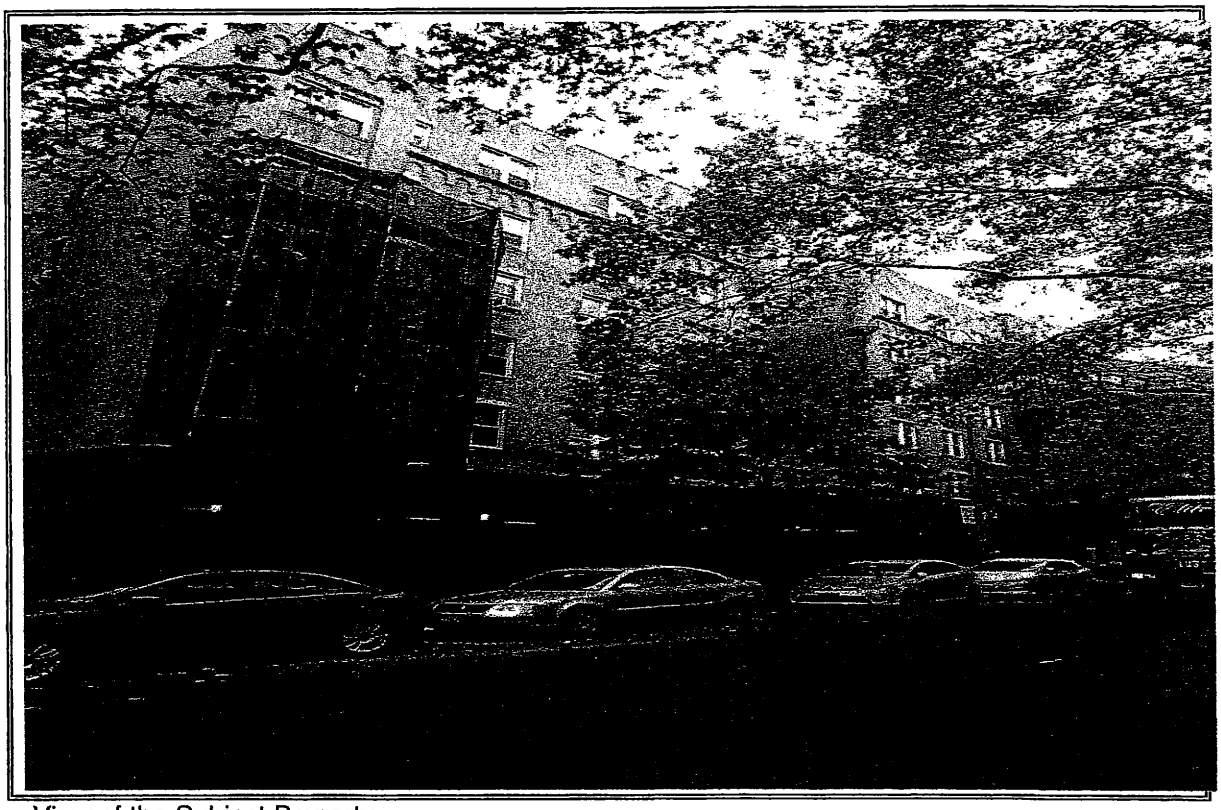
Singer Environmental Group, Ltd. has conducted this asbestos survey as an aid in determining the presence of asbestos containing materials. Conclusions drawn are not to be considered as a warranty or guarantee, and are based solely upon those areas directly visible and observable, without the removal or alterations as seen on the day of inspection.

Singer Environmental Group, Ltd., their principals and employees are indemnified for any future changes or conditions of deterioration in or on the subject property. Inasmuch as each has made no guarantees of the premises, expressed or implied in connection with this report, any liability which each may have shall be limited to the fee for the inspection of the property.

**Respectfully Submitted by:**



**YAAKOV SINGER**
**Certified NYS Asbestos Investigator**
**NYS LICENSE 11-21638**
**November 6, 2013**



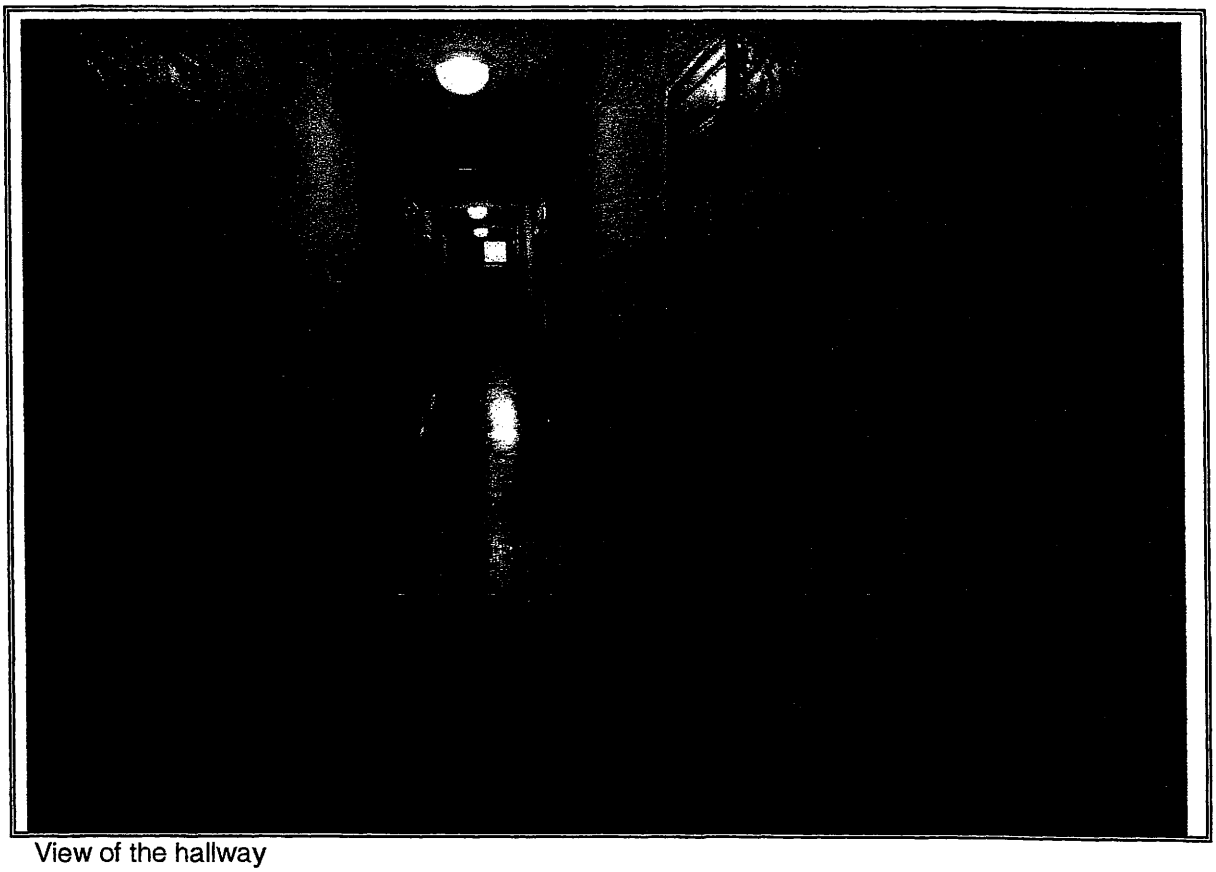
View of the Subject Property



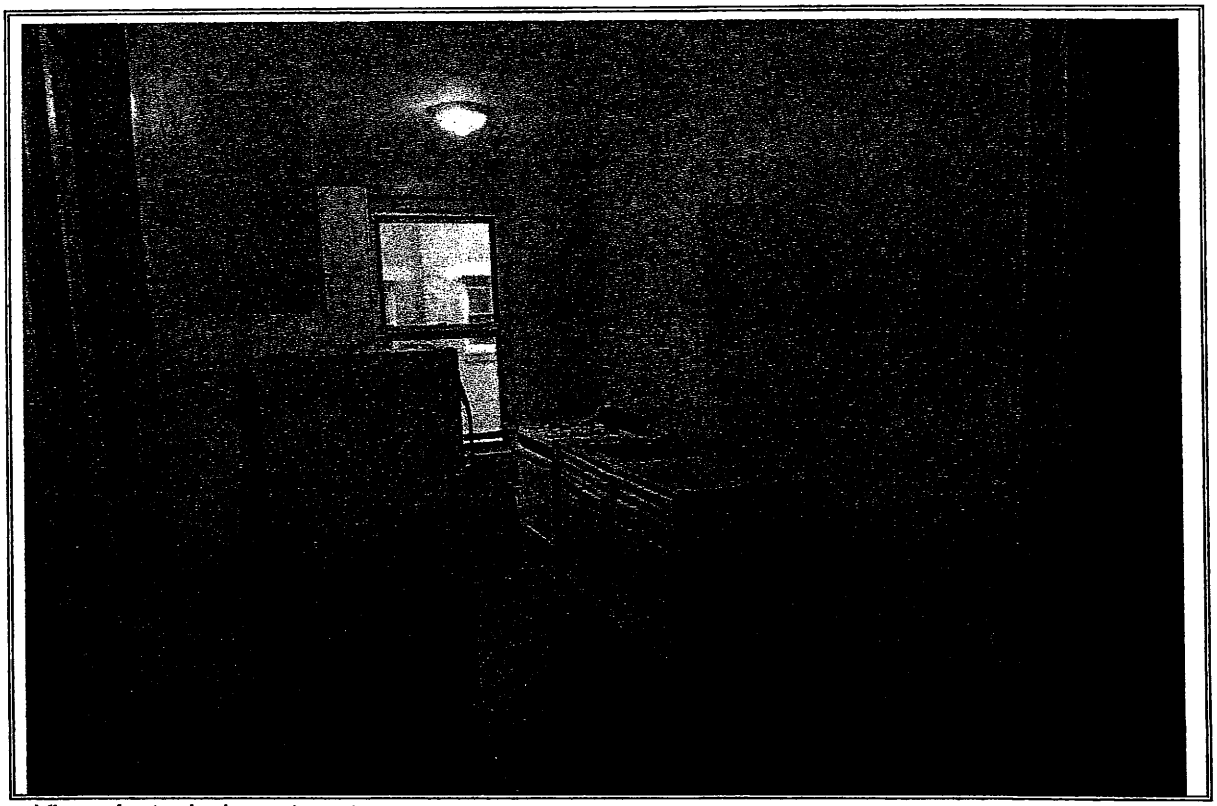
View of the compactor chute room



View of the lobby



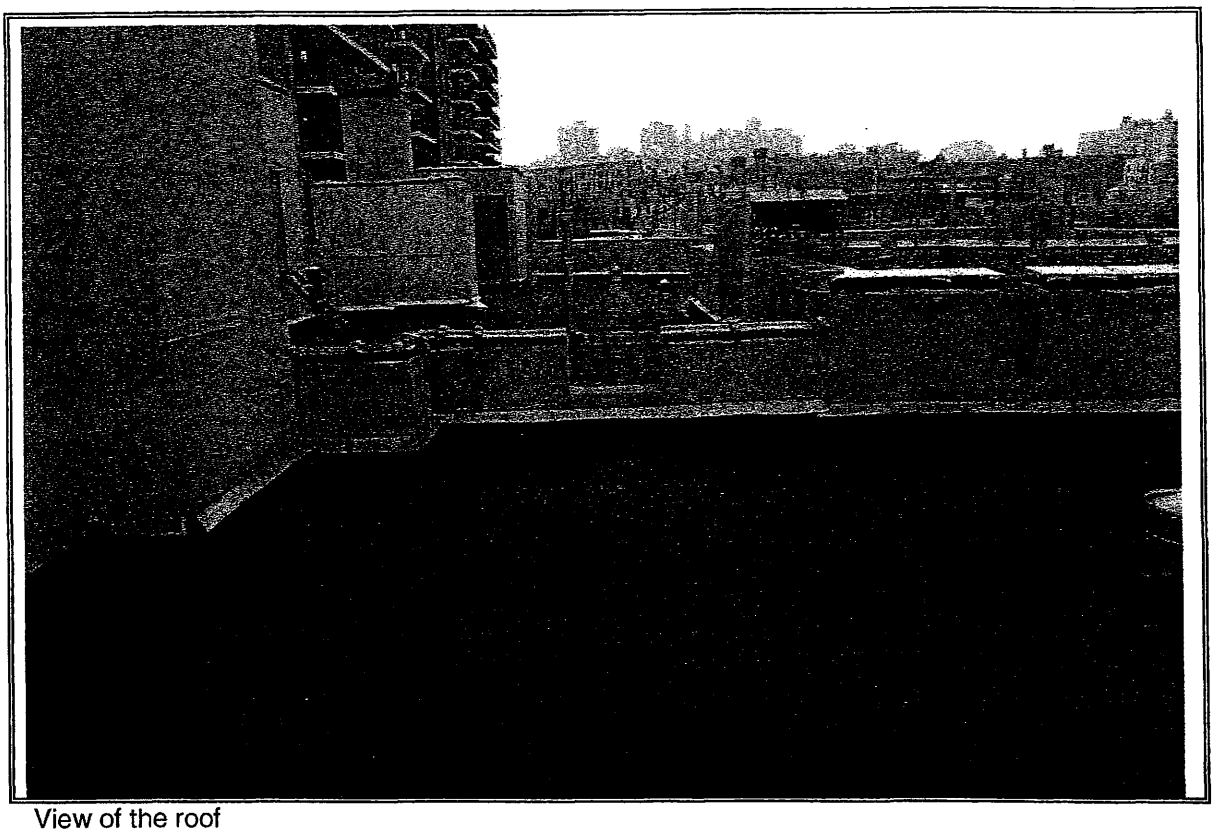
View of the hallway



View of a typical apartment



View of a typical apartment



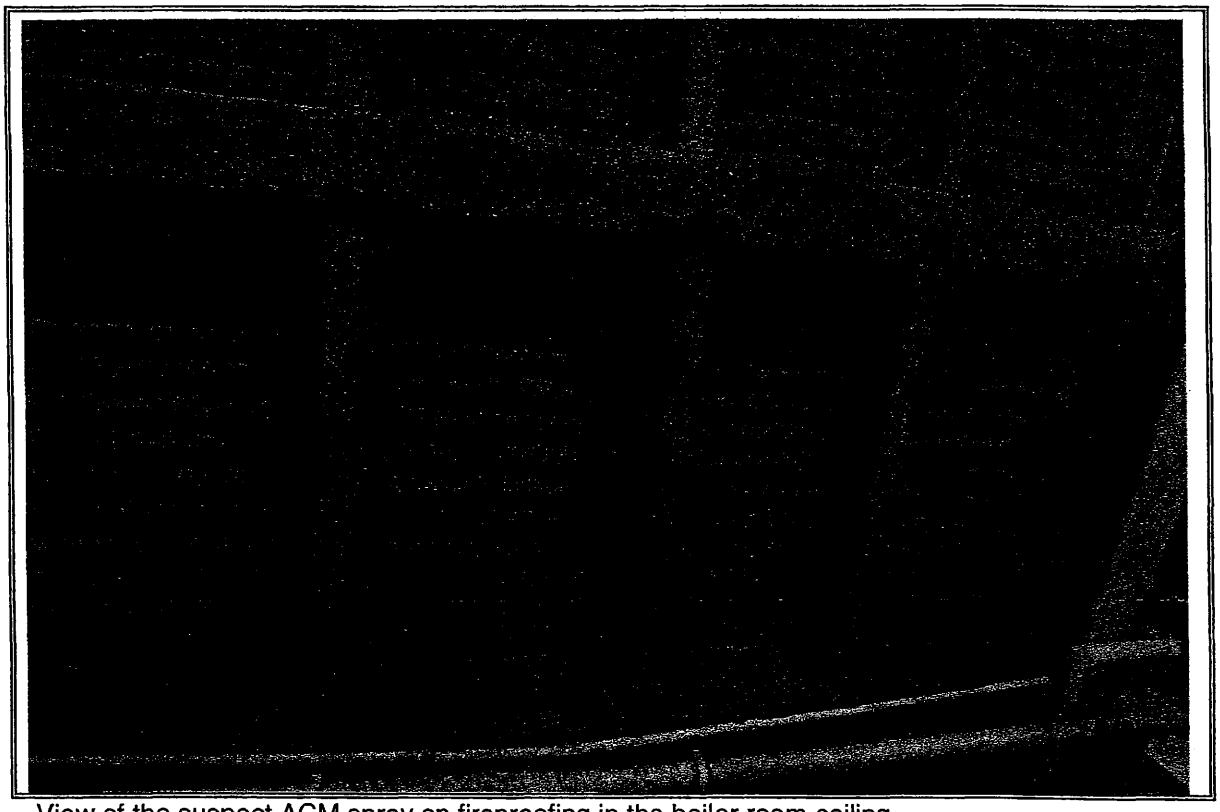
View of the roof



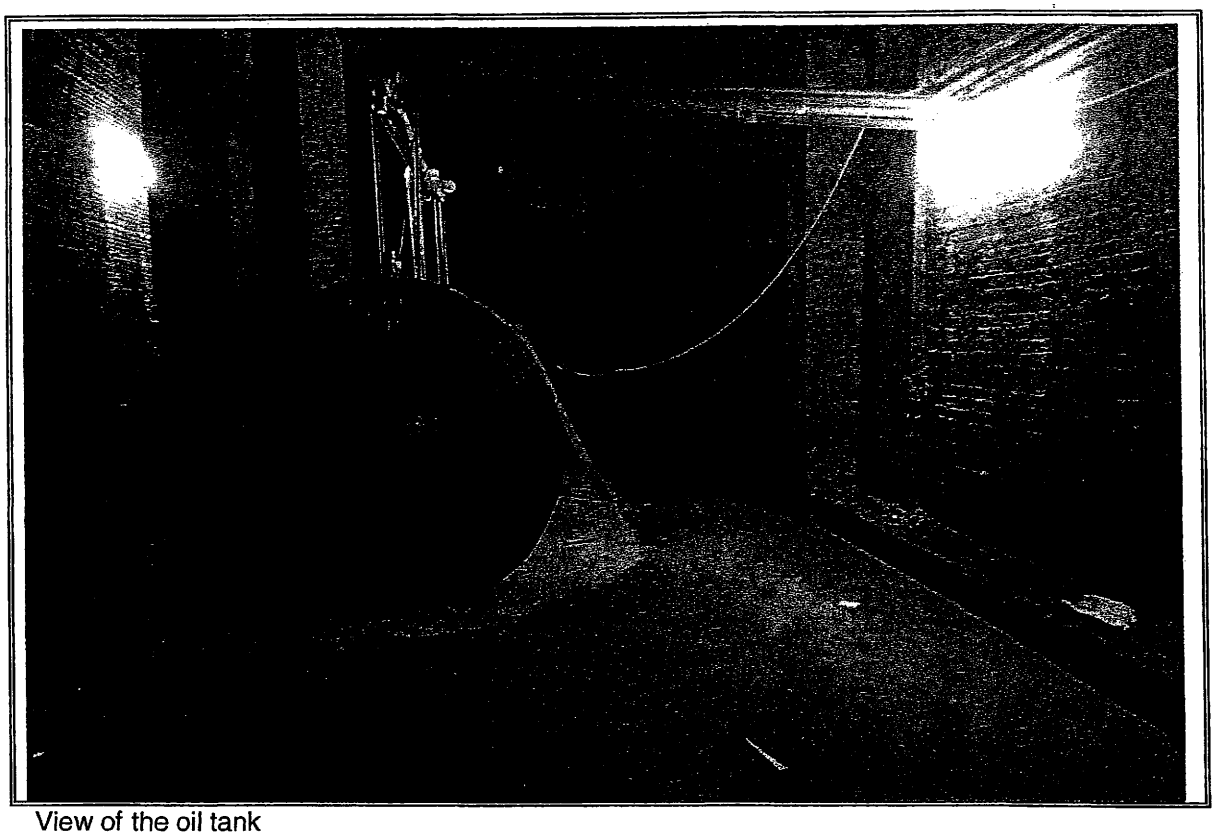
View of the compactor



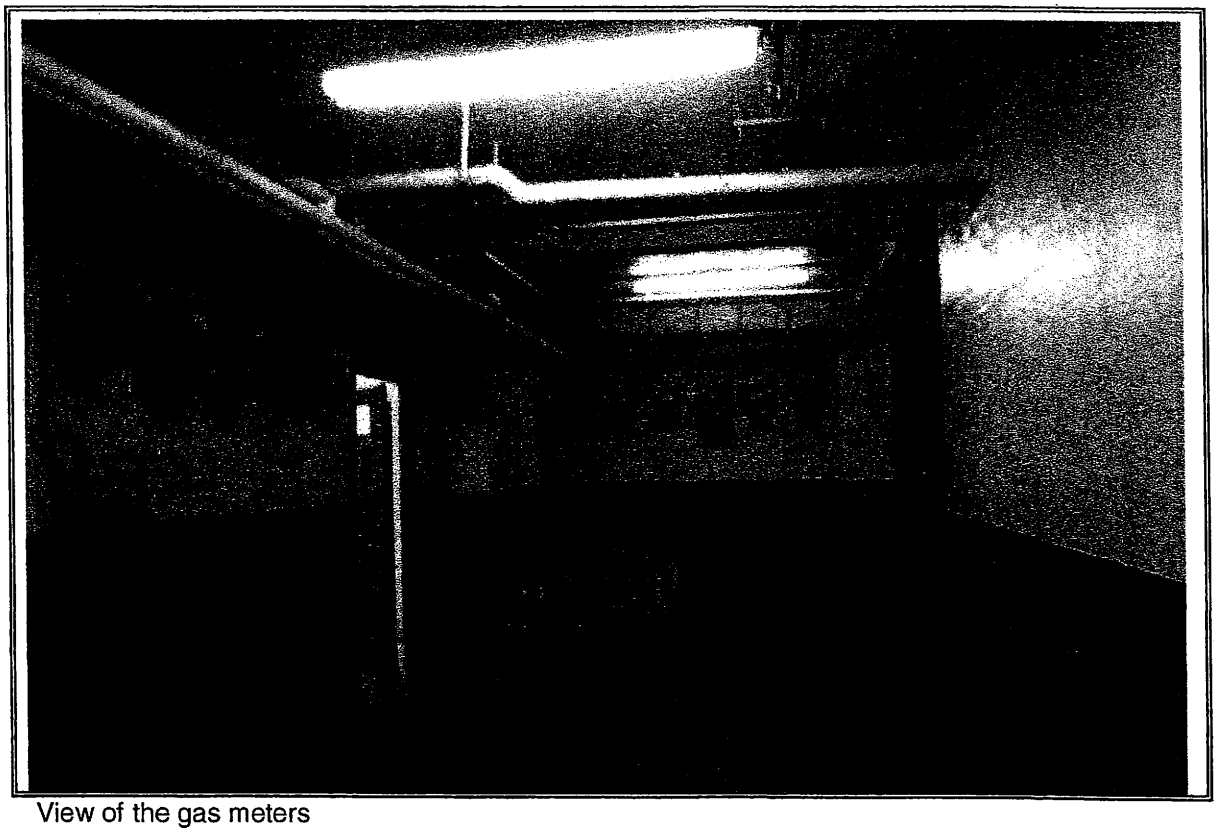
View of the boiler



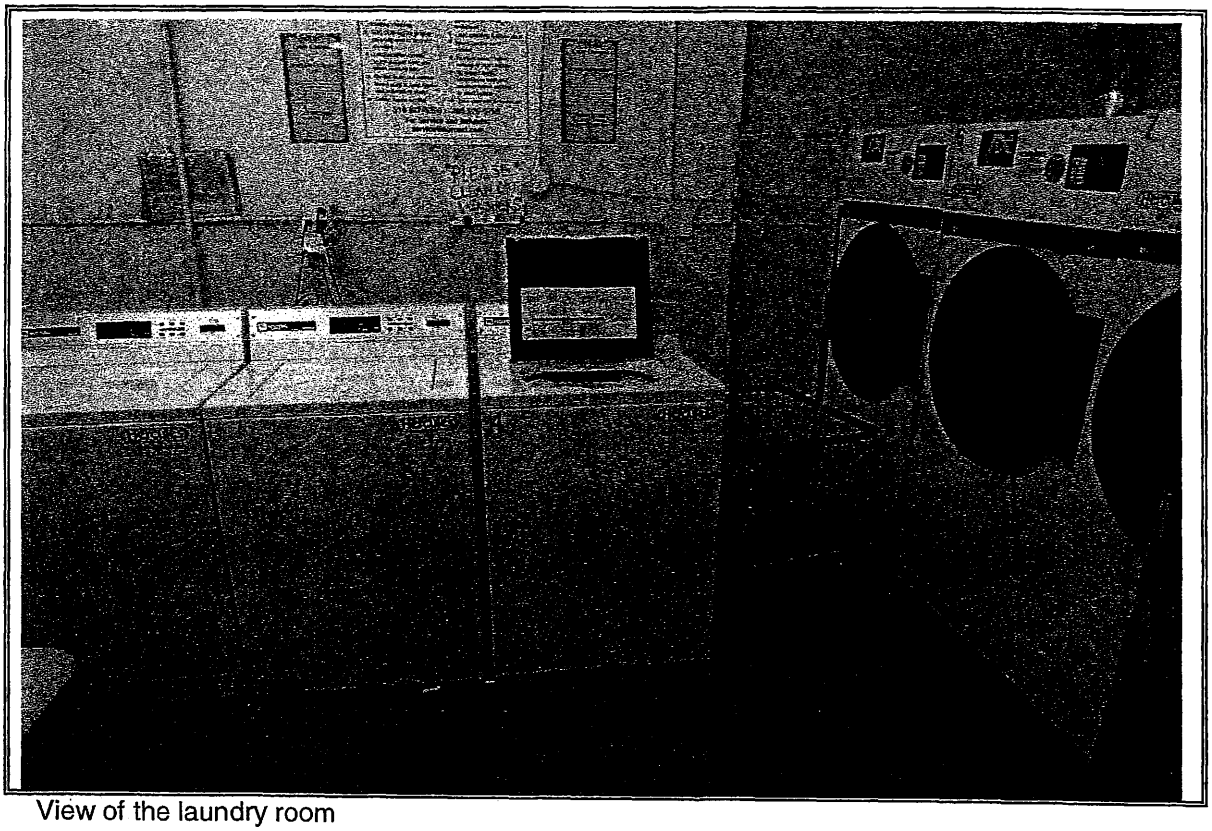
View of the suspect ACM spray on fireproofing in the boiler room ceiling



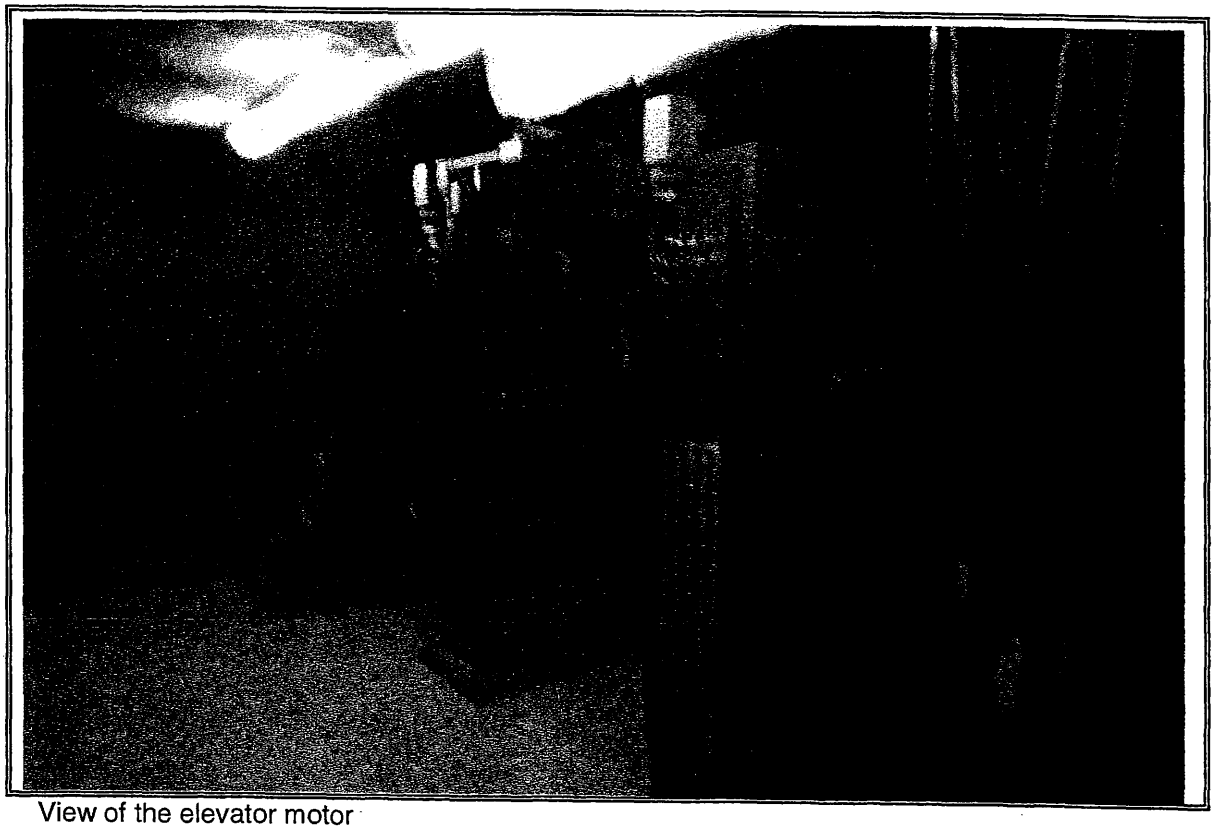
View of the oil tank



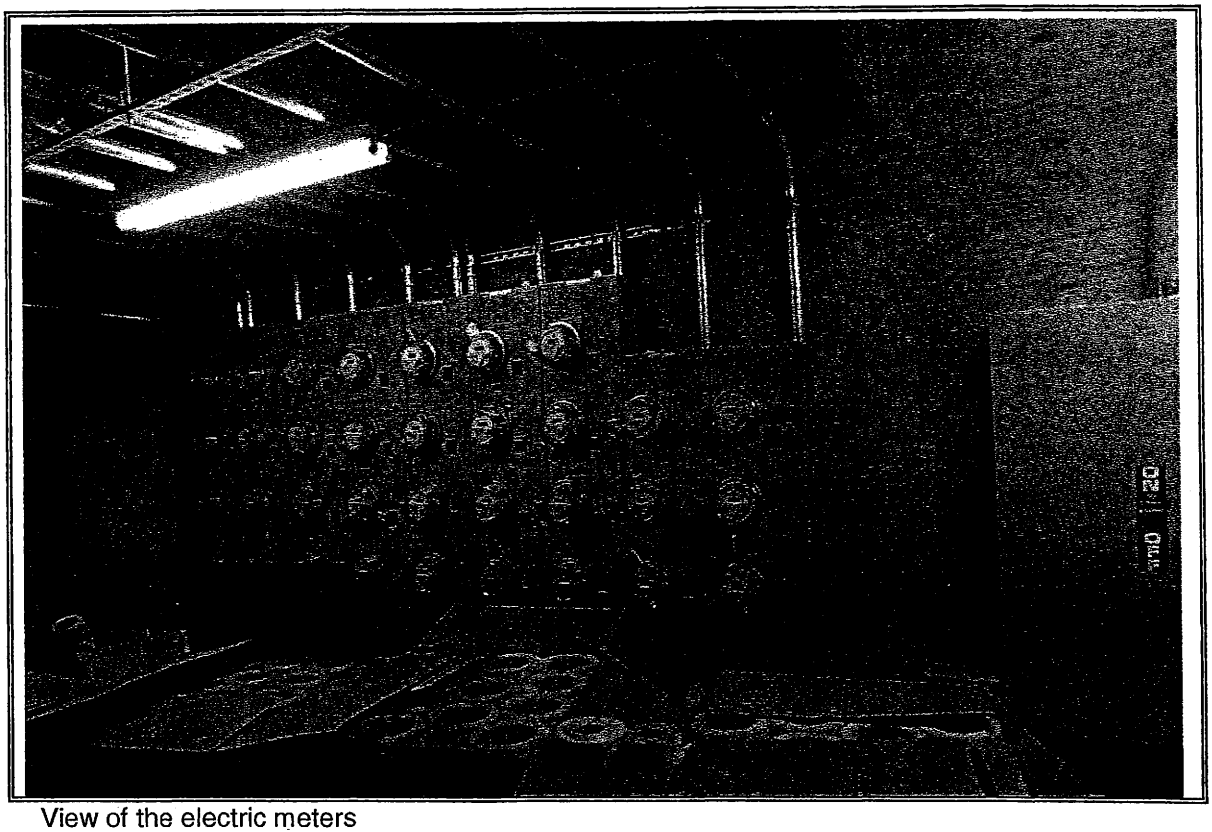
View of the gas meters



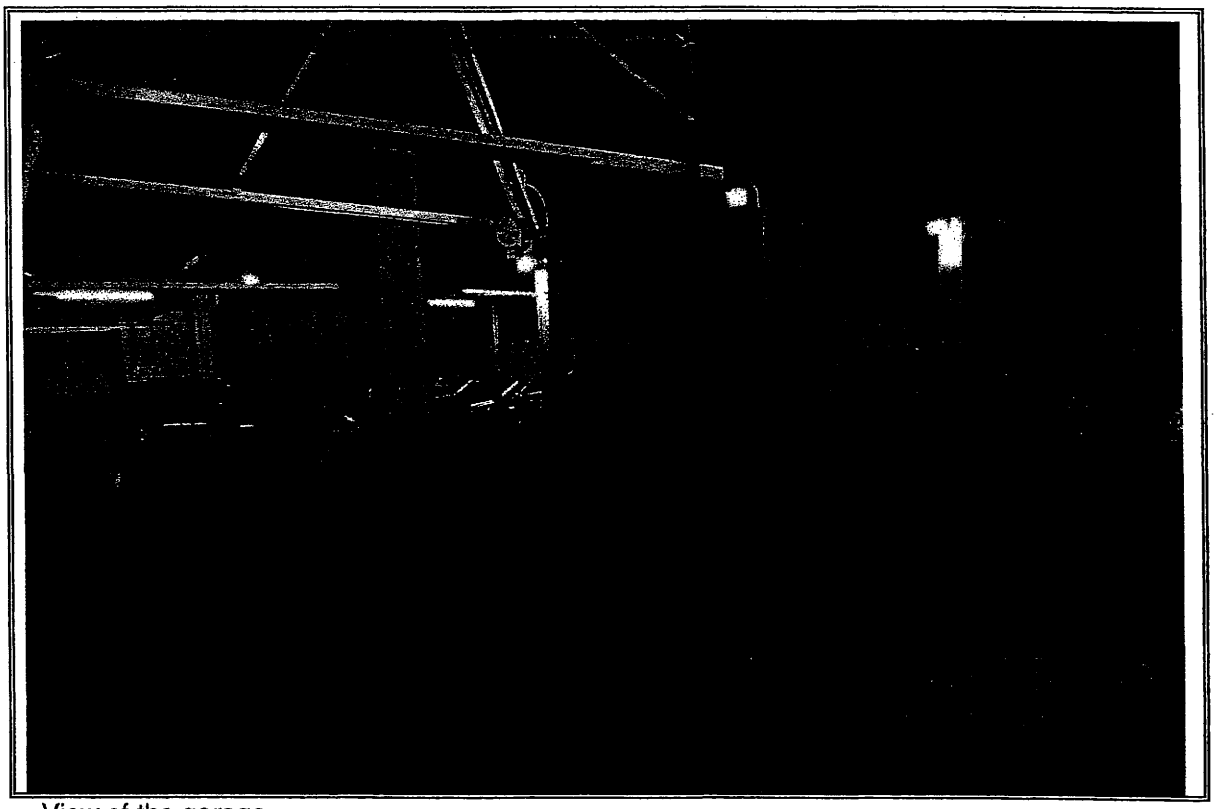
View of the laundry room



View of the elevator motor



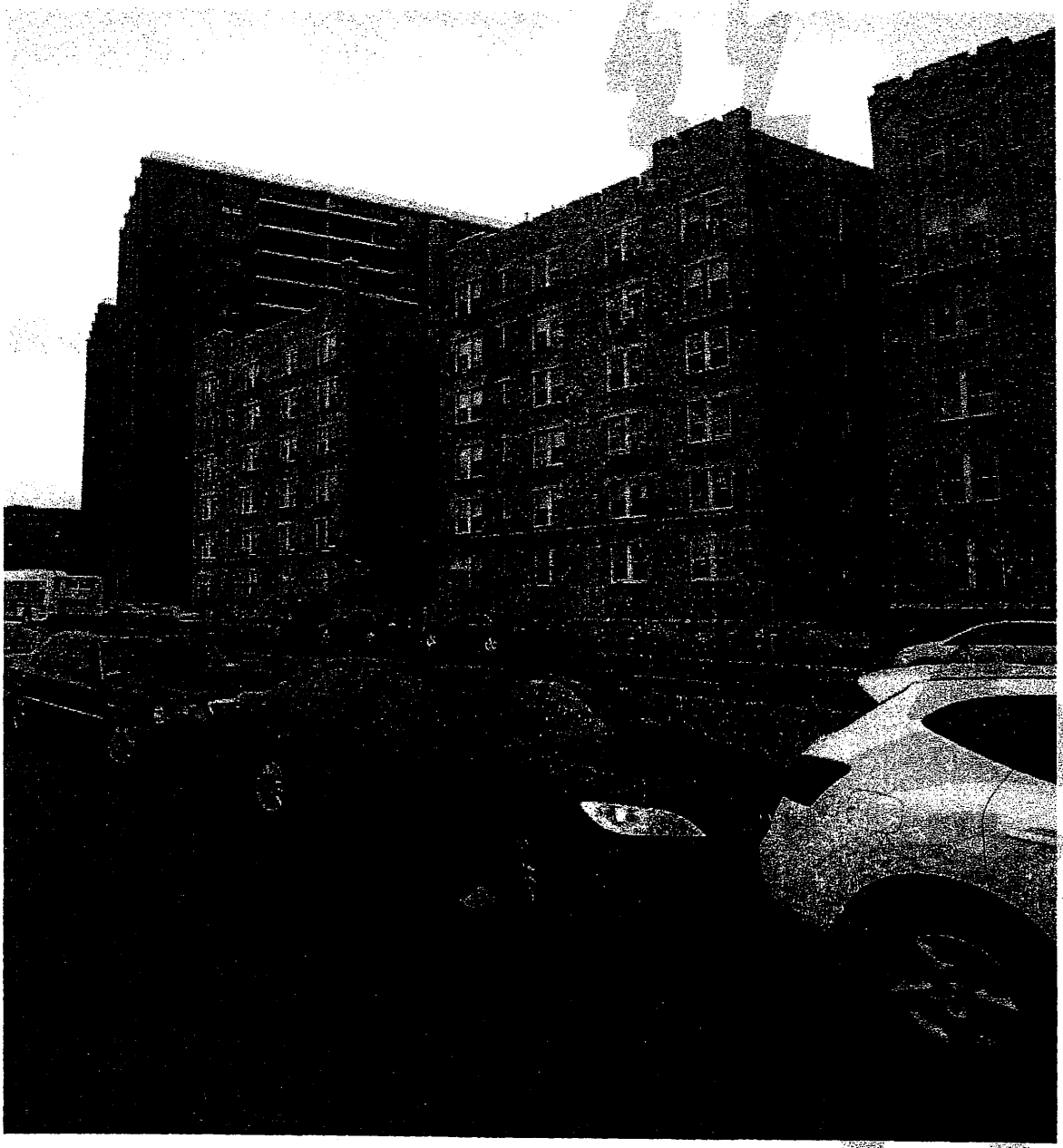
View of the electric meters



View of the garage

SINGER
environmental group

# ASBESTOS STUDY



## 156-08 Riverside Drive West
## MANHATTAN, NY

5318 New Utrecht Avenue Brooklyn, New York 11219
T: 718.437.9600 F: 718.437.0082 E: esingenv@aol.com

# ASBESTOS STUDY

**PROPERTY ADDRESS:** **156-08 Riverside Drive West**
**Manhattan, NY**

**PREPARED FOR:** **ATTORNEY GENERAL**
**120 BROADWAY**
**NEW YORK, NY 10271**

**PREPARED BY:** **SINGER ENVIRONMENTAL GROUP, LTD**
**5318 NEW UTRECHT AVENUE**
**BROOKLYN, NY 11219**

**DATE:** **November 6, 2013**

# INTRODUCTION

Singer Environmental Group, Ltd. was formed to meet the needs of clients wishing to comply with Federal, State and City regulations regarding asbestos abatement requirements as well as the identification of hazardous or potentially toxic chemicals and substances.

# SCOPE OF THIS ASBESTOS STUDY

To thoroughly inspect the basement areas, various apartments, and common areas of the residential building located at 156-08 Riverside Drive West in the borough of Manhattan, NY. including all mechanical equipment, boiler piping, duct work, insulation and other facilities to determine the presence of asbestos. If asbestos is detected, to determine quantity and condition (friable or stable) and to determine what action, if any, should be taken to conform with the latest requirements of the asbestos code. Additional recommendations are made as to whether or not removal, encapsulation or enclosure is required for each area and facility in which asbestos containing materials are presented.

No core samples were taken (unless noted) from any walls, ceilings, rough flooring, structural beams unless so noted with the Survey Findings section of this report. The assessment presented in this asbestos survey is based on the professional opinion of the Asbestos Inspector. Observations made herein and conclusions drawn are not to be considered a warranty or guarantee, and are based on inspection of those areas directly visible and observable, without the removal or alterations of an item or structure and reflect conditions seen on the day of inspection.

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 1**

## SURVEY FINDINGS

### GENERAL

A visual inspection of the subject property took place on October 31, 2013, by Mr. Singer.

The areas visually inspected were the basement areas, common areas, and six random/accessible residential units.

### ASBESTOS CONTAINING MATERIALS

Asbestos is the generic name of a group of naturally occurring hydrated mineral silicates that are characterized by fibers or bundles of fine single crystal fibers. The New York City Department of Environmental Protection defines asbestos containing materials as "any material which contains more than one percent asbestos by weight." Asbestos materials were used for many years in a variety of insulating and thermal barrier properties. The durability of asbestos fibers and their small size and fibrous shape make asbestos an unusual environmental contaminant. Water infiltration's, contact during routine maintenance and age are major factors breaking down asbestos containing materials and creating exposure problems.

**See Next Page**

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 2**

Rooms/areas/facilities in the basement areas, common areas, and six random/accessible residential units were inspected as part of this asbestos survey.

**Basement areas**

| | | |
|---|---|---|
| Boiler Room | - | Suspect ACM spray on fireproofing on beams in good to fair condition. |
| Oil Tank Room | - | Approximately 15 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Laundry Room | - | Approximately 15 Lft. of suspect ACM pipe insulation in good condition. |
| Storage Room | - | Approximately 130 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Apartment | - | No Access. |
| Compactor Room, Elevator Motor Room, Office, Electric Meter Room | - | No visible and/or friable ACM. |
| Former Incinerator Room | - | Approximately 4 Lft. of suspect ACM pipe insulation in good condition. |
| Workshop | - | Approximately 25 Lft. of suspect ACM pipe insulation in good condition. |
| Hallways/Gas Meters | - | Approximately 525 Lft. of suspect ACM pipe insulation in good to fair condition. |

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Survey Findings**
**Page 3**

| | | |
|---|---|---|
| Storage Room | - | Approximately 255 Lft. of suspect ACM pipe insulation in good to fair condition. |
| Garage & Ramp | - | Spray On Fireproofing-Non ACM. |
| Public Hallways | - | Ceramic. |
| Compactor Chute Rooms | - | Ceramic. |
| Stairways (3) | - | No Pipe. |
| **Apartments** | | |
| #'s 1A, 1K, 2C, 3H, 5F, 5K | - | No visible and/or friable ACM. |

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Summary of Findings**
**Page 1**

## SUMMARY OF FINDINGS

**The following is a summary of findings from the asbestos survey of the property located at 156-08 Riverside Drive West, MANHATTAN, NY.**

| ALL FOOTAGES ARE APPROXIMATE | | | |
|---|---|---|---|
| LOCATION | FOOTAGE | CONDITION | RECOMMENDATION |
| Basement areas | | | |
| Boiler Room | Spray On Fireproofing on beams throughout | Good-Fair | Deferred Action |
| Oil Tank Room | 15 Lft. | Good-Fair | Deferred Action |
| Laundry Room | 15 Lft. | Good | Deferred Action |
| Storage Room | 130 Lft. | Good-Fair | Deferred Action |
| Former Incinerator Room | 4 Lft. | Good | Deferred Action |
| Workshop | 25 Lft. | Good | Deferred Action |
| Hallways/Gas Meters | 525 Lft. | Good-Fair | Deferred Action |
| Storage Room | 255 Lft. | Good-Fair | Deferred Action |

**Please note: NO core samples were taken during this inspection, in the event of change in present status, eg, demolition, alteration, modification, all materials should tested and verified free of any ACM.**

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 1**

## RECOMMENDATIONS

The following are recommendations based on the Asbestos survey conducted at 156-08 Riverside Drive West, Manhattan, NY.

On October 31, 2013, an asbestos survey of the basement areas, common areas, and six random/accessible residential units at the above-mentioned property was conducted for the determination and location of asbestos containing materials. The inspection covered various facilities on each of the aforementioned areas.

Within each of the rooms/areas/facilities inspected piping insulation (e.g. on hot and cold water supply piping, heat risers) was checked at exposed/accessible locations for possible asbestos content.

According to the Environmental Protection Agency and included in the publication EPA 560/5-85-024 "Guidance for Controlling Asbestos Containing Materials (ACM) in Buildings", asbestos containing materials in buildings are found in three forms: (1) sprayed or troweled on ceilings and walls (surfacing material); (2) in insulation around hot or cold pipes, ducts, boilers, and tanks (pipe and boiler insulation); and (3) in a variety of other products such as ceiling and floor tiles and wall boards (miscellaneous materials). In general, ACM in the first two categories is of greatest concern, especially if it is friable. (Friable material can be crumbled, pulverized, or reduced to powder by hand pressure.)

**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 2**

Materials which were found and determined to contain asbestos were on the steam supply piping and/or risers and spray on fireproofing. These materials were generally found to be in good and good to fair condition. Piping that is enclosed in pipe chases that are not visible pose no imminent health hazard. In these areas, asbestos containing materials are not required to be removed. Monitoring of these operations & maintenance (O & M) Program in order to ensure that current conditions are maintained. This monitoring should include an inspection of all such asbestos containing materials for damage and/or deterioration, with all findings reported to the owner. These actions should be undertaken under strict conformance with applicable EPA guidelines and OSHA requirements.

Asbestos containing materials are believed to be present on the roof in tars, felts and papers used in roof coatings. These materials were examined visually and found to be in stable, non friable, satisfactory condition.

In the event of any renovation/demolition/modification alteration of any area in the building, friable or non friable ACM, a more thorough inspection must be conducted prior to any commencement of work.

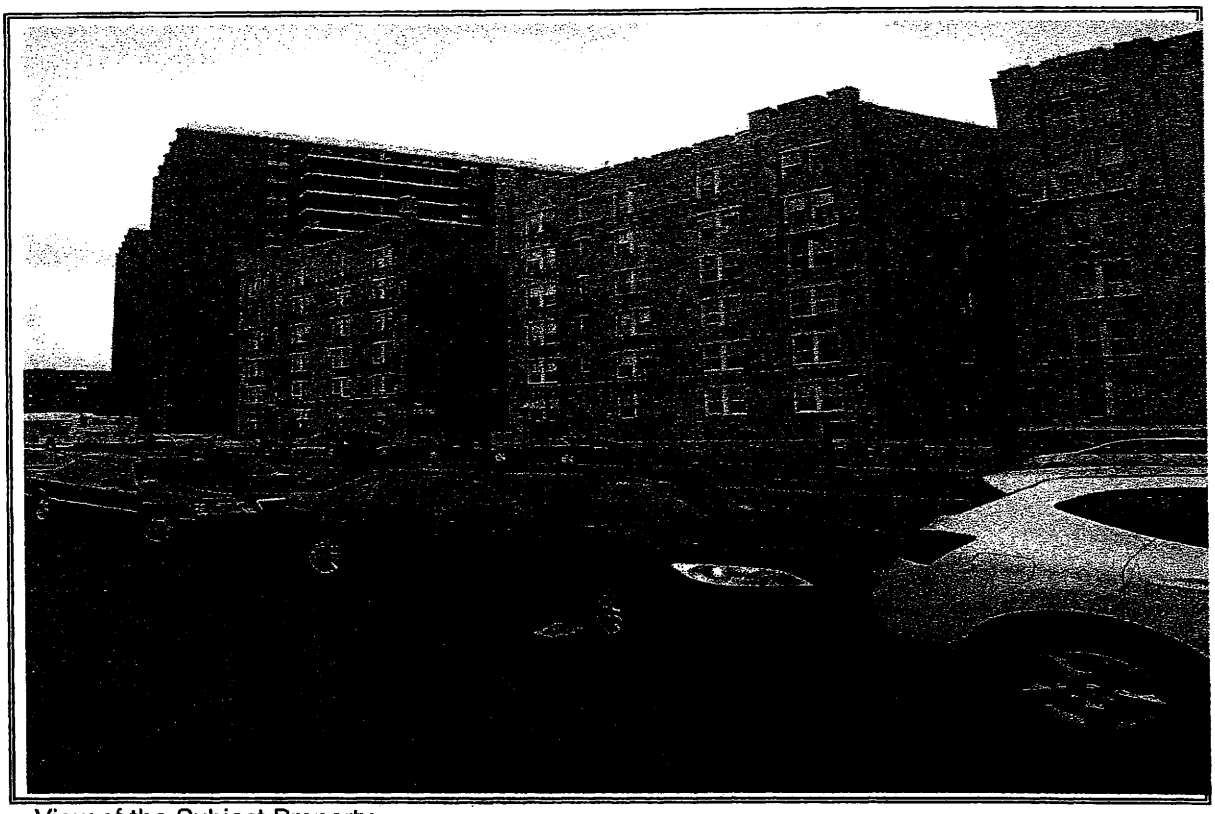
**156-08 Riverside Drive West**
**MANHATTAN, N.Y.**
**Recommendations**
**Page 3**

Singer Environmental Group, Ltd. has conducted this asbestos survey as an aid in determining the presence of asbestos containing materials. Conclusions drawn are not to be considered as a warranty or guarantee, and are based solely upon those areas directly visible and observable, without the removal or alterations as seen on the day of inspection.

Singer Environmental Group, Ltd., their principals and employees are indemnified for any future changes or conditions of deterioration in or on the subject property. Inasmuch as each has made no guarantees of the premises, expressed or implied in connection with this report, any liability which each may have shall be limited to the fee for the inspection of the property.

**Respectfully Submitted by:**

**YAAKOV SINGER**
**Certified NYS Asbestos Investigator**
**NYS LICENSE 11-21638**
**November 6, 2013**



View of the Subject Property



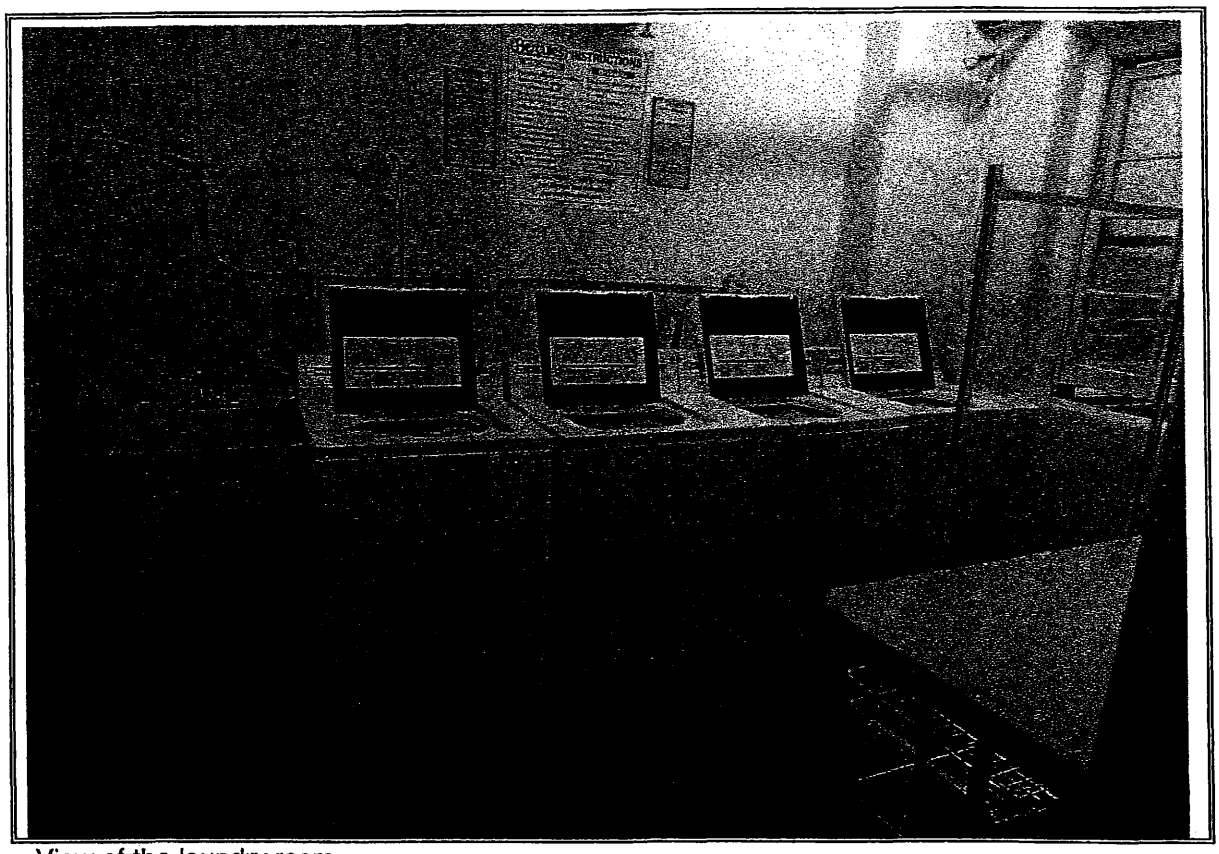
View of the suspect ACM spray on fireproofing on beams in the boiler room



View of the boiler



View of the oil tank



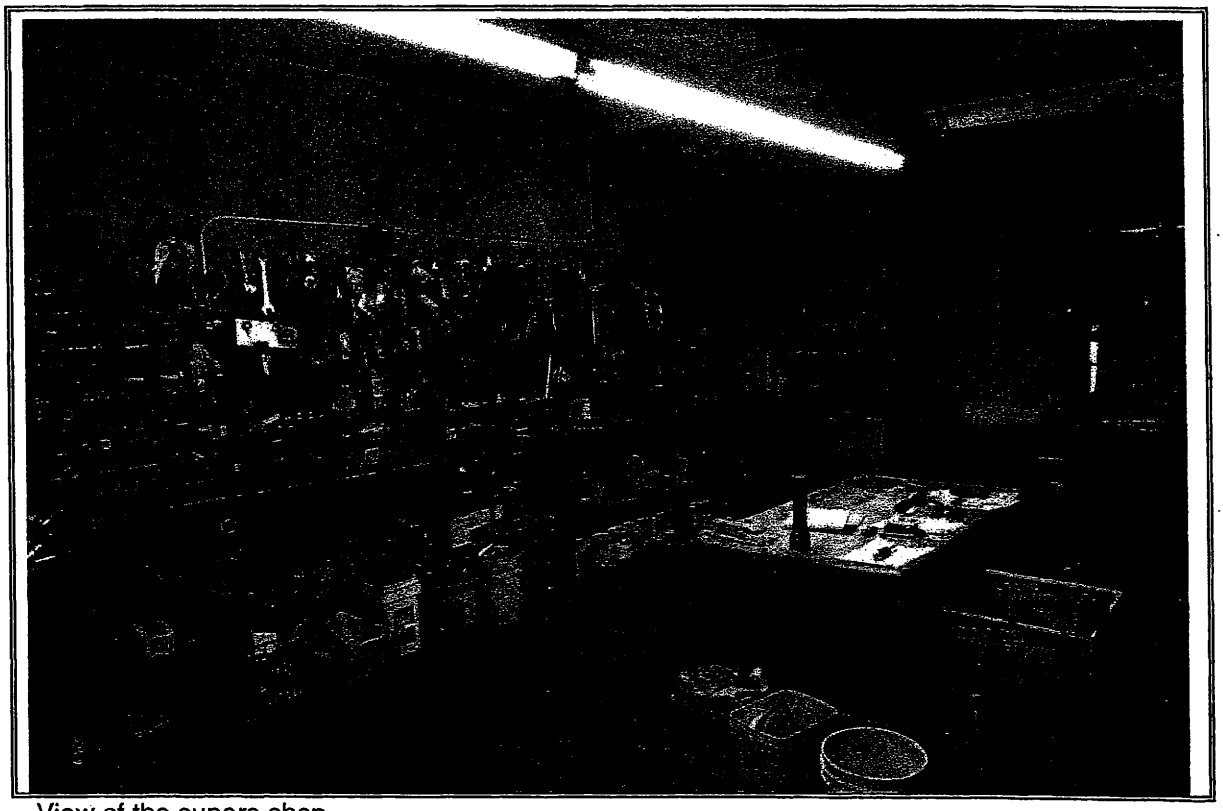
View of the laundry room



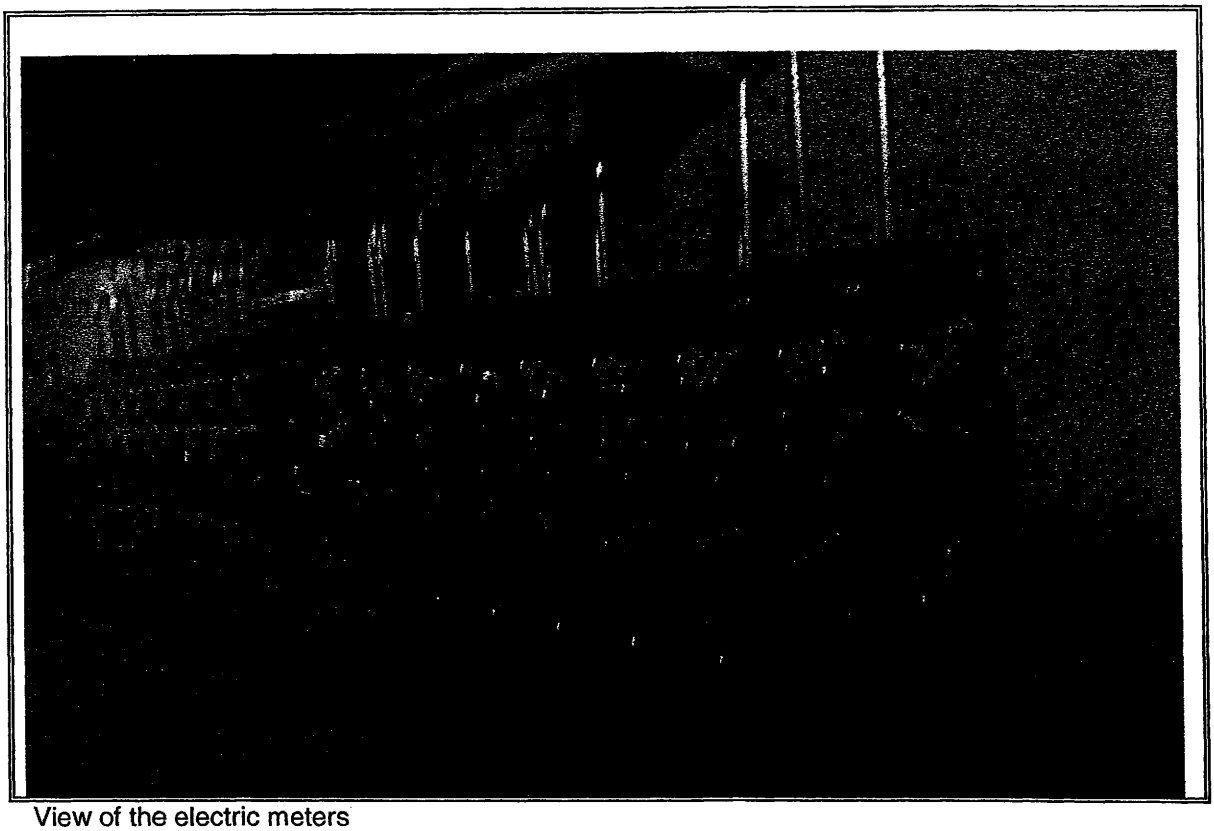
View of the compactor



View of the elevator motor



View of the supers shop



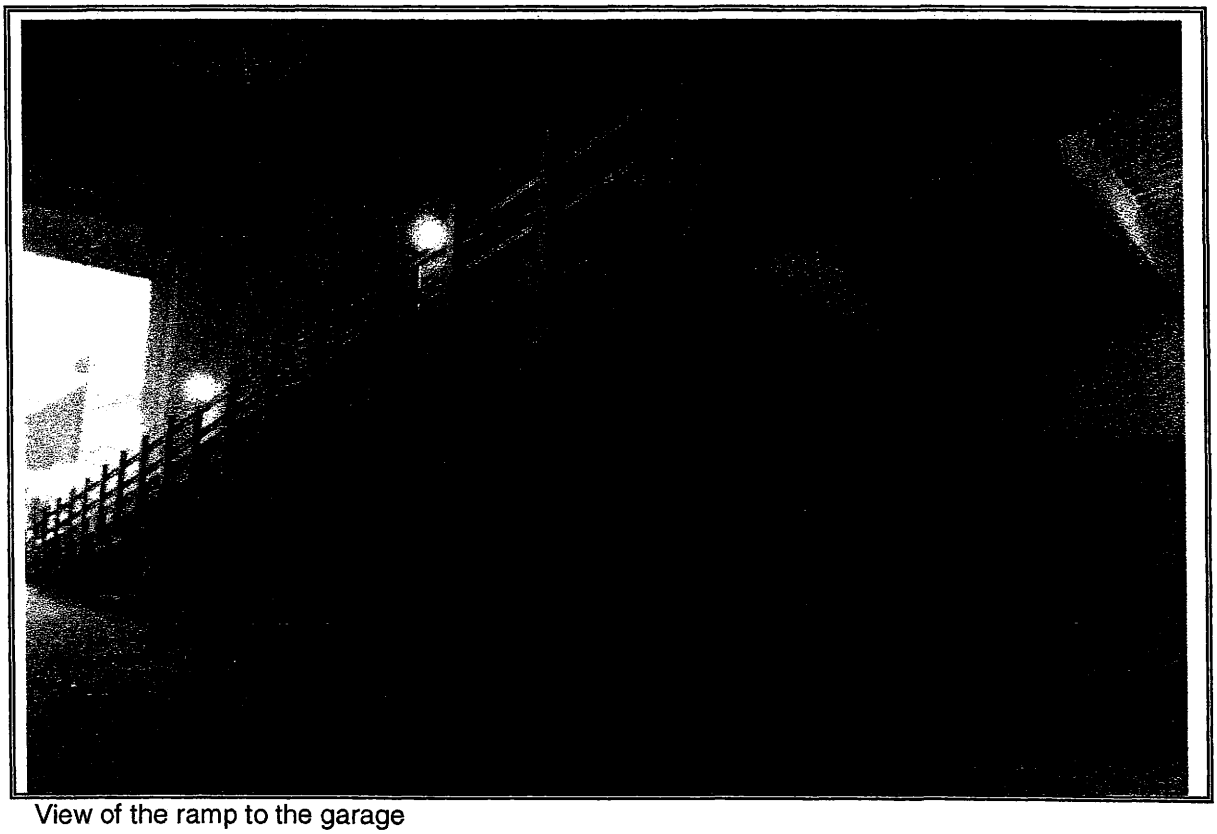
View of the electric meters



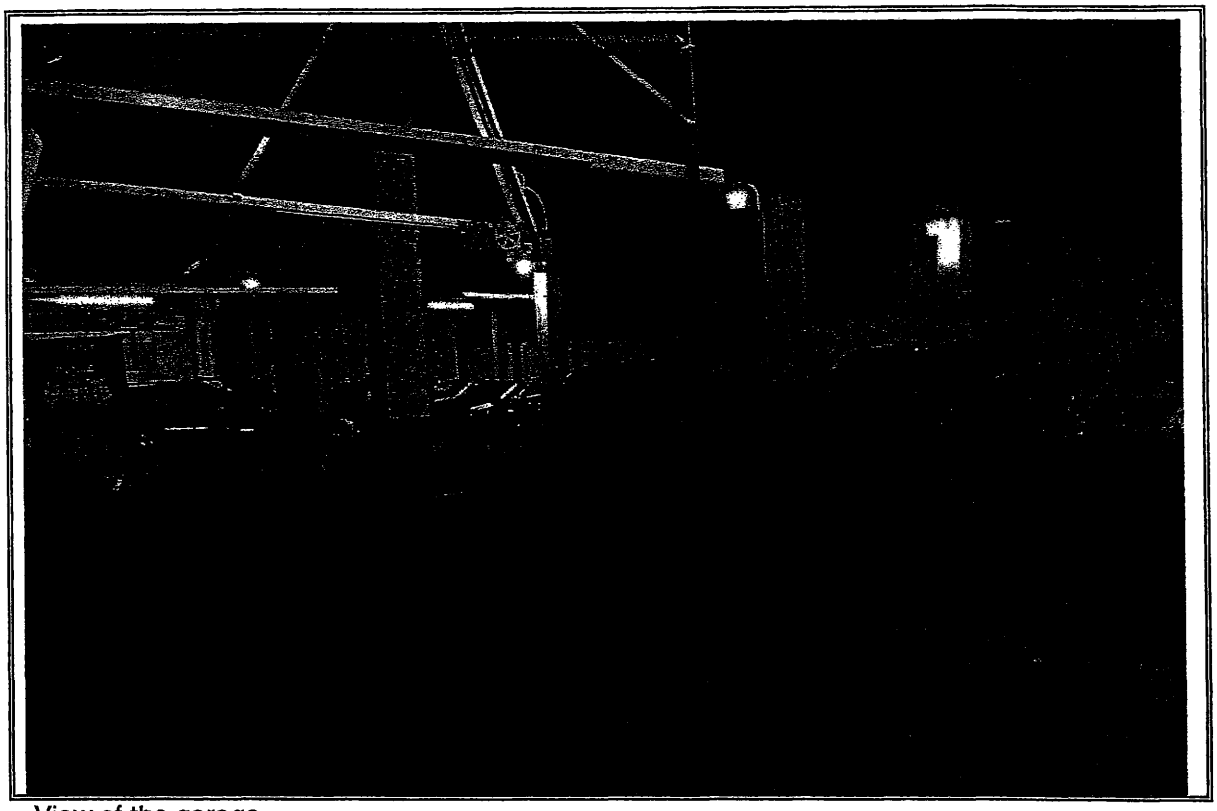
View of the gas meters



View of the garage



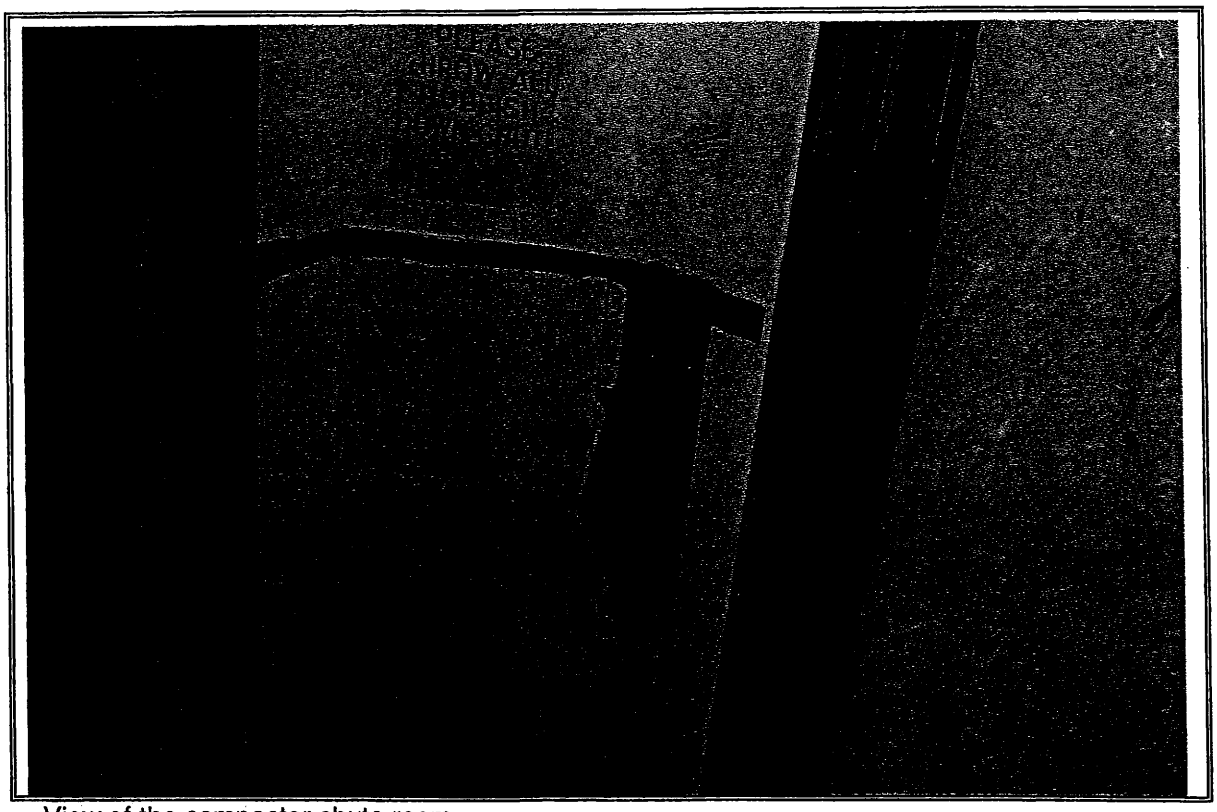
View of the ramp to the garage



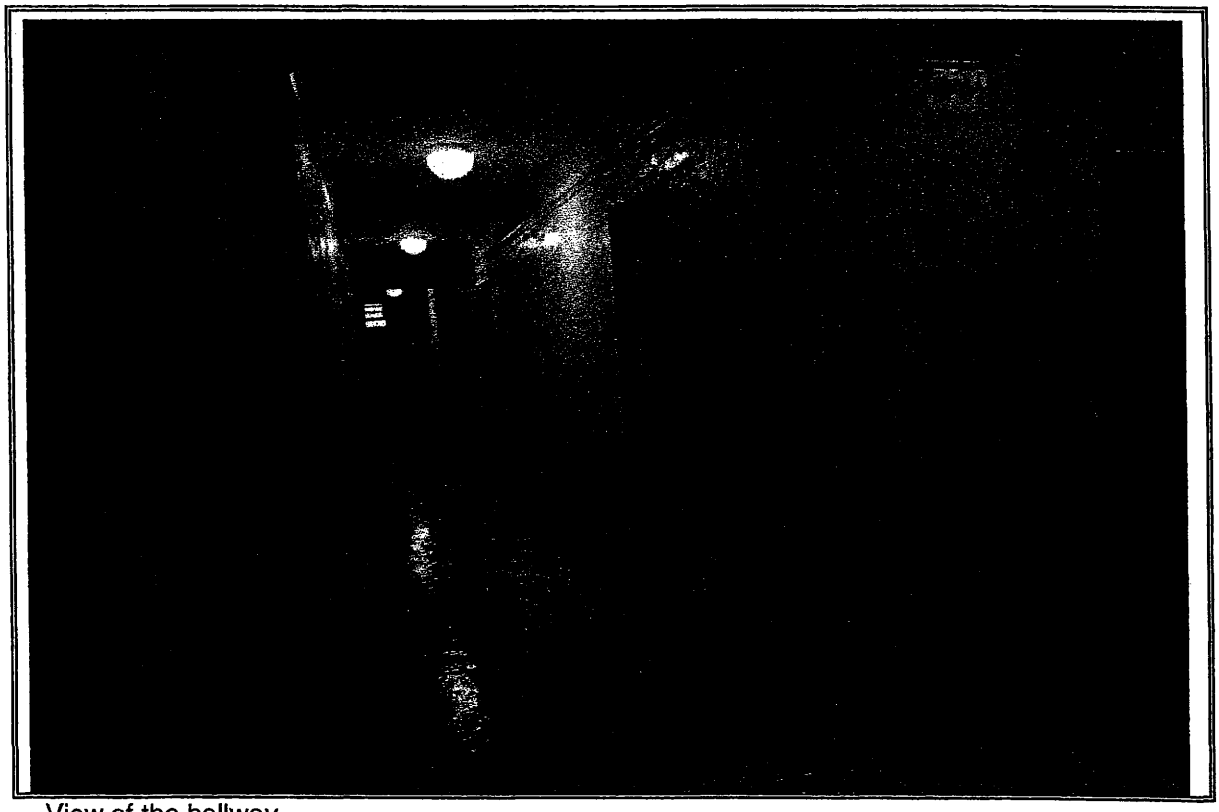
View of the garage



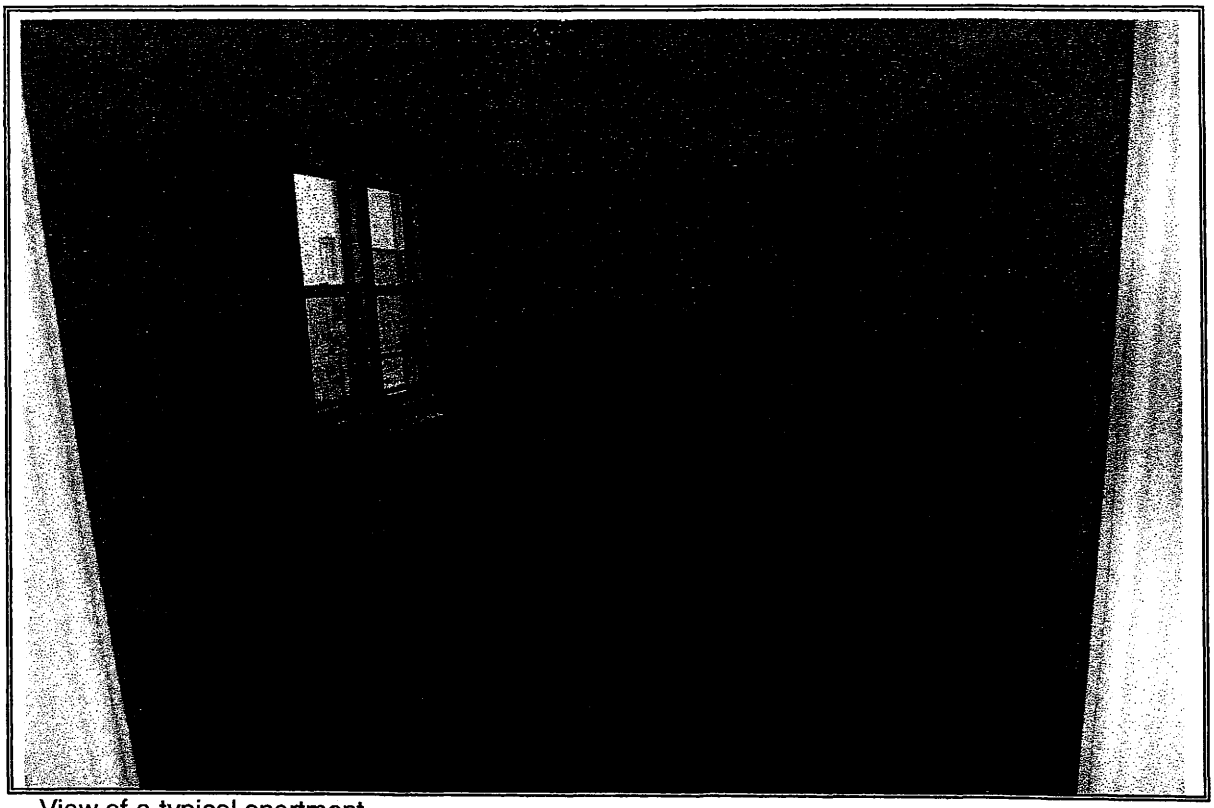
View of the lobby



View of the compactor chute room



View of the hallway



View of a typical apartment

**EXHIBIT 5**

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**CONDOMINIUM DECLARATION AND BY-LAWS**

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# DECLARATION

**Establishing a Plan for Condominium Ownership**
**of the Premises known as**
**775 Riverside Drive and**
**156-08 Riverside Drive West**
**New York, New York 10032**

**Pursuant to Article 9-B of the Real Property**
**Law of the State of New York**

**Name:**

**The John James Condominium**

**Declarant:**

**775 Realty Co. LLC**
**and**
**156-08 Realty Co. LLC**
**One Penn Plaza, Suite 4000**
**New York, New York 10119**

**Date of Declaration:**

**_____, 20___**

**The land affected by the within instrument lies in**
**Section ____, Block 2134, formerly known as Lots 200 and 250**
**now known as Lots _____-_____**
**on the Tax Map of the Borough of Manhattan, City of New York**

**Attorneys for Declarant:**

**Pryor Cashman LLP**
**7 Times Square**
**New York, New York 10036-6569**
**(212) 421-4100**

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# DECLARATION
# OF
# THE JOHN JAMES CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law
of the State of New York)

775 Realty Co. LLC and 156-08 Realty Co. LLC, each a New York limited liability company, each having an office at One Penn Plaza, Suite 4000, New York, New York 10119 (together, "Declarant"), do hereby declare as follows:

## ARTICLE 1

## DEFINITIONS

1.1 All capitalized terms used in this Declaration (this "Declaration") that are not otherwise defined in the Articles hereof will have the meanings set forth in Exhibit C annexed hereto and made a part hereof or in the By-Laws, unless the context in which they are used requires otherwise.

## ARTICLE 2

## SUBMISSION OF THE PROPERTY

2.1 Declarant hereby submits the Land and Buildings (each as hereinafter defined), 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 Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") and pursuant thereto does hereby establish a condominium to be known as "The John James Condominium" (the "Condominium").

2.2 Annexed hereto and made a part hereof as Exhibit D are the By-Laws of the Condominium which set forth detailed provisions governing the operation, use and occupancy of the Condominium (as the same may be amended from time to time, the "By-Laws").

## ARTICLE 3

## THE LAND

Included in the Property are all that certain tract, plot, piece and parcel of land (the "Land") situate, lying and being in the County of New York, City 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. The Land for 775 Riverside Drive covers a rectangular lot of 129.92 feet long along Riverside Drive and 127.08 feet deep and the Land for 156-08 Riverside Drive West covers an irregular trapezoidal lot 135.39 feet along Riverside Drive West, 146.11 feet along the north property line, 129.92 feet along the east property line and 108.03 along the south property line.

## ARTICLE 4

## THE PROPERTY

Included in the Property are the buildings located at 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032 (each, a "Building", and together the "Buildings") consisting of 133 residential apartments (collectively, the "Residential Units" and individually, a "Residential Unit") and 2 garages (collectively the "Garage Units" and individually a "Garage Unit"). The Residential Units and the Garage Units are collectively referred to as "Units". The owner of a Residential Unit is herein called a "Residential Unit Owner" and the owners of the Residential Units are referred to, collectively, as the "Residential Unit Owners." The owner of a Garage Unit is herein called the "Garage Unit Owner" and the owners of the Garage Units are referred to, collectively, as the "Garage Unit Owners." The Residential Unit Owners and the Garage Unit Owners are collectively referred to as "Unit Owners".

## ARTICLE 5

## THE BUILDINGS

The Buildings consists of (i) 775 Riverside Drive, a 6 story building (with cellar and sub-cellar) with apartments on floors Cellar through 6 and (ii) 156-08 Riverside Drive West, a 6 story building (with cellar and sub-cellar) with apartments on floors Cellar through 6. The structure of each of the Buildings appears to be steel frame with reinforced concrete slabs. 775 Riverside Drive consists of exterior walls of the front façade (east façade) made of light yellow bricks arranged in Common Bond with projected battlements and medallions at the parapet level, spandrel panels above windows at second, third and fourth levels, and turrets and Belt courses located at the second and the sixth floors window sill levels. The base extends to below the first floor window sill level. All other façades including the courtyards are comprised of lighter yellow bricks arranged in Common Bond. 156-08 Riverside Drive West consists of exterior walls of the front façade (west façade) made of light yellow bricks arranged in Common Bond with projected battlements and medallions at the parapet level, spandrel panels above windows at second, third, and fourth levels, and turrets at the inner corners. Belt courses are located at the second and the 6th floors window sill levels. There is a terracotta balconette resting on modillions below the outer 5th floor north and south windows. Blind arches with a string course run between the 5th and 6" floors. Corner windows have a gothic arch with inset terracotta ornamental panels. The base extends to below the 1st first floor window sill level. All other façades including the courtyards are comprised of lighter yellow bricks arranged in Common Bond. The floors in each of the Buildings are named (from bottom to top): Sub-Cellar, Cellar, Lobby Level and Floors 2 through 6.

## ARTICLE 6

## THE UNITS

6.1 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 Unit designation;

(ii) tax lot number; (iii) number of bedrooms and bathrooms, and balconies, as applicable, (iv) approximate location in the Buildings; (v) approximate square foot area; and (vi) the percentage interest in the Common Elements appurtenant to such Unit. The location of each Unit is shown on the floor plans of the Buildings (the "Floor Plans") certified by Howard L. Zimmerman Architects, P.C., and intended to be approved by the Real Property Assessment Department of the City of New York and filed in the New York County office of the Register of the City of New York (the "City Register's Office") following the recording of this Declaration.

6.2 (a) Each Residential Unit includes, and each Residential Unit Owner shall be responsible for, the front entrance door and any other entrance doors to such Residential Unit, windows (including glass), non-load-bearing interior walls and partitions including sheet rock, moldings, smoke and carbon monoxide detectors, all plumbing, gas and heating fixtures (including shower pans) and equipment such as heating, ventilating and air conditioning ("HVAC") servicing the Residential Units, if any (including the fans inside the Residential Units), heating equipment, ranges and other appliances, flooring and wall coverings, as may be affixed, attached or appurtenant to such Residential Unit and serving such Residential 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 pipes or equipment which a Residential 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 unless same have been replaced or installed by a Residential Unit Owner or a predecessor Residential Unit Owner (other than Declarant). Each Residential Unit shall also include, and the Residential Unit Owner shall be responsible for, (i) all lighting and electrical fixtures, cabinets, including, without limitation kitchen and bathroom cabinetry, countertops and appliances and (ii) any fixtures, Facilities (as hereinafter defined) or special equipment affixed, attached or appurtenant to the Residential Unit, or betterments and improvements installed by a Residential Unit Owner or a predecessor Residential Unit Owner (other than Declarant), to the extent located within a Residential Unit and serving or benefiting only that Residential Unit. Notwithstanding anything contained in this Article 6 to the contrary, each Residential Unit Owner will have the right, exercisable at any time, to install, at such Residential 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 such Residential Unit Owner's Residential Unit and to a depth of 1 inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity and mechanical and electrical systems of such Residential Unit or of the Buildings. The Board may, at its sole discretion, impose reasonable conditions on interior alterations and decorations including, but not limited to, minimal insurance requirements and guidelines for contractors and workers employed, and may also inspect any such alterations to determine that they are of good quality and otherwise comply with the provisions of this Declaration and the By-Laws.

(b) Each Garage Unit is comprised of a parking garage, the structural systems within such Garage Unit, the garage doors, windows (including glass), the driveway(s) and ramp(s), all plumbing, gas and heating fixtures, equipment, appliances, heating, ventilating and air conditioning units (including the fans inside such Garage Unit), sinks, water closets and all

other Facilities as may be affixed, attached or appurtenant to such Garage Unit and serving such Garage Unit exclusively. With respect to each Garage Unit, the Garage Unit Owner shall be responsible for the Garage Unit side of the entrance door from the Building to the Garage Unit, and any other entrance doors to the Garage Unit, windows (including glass), the interior walls, partitions, floors and floor coverings and ceilings affixed, attached or appurtenant to the Garage Unit, smoke detectors, window panes, plumbing, gas and heating fixtures. Equipment as used in the preceding sentence shall include gas and water pipes servicing and within the Garage Unit, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Garage 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, unless it exclusively services the Garage Unit. Each Garage Unit shall also include all lighting and electrical fixtures and appliances within the Garage Unit and any special equipment, fixtures or Facilities affixed, attached or appurtenant to the Garage Unit, to the extent located within the Garage Unit from the panel and serving or benefiting only the Garage Unit.

6.3 Any Common Elements or Residential Common Elements located within a Unit shall not be considered a part of such Unit.

6.4 As of the date of the filing of this Declaration with the City Register's Office, fee simple absolute title shall automatically vest in Declarant in all Units, individually and collectively, without the need to execute specific and particular deeds or indentures for each and every Unit.

## ARTICLE 7

## DIMENSIONS OF UNITS

Each Unit will be measured on each of one or more floors from the midpoint of the exterior walls at the Building line and/or Property line to the midpoint of the interior walls and partitions separating one Unit from another Unit, or one Residential Unit from another Residential Unit or the midpoint of the interior walls and partitions separating a Residential Unit from public corridors, stairs, elevators (if any) and other mechanical equipment spaces or any Common Elements or Residential Common Elements, or a Garage Unit from the public corridors, stairs, elevators (if any), and other mechanical equipment spaces or any Common Elements or Residential Common Elements. 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, 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. The clearance between the top of the concrete floor slab and the bottom of the finished ceiling in the Units is indicated on the floor plans, but certain Units and areas within other Units may have clearances of less than indicated on the floor plans to accommodate facilities located above the same or otherwise to respond to field conditions.

## ARTICLE 8

## COMMON ELEMENTS

8.1 (a) The Common Elements include, but are not limited to, the Land and all parts of the Buildings and improvements thereon other than the Units, Residential Common Elements or Residential Limited Common Elements, if any, and include those rooms, areas, corridors, spaces and other parts of the Buildings and all Facilities therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The Common Elements are appurtenant to and serve and benefit each Unit to the extent of such Unit's percentage share of the Common Elements. The Common Elements are for the common use of all Unit Owners but do not include any air or development rights, the rights to which shall be retained by Declarant.

(b) The Residential Common Elements of the Condominium consist of those parts of the Buildings and improvements thereon, if any, that serve or benefit exclusively all of the Residential Units or the Residential Unit Owners, but not the Garage Units or the Garage Unit Owners. The Residential Common Elements do not include any air or development rights, the rights to which shall be retained by Declarant.

(c) The Residential Limited Common Elements of the Condominium consist of those parts of the Buildings and improvements thereon, if any, that serve or benefit exclusively 1 or more but not all of the Residential Units or the Residential Unit Owners. The Residential Limited Common Elements do not include any air or development rights, the rights to which shall be retained by Declarant.

8.2 As used in this Declaration, the word "Facility" or "Facilities" means all equipment and facilities necessary for the operation of the Building(s) or the systems and includes, but is not limited to, the following items (grouped more or less functionally) which are set forth only for purposes of illustrating the broad scope of that term: any system, equipment, apparatus, convertor, radiator, heater, heat exchanger, mechanism, device, machinery, motor, pump, control, tank or tank assembly, insulation, induction unit, condenser, compressor, fan, damper, blower, thermostat, thermometer, coil, vent, sensor, shut-off valve or other valve, gong, panel, receptacle, outlet, relay, alarm, sprinkler head, electric distribution facility, wiring, wireway, switch, switchboard, circuit breaker, transformer, fitting, siamese connection, hose, plumbing fixture, lighting fixture, other fixture, bulb, sign, telephone, meter, meter assembly, scaffolding, piping, line, duct, conduit, cable, riser, main shaft, pit, flue, lock or other hardware, rack, screen, strainer, floor covering, drapery, shade or other window covering, wallpaper or other wall covering, tree, shrubbery, flower or other planting and horticulture tub or box.

8.3 The Common Elements will remain undivided and no Unit Owner or other person will bring or will 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.

8.4 Without intending to limit the generality of the foregoing in any respect, the Common Elements include:

(i) the Land (including the landscaping and sidewalks thereon or appurtenant thereto) and any improvements thereon, together with all easements, rights and privileges appurtenant thereto;

(ii) all foundations, columns, beams, joists, supports, piles, footings, pillars, girders, exterior walls, floor slabs and roofs, all interior walls, partitions, floor slabs and ceilings, on or under the Buildings, separating a Unit from a Common Element, and that portion of all such interior walls, partitions, floors and ceilings separating a Common Element or a Garage Unit from a Residential Unit, Residential Common Element or a Residential Limited Common Element, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such Common Element or Garage Unit, as the case may be, to the extent that the same are not expressly included as part of the Residential Common Elements or Residential Limited Common Elements pursuant to the terms of Paragraphs 8.5 or 8.6 hereof or a Unit pursuant to the terms of Article 6 hereof;

(iii) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, garbage disposal, master and cable television and other mechanical and electrical systems, which service both Residential Units and/or Garage Units and/or both the Common Elements and/or both the Residential Common Elements and/or the Residential Limited Common Elements, to the extent that the same are not expressly included as Residential Common Elements or as Residential Limited Common Elements pursuant to the terms of Paragraph 8.5 or 8.6 hereof or a Unit pursuant to the terms of Article 6 hereof; and

(iv) all other parts of the Property, and all apparatus and installations now existing or hereafter constructed in the Buildings or on the Property, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property.

8.5 The Residential Common Elements consist of those portions of the Buildings, as well as those Facilities therein, either currently or hereafter existing for the benefit of the Residential Units or of the Residential Unit Owners. Without intending to limit the generality of the foregoing in any respect, the Residential Common Elements include:

(i) all stairways, passenger (and service, if any) elevators and their respective bulkheads, shafts, pits and equipment rooms, residential hallways, window casements and frames, cellars;

(ii) compactor rooms and their respective shafts and equipment;

(iii) the residential lobbies, service entrances, storage, mail rooms, workshops and laundry rooms, if any;

(iv) all masonry walls, partitions, floors and ceilings in, on or under the Buildings, separating a Residential Unit from another Residential Unit or a Residential Common Element or Residential Limited Common Element and that portion of all such masonry walls, partitions, floors and ceilings separating a Residential Common Element from a Common Element or a

Garage Unit, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such Residential Common Element;

(v) any and all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, hot and cold water distribution, heat, garbage disposal, master and cable television and other mechanical and electrical systems which serve the Residential Units and/or the Residential Common Elements and/or the Residential Limited Common Elements only;

(vi) all interior portions of the Buildings on floors Lobby Level through 6, and on the sub-cellar and cellar level to the extent that the same are not expressly included as part of the Common Elements pursuant to the terms of Paragraph 8.4 hereof or the Residential Limited Common Elements pursuant to the terms of Paragraph 8.6 hereof or a Unit pursuant to the terms of Article 6 hereof;

(vii) Storage Space; and

(viii) the Resident Manager's Apartment.

8.6 The Residential Limited Common Elements consist of all portions of the Land and Buildings (other than the Units) that are for the use of one or more specified Residential Units to the exclusion of all other Units.

## ARTICLE 9

## USE OF BUILDINGS AND UNITS

9.1 A Residential Unit may be used only for residential purposes, unless otherwise permitted in writing by the Board, subject, however, to applicable Law. Residential Units may only be leased in accordance with the By-Laws and the Residential Rules and Regulations.

9.2 Notwithstanding the foregoing or anything contained in the By-Laws or the Residential Rules and Regulations to the contrary, Declarant or its designee may, without the permission of the Board, (1) grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, provided such use is permitted by Law and does not violate the then existing certificate of occupancy for the Building or any other governmental regulations and (2) use any Unsold Residential Unit(s) owned by it as models and sales and/or promotion offices in connection with the sale or rental of the Residential Units [or residential unit(s) in other buildings], subject only to compliance with applicable Law.

9.3 The Garage Units may be used for any lawful purpose.

9.4 Each Storage Locker shall be used only for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item, or any material which will pose a health or safety threat or which will result in the cancellation of insurance on the Buildings, or the contents thereof, or which would otherwise create a nuisance, be stored therein. Declarant and/or its designee reserve the right to change the size and/or number of Storage Lockers for so long as Declarant or its

designee hold Storage Locker Licenses. Declarant or its designee reserve the right to add additional Storage Lockers within the Storage Space and/or cellar prior to the third anniversary of the Closing of the first Unit Closing. The Board shall not charge Declarant or its designee any fees in connection with Declarant's or its designee's exercise of its rights to add additional Storage Lockers.

Declarant or its designee may, without the consent of either the Condominium or the Unit Owners, use any unlicensed Storage Locker for any purpose, including but not limited to rental, provided such use is permitted by law.

## ARTICLE 10

## CHANGES IN THE BUILDINGS

10.1 Except to the extent prohibited by Law, Declarant and/or its designee shall have the right, without the vote or consent of the Board, other Residential 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 9.2 hereof) or layout of, or number of rooms in, any Unsold Residential Unit(s) from time to time; (c) change the size and or number of Unsold Residential Unit(s) by subdividing 1 or more Unsold Residential Unit into 2 or more separate Residential Units, combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into 1 or more Residential Units, converting a Residential Unit or any portion thereof to a Common Element, converting a Residential Common Element to a Common Element, Residential Limited Common Element to a Residential Common Element or altering the boundary walls between any Unsold Residential Units, or otherwise incorporating Common Elements or Residential Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Residential Unit) which exclusively benefit an Unsold Residential Unit or Residential Limited Common Elements into such Residential Unit; (d) designate any Residential Unit or a Common Element, Residential Common Element or a Residential Limited Common Element as part of a newly created Residential Unit, Residential Common Element, Residential Limited Common Element or Common Element or designate all or part of a Residential Unit as a newly created Common Element, Residential Common Element or Residential Limited Common Element; (e ) if appropriate, reapportion among the Unsold Residential Units affected by such change in size, use, number or direct access pursuant to the preceding clauses (b) and (c) their percentage interests in the Common Elements and Residential Common Elements; provided, however, that (i) the percentage interest in the Common Elements and Residential 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; and (ii) Declarant or its designee, as the case may be, shall comply with all Laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board and all other Residential Unit Owners harmless from any liability arising therefrom, and (f) change the size and/or number of Storage Lockers.

10.1.1 The Board shall not unreasonably refuse to join in and/or sign the application for such permit or authorization and shall reasonably cooperate with the Declarant or its designee, without cost to the Board. The Board shall join in any such application which the

Board is required to join in and/or sign under applicable requirements within 10 business days following its receipt of the Declarant's or its designee's request therefore. If the Board, within such 10 business day period, shall fail to join in and/or sign any such application, the Declarant or its designee shall have the right to sign such application (in the form submitted to the Board) on behalf of the Board. The Board shall not be subject to any liability for the payment of any costs or expenses in connection with any such applications and the review and execution thereof and the Declarant or its designee hereby indemnify and agree to defend and hold the Board harmless from any liability relating to the work or application, including fines and penalties, and against any and all such reasonable costs and expenses. Copies of all required permits and authorizations shall be delivered to the Board prior to the commencement of work by the Declarant or its designee.

10.1.2 The provisions of Article 10.1 hereof may not be added to, amended, modified or deleted without the prior written consent of Declarant or its designee. Notwithstanding the other provisions of Article 10.1 hereof, no reapportionment of the interests in the Common Elements or Residential Common Elements appurtenant to any Residential Unit shall be made unless there is first delivered to the Board a written certification stating that the percentage interests of the respective Residential Units in the Common Elements and Residential 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 Residential Unit, the availability of Common Elements or Residential Common Elements for exclusive or shared use and the overall dimensions of the particular Residential Unit. The certification referred to in the preceding sentence shall be delivered by Declarant or its designee. Declarant or its designee or the owner of any Unsold Residential Unit will have the right, without the consent of any other Residential Unit Owner or the Board, to amend this Declaration and By-Laws to reflect the foregoing changes.

10.2 Except to the extent prohibited by Law, the Garage Unit Owners shall have the right, without the consent or approval of the Board, the Residential Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions, improvements or repairs, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Garage Units; (b) change the use or layout of, or number of spaces or rooms in the Garage Units; (c) amend the Certificate of Occupancy for either Building as it relates to the Garage Units; (d) change the size of the Garage Units by (w) subdividing a Garage Unit into 2 or more separate Garage Units, (x) combining 2 or more separate Garage Units resulting from such subdivision into 1 or more Garage Units, (y) altering the boundary walls of 2 or more separate Garage Units resulting from such subdivision or combination, or (z) otherwise; and (e) if appropriate, reapportion among the Garage Units affected by such change in size or number pursuant to the preceding clauses their respective Common Interests; provided, however, that, with respect to any such alteration, addition, improvement or change in, to, of or upon the Garage Units (each of the foregoing or any combination thereof shall hereinafter be referred to as a "Garage Unit Owner Change"), when making a Garage Unit Owner Change, a Garage Unit Owner shall:

(a) not make any physical modification to any other Unit, and the Common Interest or interior dimensions of any other Unit shall not be changed by reason thereof, unless the owner of such other affected Unit shall consent thereto;

(b) comply with Law;

(c) agree to hold the Board and all other Unit Owners harmless from any liability arising therefrom; and

(d) insure that such alteration, addition, improvement, repair or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

10.2.1 In the event of the subdivision of a Garage Unit into separate Garage Units, the owner of each such newly created Garage Unit shall have all the rights, privileges and benefits, and shall be subject to all the obligations of the original Garage Unit Owner, as provided in this Declaration and the By-laws; provided, however, that in no event shall the Garage Unit Owners be entitled to designate more than a total of 2 Board members.

10.2.2 Prior to the commencement of a Garage Unit Owner Change, a Garage Unit Owner shall have procured and paid for, so far as the same may be required, all permits, certificates and authorizations required by any governmental authority or any officer, department, office, bureau, agency or instrumentality thereof now existing or hereafter created and having jurisdiction over the Property. The Board shall not unreasonably refuse to join in and/or sign the application for such permit or authorization and shall reasonably cooperate with a Garage Unit Owner, without cost to the Board. The Board shall join in any such application which the Board is required to join in and/or sign under applicable requirements within 10 business days following its receipt of a Garage Unit Owner's request therefore.

10.2.2.1 If the Board, within such 10 business day period, shall fail to join in and/or sign any such application, a Garage Unit Owner shall have the right to sign such application (in the form submitted to the Board) on behalf of the Board. The Board shall not be subject to any liability for the payment of any costs or expenses in connection with any such applications and the review and execution thereof and a Garage Unit Owner hereby indemnifies and agrees to defend and hold the Board harmless from any liability relating to the work or application, including fines and penalties, and against any and all such reasonable costs and expenses. Copies of all required permits and authorizations shall be delivered to the Board prior to the commencement of work by a Garage Unit Owner.

10.2.2.2 A Garage Unit Owner Change shall be made promptly (unavoidable delays excepted) and in a good and workmanlike manner and in compliance with all applicable permits, certificates and authorizations and building and zoning laws and with all other requirements.

10.2.2.3 No Garage Unit Owner Change shall be undertaken until a Garage Unit Owner shall have delivered to the Board insurance policies or certificates, naming the Board as an additional insured, issued by responsible insurers, bearing notations evidencing the payment of premiums.

10.2.2.4 A Garage Unit Owner shall not make any Garage Unit Owner Change which is a Material Garage Unit Owner Change (as hereinafter defined) without having first obtained the Board's prior written approval thereof in each instance. So long as a

Garage Unit Owner complies with the provisions of this Article Ten, the Board's approval of any proposed Material Garage Unit Owner Change shall not be unreasonably withheld, delayed or conditioned or charged for. As used herein, the term "Material Garage Unit Owner Change" shall mean any Garage Unit Owner Change which (i) affects the exterior of a Garage Unit in any material manner or (ii) affects the structural elements of a Garage Unit in any material manner, such that in either of (i) or (ii) it affects the structure of the Building.

10.2.2.5 A Garage Unit Owner will promptly upon the completion of a Material Garage Unit Owner Change deliver to the Board: (A) all required approvals and sign off therefore (executed by the building department or appropriate authority), and (B) "as-built" drawings of any Garage Unit Owner Change performed or caused to be performed in a Garage Unit.

10.2.2.6 In the event that any Garage Unit Owner Change is an approved Material Garage Unit Owner Change, then in addition to complying with the requirements of the preceding subparagraphs 10.2.2.1 through 10.2.2.5 hereof, a Garage Unit Owner shall also comply with the following requirements:

(a) At least 30 days prior to the commencement of any work in connection with the proposed Garage Unit Owner Change, a Garage Unit Owner shall (i) notify the Board in writing of the nature of the Material Garage Unit Owner Change and the estimated cost thereof, (ii) deliver to the Board complete plans and specification for the proposed Garage Unit Owner Change which plans will be subject to the Board's consent, which consent will not be unreasonably withheld, delayed or conditioned, and (iii) deliver to the Board a certificate from the architect described in subparagraph 10.2.3.3 hereof, certifying that the proposed Material Garage Unit Owner Change will not reduce the square footage of the Garage Unit other than in a de minimis manner.

(b) At least 10 days before the commencement of such proposed Material Garage Unit Owner Change, a Garage Unit Owner shall deliver to the Board insurance policies or certificates of insurance, issued by responsible insurers reasonably satisfactory to the Board, bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to the Board of such payments, for the following:

(i) Contractor's comprehensive general and automobile liability insurance, listing the Board as agent for Unit Owners, in an amount not less than $5,000,000 for bodily injury and property damage;

(ii) Owner's protective insurance written under a comprehensive general liability policy or policies form, separate from the contractor's comprehensive general liability policy required by subparagraph (i) hereof, naming the Board and the Garage Unit Owner, as their respective interests may appear, in an amount not less than the amounts set forth herein for bodily injury and property damage;

(iii) Worker's compensation and disability benefits insurance covering all persons or entities employed in connection with the construction of

the Garage Unit Owner Change and with respect to whom death or bodily injury claims could be asserted against the Board;

(iv) Builder's risk insurance (fire, extended coverage, vandalism, malicious mischief, burglary and theft) written on a completed value (non-reporting) basis with limits of not less than $5,000,000 naming any general contractor engaged by the Garage Unit Owner, and also naming the Board, as agent for the Unit Owners and the Garage Unit Owner, as their respective interests may appear. In addition, such insurance shall contain a waiver or subrogation against subcontractors;

(v) Insurance against damage to property adjacent to the Garage Unit insuring against any damage to such property as a result of the Garage Unit Owner Change, including without limitation, any excavation; and

(vi) Such other insurance in such amounts as may from time to time be reasonably required by the Board during the Garage Unit Owner Change, against such other insurable hazards as are commonly insured against in connection with construction of improvements similar to the Garage Unit Owner Change on premises similarly situated.

Each of the above listed insurance policies shall state that said policy is primary to that of the policies of the additional insureds.

10.2.2.7 Such Garage Unit Owner Change shall be carried out under the supervision of a reputable licensed architect selected by the Garage Unit Owner.

10.2.2.8 A Garage Unit Owner shall pay to the Board the reasonable fees and expenses of any architect or engineer selected by the Board to review the plans and specifications and inspect the work on behalf of the Board. The Garage Unit Owners acknowledge that any review or approval by the Board of any plans and/or specifications with respect to any Garage Unit Owner Change is solely for the Board's benefit, and without any representation or warranty whatsoever to the Garage Unit Owners with respect to the adequacy, correctness or efficiency thereof or otherwise. Neither the granting by the Board of its approval of any of Garage Unit Owner's plans and specifications, nor the Board's execution of any of the applications referred to herein, shall in any manner constitute or be deemed to constitute a judgment or acknowledgment by the Board as to their legality or compliance with requirements and/or governmental authorities and the Garage Unit Owner shall hold the Board harmless against any such claims, costs or liability based upon any such signature including any fines, penalties or actually incurred reasonable attorneys' fees.

10.2.3 Notwithstanding the foregoing, however, the aggregate amounts of the Common Interest of all the Units shall always remain at 100%, and no reapportionment of the Common Interest appurtenant to the Garage Unit(s) shall be made unless there is first delivered to the Board a written certification stating that the new Common Interest has been based upon the factors set forth in Article 12 hereof. The certification referred to in the preceding sentence

shall be delivered, at the Garage Unit Owner's election, by the Garage Unit Owner, the Selling Agent, the Managing Agent or any other Person reasonably acceptable to the Board.

10.2.4 The provisions of Article 10.2 hereof may not be added to, amended, modified or deleted without the prior written consent of the Garage Unit Owners. The Garage Unit Owners will have the right, without the consent of any other Residential Unit Owner, the Board or the Mortgage Representatives to amend this Declaration and By-Laws to reflect the foregoing changes.

## ARTICLE 11

## PERSON TO RECEIVE SERVICE

The Secretary of State of the State of New York has not been designated to receive service of process since the President and Chairman of the Board of Zarasai, the sole member Sponsor, is a resident of the State of New York.

## ARTICLE 12

## DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

12.1 The Common 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 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.

12.2 The allocation of Common Expenses shall be made in accordance with the Common Interest of the Residential Units in the Common Elements, except as otherwise provided in the By-Laws, the terms of which are incorporated herein by reference.

## ARTICLE 13

## ENCROACHMENTS

If (a) any portion of the Common Elements, Residential Common Elements or Residential Limited Common Elements encroaches upon any Unit or upon any other Common Element, Residential Common Element or Residential Limited Common Element, (b) any Unit encroaches upon any other Unit or upon any portion of the Common Elements, Residential Common Elements or Residential Limited 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, Residential Common Elements or Residential Limited Common Elements made by or with the consent (when required by the By-Laws) of the Board or made by Declarant or its designee or (iii) any alteration, repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element, or Residential Common Element or any Residential Limited Common Element after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of any Unit or all or any portion of the Common Elements, Residential Common Elements or Residential Limited 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 Buildings shall stand.

## ARTICLE 14

## NAME OF CONDOMINIUM

The Condominium and the Buildings shall be designated and known as "The John James Condominium". Declarant shall own and control all rights and interests appurtenant to the name of the Condominium and/or the Buildings. Only Declarant shall have the right to change or assign the name of the Condominium and/or the Buildings. In addition, Declarant shall have the right, for so long as the Property is a condominium, to maintain a plaque identifying Declarant as the sponsor of the condominium offering, together with such other information as Declarant determines in its sole discretion.

## ARTICLE 15

## EASEMENTS

15.1 Except as set forth in this Declaration, the By-Laws and the Residential Rules and Regulations, each Unit Owner will have, in common with all other Unit Owners, and each Unit will be subject to, an easement for the use of the Common Elements and Residential Common Elements and any Facilities located therein, including, but not limited to, such easement as will be necessary to maintain such Unit Owner's Unit and an easement to connect to existing utilities including, but not limited to, utilities for gas, electricity, steam and ventilation.

15.2 The Board, or its agent, to the extent permitted to act by the By-Laws for such purposes, will have a right of access to each Residential Unit and/or the Residential Limited Common Elements to inspect the same, to remove violations therefrom and to maintain the Common Elements and Residential Common Elements contained therein or elsewhere in the Property. Each Residential Unit (including the Residential Limited Common Elements located therein) shall be subject to an easement in favor of all Unit Owners to use, maintain, repair, alter and replace all Common Elements or Residential Common Elements located in such Unit or elsewhere on the Property which serve other Units. All easements and rights of access described in this Section may be exercised by the Board on behalf of all Unit Owners. The Board shall have an easement and a right of access to each Residential Unit, and to the Common Elements, Residential Common Elements and Residential Limited Common Elements contained therein, to inspect the same, to remove violations therefrom and to install, operate, maintain, repair, alter, rebuild, restore and replace any of the Common Elements or Residential Common Elements located in, over, under, through, adjacent to or upon the same, and each Residential Unit and the Common Elements or Residential Common Elements shall be subject to such easement and right of access. Such easements and rights of access shall be exercised by the Board, to the extent practicable, in such a manner as will not unreasonably interfere with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on reasonable prior notice based on the nature of the repair or replacement but in no event on less than 1 days' notice, except that no notice will be necessary in the case of an Emergency. Plans and specifications with respect to any such proposed work shall be submitted by the Unit Owner who has requested

that the Board exercise any such easement or right of access, to the Unit Owner whose Unit is to be accessed and all work is to be prosecuted diligently to completion. Notwithstanding any other provision of this Declaration, the By-Laws or the Residential Rules and Regulations to the contrary, any alterations carried out in connection with the easements granted hereinabove shall be such that neither the configuration nor the usable area of the affected Unit shall be materially adversely affected.

15.3 Each Unit Owner shall have, in common with all other Unit Owners, an easement for ingress and egress through the Buildings and for the use of any Common Element or Residential Common Element, including, but not limited to, an easement for emergency access through and over the fire stairs in the Buildings.

15.4 The Board shall have, and each Residential Unit shall be subject to, an easement (a) to install, utilize, operate and maintain the Common Elements or Residential Common Elements 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 Residential Unit or Residential Common Elements resulting from the repair, alteration, rebuilding, restoration or replacement of the Common Elements or Residential Common Elements.

15.5 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 or Residential Common Elements.

15.6 Declarant and/or its designees and the Garage Unit Owners and their successors and assigns shall, to the extent permitted by Law, have an easement to erect, operate and maintain from time to time, one or more signs, awnings, marquees, canopies, banners, flags, pennants, aerials, antennas or the like (each, a "Sign") within the Property and on the Property for the purposes of advertising (i) the sale or lease of any Unsold Residential Unit and (ii) the operation of any business of Declarant, a tenant, occupant, managing agent or operator of all or any portion of any Unsold Residential Unit and/or the Garage Units. Declarant and/or its designees shall have an easement to utilize the Common Elements and Residential Common Elements of the Buildings in connection with its sales and leasing efforts relative to the Unsold Residential Units and/or the Garage Units. Declarant and/or its designees will have an easement and the right to change the Facades and alter, replace, restore, renovate, remodel and reconstruct the existing Facades, provided that none of such work to the Facades materially weakens the structural soundness of the Buildings.

15.7 Declarant or its designee shall have an easement to use the sidewalks surrounding portions of the Buildings for purposes permitted by Law.

15.8 Declarant or its designee shall have the right to grant such additional electric, gas, telephone, internet, cable, television, steam, ventilation or other easements for utilities, communications, access or other easements and to construct any shafts, flues or install any air conditioning compressors or other equipment on the roof or elsewhere or relocate any easements in any portion of the Property, as Declarant or its designee shall deem necessary or desirable for the proper operation and maintenance of the Buildings or any portion thereof, or for the general health or welfare of the owners, tenants and occupants of the Units, provided that such additional

utilities or the relocation of existing utilities will not result in the imposition of any mechanic's lien against any of the Units. Any company providing utilities or services and its employees and agents shall have the right of access to any Unit or the Common Elements, Residential Common Elements or Residential Limited Common Elements in furtherance of the aforementioned easements in order to install, operate, maintain and service same.

15.9 Declarant and the Garage Unit Owners and their designees, assignees and licensees shall have, and the Residential Units, Common Elements, Residential Common Elements and Residential Limited Common Elements shall be subject to, an easement, (a) to install, utilize, operate and maintain satellite dishes, antenna, telecommunications equipment and similar equipment on the roof and/or the Facade of the Buildings and elsewhere on the Common Elements, Residential Common Elements and Residential Limited Common Elements and the conduit and other Facilities relating thereto, and to retain any and all income derived therefrom, and (b) to maintain any encroachment on any Residential Unit, Common Element, Residential Common Element, Residential Limited Common Element or elsewhere on the Property resulting from the operation or maintenance thereof. Declarant and the Garage Unit Owners shall be entitled to assign, lease, license or otherwise transfer their rights with respect to the foregoing easements and the Condominium shall not be entitled to any portion of fees, compensation or other profits received by Declarant and/or the Garage Unit Owners, their designees, assignees or licensees for the use of the aforesaid easements or equipment. Any satellite dishes, equipment and/or other facilities placed upon the roof and/or the Facades of the Buildings and elsewhere on the Common Elements, Residential Common Elements and/or Residential Limited Common Elements by Declarant and/or the Garage Unit Owners, their designees, assignees, tenants, licensees and/or transferees shall be the exclusive property of Declarant and/or the Garage Unit Owners, their designees, assignees, tenants, licensees or transferees and neither the Condominium nor any Residential Unit Owner shall have any rights with respect thereto.

15.10 Any easements granted to Declarant, the Garage Unit Owners, the Board, any Residential Unit Owner or any other party under this Declaration and the By-Laws may be exercised by such entity's employees, agents, contractors, suppliers, utility providers, service providers, customers, guests, invitees, licensees, servants, tenants, subtenants, members and visitors, as the case may be, to the extent necessary to effectuate the purpose for the easement or as otherwise authorized by Declarant, the Garage Unit Owners, the Unit Owner or the Board, provided such right of access shall be exercised in such manner as shall not unreasonably interfere with the use of the Units for their permitted purposes.

15.11 The Garage Unit Owners and their invitees, licensees, contractors, employees, agents and tenants shall have an easement, to the extent not prohibited by Law, for (i) ingress and egress through the Common Elements and Residential Common Elements or any portion of the Buildings servicing the Garage Units for the purpose of accessing the Garage Units, making repairs, additions and/or modifications to the Garage Units or for any other lawful purpose, and (ii) to erect, maintain, repair and replace, from time to time, 1 or more signs, of such size and content as a Garage Unit Owner shall determine, on the Common Elements and Residential Common Elements (including on both interior and exterior walls of the Buildings) and on, about or adjacent to the Garage Units for the purpose of advertising the sale or lease of all or any portion of a Garage Unit and the operation of any business of a tenant or occupant of all or any portion of the Garage Unit. Additionally, the Garage Unit Owners, and their employees, agents,

guests, invitees, licensees and tenants shall each have an easement for so long as the Condominium shall remain in existence, to use the sidewalk(s) appurtenant to the Garage Units for any purposes permitted by Law.

15.12 Each Residential Unit Owner whose Residential Unit has 1 or more appurtenant Residential Limited Common Elements shall have an exclusive easement for the use thereof, subject to rights of access by the Board for maintenance, repair and replacement and other uses. The Residential Units having such Residential Limited Common Elements, if any, are indicated on Exhibit B.

15.13 Subject to the terms of the By-Laws, the Garage Unit Owners shall have an easement to install, operate, maintain, repair, alter, rebuild, restore and replace the Garage Units and any pipes, wires, ducts, vents, cables, conduits or other lines, equipment or facilities forming a part of or relating to the Garage Units located in, over, under, through or upon the Common Elements or Residential Common Elements or elsewhere on the Property; provided that access to the Common Elements or Residential Common Elements or other portions of the Property in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere with the use of the Common Elements or Residential Common Elements or Residential Limited Common Elements and such other portions of the Property for their permitted purposes.

15.14 In addition to the specific easements set forth in this Article 15, the Property and every portion thereof shall be subject to all easements made with the City of New York or with any utility companies or other Persons in effect prior to the recording of this Declaration.

## ARTICLE 16

## POWER OF ATTORNEY TO THE BOARD

16.1 Each Residential Unit Owner shall grant to the persons who shall from time to time constitute the Board an irrevocable Power of Attorney, coupled with an interest (annexed hereto and made a part hereof as Exhibit E or otherwise in such form and content as the Board shall determine), following due authorization (if required) from the Residential Unit Owners, (a) to acquire or lease any Residential Unit, together with its Appurtenant Interests, whose owner desires to sell, convey, transfer, assign, lease or surrender the same, or which 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 Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, and after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired, or to sublease any Residential Unit so leased on such terms as the attorneys-in-fact may determine, (b) to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units, including retaining counsel and taking any other actions which the Board deems necessary or appropriate, and (c) to execute, acknowledge and deliver any declaration or other instrument affecting the Common Elements, Residential Common Elements or Residential Limited Common Elements which the Board deems necessary or appropriate to comply with any Law 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 of the Common Elements, Residential Common Elements or Residential Limited Common Elements or any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Common Elements, Residential Common Elements or Residential Limited Common Elements which the Board deems necessary or appropriate.

16.2 Each Residential Unit Owner shall grant to the Declarant a Power of Attorney to amend this Declaration and to effectuate the rights granted to Declarant under this Declaration, the By-Laws and the Plan including the power to execute the Required Documentation.

## ARTICLE 17

## ACQUISITION OF RESIDENTIAL UNITS BY THE BOARD

17.1 If (a) any Residential Unit Owner surrenders such Residential Unit Owner's Residential Unit, together with (i) the undivided interest in the Common Elements and Residential Common Elements appurtenant thereto, (ii) the interest of such Residential Unit Owner in any other Residential Unit theretofore acquired by the Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Residential Unit Owner in any other assets of the Condominium (such interest in (i), (ii) and (iii) being hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the Condominium Act, (b) the Board, pursuant to Article 8 of the By-Laws, acquires or leases a Residential Unit together with the Appurtenant Interests, or (c) the Board purchases, at a foreclosure or other similar sale, a Residential Unit together with the Appurtenant Interests, then, in any such event, title to any such Residential Unit together with the Appurtenant Interests shall be held by the Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interests in the Residential Common Elements. The lease or sublease covering any Residential Unit leased or subleased by the Board or its designee shall be held by the Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interests in the Residential Common Elements.

17.2 The Board shall have the authority to purchase, on behalf of all Residential Unit Owners, a Residential Unit to be used as the residence of the Resident Manager of the Buildings and, in such event, title to such Residential Unit, together with its Appurtenant Interests, shall be held by the Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interests in the Common Elements.

## ARTICLE 18

## COVENANTS RUNNING WITH THE LAND

18.1 All provisions of this Declaration, the By-Laws and the Residential Rules and Regulations which are annexed hereto and made a part hereof, including, without limitation, the provisions of this Article, 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 third party. All present and future owners, tenants, subtenants, licensees and other occupants of Residential Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Residential Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any Residential Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Residential 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 Residential Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease or use and occupancy agreement thereof.

18.2 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 Residential Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision which 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 missing from 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.

18.3 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 19

## AMENDMENTS OF DECLARATION

19.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or the

Garage Units or any Unsold Residential Units, any provision of this Declaration 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. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or the Garage Units or any Unsold Residential Units, no such amendment, modification, addition or deletion shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. No such amendment, modification, addition or deletion shall be effective until recorded in the City 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 its designee, or the Garage Units or any Unsold Residential Units, any such amendment, modification, addition or deletion shall be executed by the Board as attorney-in-fact for the Unit Owners, coupled with an interest, which Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact.

19.2 If the number of rooms in an Unsold Residential Unit is changed, or the use 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 Residential Units in the Common Elements are reapportioned as a result thereof, all in accordance with Article 10 hereof, then Declarant or its designee causing such changes shall have the right to execute, or (upon its request) to require any other Residential Unit Owners or the Board to execute, and record in the City Register's Office and elsewhere, if required by Law, any amendment to this Declaration (together with such other documents as Declarant or its designee causing such changes 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 Residential Units in the Common Elements resulting therefrom, all without the approval of the Board, the Residential Unit Owners or the Mortgage Representatives, if any. In addition, if any Residential Unit Owner other than Declarant or its designee causing changes is given the right by the Board to make the changes described in this Section 19.2 with respect to such Residential Unit Owner's Residential Unit or Residential Units, all in accordance with Article 10 hereof, then such Residential Unit Owner shall have the right to require the Board to execute, and record in the City Register's Office and elsewhere, if required by Law, any amendment to this Declaration and other documents which are necessary or appropriate (in the reasonable judgment of the Board) to reflect the changes made by the Residential Unit Owner, all without the approval of the Board, other Residential Unit Owners or the Mortgage Representatives, if any. Nothing contained in this Section shall be construed to mean that the Common Interest appurtenant to any Residential Unit not subject to any change may be reapportioned without the written consent of the Owner of such Residential Unit.

19.3 The Garage Unit Owners shall have the right, at their sole cost and expense and without the vote or consent of any other Unit Owners, the Board or the Mortgage Representatives (if any), to execute, acknowledge and record in the City Register's Office or elsewhere, if required by Law, 1 or more amendments to this Declaration (including, without limitation, to Exhibit B hereto), together with such documents, plans and maps as the Garage

Unit Owners deem appropriate to effectuate the same to reflect any changes in the Garage Units and/or the reapportionment of the Common Interest of the Garage Units resulting therefrom made by the Garage Unit Owners in accordance with the terms of Article 12 hereof; provided, however, that any such amendment shall not (1) change the Common Interest of any other Unit, (2) require a physical modification of any other Unit, or (3) adversely affect the priority or validity of the lien of any mortgage held by the holder of an Institutional Mortgage.

19.4 Any amendment to this Declaration may be executed: (i) if on behalf of Declarant pursuant to the terms of Article 19 hereof, by any duly authorized representative of Declarant, (ii) if on behalf of a Garage Unit Owner pursuant to the terms of Article 19 hereof, by such Garage Unit Owner, or (iii) if on behalf of the Unit Owners or by the Board, by any officer of the Condominium. If the amendment requires the approval of a specific percentage of Unit Owners pursuant to the terms of this Declaration or the By-Laws, then there shall be attached to such amendment an original executed Secretary's Certificate, certifying that the requisite number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certificate shall be described the number and percentage of Unit Owners so consenting and (if voted upon at a meeting) the date and time of the meeting.

19.5 Notwithstanding anything contained in the Condominium Documents to the contrary, but subject to any limitation imposed by the Condominium Act, no amendment to the Condominium Documents shall be effective in any respect against the Declarant or the Garage Unit Owners if the same would (i) unreasonably interfere with the sale, lease or other disposition of such Unit Owner's respective Units, (ii) abridge, modify, suspend, eliminate or otherwise affect any right, power, easement, privilege or benefit granted to Declarant or the Garage Unit Owners, unless the Declarant or the Garage Unit Owners shall consent to such amendment in writing, or (iii) impose any charge or fee against Declarant or the Garage Unit Owners, unless the Declarant or the Garage Unit Owners shall consent to such amendment in writing.

19.6 The provisions of this Article 19 may not be modified, amended, added to or deleted, in whole or in part, without the consent of Declarant or its designee or the Garage Unit Owners, to the extent such modification, amendment, addition or deletion may adversely affect the Declarant or its designee or the Garage Unit Owners, as the case may be. Notwithstanding the foregoing, Declarant may amend the Condominium Declaration to correct or supplement any mathematical mistakes, inconsistencies or scrivener errors.

## ARTICLE 20

## TERMINATION OF CONDOMINIUM

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws) until such time as withdrawal of the Property from the provisions of the Condominium Act is authorized by a vote of at least 80% in number and in Common Interest of all Unit Owners. No such vote shall be effective, however, (a) without the written consent of the Mortgage Representatives (which consent shall not be unreasonably withheld or delayed), if any, (b) without the written consent of the Permitted Mortgagees

representing at least 51% of the Common Interests of the Units which are subject to the Permitted Mortgages, and (c) without the written consent of the Garage Unit Owners and the Declarant (until such time as Declarant and its designees have conveyed title to all Residential Units, provided that in no event shall Declarant's consent be required more than 5 years after the date fee title to a Residential Unit is first conveyed to a purchaser by Declarant or its designees pursuant to an offering plan) and the Garage Unit Owner. In the event said withdrawal is authorized as aforesaid, 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 sale shall be divided among all Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Unit Owner until there has first been paid from out of such Unit Owner's share of such net proceeds all liens on such Unit Owner's Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

## ARTICLE 21

## 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 22

## 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 23

## CERTAIN REFERENCES

23.1 A reference in this Declaration to any 1 gender, masculine, feminine or neuter, includes the other 2, and the singular includes the plural and vice versa, unless the context otherwise requires.

23.2 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.

23.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

## ARTICLE 24

## SEVERABILITY

Subject to the provisions of Sections 18.2 and 18.3 hereof, 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 25

## COVENANT OF FURTHER ASSURANCES

25.1 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 Board or otherwise, shall, upon prior reasonable written request and 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.

25.2 If any Unit Owner or any other party which is subject to the terms of this Declaration fails, within 10 days (or 60 days, where the other party is a Permitted Mortgagee) after written request therefor, 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 this Declaration, then the 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.

25.3 If any Unit Owner or any other party which is subject to the terms of this Declaration fails, within 10 days (or 60 days, where the other party is a Permitted Mortgagee) after written request therefor, 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 take pursuant to this Declaration at the request of Declarant or its designee or a Garage Unit Owner, then Declarant or its designee or the Garage Unit Owner 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.

25.4 Notwithstanding anything to the contrary set forth herein, to the maximum extent lawful, Declarant specifically disclaims all implied warranties of fitness for a particular purpose, merchantability and habitability, all warranties imposed by statute (except only those imposed by applicable law to the extent they cannot be disclaimed and to the extent they have not expired by their terms) and all other implied or express warranties of any kind or character. Without

limiting the generality of the foregoing, Declarant hereby disclaims any and all express or implied warranties as to design, construction, view, sound and/or odor transmission, furnishing and equipping of the Condominium, the existence of molds, mildew, spores, fungi and/or other toxins within the Condominium, to the extent applicable and to the extent that same have not expired by their terms. Declarant has not given and the Board has not relied on or bargained for any such warranties. In no event will Declarant be liable for incidental or consequential damages (whether based on negligence, breach of contract, warranty or otherwise).

## ARTICLE 26

## SUCCESSORS AND ASSIGNS

Except as set forth herein or in the By-Laws to the contrary, the rights and/or obligations of Declarant or its designee and the Garage Unit Owners as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its designee or the Garage Unit Owners or, with the consent of Declarant or its designee, any transferee of some or all of the Garage Units and/or the then Unsold Residential Units owned by Declarant and/or its designee, as the case may be. Subject to the foregoing, the Garage Unit Owners and the Declarant or either of their designees 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 27

## CONSENTS

Whenever the consent, approval, satisfaction or permission of Declarant or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction or permission will not be required when Declarant or such designee no longer owns any Units.

## ARTICLE 28

## INCORPORATION BY REFERENCE

The terms, covenants, conditions, descriptions and other information contained in (i) the legal description annexed hereto as Exhibit A; (ii) the description of the Residential Units annexed hereto as Exhibit B; (iii) the definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; (v) the Power of Attorney annexed hereto as Exhibit E and (vi) 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, Declarant has caused this Declaration to be executed as of the ____ day of _____, 20___

**775 Realty Co. LLC**

By: _____
Name: Joel Wiener
Title: Authorized Signatory

**156-08 Realty Co. LLC**

By: _____
Name: Joel Wiener
Title: Authorized Signatory

State of New York )
) ss.:
County of New York )

On the ____ day of _____ in the year 20___ before me, the undersigned, personally appeared Joel Wiener personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of New York )

On the ____ day of _____ in the year 20___ before me, the undersigned, personally appeared Joel Wiener personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

# EXHIBIT A

## LEGAL DESCRIPTION

The land upon which the Buildings containing the Units is situate is described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Riverside Drive as legally opened, where the said westerly side of Riverside Drive is intersected by the center line of 156th Street, as laid down on map made by Randal, dated 4/10 1819;

RUNNING THENCE northerly along the westerly line of Riverside Drive, 129 feet 10 inches; THENCE westerly parallel with the said line of 156th Street, 127 feet 1 inch;

THENCE southerly parallel with the westerly side of Riverside Drive, 129 feet 10 inches to the center line of said 156th Street, as shown on said map;

THENCE easterly along the said center line of 156th Street, 127 feet 1 inch to the westerly side of Riverside Drive, at the point or place of BEGINNING.

And

BEGINNING at a point on the easterly side of Riverside Drive West, distant 374 feet 11-7/8 inches southerly from the corner formed by the intersection of the said easterly side of Riverside Drive West with the southerly side of West 158th Street;

RUNNING THENCE easterly on a line forming an angle on its southerly side with the said easterly side of Riverside Drive West of 73 degrees 39 minutes 8 seconds, 146 feet 1-3/8 inches;

THENCE southerly at a right angle with the last mentioned course, 129 feet 10 inches;

THENCE westerly again at right angles with the last mentioned course, 108 feet 3/8 of an inch to the said easterly side of Riverside Drive West;

THENCE northerly along the said easterly side of Riverside Drive West, 135 feet 3-5/8 inches to the point or place of BEGINNING.

## EXHIBIT B

## EXHIBIT B TO THE CONDOMINIUM DECLARATION

## TO BE COMPLETED PRIOR TO RECORDATION OF CONDOMINIUM DECLARATION

| The John James Condominium | | | | | | |
|---|---|---|---|---|---|---|
| **Residential Unit Designation** | **Tax Lot Number** | **Number of Bedrooms/ Bathrooms** | **Approximate Location (Building Facade)** | **Approximate Square Footage** | **Residential Limited Common Elements to which Residential Unit has Immediate Access** | **Percentage of Interest in the Common Elements** |
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| **TOTAL** | | | | | | |

# EXHIBIT C

## DEFINITIONS

For convenience of presentation, definitions of certain of the terms used in the Declaration are set forth below:

"Appurtenant Interest" refers to: (i) the undivided interest in the Common Elements and Residential Common Elements of a Residential Unit, (ii) the interest of such Residential Unit Owner in any other Residential Unit acquired by the Board or its designee, on behalf of all Residential Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Residential Unit Owner in any other assets of the Condominium, pursuant to the provisions of Section 339-x of the Condominium Act.

"Board" refers to the board of managers of the Condominium.

"Buildings" (each a "Building") refers to the structures and improvements including cellar, sub-cellar and above grade segments, known as 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032 in which the Units are located.

"By-Laws" refers to the By-Laws governing the operations of the Condominium, which are set forth as Exhibit D to the Declaration, as same may be amended from time to time.

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

"Common Charges" refers to assessments payable to the Condominium by the Unit Owners for the purpose of meeting the cost of Common Expenses, as more particularly described thereto in Section 6.1.1 of the By-Laws.

"Common Elements" refers to the Land and all parts of the Buildings, including their foundations, roof and supports, other than the Units, Residential Common Elements and the Residential Limited Common Elements, if any, as more particularly described in Article 8 of the Declaration.

"Common Expenses" refers to costs and expenses incurred or projected and attributable to the operation and maintenance of the Common Elements and Residential Common Elements and as otherwise provided in the Declaration and By-Laws.

"Common Interest" refers to the proportionate undivided interest in the Common Elements appurtenant to each Unit, expressed as a numerical percentage, determined in accordance with the Declaration. The Common Interest attributable to each Unit is set forth on Exhibit B annexed to this Declaration.

"Condominium" refers to The John James Condominium.

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

"Declarant" refers collectively to 775 Realty Co. LLC and 156-08 Realty Co. LLC, each a New York limited liability company, and their designees, successors and assigns and any affiliate of any members of Declarant, any officer or shareholder of a corporate member of Declarant, or any member of a limited liability company which is a member of Declarant or any party designated in writing as a designee. An affiliate shall be deemed to be a person or an entity who or which owns more than 50% of the legal and beneficial interest of Declarant or of any member, a person or an entity with respect to which either Declarant or any member owns more than 50% of the legal and beneficial interest, or an entity as to which more than 50% of its legal and beneficial interest is owned by a person or an entity which owns more than 50% of the legal and beneficial interest of Declarant or of any member thereof.

"Declaration" refers to the instrument creating the Condominium, as the same may be amended from time to time.

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

"Facade" or "Facades" refers to the exterior facades of the Buildings including, without limitation, the exterior walls, window sills, cornices, parapets, doors and entranceways, and all other components (excepting the roof, terraces, set backs) of the exterior surfaces of the Buildings.

"Facility" or "Facilities" refers to all equipment and facilities necessary for the operation of the Buildings or their systems and includes, but is not limited to, the following items (grouped more or less functionally) which are set forth only for purposes of illustrating the broad scope of that term: any system, equipment, apparatus, convertor, radiator, heater, heat exchanger, mechanism, device, machinery, motor, pump, control, tank or tank assembly, insulation, induction unit, condenser, compressor, fan, damper, blower, thermostat, thermometer, coil, vent, sensor, shut-off valve or other valve, gong, panel, receptacle, outlet, relay, alarm, sprinkler head, electric distribution facility, wiring, wireway, switch, switchboard, circuit breaker, transformer, fitting, siamese connection, hose, plumbing fixture, lighting fixture, other fixture, bulb, sign, telephone, meter, meter assembly, scaffolding, piping, line, duct, conduit, cable, riser, main shaft, pit, flue, lock or other hardware, rack, screen, strainer, floor covering, drapery, shade or other window covering, wallpaper or other wall covering, tree, shrubbery, flower or other planting and horticulture tub or box.

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

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

"Garage Unit (s)" refers to the Garage Units designated in the Declaration and the Floor Plans.

"Garage Unit Owner(s)" refer to the owner or owners of one or more of the Garage Units.

"Garage Unit Owner Change" refers to the right of the Garage Unit Owners, without the consent or approval of the Condominium Board, the Residential Unit Owners or the Mortgage Representatives, if any, to: (a) make alterations, additions, improvements or repairs, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon a Garage Unit; (b) change the use or layout of, or number of spaces or rooms in a Garage Unit; (c) amend the Certificate of Occupancy for either Building as it relates to the Garage Unit; (d) change the size of a Garage Unit by (w) subdividing a Garage Unit into 2 or more separate Garage Units, (x) combining two (2) or more separate Garage Units resulting from such subdivision into 1 or more Garage Units, (y) altering the boundary walls of 2 or more separate Garage Units resulting from such subdivision or combination, or (z) otherwise; and (e) if appropriate, reapportion the Common Interest among the Garage Units affected by such change in size or number.

"HVAC" refers to heating, ventilating and air conditioning servicing the Residential Units.

"Initial Control Period" refers to the period ending the earlier of (i) the closing of title with Purchasers under this Plan to Residential Units having at least 50% of the Common Interests of all Units or (ii) 5 years after the First Closing.

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

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

"Licensee" refers to a Person that has entered into a Storage Locker License.

"Lobby Level" refers to the on grade lobby levels at the Buildings.

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

"Material Garage Unit Owner Change" refers to any Garage Unit Owner Change which (i) affects the exterior of a Garage Unit in any material manner or (ii) affects the structural

elements of a Garage Unit in any material manner, such that in either (i) or (ii) it affects the structure of either Building.

"Members of the Board" or "Board Members" refers to the members of the Board elected by the Residential Unit Owners or designated or nominated and elected by Declarant and the members of the Board elected or by the Garage Unit Owners.

"Non-Purchasing Tenant" has the meaning set forth in Section 352-eeee of the New York State General Business Law.

"Permitted Mortgage" refers to a mortgage permitted to be placed upon a Residential Unit or Residential Units pursuant to the provisions of the By-Laws, as same may be refinanced.

"Permitted Mortgagee" refers to the holder of any Permitted Mortgage and shall include, without limitation, such banks and financial institutions as constitute the holders of the mortgages given by Declarant to acquire or improve the Property.

"Plan" refers to the offering plan for the establishment of condominium ownership, as filed with the Department of Law, as the same may be amended from time to time.

"Property" refers collectively to the Land, the Buildings and the appurtenances thereto.

"Rent Laws" refers to (i) the New York City Rent Stabilization Law and the Code adopted pursuant thereto, (ii) the New York City Rent and Rehabilitation Law, (iii) the Rent and Eviction Regulations of the New York City Housing and Development Administration (rent control), (iv) New York State General Business Law, Section 352-eeee, (v) the Rent Regulation Reform Act of 1993 and 1997, (vi) the Emergency Tenant Protection Act of 1974 and (vii) any codes, rules and regulations promulgated thereunder and any administrative and/or judicial determinations and/or interpretations thereof to the extent that any or all of the same shall apply to the Property, as the same may be amended from time to time.

"Required Documentation" refers to such applications, permits, certifications, affidavits, forms, agreements, acknowledgments or other documents as may be required to enable the Declarant to exercise its rights or obligations under the Plan or the Declaration and the By-Laws, including, without limitation, Declarant's rights to undertake, perform and complete work to the Unsold Residential Units.

"Residential Common Elements" refers to those portions of the Buildings as well as the Facilities therein, existing for the exclusive common use of the Residential Units or the Residential Unit Owners.

"Residential Common Expenses" refers to all costs and expenses incurred by the Residential Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Residential Common Elements; or (ii) the establishment and/or maintenance of an operating reserve fund for working capital and for replacements with respect to the Residential Common Elements.

"Residential Limited Common Elements" refers to those portions of the Buildings, if any, to which a particular Residential Unit Owner has exclusive access and use.

"Residential Members of the Board" or "Residential Board Members" refers to the members of the Board elected by the Residential Unit Owners or designated or nominated and elected by Declarant or its designee.

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

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

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

"Sign" refers to 1 or more signs, awnings, marquees, canopies, banners, flags, pennants, aerials, antennas and/or the like within the Property and/or on the Property for the purposes of advertising (i) the sale or lease of any Unsold Residential Unit or Garage Unit and (ii) the operation of any business of Declarant, a tenant, occupant, managing agent or operator of all or any portion of any Unsold Residential Unit and/or the Garage Units.

"Storage Locker" refers to any storage locker located in the Storage Space.

"Storage Locker License" or "Storage Locker License Agreement" refers to an agreement entitling the Licensee to use a Storage Locker.

"Storage Space" refers to an area located in the cellar of each Buildings containing Storage Lockers. The Storage Space is a Residential Common Element.

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

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

"Unsold Residential Unit" refers to any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Declarant or its designee or its transferee, a Residential Unit that is acquired, individually or collectively, by a principal of Declarant or a group of which Declarant or 1 or more of the principals of any of them, is a member; or a Residential Unit that is acquired by the holder of a Permitted Mortgage made by Declarant or the designee of a holder of such a Permitted Mortgage; or any Residential Unit for which there is a signed agreement with Declarant, but for which a closing has not yet occurred.

# EXHIBIT D

# TO THE DECLARATION OF CONDOMINIUM

# BY-LAWS

# OF

# THE JOHN JAMES CONDOMINIUM
# 775 RIVERSIDE DRIVE AND
# 156-08 RIVERSIDE DRIVE WEST
# NEW YORK, NEW YORK 10032

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SCHEDULE A – RESIDENTIAL RULES AND REGULATIONS

# 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 John James Condominium (the "Condominium"). The Condominium covers the property (the "Property") consisting of (i) 775 Riverside Drive, New York, New York 10032, a rectangular lot of 129.92 feet long along Riverside Drive and 127.08 feet deep and (ii) 156-08 Riverside Drive West, New York, New York 10032, an irregular trapezoidal lot 135.39 feet along Riverside Drive West, 146.11 feet along the north property line, 129.92 feet along the east property line and 108.03 along the south property line (together, the "Land") which forms a part of Block 2134 of Section 25 on the Tax Map of the Borough, County, City and State of New York, the buildings and other improvements now or hereafter to be constructed thereon or therein, as the case may be (each, a "Building" and collectively, the "Buildings"), including, without limitation, the Garage Units, the Residential Units, Common Elements, Residential Common Elements and Residential Limited Common Elements, all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, all of which have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the recording of a Declaration (as the same may be amended from time to time, the "Declaration") in the New York County Office of the Register of the City of New York (the "City Register's Office"), together with these By-Laws. All terms used herein which are not separately defined herein, shall have the meanings given to those terms in the Declaration or in Exhibit C thereto.

**1.2 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 the Residential Rules and Regulations, as applicable. The acceptance of a deed of conveyance to, 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.

**1.3 Principal Office of Condominium.** The principal office of the Condominium shall be located within the Property or at such other place reasonably convenient thereto, as may be designated from time to time by the Board.

## ARTICLE 2.

## BOARD OF MANAGERS

**2.1 Number, Term and Qualification.**

2.1.1 As more particularly set forth in Section 2.2 hereof, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Board"). From and after the first annual meeting of Unit Owners as provided in Section 3.1 hereof, the Board shall consist of 7 persons; 5 persons elected by the Residential Unit Owners ("Residential Board Members") and 2 persons designated by the Garage Unit Owners ("Garage Board Members"), subject to Declarant's rights under Subsection 3.9.3 hereof. Notwithstanding the foregoing, the Board shall govern the affairs of the Condominium which affect both the Residential Unit Owners and the Garage Unit Owners; the affairs of the Condominium which only affect the Residential Unit Owners shall be governed by the Residential Board Members only and the affairs of the Condominium which only affect the Garage Unit Owners shall be governed by the Garage Board Members only. Notwithstanding anything to the contrary set forth above, no Residential Unit Owner may be elected to serve on the Board if the Board has perfected a lien against such Unit Owner's Unit, which lien has not been satisfied at the time of the election.

2.1.2 Each Residential Member of the Board, except for the first Board as provided in Section 2.4 hereof and except as otherwise provided herein, shall be elected at the annual meeting of Residential Unit Owners and shall serve until the next annual meeting thereof and until successors have been elected and qualified.

2.1.3 There shall be no limit on the number of successive terms a Board member may serve.

2.1.4 Except for Board members nominated and elected or designated by Declarant or its designee or the Garage Unit Owners, (a) all members of the Board 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 which own Residential Units, Permitted Mortgagees (as hereinafter defined), or family members of any of the foregoing. Other than Board members nominated and elected or designated by Declarant or its designee or the Garage Unit Owners, no Board member shall continue to serve after such member ceases to be qualified as set forth above. As used herein the term "Permitted Mortgagee" means the holder of any mortgage (a "Permitted Mortgage") of a Unit which is permitted to be placed thereon pursuant to these By-Laws.

**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.

2.2.2 Subject to the provisions of Subsection 2.2.1 hereof and without limiting the generality thereof, the Board shall have all powers and duties expressly set forth elsewhere in the Declaration and these By-Laws and shall be entitled to make such determinations and take such actions and incur such liabilities as may be required to effectuate the Board's obligations under the Declaration and these By-Laws.

2.2.2.1 The Board shall be entitled to make determinations with respect to the following matters:

(a) Operating, caring, maintaining, repairing and replacing the Common Elements, Residential Common Elements and Residential Limited Common Elements.

(b) Determining the amount of Common Charges (as hereinafter defined).

(c) Employing and dismissing personnel in connection with the maintenance and operation of the Common Elements, Residential Common Elements and Residential Limited Common Elements.

(d) Adopting and amending the Residential Rules and Regulations.

(e) Making additions and improvements to, or alterations of, the Common Elements, Residential Common Elements or Residential Limited Common Elements.

(f) Making repairs and restorations of the Common Elements, Residential Common Elements or Residential Limited Common Elements or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings.

(g) Enforcing obligations of Unit Owners.

(h) Levying fines against Residential Unit Owners for violations of the Residential Rules and Regulations as they pertain to the Residential Units, Common Elements, Residential Common Elements or Residential Limited Common Elements (any such fines shall constitute Common Charges payable by the Residential Unit Owner against which they are levied).

(i) Opening and maintaining bank accounts on behalf of the Condominium (with respect to matters within its jurisdiction as provided in these By-Laws) and designating signatories therefor.

(j) Adjusting and settling insurance claims (and executing and delivering releases in connection therewith) as set forth in Section 6.2 hereof.

(k) Borrowing money on behalf of the Condominium, when required in connection with the operation and maintenance of the Common Elements, Residential Common Elements or Residential Limited 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 $200,000 in any 1 fiscal year (regardless of the balance of any loans outstanding from previous years), (ii) the consent of the Declarant or its designee shall be required for any borrowing made while Declarant or its designee owns

Unsold Residential Units to which are appurtenant 10% or more of the Common Interests, and (iii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements, Residential Common Elements or Residential Limited Common Elements without consent of the owner of such Unit. If any sum borrowed by the Board pursuant to the authority contained in this subparagraph (k) is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as such Unit Owner's interest in the Common Elements and Residential Common Elements bears to the interest of all the Unit Owners in the Common Elements and Residential Common Elements, shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor has filed or has the right to file against such Unit Owner's Unit.

(l) Organizing entities to act as designees of the Board with respect to such matters as the Board may determine.

(m) Executing, acknowledging and delivering (i) any declaration or other instrument affecting the Property which the Board deems necessary or appropriate to comply with any Law 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 or maintenance of the Condominium or (ii) any consent, covenant, restriction, easement or declaration affecting the Property or any part thereof which the Board deems necessary or appropriate.

(n) 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 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.

(o) Obtaining and reviewing insurance for the Property, pursuant to the provisions of Section 6.2 hereof.

(p) Leasing or purchasing an apartment for use as the residence of the Resident Manager, in addition to the Resident Manger's Apartment, either in the Buildings or elsewhere (in compliance with applicable Law), and amending, modifying, extending, renewing and otherwise dealing in any way with respect to any such apartment.

(q) Licensing or leasing the Common Elements or Residential Common Elements (other than Storage Lockers licensed or to be licensed by Sponsor).

(r) Purchasing, leasing and otherwise acquiring in the name of the Board or its designee, on behalf of all Residential Unit Owners, any Residential Units offered for sale or lease or surrendered by their owners to the Board.

(s) Purchasing Residential Units at foreclosure or other similar sales, in the name of the Board or its designee, on behalf of all Residential Unit Owners.

(t) Selling, leasing, subleasing, mortgaging and otherwise dealing with (but not voting the interests appurtenant to) Residential Units acquired by, and subleasing Residential Units leased by, the Board or its designee, on behalf of all Residential Unit Owners.

(u) Executing, acknowledging and delivering any documents or other instruments necessary to commence, pursue, compromise or settle certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units for the benefit and on behalf of (i) all Residential Unit Owners, or (ii) for individual Residential Unit Owners, provided that each such Residential Unit Owner indemnifies the Board in writing from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

(v) Purchasing or leasing space, in the name of the Board, for the storage of personal property of Residential Unit Owners (other than the Storage Lockers), and in connection therewith the promulgation of conditions, rules and regulations for the operation and supervision thereof.

(w) Imposition of move-in fees and charges, and transfer fees in connection with the sale or lease of a Residential Unit; provided that no such fees or charges or any other conditions of transfer or lease may be imposed upon the Declarant and/or its designee(s).

(x) Reviewing and approving requests for alterations, additions, improvements, renovations and repairs by Residential Unit Owners to their respective Residential Units and Residential Limited Common Elements, and the Common Elements and Residential Common Elements and establishing rules and procedures with respect to such alterations, additions, improvements, renovations and repairs, excluding the Residential Units of the Declarant.

(y) To approve the amount and the means and methods of payment of, and collection of, the Common Charges and Special Assessments and any special fees and assessments from Licensees pursuant to the Storage Locker License.

(z) To acquire in the name of the Board or its designee, corporate or otherwise, and on behalf of all Unit Owners, Storage Locker Licenses terminated or surrendered by the Licensee to the Condominium.

2.2.3 Any act with respect to a matter determinable by the 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.

2.2.4 Notwithstanding anything to the contrary contained in these By-Laws, so long as Declarant and/or its designee continues to own at least 25% in aggregate Common Interests in Residential Units, but in no event later than 5 years from the First Closing of a sale made under the Offering Plan, the Board may not, without Declarant's and/or such designee's prior written approval: (i) make any addition, alteration or improvement to the Common Elements, Residential Common Elements, Residential Limited Common Elements or to any Residential Unit; (ii) increase or decrease the number or change the kind of employees initially hired for the Condominium; (iii) enter into any service or maintenance contract for work not covered in the initial projected budget for the Condominium or otherwise provide services in excess of those contemplated by such projected budget, except as is required to reflect normal annual increases in operating services; (iv) borrow money on behalf of the Condominium; (v) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund; or (vi) exercise a right of first refusal to lease or purchase a Residential Unit, provided that Declarant's and/or its designee's written consent is not necessary to perform any function or take any action described in items (i) through (vi) above if and only if the performance of such function or the carrying out of such an action is necessary and no other alternative is available to enable the Board to comply with Laws of any governmental authority having jurisdiction over the Condominium.

2.2.5 Notwithstanding anything to the contrary contained in these By-Laws, so long as Declarant or its designee shall continue to own at least 1 Unsold Residential Unit, the Board may not, without the consent of the Declarant or its designee, (i) reduce or eliminate any services provided to Non-Purchasing Tenants under the Rent Laws or their tenancies or as otherwise may be required by Law, in hasing Tenants, (ii) separately assess a Residential Unit Owner for fees for such services (unless such services are separately assessed at the time of the filing of this Declaration) or (iii) to the extent that services to Non-Purchasing Tenants are currently individually assessed for the provision of additional services, assess Residential Unit Owners for an amount greater than can be charged by the owner of the Residential Unit to the Non-Purchasing Tenants under the Rent Laws.

**2.3 Managing Agent and Manager**. The Board may employ a managing agent and/or a manager 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 or manager other powers granted to the Board by these By-Laws, except the powers set forth in Subsections 2.2.2.1(b), (d), (k), (1), (m), (n), (p), (s), (t) and (v) hereof. Notwithstanding anything to the contrary set forth above, all Residential Units occupied by Non-Purchasing Tenants will be managed by the same managing agent who manages all other Residential Units in the Buildings. Such managing agent will provide to Non-Purchasing Tenants all services and facilities required by Law on a non-discriminatory basis.

**2.4 First Board**. The Board shall initially consist of the 4 persons designated by Declarant to comprise the Board. The Board members shall be deemed to have been "elected" as members of the Board for the purposes of these By-Laws. Within 1 year after the date of the First Residential Unit Closing, the Board will call for the 1st annual meeting of Residential Unit Owners for the purpose of electing a new Board in accordance with the provisions of Section 3.1 hereof and subject to the rights of the Garage Unit Owners to designate 2 persons and the rights of the Declarant to designate (or nominate and elect) certain members of the Board as more

particularly described in Subsection 3.9.3 hereof, unless more than 50% of the Residential Units are sold, in which case the 1st annual meeting of Unit Owners will be called within 30 days after the sale of 50% of the Residential Units. The terms of each member of the Board shall expire annually.

**2.5 Resignation and Removal.** A Board member may resign at any time by written notice delivered by and/or sent by certified mail, return receipt requested, to the 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. Subject to the provisions of Subsection 3.9.3 hereof, a Board member elected by the Residential Unit Owners 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 Residential Unit Owners at which a quorum is present. The Residential Board Member whose removal has been proposed shall be given an opportunity to be heard at the meeting. Notwithstanding the above, Board members designated (or nominated and elected) by Declarant or its designee may only be removed by members other than Declarant or its designees with cause and shall be replaced as described in Section 2.6 hereof. In addition, any member of the Board who is designated (or nominated and elected) as such by Declarant or its designee may be removed by such designating or nominating and electing party at any time, with or without cause, and the party making such removal shall have the right to designate the replacement for such member. Any member of the Board who is designated as such by a Garage Unit Owner or its designee may be removed by such designating party at any time, with or without cause, and the party making such removal shall have the right to designate the replacement for such member.

**2.6 Vacancies.** Subject to the provisions of Subsection 3.9.3 hereof, any vacancy on the Board by a Residential Board Member, for whatever reason, shall be filled by the members of the 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 Residential 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 created by the resignation, removal or any other cause which results in a Board Member (i) designated (or nominated and elected) by Declarant or its designee ceasing to be a member of the Board, Declarant or its designee, as the case may be, shall have the sole right to designate (or nominate and elect) a replacement for such member or (ii) designated by a Garage Unit Owner or its designee ceasing to be a member of the Board, a Garage Unit Owner or its designee, as the case may be, shall have the sole right to designate a replacement for such member.

**2.7 Organizational Meeting of the Board.** The 1st meeting of the Board following each annual meeting of the Residential Unit Owners shall be held immediately following each such annual meeting.

**2.8 Regular Meetings of Board.** Regular meetings of the Board may be held at such time and place in the Borough of Manhattan or the office of the Managing Agent as shall be determined from time to time by a majority of the members thereof. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, facsimile or e-mail, at least 5

business days prior to the day named for such meeting. The notice shall specifically state if any matters to be discussed or determined will affect the Garage Unit Owners.

**2.9 Special Meetings of Board.** Special meetings of the Board may be called by the President or Vice President of the Board by giving 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. Special meetings of the Board shall be called in like manner and on like notice on the written request of at least 2 members of the Board. The notice shall specifically state if any matters to be discussed or determined will affect the Garage Unit Owners.

**2.10 Waiver of Notice.** Board members may at any time waive, in writing, notice of the Board meeting 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.

**2.11 Determinations by Board; Quorum.**

2.11.1 Except as otherwise set forth in Section 2.6 and Subsection 2.11.3 hereof, all determinations by the Board shall be made at a meeting of the Board at which a quorum thereof is present. At the Board meeting, a majority of the members thereof shall constitute a quorum, and the votes of a majority of such members present shall constitute the decision of the Board.

2.11.1.1 The vote of a majority of the members attending a duly constituted meeting of the Board at which a quorum is present shall decide all matters on behalf of the Board relating solely to the Common Elements, the Common Expenses, or all or a portion of both the Residential Units and the Garage Units.

2.11.1.2 The vote of a majority of those Residential Members attending a duly constituted meeting of the Board at which a quorum is present shall decide all matters on behalf of the Board relating solely to the Residential Common Expenses, the Residential Common Elements, the Residential Limited Common Elements or all or a portion of the Residential Units. The Garage Board Members shall decide all matters on behalf of the Board relating solely to the Garage Units.

2.11.2 If there is less than a quorum present at the Board meeting, 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.

2.11.3 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.

**2.12 Compensation.** No member of the Board shall receive any compensation for acting as such.

**2.13 Liability of Board and Unit Owners.**

2.13.1 To the extent permitted by applicable Law, no member of the Board shall have any personal liability with respect to any contract, act or omission of the Board or of the managing agent or manager 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 the managing agent or manager thereof may state that it is made by the Board, managing agent or manager only as agent for all Unit Owners or all Residential Unit Owners, as the case may be, that the Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Unit Owners) and may 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, unless expressly stated to the contrary in such contract (as determined by the Board in its sole and absolute discretion), to the extent permitted by applicable Law, shall be limited to such Unit Owner's interest in such Unit Owner's Unit and such Unit Owner's appurtenant Common Interest so that such Unit Owner shall have no personal liability for such contract, act or omission; provided, however, that the Garage Unit Owners shall have no liability with respect to any such contract, act or omission. Nothing in the preceding sentence shall limit a Unit Owner's liability for the payment of Common Charges. 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 the Board members against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Board may contract or effect any transaction with a Board member, any Unit Owner, Declarant, Declarant's designee or any affiliate of any of them without, except in cases of bad faith or willful misconduct, incurring any liability for self-dealing.

2.13.2 No Board member 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, except when any such failure or interruption is caused by the acts of bad faith or willful misconduct of the Board or any member thereof; or (ii) any injury, loss or damage to any individual or property, occurring in or about either a Unit, any Common Element or any Residential Common Element.

**2.14 Fidelity Bonds.** The Board shall 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 or manager, if any, employed by it and the premiums on such bonds shall constitute a Common Expense.

**2.15 Committees.** The 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 shall be required to consist of at least 1 member of the Board. For so long as Declarant or its designee is entitled to designate (or has nominated and elected) 1 or more members to the Board, any committee appointed by the Board shall have at least 1 of its members appointed by Declarant or its designee.

**2.16 Principal Offices of Board.** The principal offices of the Board shall be located within the Property or at such other place reasonably convenient thereto as may be designated from time to time by the Board.

**2.17 Status of 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 2.18 hereof, the provisions of this Section 2.17 shall no longer be applicable to the Board.

**2.18 Incorporation of Board.** To the extent and in the manner provided in the Condominium Act, the 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 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 the Board 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.

**2.19 Board as Agent of Unit Owners.** In exercising their powers and performing their duties under the Declaration and these By-Laws, the 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.

## ARTICLE 3.

## UNIT OWNERS

**3.1 Annual Meetings.** The 1st annual meeting of Unit Owners shall be held on a date which is no later than 1 year after the First Residential Unit Closing. Such meeting shall be held on not less than 10 days' nor more than 40 days' written notice. At such meeting, the incumbent Board shall resign and the Residential Unit Owners shall elect (in accordance with the provisions otherwise provided in these By-Laws) 5 members of the Board. Thereafter, annual meetings of Unit Owners shall be held within approximately 30 days of each anniversary of the 1st annual

meeting. At such meetings, the Residential 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, as may be designated by the Board.

**3.3 Special Meetings**. The President of the Board shall call a special meeting of the Unit Owners upon a petition signed and presented to the Secretary of the Board by not less than 25% in Common Interest of Unit Owners (excluding the Common Interest appurtenant to the Garage Units).

**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, regular mail or recognized overnight courier, at least 10 but no more than 40 days prior to the date named for the meeting and shall be given or sent to the Unit Owners of record as of the date of the notice, at their address at the Property or at such other address 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 fixed for such meeting, and such notice shall be accompanied by a copy of the text of such proposed amendment. Only Unit Owners of record as of the date of a notice are entitled to vote at the meeting for which said notice is sent. The notice shall specifically state if any matters to be discussed or determined will affect the Garage Unit Owners, including without limitation, any matters pertaining to the Common Elements.

**3.5 Adjournment of Meetings**. If any meeting of Unit Owners cannot be held because a quorum is not present, a majority of Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

**3.6 Order of Business**. The order of business at all meetings of Unit Owners shall be as follows:

(a) Call to order;

(b) Roll call;

(c) Proof of notice of meeting;

(d) Reading of minutes of preceding meeting;

(e) Reports of officers;

(f) Reports of members of the Board;

(g) Reports of committees;

(h) Election of inspectors of election (when so required);

(i) Election of members of the Board (when so required);

(j) Unfinished business;

(k) New business; and

(l) Adjournment.

**3.7 Title to Units.** Title to Units may be taken by individual, corporation, partnership, association, trust or other entity, or any 2 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 of the Board 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 6 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 Residential Unit owned in a fiduciary capacity. The Board shall not be entitled to vote the interest appurtenant to any Residential Unit owned by the Board and the Common Interest of such Residential Unit shall be excluded from the total Common Interests when computing the interests of Unit Owners for voting purposes.

3.8.2 Except as otherwise set forth herein or in the Declaration, in all elections for the Residential Members of the Board, each Residential Unit Owner (or such Residential Unit Owner's proxy) entitled to vote (including Declarant with respect to Residential Units owned by Declarant or its designee) shall be entitled to cast the total of votes equal to: (i) one vote for each .0001% (rounded off to the nearest .001%) of Common Interest attributable to such Residential Unit Owner's Residential Unit, (ii) multiplied by the number of members to be elected to the Board; and to cast the votes represented by the product obtained by multiplying (i) by (ii) for a single member or distribute them among the number of members to be voted for, or any 2 or more of them, as he may see fit.

3.8.3 Notwithstanding anything to the contrary set forth above, Unit Owners may vote to amend the Declaration and these By-Laws pursuant to Article 19 of the Declaration and Article 12 hereof, without a meeting, provided that such Unit Owners receive no less than 30 days notification of such proposed amendment from the Board, together with a copy of the text of such proposed amendment and a proxy with respect to such vote.

**3.9 Election of Board Members; Rights of Declarant.**

3.9.1 All elections of Residential Board Members shall be determined by plurality vote.

3.9.2 When voting for Residential 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 Interest owned by such Unit Owner, and in addition, the name of the proxy if such ballot is cast by a proxy.

3.9.3 Notwithstanding any other provision of this Section 3.9 or any other provision of these By-Laws to the contrary, commencing with the 1st annual meeting of Unit Owners, Declarant and/or its designee shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it until Declarant and/or its designee has closed title to all of the Unsold Residential Units owned by it. Declarant and/or its designee shall have the right to nominate and elect a majority of the Residential Board Members until the earlier to occur of (i) 5 years from the date of the First Residential Unit Closing or (ii) that date upon which the Unsold Residential Units constitute less than 50% of the Common Interests of the Condominium (the "Initial Control Period"). After the Initial Control Period, Declarant and/or its designee shall have the right to designate 2 Residential Board Members for so long as Common Interests attributable to unsold Residential Units equal, in the aggregate, more than 15% of the Common Interests of all Residential Units; and for so long as Declarant and/or its designee owns at least 1 Unsold Residential Unit, Declarant and/or its designee shall have the right to designate at least 1 Residential Board Member. In addition to Declarant designating the aforesaid Residential Board Members, the Declarant and/or its designee may cast its votes for individuals nominated to the Board who are not nominated or designated by Declarant and/or its designee, which individuals, if elected, shall not be deemed Declarant's and/or its designee's nominees or designees and shall not be deemed to cause Declarant and/or its designee to control the Board. For so long as Declarant and/or its designee is entitled to designate at least 1 Residential Board Member, the number of members of the Board may not be increased without the consent of Declarant and/or its designee. Any vacancy created by removal of a Residential Board Member designated (or nominated and elected) by Declarant and/or its designee, or by any other cause which results in a Residential Board Member designated (or nominated and elected) by Declarant and/or its designee ceasing to be a member of the Board, shall be filled by a person designated by Declarant and/or its designee. Within 30 days after the Initial Control Period, the members of the Board which were designated (or nominated and elected) by Declarant and/or its designee, to the extent such member(s) cause Declarant and/or its designee to have a majority of the Residential Board Members, shall resign and the Board shall call a meeting of Residential Unit Owners, to be held within such 30-day period, to elect a new Residential Board Member(s).

**3.10 Majority of Unit Owners.** Except as may otherwise be provided by Law, as used in these By-Laws, the term "Majority of Unit Owners" means those Unit Owner, having more than 50% of the total votes cast (in person or by proxy) at any meeting at which a quorum is present of Unit Owners determined in accordance with the provisions of Section 3.8 hereof.

**3.11 Quorum**. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning more than 50% of the Common Interests attributable to the Units shall constitute a quorum at all meetings of Unit Owners. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Residential Unit Owners owning Residential Units to which 50% or more of the aggregate Residential Common Interests appertain shall constitute a quorum at all meetings of the Residential Unit Owners.

**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. Except as otherwise provided by Law, the Declaration or these By-Laws, at all meetings of Residential Unit Owners the affirmative vote of a Majority of Residential Unit Owners shall be binding upon all Residential Unit Owners for all purposes.

## ARTICLE 4.

## OFFICERS

**4.1 Designation**. The principal officers of the Condominium shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The members of the Board may appoint an Assistant Treasurer, Assistant Secretary and such other officers as in their judgment may be desirable. None of the officers of the Board need be Residential Unit Owners or have any interest therein or be Board members until the 1st organizational meeting of the Board after the 1st annual meeting of Unit Owners. Thereafter, all officers of the Board must be Unit Owners (or fiduciaries) unless such officer is a member of the Board designated (or nominated and elected) by Declarant or its designee or the Garage Unit Owners.

**4.2 Election of Officers**. The officers of the Board shall be elected annually by the members of the Board at the organizational meeting thereof and shall hold office at the pleasure of the Board until their successors are elected.

**4.3 Resignation and Removal of Officers**. Any officer may resign at any time by written notice personally delivered or sent by registered or certified mail, return receipt requested, to the office of the 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. Upon the affirmative vote of a majority of the members of the Board, any officer (other than an officer designated (or nominated or elected) by Declarant or its designee or designated by the Garage Unit Owners or their designees) may be removed for cause. A successor officer may be elected at any regular Board meeting or at any special Board meeting called for such purpose.

**4.4 President**. The President of the Condominium shall be the chief executive officer of the Condominium and shall preside at all meetings of Unit Owners and at all meetings of the Board. The President shall have all of the general powers and duties which are incident to the office of president of a stock 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 President**. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Board shall appoint some member of the Board to act in the place of the 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 Board or by the President.

**4.6 Secretary**. The Secretary of the Condominium shall keep the minutes of all meetings of Unit Owners and of the Board. The Secretary shall have charge of such books and papers as the Board requires and shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

**4.7 Treasurer**. 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 stock 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 thereof or by such other person or persons as may be designated by the Board. However, any expenditure by the Board in excess of $10,000.00 must be countersigned by 2 members of the Board. If for any reason whatsoever 1 member refuses to countersign such an expenditure which has been authorized, the Board shall designate and authorize another Board member to countersign the expenditure.

**4.9 Compensation of Officers**. No officer of the Condominium 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, return receipt requested, 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 the Unit Owners and to all Permitted Mortgagees, as the case may be, and if there is a managing agent of the Board, a duplicate of any notice to the Board shall be sent in like manner to such managing agent. All notices to any Unit Owner shall, except as otherwise provided herein, be personally delivered or sent by registered or certified mail, return receipt

requested, 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 Board or the managing agent. All notices to Permitted Mortgagees shall be personally delivered or sent by registered or certified mail, return receipt requested, to their respective addresses, as designated by them from time to time, in writing to the Board or the managing agent. All notices shall be deemed to have been given when personally delivered or mailed in 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 costs and expenses attributable to the operation and maintenance of the Common Elements and the Residential Common Elements (collectively, "Common Expenses") shall be determined by the Board as set forth below. Common Expenses shall also include such amounts as the 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 or Residential Common Elements. The Board shall from time to time and at least annually prepare a budget to meet Common Expenses and shall allocate and assess to the Unit Owners charges to meet Common Expenses ("Common Charges") pro rata in accordance with the aggregate respective Common Interests of the Unit Owners as set forth in the Declaration, except as otherwise provided in the Declaration or these By-Laws or to the extent a different method of allocation is described in Schedule B - Projected Budget for First Year of Condominium Operation, set forth in the Offering Plan. Such budget shall include such amounts for reserves as the Board deems appropriate. Common Charges shall also be deemed to include any special assessment imposed by the Board on Unit Owners. In addition to basing charges on Common Interests, the Board may also make allocations and assessments 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 applicable provisions of Law; provided, however, that the foregoing shall be subject to the provisions of Subsection 6.1.5 hereof. All Special Assessments relative to the Residential Limited Common Elements shall be levied against all of the Unit Owners having an interest in such Residential Limited Common Elements in proportion to their Common Interests, except with respect to any Special Assessments relative to the Storage Locker Licenses which shall be levied only against the Licensees of such areas in equal shares relative to the number of such Licensees in such affected areas.

6.1.2 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 or Residential Common Elements remaining after the deduction of any non-capital expenses paid or incurred in

connection therewith shall be collected by the Board as agent for and on behalf of the Unit Owners.

6.1.3 Common Expenses shall include real estate taxes on the Property until the Units are separately assessed.

6.1.4 Notwithstanding anything to the contrary herein, no part of the net earnings of the Condominium may inure (other than by acquiring, constructing or providing management, maintenance and care of association property, and other than by a rebate of excess membership dues, fees or assessments) to the benefit of any Unit Owner or individual.

6.1.5 The Garage Unit Owners shall not be required to pay, at any time during the existence of the Condominium, including during the First Year of Condominium Operation, any portion of any of the Common Expenses other than the portion expressly set forth in Schedule B - Projected Budget for the First Year of Condominium Operation, specifically, for repairs and maintenance, insurance, management fees and auditing fees. The Garage Unit Owners will be responsible for the upkeep of the Garage Units. All utilities servicing the Garage Units are separately metered to the Garage Units. The Garage Unit Owners will not be liable for any repairs and/or maintenance of the Common Elements or Residential Common Elements, except as previously stated.

**6.2 Insurance.**

6.2.1 The Board shall be required to obtain and maintain, to the extent obtainable, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements and increased cost of construction endorsements, insuring each entire Building, together with all service machinery contained therein and covering the interests of the Condominium and all Unit Owners and their Permitted Mortgagees, as their respective interests may appear, in an amount equal to an agreed upon replacement cost of each Building (exclusive of foundation and footings and, at the election of the Board in its sole and absolute discretion, terrorism insurance), said policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee which shall provide that the loss thereunder, if any, shall be payable to such Permitted Mortgagee as its interest may appear, subject however, to the loss payment provisions hereinafter set forth; (b) rent insurance in an amount equal to Common Charges for 1 year; (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; (f) water damage insurance to the extent, if any, determined by the Board; (g) elevator liability and collision insurance (if appropriate); (h) fidelity insurance covering the Board and all officers, directors, managing agents and employees of the Condominium; (i) directors and officers liability insurance; and (j) such other insurance as the Board may determine. The premiums for all insurance referred to above and for the liability insurance referred to below shall be a Common Expense.

6.2.2 All such policies shall provide that adjustment of loss shall be made exclusively by the 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 a New York City bank or trust company designated by the Board as Insurance Trustee (as hereinafter defined) pursuant to the provisions of Section 11.5 hereof.

6.2.3 The fire, casualty and general liability insurance policy will be on terms that provide: (1) that each Unit Owner is an additional insured party; (2) that there will be no cancellation without notice to the Board; (3) a waiver of subrogation; (4) a waiver of any defense based on co-insurance; (5) a waiver of invalidity because of the acts of the insured and Unit Owners; and (6) a waiver of pro-rata reduction if Unit Owners obtain additional coverage and shall provide that such policies may not lapse, be canceled or substantially modified without at least 10 days' prior written notice to all of the insured, including all Unit Owners and Permitted Mortgagees and any guarantor of a Permitted Mortgage who the Unit Owner making such mortgage, or the holder of any mortgage encumbering such Unit, shall have provided written notice to the Board. The Board and all Unit Owners hereby waive their subrogation rights.

6.2.4 The 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 (i) the Board, the managing agent or manager, (ii) each Board member and each officer and employee of the Condominium and (iii) each Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within such Unit Owner's own Unit or within the Residential Limited Common Elements, if any, appurtenant to such Unit Owner's Unit. The 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 1 insured against another.

6.2.5 Any insurance maintained by the Board may provide for such deductible amounts as the Board determines.

6.2.6 The Board is not required to obtain or maintain any insurance with respect to a Unit or any personal property contained in a Unit. A Residential Unit Owner shall, at the Residential Unit Owner's own cost and expense, obtain and keep in full force and effect (a) 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 Residential Unit or any Residential Limited Common Element appurtenant thereto or any part thereof, with minimum combined single limits of liability of $1,000,000 for bodily injury or death arising out of any 1 occurrence and $1,000,000 for damage to property plus at least $2,000,000 umbrella liability coverage and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon or from the Unit or any part thereof (including, but not limited to, appropriate coverage for additions, alterations improvements and betterments and loss due to water damage as well as personal property). The limits of liability and other requirements relative to each Residential Unit Owner's insurance coverage may be modified by the Board from time to time. All policies shall provide that they cannot be canceled without at least 30 days' prior notice to the Board. Upon 10 days' written notice from the Board or the managing agent, the Residential Unit Owner shall deliver to the Board a duplicate original of the aforesaid policies or certificates evidencing such insurance or such other confirmation satisfactory to the Board. To the extent any party is insured for loss or damage to property, such party will look to their own insurance policies for recovery. In the event a Residential Unit Owner fails to obtain the requisite insurance or deliver evidence of same to the Board, as required, the Board may, in

its sole and absolute discretion, (i) obtain such insurance on behalf of said defaulting Residential Unit Owner or (ii) impose such fines and penalties as the Board may determine in its sole discretion, including, without limitation, a per diem penalty for each day that the Residential Unit Owner does not provide evidence of coverage and in either event such sums shall, for all purposes, constitute Common Charges payable by such Residential Unit Owner.

6.2.7 The Garage Unit Owners shall carry their own property and liability insurance policy at their own cost and expense. The Garage Unit Owners shall:

(i) Maintain insurance on the Garage Units, including personal property, under an "All Risk" policy or its equivalent.

(ii) Provide and keep in force insurance against liability for bodily injury and death and property damage, all such insurance to be in such amounts as may from time to time be commercially reasonable. Such liability insurance shall be commercial general liability insurance, written on an occurrence basis with respect to the Garage Units and all operations related thereto, whether conducted on or off the Garage Units, and coverage shall include specifically the Garage Units, ramps and driveways. In any event:

(a) insurance against liability for injury and death shall be no less than $10,000,000 per occurrence, with a deductible of not more than $25,000;

(b) boiler and machinery insurance, if any, shall be in an amount not less than $100,000; and

(c) if the Garage Units are being used as parking garages, garage keeper's legal liability insurance coverage (including fire, theft, explosion) for not less than $10,000,000.

(iii) Keep in force Worker's Compensation insurance subject to statutory limits or better in respect of any work or other operations on or about the Garage Units.

(iv) Provide and keep in force such other insurance in such amounts as may from time to time be commercially reasonable against such other insurable hazards as at the time are commonly insured against in the case of premises similarly situated, due regard being given to the type of the improvements, its construction and its use and occupancy.

The Garage Unit Owners and the Board shall cooperate in connection with the collection of any insurance moneys that may be due to the Garage Unit Owners in the event of loss to a Garage Unit(s). It is understood and agreed that said policies may be blanket policies covering other locations operated by a Garage Unit Owner or a tenant of a Garage Unit Owner, its affiliates or subsidiaries, provided that (i) such blanket policies otherwise comply with the provisions of this Article 6, and provided further that such policies shall provide for a reserved amount thereunder with respect to the Garage Unit(s) (which amount shall not be less than the amounts required to be carried by the Garage Unit Owners hereunder) so as to assure that the

amount of insurance required by the provisions of this Article will be available notwithstanding any losses with respect to other property covered by such blanket policies.

All premiums on policies referred to in this Subsection 6.2.7 shall be paid by the Garage Unit Owners. The originals of such policies or certificates evidencing such policies, together with evidence of the payment of premiums thereon, shall be delivered to the Board upon receipt from the insurance company or companies (and such originals may be delivered by the Garage Unit Owners to the holder of a mortgage). New or renewal policies or certificates replacing any expiring policies shall be delivered to the Board at least 30 days before the date of expiration, together with proof that the full premiums have been paid.

All insurance policies required to be carried by the Garage Unit Owners hereunder and each certificate therefor issued by the insurer shall contain an agreement by the insurer that no cancellation, non-renewal or reduction in the coverages afforded under said policies will be effective until at least 30 days' prior written notice of such cancellation, non-renewal or reduction has been given to the Board.

The "All Risk" property insurance policy required to be maintained by each Garage Unit Owner shall include a waiver of the insurer's right of subrogation against the Condominium (and all named Mortgagees).

**6.3 Repair or Reconstruction after Fire or Other Casualty or Condemnation.**

6.3.1 In the event that either (i) the Buildings or any part thereof (other than the Units) is damaged or destroyed by fire or other casualty (a "Casualty Loss") or (ii) the Common Elements or Residential Common Elements or any part thereof is taken in condemnation or by eminent domain (a "Taking"), the net insurance proceeds payable under the insurance policies maintained by the Board pursuant to the terms of Section 6.2 hereof by reason of such Casualty Loss, or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Board, if the same shall be $1,000,000 or less in the aggregate, or to the Insurance Trustee, if the same shall exceed $1,000,000 in the aggregate. In either instance, all such monies actually received ("Trust Funds") shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 6.3. Notwithstanding anything to the contrary contained in this Section 6.3, no Unit Owner whose Unit, its appurtenant Residential Limited Common Elements, if any, or any portion thereof is taken in condemnation or by eminent domain (whether or not all or a part of the Common Elements or Residential Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he may have to pursue a separate claim against the condemning authority by reason thereof.

6.3.2 Except as otherwise provided in Subsection 6.3.3 hereof, the Board shall arrange for the prompt repair or restoration ("Work") of: (i) in the event of a Casualty Loss, the portion(s) of the Buildings affected by such Casualty Loss or (ii) in the event of a Taking, the portion(s) of the Common Elements or Residential Common Elements affected by such Taking. Damage or destruction to a Unit shall be promptly repaired and reconstructed by the Owner of the affected Unit(s). If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements or Residential Common Elements that service or

enclose Units and other Common Elements or Residential Common Elements, or any combination of the foregoing, the Work shall be performed to the extent practicable, first in or to the Units, next in or to the Common Elements or Residential Common Elements that service or enclose Units and then in or to the balance of the Common Elements or Residential Common Elements. If a Residential Unit Owner fails to repair or reconstruct such Residential Unit Owner's Unit, the Board may cause the Residential Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be charged to the defaulting Residential Unit Owner as a special assessment.

6.3.3 In the event that Work shall be performed pursuant to the terms of Subsections 6.3.1 and 6.3.2 hereof, the Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the net insurance proceeds are less than sufficient to cover, or exceed, the cost of repairs and restoration, the Unit Owners, in proportion to their respective Common Interests, will bear the entire amount of the deficit as a Common Expense, or shall receive all of the surplus, as the case may be. Any surplus payable to any Unit Owner pursuant to this Subsection 6.3.3 shall be lessened by such amounts as may be required to reduce unpaid liens (other than mortgages which are not Permitted Mortgages) on any such Unit in the order of priority of such liens.

6.3.4 If either 75% or more of the Buildings is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed unless 75% or more of all Unit Owners (including Declarant and/or its designee, if Declarant and/or its designee shall then own any Residential Units), shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of Subsections 6.3.1 and 6.3.2 hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and 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 resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interests, to the extent allocated to destroyed or damaged portions of the Common Elements, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to pay off unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. The Board agrees to provide a Permitted Mortgagee, and any guarantor of a Permitted Mortgage who the Unit Owner making such mortgage, or the holder of any mortgage encumbering such Unit, shall have provided written notice to the Board, prompt notice of any condemnation or casualty loss that affects either a material portion of the Buildings or the Unit securing its mortgage. Notwithstanding anything to the contrary herein set forth or in the Declaration, any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons shall require the written consent of the Permitted Mortgagees representing at least 51% of the common interests of the Residential Units which are subject to the Permitted Mortgages.

6.3.5 If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of Subsection 6.3.4 hereof, the Common Interest appurtenant to such Unit

shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Residential Limited Common Elements, if any, after such Taking bears to the total floor area of such Unit and its appurtenant Residential Limited Common Elements, if any, prior to such Taking. The Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interests and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Board and the owners of, together with the holders of record of all liens upon, all of the other or remaining Units.

6.3.6 As used in this Section 6.3, the terms:

(i) "Prompt repair or restoration" shall mean that the Work is to be commenced not more than the earlier of: (a) 60 days after the date upon which the Insurance Trustee notifies the Board that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Work, (b) 90 days after the date upon which the Insurance Trustee notifies the Board that it has received Trust Funds insufficient to discharge the estimated cost and expense of the Work, or (c) in the event that the Trust Funds are payable to the Board pursuant to the terms of Subsection 6.3.1 hereof, 60 days after the date upon which the Board notifies the Unit Owners that it has received the Trust Funds, whether or not the same are sufficient to discharge the cost and expense of the Work; and

(ii) "Promptly resolve" shall mean that a resolution shall be duly made not more than 60 days after the date upon which the Board notifies the Unit Owners that it has received the Trust Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

6.3.7 Any dispute that may arise under this Section 6.3 between any Unit Owners shall be resolved by Arbitration.

**6.4 Payment of Common Charges.**

6.4.1 The Unit Owners shall be obligated to pay to the Board the Common Charges assessed to them pursuant to the provisions of Section 6.1 hereof at such time or times as the Board determines. No Unit Owner may be exempted from liability for such Unit Owner's Common Charges by waiving use of any Common Elements or by abandonment of such Unit Owner's Unit. Dissatisfaction with the quantity or quality of maintenance or services furnished to the Property shall not be grounds for a Unit Owner withholding or failing to pay all or any portion of the Common Charges or any other assessments. Unless otherwise determined by the Board, Common Charges shall be payable monthly, in advance, on the 1st day of each month.

6.4.2 No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against such Unit Owner's Unit subsequent to a sale or other conveyance by him (made in accordance with these By-Laws) of such Unit together with its appurtenant Common Interests. Any Unit Owner may, subject to the terms and conditions of these By-Laws and provided that (a) such Unit is free and clear of liens and encumbrances other than Permitted Mortgages (which, at the time of such conveyance, shall not exceed the market value of the Unit being conveyed) and the statutory lien for unpaid Common Charges, 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, convey for no consideration such Unit together with its appurtenant Common Interests, to the Board or its designee, corporate or otherwise, and in such event (except as hereinafter set forth), be exempt from Common Charges thereafter accruing. A purchaser of a Unit shall be liable for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by him of such Unit, except that, to the extent permitted by Law, a purchaser of a Unit at a foreclosure sale by a Permitted Mortgage shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by said purchaser of such Unit. However, in the event of a foreclosure sale by 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 which accrued prior to such sale. Except to the extent prohibited by Law, the Board, on behalf of all Unit Owners, shall have a lien on each Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit.

6.4.3 All liens provided for in Subsection 6.4.2 hereof, to the extent permitted by applicable Law, shall be subordinate to the lien of any 1st Permitted Mortgage of record and to liens for real estate taxes on the Unit.

6.4.4 Notwithstanding the provisions of Subsection 6.4.2 hereof, neither the seller nor the purchaser of a Unit shall be liable, nor shall the Unit be conveyed subject to a lien, for any unpaid Common Charges against such Unit accrued prior to such conveyance in excess of the amount set forth in a written statement from the Board.

6.4.5 In the event that prior to the Units being separately assessed for real estate tax purposes, the Board pays real estate taxes on behalf of the Unit Owners, the amount of such real estate taxes shall be deemed to be Common Charges, and the Board shall have a lien (as provided in Subsection 6.4.2 hereof) for any such accrued and unpaid amounts.

6.4.6 A Unit Owner other than Declarant and/or its designee, owning a Residential Unit occupied by a Non-Purchasing Tenant, must deposit with the Managing Agent at acquisition of title to the Residential Unit, an amount equal to not less than the greater of (i) 2 months' Common Charges or (ii) 2 months' rent to be used as working capital to furnish service and facilities required under the Non-Purchasing Tenant's lease and those required by the GBL. Such Residential Unit Owner agrees that upon written notice by the then managing agent that such deposit has been diminished, the Residential Unit Owner shall replenish such fund within 30 days thereafter. In the event the Residential Unit Owner fails to so replenish such fund, the Board will have a lien against the Residential Unit Owner's Residential Unit in accordance with Subsection 6.4.2 hereof.

**6.5 Collection of Common Charges.** The Board or the Managing Agent shall take prompt action to collect any Common Charges due which 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 by the 10th day of each month, such Unit Owner shall be obligated to pay a "late charge" equal to interest at the rate of 1.50% per month (but in no event in excess of the maximum rate permitted by Law) on such unpaid amounts 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 in any action to foreclose the lien on such Unit arising from said unpaid Common Charges as provided in Section 339-z of the New York 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.

**6.7 Foreclosure of Liens for Unpaid Common Charges and Other Liens Held by the Board.** In any action brought by the Board to foreclose a lien on a Residential Unit because of unpaid Common Charges, or the failure of a Residential Unit Owner to replenish the Working Capital Fund after notice from the Board to do so, the Residential Unit Owner shall be required to pay a reasonable rental for the use and occupancy of such Residential Unit Owner's Residential Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. The Board, acting on behalf of all Residential Unit Owners, shall have the power to purchase any Residential Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey or otherwise deal with such Residential Unit (but not to vote the votes appurtenant to such Residential Unit). A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing such charges. In the event the net proceeds received on such foreclosure sale (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) are insufficient to satisfy the defaulting Residential Unit Owner's obligations, such Residential Unit Owner shall remain liable for the deficit.

**6.8 Statement of Common Charges.** The Board shall promptly provide any Unit Owner who so requests with a written statement of all unpaid Common Charges due to it from such Unit Owner (but not more often than twice in any 12-month period).

**6.9 Maintenance and Repairs.**

6.9.1 (a) Except as otherwise provided in the Declaration or these By-Laws, all maintenance in or to any Residential Unit (including, but not limited to, the interior walls, partitions, ceilings and floors in the Residential Unit, kitchen and bathroom fixtures and appliances, all entrance doors and their frames and saddles, windows (including glass), exposed plumbing, gas and heating fixtures and equipment, any air conditioning in the Residential Units, lighting and electrical fixtures and any Common Elements or Residential Common Elements incorporated therein pursuant to Subsection 6.15.5 hereof or any other section in these By-Laws, but excluding any other Common Elements or Residential Common Elements contained therein)

shall be made by the owner of such Residential Unit at such Residential Unit Owner's sole cost and expense. Notwithstanding the foregoing, any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Board at the sole cost and expense of the Residential Unit Owner of such Residential Unit (unless such breakage is caused by the Board or the negligence of any other Residential Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Board or such Residential Unit Owner). No replacement, modification or alteration may be made to or of the windows (other than replacement of the window panes) without the consent of the Board.

(b) Except as otherwise provided in the Declaration or these By-Laws, all maintenance in or to the Garage Units (including, but not limited to, the driveways, ramps, interior walls, partitions, ceilings and floors in the Garage Units, fixtures and appliances, if any, all entrance doors from the Buildings, the garage doors, any frames and saddles, windows (including glass), exposed plumbing, gas and heating fixtures and equipment, any air conditioning, fans, lighting and electrical fixtures and any Common Elements incorporated therein pursuant to Section 6.13 hereof or any other section in these By-Laws, but excluding any other Common Elements contained therein) shall be made by the owner of the Garage Unit at the Garage Unit Owner's sole cost and expense.

6.9.2 Notwithstanding the provisions of Subsection 6.9.1 hereof:

6.9.2.1 In the event that any maintenance to the Property or any part thereof is substantially necessitated by the negligence, misuse or neglect of 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, except in all such cases to the extent such cost is covered by the proceeds of any insurance maintained pursuant to the provisions hereof.

6.9.2.2 The interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and the windows may not be modified, altered or replaced without the consent of the Board. The Board may establish such other rules and regulations as it deems necessary to protect the Common Elements and Residential Common Elements and the Residential Units and to insure the integrity of the Buildings and the health and safety of the occupants.

6.9.2.3 The exterior surface of all windows in the Residential Units, if so determined by the Board, shall be washed and cleaned by the Board and the cost and expense thereof shall be a Common Expense of the Residential Unit Owners. The interior glass surfaces of all windows located in any Residential Unit shall be washed and cleaned by the Residential Unit Owner or occupant thereof at such Unit Owner's sole cost and expense.

6.9.2.4 The exterior of all front doors of Residential Units shall not be painted or decorated other than with the consent of the Board.

6.9.2.5 No awnings, air conditioning equipment, ventilators or other Facilities or equipment will be installed or modified in the Residential Units (other than with respect to the Unsold Residential Units) without the prior written approval of the Board.

6.9.3 Each Residential Unit and Residential Limited Common Element and all portions of the Common Elements and Residential Common Elements shall be kept in good condition by the Residential Unit Owner or the Board, whichever is responsible for the maintenance thereof as set forth herein, and such Residential Unit Owner or the Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance in connection therewith. In addition, those areas exposed to public view shall be kept in good, clean and neat appearance, by each Residential Unit Owner with respect to the Residential Unit including, all windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Residential Unit must be white if visible from outside the Residential Unit.

6.9.4 The Board shall not be obligated to maintain any particular temperature and/or humidity in any Residential Unit.

**6.10 Violations of Obligations.**

6.10.1 In the event that any Residential Unit Owner, within a reasonable time after receipt of written notice from the Board, fails to perform any of its obligations with respect to the maintenance of its Residential Unit as provided in this Article 6 or of any Residential Limited Common Element for which a Residential Unit Owner is responsible under the Declaration or these By-Laws, the Board may, but shall not be obligated to, perform or cause to be performed such maintenance 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 a 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 maintenance by the Board, together with interest thereon at the rate of 1.50% per month from the date on which the 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 Each Residential Unit Owner must strictly comply with the provisions of the Declaration, these By-Laws and the Residential Rules and Regulations. Failure to comply is grounds for an action for damages or injunctive relief, or both, but such forms of relief will not be exclusive of other remedies provided by Law.

**6.11 Alterations, Additions, Improvements and Repairs of Units.**

6.11.1 Except as otherwise provided in the Declaration, no Residential Unit Owner shall make any alteration, addition, improvement or repair in or to such Residential Unit Owner's Residential Unit involving non-structural work or structural work or which impacts upon Building systems, or a neighboring Unit, without the prior written approval of the Board. The Board shall have the obligation to respond to any written request by Residential Unit Owners for approval of a proposed non-structural or structural alteration, addition, improvement or repair in or to such Residential Unit Owner's Residential Unit within 60 days after such request is received, and the failure to do so within the stipulated time shall constitute the Board's

consent to the proposed alteration, addition, improvement or repair. With respect to any alteration, addition, improvement or repair, the Board may exercise the right to reasonably approve the contractors and suppliers performing any alteration, addition, improvement or repair in any Residential Unit and may, at its option, require the Residential 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. In addition, the Board will have the right, as a condition to approving a Residential Unit Owner's request to renovate kitchens and bathrooms, to require such Residential Unit Owner to replace plumbing, steam and gas risers running through or adjacent to the Residential Unit or to contribute to the Condominium the sum necessary to enable the Condominium to perform such replacements. The Board may impose fees upon a Residential Unit Owner to reimburse the Board for its costs (and/or costs of its agents) incurred in reviewing or supervising the aforesaid work. The foregoing provisions shall not apply to Declarant or its designee or a Permitted Mortgagee (or its designee) of Declarant or its assignee, which shall not be required to obtain the approval of the Board for any alteration, addition, improvement or repair, whether structural or non-structural in or to Unsold Residential Units or to enter into any alteration agreement with respect thereto or perform any additional work as a condition thereof or pay any costs in connection therewith.

6.11.1.1 Any walls or partitions contained in a Residential Unit which do not conform to the Floor Plans contained in Part II of the Offering Plan or with applicable law must be removed at the Residential Unit Owner's sole cost and expense in accordance with the provisions of Subsection 6.11.1 hereof. Any walls or partitions to be erected in a Residential Unit other than those shown on the Floor Plans contained in Part II of the Offering Plan must conform with the requirements of Subsection 6.11.1 hereof and the Residential Unit Owner must obtain a valid work permit and a certificate of completion from the New York City Department of Buildings for such partition or wall.

6.11.2 The Garage Unit Owners shall have the right, pursuant to the terms of Article 10 of the Declaration, to (i) make any alterations, additions, improvements or repairs in or to the Garage Units, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of the Garage Units, all without the approval of the Board. Notwithstanding the foregoing, a Garage Unit Owner, prior to the making of any alteration, addition, improvement or repair in or to a Garage Unit, must (i) procure and maintain such insurance as the Board may reasonably require and (ii) indemnify the Board and the Managing Agent against any liability arising from the work.

6.11.3 All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with all Laws. A Residential Unit Owner (and his successors) making or causing to be made any alteration, addition, improvement or repair shall agree, and shall be deemed to have agreed, to be liable for all future maintenance and the cost thereof relative to any such alteration, addition, improvement or repair and to hold the Board and all other Unit Owners harmless from any costs or liability arising therefrom.

6.11.4 Any application to any department of the City of New York or to any other governmental authority having jurisdiction thereof for a permit to make an alteration, addition, improvement or repair in or to any Residential Unit so approved by the Board (if such

approval is required) shall, if required by Law or such department or authority, be executed by the 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. Notwithstanding anything to the contrary set forth above, Declarant or its designee is hereby authorized on behalf of the Board to execute the Required Documentation as may be required to undertake, perform and complete such work to the Unsold Residential Units and Common Elements and Residential Common Elements as Declarant and/or its designee is entitled to perform in accordance with the terms of the Declaration and these By-Laws (including, without limitation, any certificates as may be required to amend the existing certificate of occupancy to reflect a reconfiguration of the Residential Units and/or a change in use) and to obtain such certificates of completion as may then be required by Law and the Board, if requested by Declarant or its designee, shall execute the Required Documentation.

**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 (i) the Common Elements shall be made by the Board and the cost and expense thereof shall be charged to the Unit Owners as a Common Expense, (ii) the Residential Common Elements shall be made by the Board and the cost and expense thereof shall be charged to the Residential Unit Owners as a Common Expense, (iii) a Residential Unit or a Residential Limited Common Element shall be made by the Residential Unit Owner thereof at the Residential Unit Owner's sole cost and expense and (iv) a Garage Unit shall be made by the Garage Unit Owner of such Garage Unit at the Garage Unit Owner's sole cost and expense.

**6.13 Alterations of Certain Common Elements.**

6.13.1 In the event that pursuant to any of the provisions of these By-Laws, any consent by the Board, Mortgage Representative or any Unit Owner is required as a condition precedent to any alteration, addition or improvement to any Common Element (collectively, an "Alteration"), proposed to be made by Declarant or its designee (collectively, the "Proponent"), such consent shall not be unreasonably withheld or delayed by the Board, Mortgage Representative or Unit Owner (collectively, the "Opposing Party") whose consent is so required. The Proponent shall give to the Opposing Party notice setting forth in reasonable detail the material aspects of such proposed Alteration. If the Opposing Party does not give notice of any objection to the Proponent within 30 days after the Proponent gives its notice, then the Opposing Party shall be deemed to have consented to the making of the proposed Alteration. If the Opposing Party does give notice of objection (which notice of objection shall set forth in reasonable detail the specific objections of the Opposing Party) within such 30 day period and the Proponent considers such objection unreasonable, then the Proponent may submit to Arbitration the question of whether or not the Opposing Party unreasonably withheld its consent. If in such Arbitration it is determined that the Opposing Party unreasonably withheld its consent, the Proponent, as its sole remedy, may make the proposed Alteration. In no event shall any arbitrator in such Arbitration determine that the Opposing Party reasonably withheld its consent to such proposal if (a) the Proponent makes or causes to be made reasonable provisions providing (i) for the costs and expenses of the Alteration to be paid by it, and (ii) that all costs and expenses for maintaining and repairing such Alteration after its completion will not be

charged to Unit Owners represented by the Opposing Party as Common Expenses, (b) the proposed Alteration would not materially interfere with the use and enjoyment of the owners, tenants and occupants of those Units represented by the Opposing Party and (c) the proposed Alteration would not materially weaken the structure of the Buildings.

6.13.2 Nothing contained in Subsection 6.13.1 hereof shall in any way be deemed to limit (a) the Proponent's right to modify any proposal made by it thereunder in such a manner as such Proponent believes will meet the objections of the Opposing Party or of any arbitrator, or (b) any party's right, pursuant to the other applicable provisions of these By-Laws or the Declaration, to make any Alteration to a Common Element without the Opposing Party's approval.

**6.14 Restrictions on Use of Units.**

6.14.1 In order to provide for congenial occupancy of the Property and for the protection of the values of the Residential Units, each Residential Unit shall be used for residential purposes only; provided, however, that with the consent of the Board or Declarant or its designee, up to 25% of the usable floor space of any Residential Unit (but not to exceed 500 square feet) may be used for certain home occupation or professional office use, provided such use does not interfere with the use and enjoyment of other Residential Units by their respective Residential Unit Owners.

6.14.1.1 Notwithstanding anything to the contrary set forth above, the Board or the Declarant or its designee (in connection with the conveyance of an Unsold Residential Unit) may, in their respective discretion, grant permission for the use of a Residential Unit as a professional office or for any other purpose, provided such use (1) is permitted by Law, (2) does not violate any then existing certificate of occupancy for the Building, and (3) complies with all applicable governmental regulations. Such permission by the Board or the Declarant or its designee, as the case may be, shall be in writing and shall be personal to the Residential Unit Owner. Any successor in title to such Residential Unit shall be required to obtain the prior written approval of the Board or Declarant or its designee, as the case may be, before using such Residential Unit as a professional office or for any other purpose. No portion of a Residential Unit (other than the entire Residential Unit) may be sold, conveyed, leased or subleased, and no transient occupant may be accommodated therein.

6.14.1.2 Each Residential Unit Owner shall notify the Managing Agent in writing when a child or children under the age of 10 years lives or resides (even temporarily) in the Residential Unit. Each Residential Unit Owner shall install, at such Residential Unit Owner's expense, the required window guards in all windows of the Residential Unit. The Residential Unit Owner shall maintain all window guards installed in the Residential Unit and shall not remove same until permitted by applicable Law and in any event, without full knowledge of the Managing Agent. See the Section of the Plan entitled "Rights and Obligations of Residential Unit Owners and the Board of Managers" for further details.

6.14.1.3 The Garage Units may be used for any lawful purpose.

**6.15 Use of Common Elements.**

6.15.1 The 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.

6.15.2 The Residential 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.

6.15.3 Without the prior consent of the Board, 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, Residential Common Elements or Residential Limited Common Elements, if any, other than in any (a) Residential Limited Common Elements for the exclusive use of a particular Residential Unit Owner or (b) in areas designated as storage areas, if any, including without limitation the Storage Space. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them.

6.15.4 Residential Unit Owners shall require their tradesmen to utilize exclusively the elevator(s) (if any) and entrance(s) designated by the Board for transporting packages, merchandise or other objects.

6.15.5 The owner of any 2 or more Residential Units, which Residential Units are serviced or benefited by any Common Element or Residential Common Element adjacent or appurtenant to such Residential Units (or serviced or benefited by any Common Element or Residential Common Element adjacent or appurtenant to such Residential Units located on opposite sides of such hallway) shall, to the extent permitted by Law and with the consent of the Board (which consent may be withheld in the absolute discretion of the Board), have the exclusive right of use of such Common Element or Residential Common Element as if it were a part of such Residential Units (including the right, in the above example of a portion of a hallway, to enclose such portion) and no amendment to the Declaration nor reallocation of Common Interests shall be made, provided such owner agrees, at its sole cost and expense, to (a) be responsible for the operation and maintenance of such Common Element or Residential Common Element for so long as such owner exercises such exclusive right of use, and (b) restore such Common Element or Residential Common Element to its original condition, reasonable wear and tear excepted, after such owner ceases to exercise such exclusive right of use. The owner of any such Residential Units which are Unsold Residential Units shall have the rights set forth in the preceding sentence without the necessity for obtaining the consent of the Board. Notwithstanding the above, if an owner transfers or conveys its Residential Units to a successor owner, the transferor need not comply with (b) above provided that the transferee agrees to abide by (a) and (b) above.

6.15.6 Each Storage Locker shall be used only for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item, or any material which will pose a health or safety threat or which will result in the cancellation of insurance on the Buildings, or the contents thereof, or which would otherwise create a nuisance, be stored therein. Except for Declarant and/or ts designee, no Storage Locker may be licensed independently of the ownership of a Residential Unit.

6.15.7 The Board has the authority to promulgate additional rules regarding the use of and access to the Storage Lockers and the procedures for assigning such Storage Lockers (other than Storage Lockers that have not been licensed by Sponsor). A Residential Unit Owner may transfer or surrender the Storage License to the Board which shall be authorized to reissue such Storage Locker License to another Residential Unit Owner for such consideration as the Board shall deem appropriate.

6.15.8 Notwithstanding anything to the contrary contained in this Section 6.15, Declarant or its designee may, without the consent of either the Condominium or the Unit Owners, use any unlicensed Storage Locker for any purpose, provided such use is permitted by law.

**6.16 Other Provisions as to Use.** No nuisance shall be allowed in any Residential Unit, nor shall any use or practice be allowed in the Residential Unit, which is a source of annoyance to the residents or occupants of the Property or which interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive or unlawful use shall be made of any Residential Unit or any portion thereof. All Laws relating to any portion of the Property shall be complied with at the full expense of the respective Unit Owners or the Board, whoever shall have the obligation to maintain or repair such part of the Property.

**6.17 Right of Access.** Each Unit Owner shall grant a right of access to such Unit Owner's Unit to the Declarant and/or its designee for the completion of any work to be performed in the Buildings including but not limited to any punch list work in Residential Units, and to the Board, the Managing Agent, Resident Manager and/or any other person authorized by the Declarant or its designee. In case of an Emergency, such right of entry shall be immediate, without advance notice, whether or not the Unit Owner is present.

**6.18 Residential Rules and Regulations.** Annexed hereto as Schedule A and made a part hereof are residential rules and regulations (collectively, the "Residential Rules and Regulations") concerning the use of the Residential Units and the Common Elements and Residential Common Elements and Residential Limited Common Elements. In addition to the authority set forth in Section 6.15.7 hereof, the Board shall also have the authority to promulgate special rules and regulations concerning the use of storage space, if any, for the personal property of the Residential Unit Owners.

**6.19 Real Estate Taxes, Water Charges and Sewer Rents.** Water and sewer services shall be supplied to and for all of the Units and any Residential Limited Common Elements through 1 or more building systems by the City of New York or such other utility servicing the Residential Units. Except to the extent Unit Owners are billed directly by the City Collector, the Board shall pay all such charges, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. Until the Units are separately assessed for real estate tax purposes, the Unit Owners shall pay their respective pro rata share of all real estate taxes with respect to the Property (in the proportion that the Common Interest of each Unit bears to the Common Interests of all Units) to the Board as Common Charges, which will in turn pay such taxes to the proper authorities of the City of New York. In the event of a proposed sale of any Unit, the Board, on request of the selling Unit Owner, shall execute and

deliver to the purchaser of such Unit or to such purchaser's title insurance company, a letter agreeing to pay all charges for water, sewer rents and real estate taxes (so long as the Board is still collecting and paying such charges) affecting such owner's Unit to the date of the closing of title to such Unit, promptly after such charges have been billed by the proper authorities.

**6.20 Fuel**. The cost and expense of fuel serving or benefiting the Buildings and the Residential Units will be borne by the Residential Unit Owners as a Common Charge.

**6.21 Gas**. The Residential Units are separately metered for gas and the Residential Unit Owners will pay the cost of such directly to the utility. The Garage Units are separately metered for gas and the Garage Unit Owners will pay the cost of such directly to the utility.

**6.22 Electricity**. Electricity for each Unit shall be supplied by the utility company servicing the Units and metered or submetered for each Unit (or portion thereof). The Garage Units are separately metered for electric and the Garage Unit Owners will pay the cost of such directly to the utility. Each Residential Unit Owner shall be required to pay the bills for electricity consumed or used in such Residential Unit Owner's Residential Unit (or portion thereof) and any Residential Limited Common Elements to which such Residential Unit has exclusive access, directly to the utility company or as directed by the Board. Electricity for the Common Elements and Residential Common Elements shall be supplied through 1 or more separate meters or submeters therefor and the cost thereof will be paid by the Board and will be borne by the Residential Unit Owners accordingly as Common Charges.

**6.23 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 (i) considered part of the expense of maintaining such Common Element, (ii) determined by the Board, and (iii) charged as a Common Expense.

**6.24 Abatement and Enjoinment of Violations by Residential Unit Owners.**

6.24.1 The violation of any of the Residential Rules and Regulations or the breach of these By-Laws or the breach of any provision of the Declaration, shall give the Board the right, but not the obligation, in addition to such other rights set forth in these By-Laws, (i) to enter any Residential Unit or any Common Element, Residential Common Element or Residential Limited 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 Residential Unit Owner, 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, or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

6.24.2 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 or its designee shall give to Declarant and its designee 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, the continuance of any such violation or breach.

## ARTICLE 7.

## MORTGAGES

**7.1 Notice to Board.** A Unit Owner who mortgages such Unit Owner's Unit or the holder of any mortgage encumbering such Unit, shall notify the Board of the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Board. For Residential Units, the mortgage 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 condominium Units. Such Residential 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 Notice of Default and Unpaid Common Charges.** Whenever so requested in writing by a Permitted Mortgagee, the Board shall promptly report to such Permitted Mortgagee any default in the payment of Common Charges or any other default by the Unit Owner of such Unit under the provisions of the Declaration or these By-Laws which may to the Board's knowledge then exist. The Board agrees to provide a Permitted Mortgagee, and any guarantor of a Permitted Mortgage who the Unit Owner making such mortgage, or the holder of any mortgage encumbering such Unit, has provided written notice to the Board, prompt notice of any 60 day delinquency in the payment of assessments or charges owed by any Unit Owner on which it holds a Permitted Mortgage.

**7.3 Performance by Permitted Mortgagees.** The Board shall accept from 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 and in such event and receipt by the Permitted Mortgagee of notice of any such default, the Permitted Mortgagee shall be entitled to an additional 10 day period after expiration of applicable notice and cure periods within which to cure any monetary default by a Unit Owner hereunder and an additional 30 days after expiration of applicable notice and cure periods within which to cure any non-monetary default by a Unit Owner hereunder; provided, however, that in the case of a non-monetary default that cannot, in the exercise of due diligence, be cured within such 30 day period, the Permitted Mortgagee shall have such time as is reasonably necessary to cure such non-monetary default (including any time reasonably necessary to obtain possession of the Unit(s) covered by such Permitted Mortgage if possession is necessary to enable such Permitted Mortgagee to cure or remedy such default or event of default), provided that such Permitted Mortgagee proceeds with all due diligence to cure or remedy such breach or default and/or obtain possession. In the event that more than 1 Permitted Mortgage is secured by a Unit, the senior Permitted Mortgagee shall be entitled to take all actions permitted under this Article unless all the Permitted Mortgagees otherwise designate a different Permitted Mortgagee to so act, by notice to the Board.

**7.4 Examination of Books.** Each Unit Owner and Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, and upon reasonable notice, on business days, but not more than once a month.

**7.5 Representatives of Mortgagees.**

7.5.1 In the manner more particularly set forth in Subsection 7.5.2 hereof, the holders of Institutional Mortgages (as hereinafter defined) may, at their election, designate 1 or more, but not more than 3, representatives ("Mortgage Representatives") who shall be empowered to act on behalf of all holders of Institutional 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 Board, the act of any such Representative (or a majority of such Representatives if more than 1 is so designated) shall be deemed binding upon the holders of all Institutional Mortgages. As used herein, the term "Institutional Mortgage" means any 1st mortgage covering a Unit or Units, the initial holder of which is (i) Declarant or its designee, (ii) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust, or (iii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

7.5.2 Any designation of a Mortgage Representative made by the holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages shall be binding upon the holders of all Institutional 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 Board. Unless otherwise required by Law, all Permitted Mortgagees other than holders of an Institutional Mortgage 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.

7.5.3 The Board agrees to provide a Permitted Mortgagee, and any guarantor of a Permitted Mortgage who the Unit Owner making such mortgage, or the holder of any mortgage encumbering such Unit, has provided written notice to the Board, prompt notice of any proposed action that requires the consent of the Mortgagee Representative.

**7.6 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 Board, any officer or Unit Owner; provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against such Unit Owner's mortgagor.

## ARTICLE 8.

## SELLING, LEASING AND MORTGAGING OF UNITS

**8.1 Selling and Leasing.** No Residential Unit Owner, other than Declarant and/or its designee (to whom the following shall not apply), may sell or lease such Residential Unit Owner's Residential Unit except by complying with the following provisions.

8.1.1 Any Residential Unit Owner who receives a bona fide offer to (a) purchase such Residential Unit Owner's Residential Unit together with its appurtenant Common Interest, or (b) lease such Residential Unit Owner's Residential Unit (such offer to purchase or lease a Residential Unit, as the case may be, an "Outside Offer," the party making any such Outside Offer, an "Outside Offeror" and the Residential Unit Owner to whom the Outside Offer is made, an "Offeree Residential Unit Owner"), which the Offeree Residential Unit Owner intends to accept, shall give notice by hand delivery or certified or registered mail, return receipt requested, to the Board of the receipt of such Outside Offer. Said notice shall include the name and address of the Outside Offeror, the terms of the proposed transaction (including, but not limited to, the intended closing date in the event of a purchase or intended occupancy date in the event of a lease) and such other information as the Board may reasonably require. The giving of such notice to the Board shall constitute an offer by the Offeree Residential Unit Owner to sell such Residential Unit Owner's Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit Owner's Residential Unit to the Board, or its designee, corporate or otherwise, upon the same terms and conditions as contained in such Outside Offer and shall also constitute a representation and warranty by the Offeree Residential Unit Owner to the Board acting on behalf of all Residential Unit Owners that the Offeree Residential Unit Owner believes the Outside Offer to be bona fide in all respects. The Offeree Residential Unit Owner shall submit in writing such further information with respect thereto as the Board may reasonably request. Not later than 30 days after receipt of such notice together with such information as may have been requested, the Board may elect, by sending written notice to such Offeree Residential Unit Owner before the expiration of said 30 day period, by hand delivery or by certified or registered mail, return receipt requested, to purchase such Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all Residential Unit Owners represented by the Board, upon the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Residential Unit Owner.

8.1.2 In the event the Board shall timely elect to purchase a Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit or to cause the same to be purchased or leased by its designee, corporate or otherwise, then (a) with respect to a purchase, title shall close at the office of the attorneys for the Board, in accordance with the terms of the Outside Offer, within 45 days after the giving of notice by the Board of its election to accept such offer and (b) with respect to a lease, the lease, upon the terms set forth in the Outside Offer, shall be executed and deemed effective on the date the Board elects to accept such offer. Notwithstanding the foregoing, in the event that the closing date with respect to a purchase or the commencement date of the term of the lease, as the case may be, set forth in the Outside Offer, shall be later than 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 Outside Offer (except as otherwise expressly set forth in this Article 8) including, but not limited to, payment of a downpayment or advance rentals and security deposits, 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 notice to the Board referred to in Subsection 8.1.1 hereof as the intended closing date or commencement date, as the case may be. If pursuant to such Outside Offer, the Outside Offeror was to assume or take title to the Residential Unit subject to the Offeree Residential Unit Owner's existing mortgage or mortgages, the Board may purchase the Residential Unit and assume or take title to the Residential Unit subject to said existing mortgage or mortgages, as the case may be. At the closing, the Offeree Residential Unit Owner, if such Residential Unit together with its appurtenant Common Interest is to be sold, shall convey the same to the Board, or to its designee, corporate or otherwise, on behalf of all Residential Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all tax and/or documentary stamps affixed at the expense of such Offeree Residential Unit Owner, who shall also pay all other taxes arising out of such sale (other than the "Mansion Tax," if any, which shall be paid by the Board). Real estate taxes (including water charges and sewer rents if separately assessed), mortgage interest, if any, and Common Charges shall be apportioned between the Offeree Residential Unit Owner and the Board, or its designee, corporate or otherwise, as of the closing date. In the event such Residential Unit is to be leased, the Offeree Residential Unit Owner shall execute and deliver to the Board, or to its designee, corporate or otherwise, a lease between the Offeree Residential Unit Owner, as landlord, and the Board, or its designee, corporate or otherwise, as tenant, covering such Residential Unit, for the rental and term contained in such Outside Offer.

8.1.3 In the event the Board or its designee shall fail to accept such offer within 30 days after receipt of notice, as aforesaid, the Offeree Residential Unit Owner shall have an additional 60 days to accept the Outside Offer by executing and delivering a contract or lease, as the case may be. In the event the Offeree Residential Unit Owner shall not, within such 60-day period, accept in writing the Outside Offer, or if the Offeree Residential Unit Owner shall accept the Outside Offer within such 60-day period but such sale or lease, as the case may be, shall not be consummated within an additional 60 days following the expiration of such 60-day period, then, should such Offeree Residential Unit Owner thereafter elect to sell such Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit, as the case may be, the Offeree Residential Unit Owner shall be required to again comply with all the terms and provisions of this Section 8.1. Notwithstanding the foregoing, the Board, in its discretion, may waive the Offeree Residential Unit Owner's obligation to comply with either or both of the 60-day periods described herein or may extend either or both such periods, provided that such waiver or extension shall only be effective if in writing.

8.1.4 Any deed to an Outside Offeror shall be deemed to provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, these By-Laws and the Residential Rules and Regulations, as the same may be amended from time to time.

8.1.5 Any lease executed in connection with the acceptance of any Outside Offer to lease a Residential Unit shall be consistent with these By-Laws and shall provide that it may not be materially modified, amended or extended without the prior written consent of the

Board, that the tenant shall not assign such Residential Unit Owner's interest in such lease or sublet the demised premises or any part thereof without the prior written consent of the Board and that the Board, if permitted by applicable Law, shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of (i) a default by the tenant in the performance of its obligations under such lease, or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York.

8.1.6 Except as hereinbefore set forth, the form of any such lease executed by the Board or an Outside Offeror shall be a printed, reasonably applicable form of residential lease which is generally approved by the Board which governs the Residential Unit to be leased and is accepted in New York City, such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, and shall contain such modifications as shall be approved in writing by the Board. Any lease executed by the Board, as tenant, shall provide that the Board may enter into a sublease of the demised premises without the consent of the landlord.

8.1.7 The foregoing restrictions of this Section 8.1 shall not apply to (i) Unsold Residential Units or Residential Units rented to or by Declarant and/or its designee; Declarant and/or its designee shall have the right to freely sell their respective Unsold Residential Units, or to freely lease all or any part of the Unsold Residential Units, without having to first offer the same for sale or lease to the Board, or (ii) sales or leases of Garage Units by a Garage Unit Owner.

**8.2 Sovereign Immunity**. Notwithstanding anything to the contrary set forth above, before any Residential Unit is conveyed to a government or governmental mission, or to a department, agency or consulate of a government, or to any other party who or which may be entitled under applicable laws, conventions or treaties (including, without limitation, the United States Foreign Sovereign Immunities Act, as the same may be amended) to any present or future claim to any immunity, whether characterized as sovereign immunity or otherwise (or diplomatic or consular immunity, if applicable) (such grantee, a "Governmental Entity"), from any legal or equitable proceedings in the United States of America or elsewhere, the Board may require that the potential grantee enter into an agreement with the Board, on terms acceptable to the Board and its counsel, in which the potential grantee (i) agrees to a specified arrangement for service of process, (ii) expressly and irrevocably waives, to the full extent permitted by law (including, without limitation, the United States Foreign Sovereign Immunities Act, as same may be amended), with respect to the potential grantee, and with respect to any and all other intended occupants of the Residential Unit, any present or future claim to any immunity, whether characterized as sovereign immunity or otherwise (and diplomatic and consular immunity, if applicable) from any legal or equitable proceedings in the United States of America or elsewhere, brought by the Board or any other party claiming with respect to the Residential Unit (including without limitation, immunity from service of process, immunity from jurisdiction of any court or tribunal and immunity of any of that party's property from attachment prior to entry of judgment and from attachment in aid of execution, and from execution itself, upon a judgment), (iii) agrees that any legal action or proceeding with respect to the Residential Unit may be brought in the courts of the State of New York and in the City of New York or in the United States District Court for the Southern District of New York, as the Board shall elect, and (iv) permits execution and enforcement of any judgment obtained by the Board.

**8.3 No Severance of Ownership.** No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to such Unit Owner's Unit without including therein its appurtenant Common Interest, it being the intention to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect 1 or more of such interests without including all such interests shall be deemed and taken to include the interest or interests so omitted even though the latter shall not be expressly mentioned or described therein. No part of the Common Interest appurtenant to any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interest is appurtenant or as part of a sale, conveyance or other disposition of such part of the appurtenant Common Interests of all Units. Nothing in this Section 8.3 shall permit the leasing of any Unit without the simultaneous lease of its appurtenant Common Interest.

**8.4 Release by Board of Right of First Refusal.** The right of first refusal contained in Section 8.1 hereof may be released or waived by the Board only in the manner provided in Section 8.5 hereof. In the event the Board shall release or waive its right of first refusal as to any Residential Unit, such Residential Unit together with its appurtenant Common Interest may be sold, conveyed or leased, free and clear of the provisions of Subsections 8.1.1 and 8.1.2 hereof, provided that such sale, conveyance or lease occurs within any applicable time periods required pursuant to Subsection 8.1.3 hereof.

**8.5 Certificate of Termination of Right of First Refusal.** A certificate executed by an officer of the Board stating that the provisions of Subsection 8.1.1 hereof have been met by a Residential Unit Owner or stating that the right of first refusal contained therein has been duly released or waived by the Board, and that as a result thereof the rights of the Board thereunder have terminated (provided that any sale, conveyance or lease occurs within any applicable time periods required pursuant to Subsection 8.1.3 hereof), shall be conclusive upon the Board and the Residential Unit Owners in favor of all persons who rely on such certificate in good faith. The Board shall furnish such certificate upon request to any Residential Unit Owner with respect to whom the provisions of Subsection 8.1.1 hereof apply.

**8.6 Financing of Purchase of Residential Units by Board.** The purchase of any Residential Unit by the Board or its designee, on behalf of all Residential Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board. If the funds in such accounts are insufficient to effectuate any such purchase (taking into account the need to maintain a reserve in such accounts), the Board may levy an assessment against each Residential Unit Owner in proportion to such Residential Unit Owner's respective Common Interest, as a Common Charge, 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 or hypothecation of any portion of the Property other than the Residential Unit(s) to be purchased together with its (their) appurtenant Common Interest(s).

**8.7 Exceptions.** The provisions of Section 8.1 hereof shall not apply with respect to any lease, sale or conveyance of any Residential Unit together with its appurtenant Common Interest by (a) the Residential Unit Owner thereof to such Residential Unit Owner's spouse, life partner, adult children or grandchildren, parents, grandparents, adult siblings or to any 1 or more of them, (b) Declarant or its designee, (c) the Board, (d) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such

Residential Unit or delivering a deed in lieu of such foreclosure, or (e) a Permitted Mortgagee or its assignees, who has acquired title to any Residential Unit at any foreclosure sale of such Residential Unit Owner's Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Residential Unit Owner's Residential Unit subject to, the provisions of this Article 8.

**8.8 Gifts and Devises, etc.** Any Residential Unit Owner shall be free to convey or transfer such Residential Unit Owner's Residential Unit by gift, or may devise such Residential Unit Owner's Residential Unit by will or have such Residential Unit Owner's Residential Unit pass by intestacy, without being subject to the restrictions of Section 8.1 hereof; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Residential Unit Owner's Residential Unit shall remain subject to, the provisions of this Article 8.

**8.9 Unauthorized Sales or Leases of Residential Units.** Any purported sale or lease of a Residential Unit consummated in violation of Sections 8.1, 8.2 or 8.3 hereof shall be voidable at the election of the Board and if the Board shall so elect, the Residential Unit Owner shall be deemed to have authorized and empowered the Board to institute legal proceedings to eject the purported purchaser (in case of an unauthorized sale) or to evict the purported tenant (in case of an unauthorized lease), in the name of the said Residential Unit Owner as the owner or landlord, as the case may be. Said Residential Unit Owner shall reimburse the Board for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

**8.10 Charges Imposed on Sale or Lease of Residential Units.** If permitted by Law, the Board shall be entitled to fix by resolution and collect, before any sale or lease of a Residential Unit is consummated, a reasonable charge to cover its expenses, and any fees due the managing agent and/or any attorney retained by the Board, in connection with the sale or lease. Additionally, with the consent of the Declarant or its designee (for so long as there are any Unsold Residential Units), the Board may, if permitted by Law, by resolution adopt a "flip" tax in connection with such sale in order to create a reserve fund which will provide reserves for the Condominium to use in the future for capital improvements, emergency repairs and working capital. If such charges are adopted, it shall be added to, and constitute a portion of, Common Charges payable by the selling or leasing Residential Unit Owner. The aforementioned charges shall not apply to the lease of a Residential Unit to Declarant or its designee, to the sale or lease of Unsold Residential Units by Declarant or its designee, or to the sale or lease of Unsold Residential Units by a Permitted Mortgagee of Declarant that acquires title to Unsold Residential Units.

**8.11 Power of Attorney.** At the time of acquiring title to a Residential Unit and as a condition thereof, the new Residential Unit Owner shall duly execute, acknowledge and make arrangements for recording in the City Register's Office, the Power of Attorney required by Article 16 of the Declaration, in the form set forth as Exhibit E to the Declaration.

**8.12 Notices Concerning Residential Unit Ownership and Occupancy.** Within 5 days following acquisition of a Residential Unit or the commencement of a lease relating thereto, the new Residential Unit Owner or 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 the By-Laws, who will be using or occupying the Residential Unit. The individuals so designated may be changed by the purchaser or lessor, from time to time, by further notice to the Managing Agent. For so long as any Residential Units are occupied by Non-Purchasing Tenants, a purchaser of such Residential Unit, promptly after acquiring title to the Residential Unit, shall notify the Non-Purchasing Tenant of the change in ownership and the name of the new Residential Unit Owner and the Board shall make available such information to the Non-Purchasing Tenant. Additionally, each purchaser of a Residential Unit occupied by a Non-Purchasing Tenant must: (a) deposit with the managing agent at the closing of title to the Residential Unit, a sum not less than an amount equal to the greater of (i) 2 months' Common Charges or (ii) 2 months' rent to be used as working capital to furnish those services and facilities required under the Non-Purchasing Tenant's lease and those required by the GBL, and (b) upon written notice by the managing agent that the deposit has been diminished, replenish such fund within a 30 day period.

**8.13 Waiver of Right of Partition with Respect to Residential Units Acquired on Behalf of Residential Unit Owners as Tenants-in-Common.** In the event that any Residential Unit shall be acquired by the Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners as tenants-in-common, all such Residential Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired Residential Unit as herein provided.

**8.14 Mortgage of Units.** Subject to Article 7 hereof, each Unit Owner shall have the right to mortgage such Unit Owner's Unit without restriction, provided that the Unit Owner making such mortgage shall notify in writing the Board of the making of such mortgage.

**8.15 Lease or Purchase of a Residential Unit or Other Apartment for the Resident Manager Residence.** The Board shall have the right to lease or purchase and finance the purchase of a Residential Unit or other apartment, in addition to the Resident Manager's Apartment, for the resident manager's use and shall have the right to amend, modify, extend, renew and otherwise deal in any way with respect to any such lease, purchase or financing.

**8.16 Assignment of Licenses.** No Residential Unit Owner shall be permitted to assign or convey a Storage Locker License to anyone other than a Residential Unit Owner. Such Storage Locker License may be assigned by a Residential Unit Owner at any time (and not subject to any right of 1st refusal by the Board) provided (i) the assignee is a Residential Unit Owner; (ii) the assignee assumes the obligations under the Storage Locker License; (iii) notification of the assignment is promptly delivered to the Board in compliance with its requirements; and (iv) all Special Assessments and other obligations due to the Condominium have been paid in full.

## ARTICLE 9.

## RECORDS AND AUDITS

**9.1 Records.** The Board or the managing agent, if any, shall keep detailed records of the actions of the Board, minutes of the meetings of the Unit Owners and financial records and books of account with respect to the activities of the Board, including a listing of all receipts and

expenditures. In addition, the Board shall keep a separate account for each Unit, which, among other things, shall contain the amount of each assessment of Common Charges made by the Board against each Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

**9.2 Audits.** Within 4 months after the end of each fiscal year, an annual report of receipts and expenditures prepared and certified by an independent certified public accountant shall be submitted by the Board to all Unit Owners and, if so requested, to any Permitted Mortgagee. The cost of such report submitted by the Board shall be paid by the Unit Owners as a Common Expense.

**9.3 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 Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

## ARTICLE 10.

## ARBITRATION

**10.1 General Procedure.** Any arbitration provided for in these By-Laws shall be conducted before 1 arbitrator in New York City by the American Arbitration Association or any successor organization thereof, in accordance with its rules then in effect and the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. In the event that the American Arbitration Association is not then in existence and has no successor, any arbitration hereunder shall be conducted in New York City before 1 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 10 days after such arbitrator's appointment. Any arbitrator appointed or selected in connection with arbitration under this Article 10 shall be a lawyer or real estate developer or manager familiar with condominium properties and having general legal or real estate experience, as the case may be, of not less than 15 years.

**10.2 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 its own counsel and expert witnesses. All costs and expenses paid or incurred by the Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses will constitute Common Expenses.

**10.3 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 10.1 hereof 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 11.

## MISCELLANEOUS

**11.1 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.

**11.2 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 of these By-Laws nor the intent of any provision hereof.

**11.3 Certain References.**

11.3.1 A reference in these By-Laws to any 1 gender, masculine, feminine or neuter, includes the other 2, and the singular includes the plural, and vice versa, unless the context otherwise requires.

11.3.2 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.

11.3.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of these By-Laws.

**11.4 Severability**. Subject to the provisions of the Declaration, if any provision of these By-Laws is invalid or unenforceable as against any person, party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by Law. 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.

**11.5 Insurance Trustee**. As used herein, the term "Insurance Trustee" shall refer to a bank or trust company in the City of New York, designated by the Board and having a capital surplus and undivided profits of $500,000,000 or more. In the event the Insurance Trustee 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 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.

**11.6 Successors and Assigns**. Except as set forth herein or in the Declaration to the contrary, the rights and/or obligations of Declarant or its designee and the Garage Unit Owners or their designees as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its designee or, with the consent of Declarant or its designee, any transferee of some or all of the Garage Units and the Unsold Residential Units then owned by Declarant and/or its designee, as the case may be. Subject to the foregoing, the Garage Unit

Owners and the Declarant or either of their designees 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. The rights and/or obligations of the Residential Unit Owners as set forth herein shall inure to the benefit of and be binding upon any successors or assigns of the Residential Unit Owners.

**11.7 Covenant of Further Assurances.**

11.7.1 Any party which is 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 Board, or otherwise, shall, upon prior reasonable written request and (except if the requesting party is the Board) 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 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.

11.7.2 If any Unit Owner or other party which is subject to the terms of these By-Laws fails, within 10 days (or 60 days, where the other party is a Permitted Mortgagee) after request therefor, either (1) 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 (with a copy to the 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 Board or other party 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.

11.7.3 If any Unit Owner or any other party which is subject to the terms of these By-Laws fails, within 10 days (or 60 days, where the other party is a Permitted Mortgagee) after written request therefor, 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 take pursuant to these By-Laws at the request of Declarant or its designee or the Garage Unit Owners, then Declarant or its designee or the Garage Unit Owners 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.

## ARTICLE 12.

## AMENDMENT TO BY-LAWS

**12.1 Amendments by Unit Owners.** Except as specifically provided herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or any Unsold Residential Units, or the Garage Unit Owners or their

designees or the Garage Units, 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 or its designee, the Garage Unit Owners or their designees, Permitted Mortgagees or any Unsold Residential Units or Garage Units, any such amendment, modification, addition or deletion shall be executed by the Board, as attorney-in-fact for the Unit Owners, coupled with an interest, which the 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 or its designee or any Unsold Residential Units, or the Garage Unit Owners or their designees, (i) no amendment, modification, addition or deletion pursuant to the provisions of the 1st sentence hereof shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any, or Declarant, or the Garage Unit Owners, and (ii) the provisions of this Section 12.1 may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, as the case may be), 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.

**12.2 Amendments Affecting Declarant or its Designee or the Garage 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 Declarant and/or its designee or the owner of any Unsold Residential Unit, as the case may be, or the Garage Unit Owners or their designees, 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 its designee or the owner of any Unsold Residential Unit, or the Garage Unit Owners or their designees, as the case may be, or otherwise adversely affecting Declarant or its designee or the owner of any Unsold Residential Unit or the Garage Unit Owners or their designees, as the case may be, or (b) 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, if required under the terms of such mortgage, pledge or other lien or security interest, 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. Declarant or its designee or the Garage Unit Owners or their designees shall have the right to amend these By-Laws, without the consent of the Board or any other Residential Unit Owner, to effectuate the rights otherwise granted to Declarant or its designee or the Garage Unit Owners or their designees under the terms of the Declaration and these By-Laws.

**12.3 Amendments Affecting Permitted Mortgagees.** Notwithstanding any provision contained herein to the contrary, no modification, addition, amendment or deletion of or to Article 7 or Sections 6.1, 6.2, 6.4.2, 6.4.3, 8.7(d) or (e) or 8.10 hereof shall be effective as against

the holder of any Permitted Mortgage theretofore made unless such holder has given its prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

## SCHEDULE A

## RESIDENTIAL RULES AND REGULATIONS

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of the Buildings shall not be obstructed or used for any other purpose than ingress to and egress from the Residential Units and the Garage 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 Buildings, 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 Buildings.

3. Neither occupants nor their guests shall play in the entrances, passages, public halls, elevators (if any), vestibules, corridors, stairways or fire towers of the Buildings.

4. No public halls or public elevator vestibules (if any) of the Buildings 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 Residential Unit and any Residential Limited Common Elements appurtenant thereto 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.

6. No window guards or window decorations shall be used in or about any Residential Unit, unless otherwise required by Law, except such as shall have been approved in writing by the Board or the managing agent of the Condominium, which approval shall not be unreasonably withheld or delayed.

7. No radio, television aerial, satellite, disk or similar devices shall be attached to or hung from the exterior of the Buildings and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any door or window or other part of the Buildings except such as are permitted pursuant to the Declaration or the By-Laws or shall have been approved in writing by the Board or the Managing Agent of the Buildings, nor shall anything be projected from any door or window of the Buildings without similar approval except as may otherwise be required by Law.

8. No heat, ventilator or air conditioning device shall be installed in any Residential Unit without the prior written approval of the Board, which approval may be granted or refused in the sole discretion of the Board.

9. 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 electrical equipment in such Residential Unit Owner's Residential Unit.

10. No velocipedes, bicycles, scooters or similar vehicles shall be allowed in the elevators other than the elevators designated by the Board or the Managing Agent of the Condominium for that purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the passages, public halls, vestibules, corridors or other public areas of the Buildings

11. No Residential Unit Owner shall make or permit any disturbing noises or activity in the Buildings or do or permit anything to be done therein, which will unreasonably interfere with the rights, comfort or convenience of other Residential Unit Owners. 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 loudspeaker in such Residential Unit Owner's Residential Unit between 11:00 P.M. and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the Buildings, unless the same shall have the prior written consent of the 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 or its designee.

12. No pets other than dogs, caged birds, cats and fish (which do not and are not reasonably expected to cause a nuisance, health hazard or unsanitary condition), shall be permitted, kept or harbored in a Residential Unit without the same in each instance having been expressly permitted in writing by the Board or the Managing Agent of the Buildings and such consent, if given, shall be revocable by the Board or such Managing Agent in their sole discretion, at any time. In no event shall any Residential Unit Owner maintain more than 2 pets in a Residential Unit without the consent of the Board nor shall any bird, reptile or animal be permitted in any public elevator in the Buildings, other than the elevators designated by the Board or the Managing Agent Buildings for that purpose, or in any of the public portions of the Buildings, unless carried or on a leash. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the Buildings or on the sidewalk or street adjacent to the Buildings. Each Residential Unit Owner who keeps any type of pet in such Residential Unit Owner's Residential Unit may be required to enter into an agreement with the Board setting forth such other rules regarding pets as the Board shall deem suitable and indemnifying and holding harmless the Condominium, all Residential Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pet.

13. Messengers and trades people visiting the Buildings may be required to use the elevators (if any) designated by the Board or the Managing Agent of the Condominium for that purpose, for ingress and egress, and shall not use any of the other elevators for any purpose, except that nurses in the employ of Residential Unit Owners or their guests or tenants may use any of the other elevators when accompanying said Residential Unit Owners, guests or tenants. However, a guest or visitor of a Residential Unit Owner may use any of the elevators freely, if authorized by such Residential Unit Owner.

14. All service and delivery persons may be required to use the service entrance (if any). All packages, whenever feasible, may be required to be delivered by outside personnel to

the package room (if any) in the lobby where such packages will be held for pick-up by Residential Unit Owners.

15. Trunks and heavy baggage shall be taken in or out of the Buildings by the elevators, if any, designated by the Board or the Managing Agent of the Buildings for that purpose, and through a designated entrance only.

16. No refuse from the Residential Units shall be sent to the Cellar or Lobby Levels of the Buildings except at such times and in such manner as the Board or the managing agent may direct.

17. Water-closets and other water apparatus in the Buildings 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 Residential Unit.

18. No occupant of the Buildings shall send any employee of the Buildings or of the Managing Agent thereof out of the Condominium on any private business.

19. The agents of the Board or the Managing Agent, and any contractor or worker authorized by the Board or the Managing Agent, may enter any room or Residential Unit at any reasonable hour of the day, on at least 1 day's 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 Board or the Managing Agent may retain a passkey to each Residential Unit that has locks. If any lock is altered or a new lock is installed, the Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit an entry to such Residential Unit Owner's Residential Unit at any time when an entry therein is necessary or permissible under these Residential Rules and Regulations or under the By-Laws and has not furnished a key to the Board or the Managing Agent, then the Board or the Managing Agent (but, except in an Emergency, only when specifically authorized by an officer of the Board or an officer of the Managing Agent) may forcibly enter such Residential Unit without liability for damages or trespass by reason thereof (if during such entry reasonable care under the circumstances is given to such Residential Unit Owner's 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 to any entrances to or exits from the Buildings.

23. Complaints regarding the services of the Buildings shall be made in writing to the 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 Board, at any time by resolution of the Board. Further, 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 any 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 the same in the hopper door; (e) deposit all bundles of waste into the hopper; (f) refrain from depositing waste of an explosive nature therein; and (g) observe all Laws regarding the recycling of refuse then imposed by governmental agencies having jurisdiction thereover.

26. Except as expressly permitted under the Declaration and By-Laws, Residential Unit Owners, their families, guests, servants, employees, agents, visitors, tenants, sublessees or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roofs of the Buildings.

27. Residential Unit Owners, their guests, servants, 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 Residential Units.

28. No Residential Unit Owner nor any of such Residential Unit Owner's agents, servants, employees, tenants, sublessees or visitors shall at any time bring into or keep in such Residential Unit Owner's Residential Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be necessary and appropriate for the permitted uses of such Residential Unit.

29. If any key or keys are entrusted by a Residential Unit Owner or by any member of such Residential Unit Owner's family or by such Residential Unit Owner's agent, servant, employee, tenant, sublessee, licensee or visitor to an employee of the Board or the Managing Agent whether for such Residential Unit Owner's Residential Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Residential Unit Owner, and neither the 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 connected therewith.

30. Nothing shall be done or kept in any Residential Unit or Storage Locker or in the Common Elements or Residential Common Elements or Residential Limited Common Elements which will increase the rate of insurance of the Buildings or contents thereof without the prior written consent of the Board. No Residential Unit Owner shall permit anything to be done or kept in such Residential Unit Owner's Residential Unit or in the Common Elements or Residential Common Elements or Residential Limited Common Elements which will result in

the cancellation of insurance on the Buildings or which would be in violation of any Law. No waste shall be committed in the Common Elements or Residential Common Elements.

31. Subject to the provisions in the Condominium Documents governing the Storage Space and the Storage Lockers including Sponsor's right to install additional Storage Lockers, the Board shall have the right from time to time to relocate any portion of the Common Elements or Residential Common Elements devoted to storage or service purposes, if any.

32. 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 Board or the Managing Agent.

33. In the event that any Residential Unit is used for a doctor's office or other 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.

34. Unless expressly authorized by the Board in each case, at least 80% of the floor area of each Residential Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs carpeting or equally effective noise-reducing material.

35. There will be no barbecuing in the Residential Units or in any Residential Limited Common Elements or the Common Elements or the Residential Common Elements, except for those areas (if any) specifically designated for barbecuing by the Board.

36. The Board reserves the right to rescind, alter, waive or add, as to 1 or more or all occupants, any rule or regulation at any time prescribed for the Buildings 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 Buildings, or the preservation of good order therein, or the operation or maintenance of the Buildings, or the equipment thereof, or the comfort of Residential Unit Owners, occupants or others in the Buildings. No rescission, alteration, waiver or addition of any rule or regulation in respect of 1 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.

## EXHIBIT E

## TO THE DECLARATION OF THE CONDOMINIUM

## POWER OF ATTORNEY
**(to be executed in triplicate)**

Terms used in this Power of Attorney which are used (a) in the declaration (the "Declaration") submitted by 775 Realty Co. LLC and 156-08 Realty Co. LLC (together "Declarant") establishing a plan for condominium ownership of the premises known as The John James Condominium (the "Condominium") and by the street number 775 Riverside Drive 156-08 Riverside Drive West, New York, New York 10032 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 on _____, ____ in Reel _____, page _____ or (b) in the by-laws of the Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, the owner of the Condominium Unit (the "Residential Unit") in the Condominium which is designated and described as Unit No. _____ in the Declaration and also designated as Tax Lot ___, in Block 2134 of Section ____ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the 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 Board or in the name of their designee (corporate or otherwise), on behalf of all Residential Unit Owners, in accordance with such Residential Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) to acquire or lease any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner desiring to sell, convey, transfer, assign, surrender or lease the same, (b) to acquire any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner who elects to surrender the same pursuant to the By-Laws, and (c) to acquire any Residential Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, all on such terms and at such price or rental, as the case may be, as said attorneys-in-fact shall deem proper, in the name of the Board or its designee, corporate or otherwise on behalf of all Residential Unit Owners, and, after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired by them, or to sublease any Residential Unit so leased by them without the necessity of further authorization by the Residential Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in such Residential Unit which the undersigned could do if the undersigned were personally present, (2) upon determination by the Board, to commence, pursue, appeal, settle and/or terminate administrative and/or certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units including retaining counsel and taking any other actions which the Board deems necessary or appropriate, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Common Elements or Residential Common Elements or Residential Limited Common Elements which the

Board deems necessary or appropriate to comply with any ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance of the Common Elements or Residential Common Elements or Residential Limited Common Elements, (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Buildings as the Board deems necessary or appropriate or (c) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Common Elements or Residential Common Elements or Residential Limited Common Elements which the Board deems necessary or appropriate.

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

The undersigned hereby nominates, constitutes and appoints the Declarant and/or its designee true and lawful attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, on behalf of all Residential Unit Owners, in accordance with such Residential Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, to execute an amendment to the Declaration, By-Laws and the Residential Rules and Regulations of the Condominium or any permits, applications or documents required to undertake, perform or complete work to the Unsold Residential Units or Common Elements or Residential Common Elements or Residential Limited Common Elements by Declarant or its designee when such amendment (i) shall be required to reflect any changes in Unsold Residential Units and/or the reapportionment of the Common Interests of the aforesaid Residential Units resulting therefrom made by the Declarant or its designee in accordance with the Declaration or (ii) shall be required by (x) any holder of an Institutional Mortgage designated by the Declarant or its designee to make a mortgage loan secured by a mortgage on any Residential Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by the Declarant or its designee to insure title to any Residential Unit; provided, however, that any amendment made pursuant to the terms of this paragraph shall not (i) change the Common Interest of the undersigned's Residential Unit, (ii) require a material or physical modification to the undersigned's Residential Unit or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage held by a holder of an Institutional Mortgage covering the undersigned's Residential Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the ____ day of_____, 20__

_____

_____

State of New York )
) ss.:
County of New York )

On the ____ day of _____ in the year 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 whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of New York )

On the ____ day of _____ in the year 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 whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

**EXHIBIT 6**

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**UNIT POWER OF ATTORNEY**

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**ALSO EXHIBIT E**
**TO THE DECLARATION OF THE CONDOMINIUM**

**POWER OF ATTORNEY**
(to be executed in triplicate)

Terms used in this Power of Attorney which are used (a) in the declaration (the "Declaration") submitted by 775 Realty Co. LLC and 156-08 Realty Co. LLC (together "Declarant") establishing a plan for condominium ownership of the premises known as The John James Condominium (the "Condominium") and by the street number 775 Riverside Drive and 156-08 Riverside Drive West, New York, New York 10032 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 on _____, ____ in Reel _____, page _____ or (b) in the by-laws of the Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, the owner of the Condominium Unit (the "Residential Unit") in the Condominium which is designated and described as Unit No. _____ in the Declaration and also designated as Tax Lot ___, in Block 2134 of Section ____ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the 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 Board or in the name of their designee (corporate or otherwise), on behalf of all Residential Unit Owners, in accordance with such Residential Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) to acquire or lease any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner desiring to sell, convey, transfer, assign, surrender or lease the same, (b) to acquire any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner who elects to surrender the same pursuant to the By-Laws, and (c) to acquire any Residential Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, all on such terms and at such price or rental, as the case may be, as said attorneys-in-fact shall deem proper, in the name of the Board or its designee, corporate or otherwise on behalf of all Residential Unit Owners, and, after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired by them, or to sublease any Residential Unit so leased by them without the necessity of further authorization by the Residential Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in such Residential Unit which the undersigned could do if the undersigned were personally present, (2) upon determination by the Board, to commence, pursue, appeal, settle and/or terminate administrative and/or certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units including retaining counsel and taking any other actions which the Board deems necessary or appropriate, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Common Elements or Residential Common Elements or Residential Limited Common Elements which the Board deems necessary or appropriate to comply with any ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance of the Common Elements or Residential Common Elements or Residential Limited Common Elements, (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Buildings as the Board deems necessary or appropriate or (c) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Common Elements or Residential Common Elements or Residential Limited Common Elements which the Board deems necessary or appropriate.

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

The undersigned hereby nominates, constitutes and appoints the Declarant or its designee true and lawful attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, on behalf of all Residential Unit Owners, in accordance with such Residential Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, to execute an amendment to the Declaration, By-Laws and the Residential Rules and Regulations of the Condominium or any permits, applications or documents required to undertake, perform or complete work to the Unsold Residential Units or Common Elements or Residential Common Elements or Residential Limited Common Elements by Declarant or its designee when such amendment (i) shall be required to reflect any changes in Unsold Residential Units and/or the reapportionment of the Common Interests of the aforesaid Residential Units resulting therefrom made by the Declarant or its designee in accordance with the Declaration or (ii) shall be required by (x) any holder of an Institutional Mortgage designated by the Declarant or its designee to make a mortgage loan secured by a mortgage on any Residential Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by the Declarant or its designee to insure title to any Residential Unit; provided, however, that any amendment made pursuant to the terms of this paragraph shall not (i) change the Common Interest of the undersigned's Residential Unit, (ii) require a material or physical modification to the undersigned's Residential Unit or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage held by a holder of an Institutional Mortgage covering the undersigned's Residential Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the ____ day of_____, 20__

_____

_____

State of New York )
) ss.:
County of _____ )

On the ____ day of _____ in the year 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 whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

State of New York )
) ss.:
County of _____ )

On the ____ day of _____ in the year 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 whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

**EXHIBIT 7**

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**CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS**

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# CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS

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

Re: The John James Condominium
775 Riverside Drive
156-08 Riverside Drive West
New York, New York 10032

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property.

We understand that we are responsible for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 23 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that all documents submitted hereafter by us which further 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 of sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

This certification is made under 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.

Dated as of December 17, 2013

SPONSOR

775 REALTY CO. LLC

By:_____
Name: Joel Wiener
Title: Authorized Signatory

156-08 REALTY CO. LLC

By:_____
Name: Joel Wiener
Title: Authorized Signatory

SPONSOR'S PRINCIPALS:

_____
Joel Wiener

_____
Sherry Wiener

Sworn to before me this
17 day of December, 2013

Sandra Gonzalez
Notary Public

SANDRA E. GONZALEZ
Notary Public, State of New York
No. 01GO6174048
Qualified in Kings County
Commission Expires September 10, 2015

**EXHIBIT 8**

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**CERTIFICATION OF SPONSOR'S ARCHITECT**

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## ARCHITECT'S CERTIFICATION

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

The John James Condominium
156-08 Riverside Drive West
New York, New York 10032

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 the property (the "Report"). Our firm visually inspected the property on January 11, 2006; January 17, 2006; January 23, 2006; January 30, 2006; March 29, 2006; February 7, 2007; February 9, 2007; November 27, 2008; March 26, 2013; May 2, 2013; May 23, 2013; June 21, 2013; July 26, 2013; October 1, 2013; and July 24, 2014. I prepared the Report dated December 17, 2013, and revised the report on July 30, 2014 and on October 24, 2014, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I am a registered architect in the State in which the property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification. I certify that the report and all documents prepared by me disclose all the material facts which were then discernable 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 based on my visual inspection:

(i) sets forth in narrative form the description and/or physical condition of the entire property and is current and accurate as of the date of inspection;

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

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made; and

(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.

Howard L. Zimmerman Architects, P.C.

By: Howard L. Zimmerman

Sworn to before me this
24 day of Oct, 2014

Notary Public

CHRISTINE M. CRAMER
Notary Public, State of New York
No. 01CR6131678
Qualified in Kings County
Commission Expires 08/15/2017

REGISTERED ARCHITECT
HOWARD L. ZIMMERMAN
14327
STATE OF NEW YORK

**EXHIBIT 9**

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**CERTIFICATION OF SPONSOR'S EXPERT CONCERNNG ADEQUACY OF BUDGET**

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# NU·PLACE REALTY

INVESTMENTS FOR LIVING

**CERTIFICATION BY EXPERT ON ADEQUENCY OF BUDGET**

December 11, 2013

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

**Re: 775 Riverside Drive**
**New York, New York 10032**
**&**
**156-08 Riverside Drive West**
**New York, New York 10032**

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained our firm to review or prepare Schedule B containing projections of income and expenses for the first year of condominium operation. Nu-Place Realty provides consulting, marketing, sales services and management services to New York's residential community. I have been a licensed real estate broker for 40 years and have been active in sales and management of mixed use buildings for over 25 years.

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 13 NYCRR Part 23 insofar as they are applicable to Schedule B.

We have reviewed Schedule B and investigated the facts set forth in Schedule B and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in 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 Schedule B:

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

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) does not omit any material fact;

# NU·PLACE REALTY

INVESTMENTS FOR LIVING

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the sponsor nor do we have any financial interest in the subject offering plan other than as having been retained to certify the budget. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

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

Very Truly Yours,

Nathan Fridman
For Nu-Place Realty

Sworn to before me this
20 day of December 2013.

Notary Public

MATTHEW J FEENEY
Notary Public, State of New York
No. 01FE6279487
Qualified in Suffolk County
Commission Expires 04/08/2017

**EXHIBIT 10**

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**CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUCY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNERS**

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# NU·PLACE REALTY

INVESTMENTS FOR LIVING

## CERTIFICATION BY EXPERT ON ADEQUENCY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNERS

December 11, 2013

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

**Re: 775 Riverside Drive**
**New York, New York 10032**
**&**
**156-08 Riverside Drive West**
**New York, New York 10032**

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained our firm to review or prepare Schedule B which includes projections of common charges payable by the owners of the commercial unit (s). Nu-Place Realty provides consulting, marketing, sales services and management services to New York's residential community. I have been a licensed real estate broker for 40 years and have been active in sales and management of mixed use buildings for over 25 years.

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 13 NYCRR Part 23 insofar as they are applicable to the commercial unit(s) listed in Schedule B.

We have reviewed Schedule B as it impacts upon the commercial unit(s) and investigated the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on my experience in managing residential buildings.

We certify that the projections in Schedule B for common charges payable by the owners of commercial unit(s) appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit(s) for the projected first year of the condominium operation, and that the allocation of common charges attributable to the commercial unit(s) also reflects special or exclusive or availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owners of the commercial unit(s):

(i) sets forth in detail the projected common charges for the commercial unit(s) for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common

# NU·PLACE REALTY

INVESTMENTS FOR LIVING

charges payable by the owners of the commercial unit(s);

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

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

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

Very Truly Yours,

Nathan Fridman
For Nu-Place Realty

Sworn to before me this
20 day of December 2013.

Notary Public

MATTHEW J FEENEY
Notary Public, State of New York
No. 01FE6279487
Qualified in Suffolk County
Commission Expires 04/08/20 17

**EXHIBIT 11**

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**FORM W-9**

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Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

# Request for Taxpayer Identification Number and Certification

**Give Form to the requester. Do not send to the IRS.**

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

**Note.** For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

*(Applies to accounts maintained outside the U.S.)*

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

**Social security number**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | – | | | – | | | | |

**or**

**Employer identification number**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | – | | | | | | | |

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

**Sign Here** | **Signature of U.S. person ▶** | **Date ▶**

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding.* See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

**Note.** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

***Example.*** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

## What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

# Specific Instructions

## Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note. ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

## Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

## Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

**Limited Liability Company (LLC).** If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

## Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

**Exempt payee code.**

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

| IF the payment is for . . . | THEN the payment is exempt for . . . |
|---|---|
| Interest and dividend payments | All exempt payees except for 7 |
| Broker transactions | Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012. |
| Barter exchange transactions and patronage dividends | Exempt payees 1 through 4 |
| Payments over $600 required to be reported and direct sales over $5,000[1] | Generally, exempt payees 1 through 5[2] |
| Payments made in settlement of payment card or third party network transactions | Exempt payees 1 through 4 |

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note.** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

## Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

## Line 6

Enter your city, state, and ZIP code.

# Part I. Taxpayer Identification Number (TIN)

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

## What Name and Number To Give the Requester

| For this type of account: | Give name and SSN of: |
|---|---|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account[1] |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor[2] |
| 4. a. The usual revocable savings trust (grantor is also trustee)<br>b. So-called trust account that is not a legal or valid trust under state law | The grantor-trustee[1]<br>The actual owner[1] |
| 5. Sole proprietorship or disregarded entity owned by an individual | The owner[3] |
| 6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A)) | The grantor* |
| **For this type of account:** | **Give name and EIN of:** |
| 7. Disregarded entity not owned by an individual | The owner |
| 8. A valid trust, estate, or pension trust | Legal entity[4] |
| 9. Corporation or LLC electing corporate status on Form 8832 or Form 2553 | The corporation |
| 10. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 11. Partnership or multi-member LLC | The partnership |
| 12. A broker or registered nominee | The broker or nominee |
| 13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity |
| 14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B)) | The trust |

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

## Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.** Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

**EXHIBIT 12**

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**FORM W-8BEN**

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Form **W-8BEN**

(Rev. February 2014)

Department of the Treasury
Internal Revenue Service

# Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

▶ **For use by individuals. Entities must use Form W-8BEN-E.**
▶ **Information about Form W-8BEN and its separate instructions is at *www.irs.gov/formw8ben.***
▶ **Give this form to the withholding agent or payer. Do not send to the IRS.**

OMB No. 1545-1621

| **Do NOT use this form if:** | **Instead, use Form:** |
|---|---|
| • You are NOT an individual | W-8BEN-E |
| • You are a U.S. citizen or other U.S. person, including a resident alien individual | W-9 |
| • You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services) | W-8ECI |
| • You are a beneficial owner who is receiving compensation for personal services performed in the United States | 8233 or W-4 |
| • A person acting as an intermediary | W-8IMY |

## Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner

2 Country of citizenship

3 Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address.**

City or town, state or province. Include postal code where appropriate.

Country

4 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country

5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)

6 Foreign tax identifying number (see instructions)

7 Reference number(s) (see instructions)

8 Date of birth (MM-DD-YYYY) (see instructions)

## Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.

10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income): _____

_____.

Explain the reasons the beneficial owner meets the terms of the treaty article: _____

_____

## Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself as an individual that is an owner or account holder of a foreign financial institution,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:

  (a) not effectively connected with the conduct of a trade or business in the United States,

  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or

  (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

**Sign Here** ▶

_____ _____
Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY)

_____ _____
Print name of signer Capacity in which acting (if form is not signed by beneficial owner)

# Instructions for the Requester of Forms W–8BEN, W–8BEN–E, W–8ECI, W–8EXP, and W–8IMY

(Rev. July 2014)

Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to the Forms W-8 and their instructions for requesters, such as legislation enacted after they were published, go to *Form-W-8,-Certificate-of-Foreign-Status*.

## What's New

In 2010, Congress passed the Hiring Incentives to Restore Employment Act of 2010, P.L. 111-147 (the HIRE Act), which added chapter 4 of Subtitle A to the Code, consisting of sections 1471 through 1474 of the Code and commonly referred to as "FATCA" or "chapter 4." Under chapter 4 and the regulations thereunder, a withholding agent that makes withholdable payments on or after July 1, 2014, to a payee that is a foreign financial institution (FFI) generally must withhold 30% on the payment unless the withholding agent is able to treat the FFI as a participating FFI, deemed-compliant FFI, or an exempt beneficial owner. Additionally, a participating FFI or registered deemed-compliant FFI is generally required to perform due diligence procedures to identify its account holders for purposes of chapter 4 and to report or withhold, as appropriate, on such account holders that are U.S. account holders, recalcitrant account holders, or nonparticipating FFIs. A withholding agent is also required to withhold on withholdable payments made on or after July 1, 2014, to a nonfinancial foreign entity (NFFE), unless it is able to treat the NFFE as other than a passive NFFE that fails to identify its substantial U.S. owners (or certify that it does not have any substantial U.S. owners). In January 2013, final regulations were published that provide due diligence, withholding, and reporting rules for both U.S. withholding agents and FFIs under chapter 4 (T.D. 9610, available at *www.irs.gov/irb/2013-15_IRB/ar16.html*). Additionally, temporary and proposed regulations were released in February 2014, providing updated regulations under chapter 4 (T.D. 9657, available at *www.irs.gov/irb/2014-13_IRB/ar06.html*) as well as guidance amending certain of the regulations under chapters 3 and 61 of the Code to coordinate with the requirements of chapter 4 (T.D. 9658, available at *www.irs.gov/irb/2014-13_IRB/ar07.html*). Additional guidance was provided in Notice 2014-33, 2014-21 I.R.B. 1033, available at *www.irs.gov/irb/2014-13_IRB/ar04.html*.

In order to document an account holder or other payee, a withholding agent or an FFI may need to obtain a withholding certificate (i.e., Form W-8 series) to establish the chapter 4 status of a payee or an account holder or the payee's chapter 3 status, or to validate a payee's or an account holder's claim of foreign status when there are U.S. indicia associated with the payee or the account. See *Due Diligence Requirements*, later outlined in these instructions. Forms W-8ECI, W-8EXP, and W-8IMY have been updated to reflect the documentation requirements of chapter 4. Additionally, Form W-8BEN has been divided into two versions — Form W-8BEN for use by individuals and Form W-8BEN-E for use by entities. Form W-8BEN will continue to be used to document nonresident alien individuals, while Form W-8BEN-E will be used to document foreign entities, for purposes of chapters 3 and 4, and under certain other sections of the Code in order to establish their status for withholding or reporting purposes. If you are a withholding agent making a payment of U.S. source fixed or determinable, annual or periodical (FDAP) income, you should continue to fulfill your chapter 3 reporting and withholding obligations (as required) using these forms in addition to using these forms to satisfy any withholding or reporting obligations you may have under chapter 4. These updated forms replace prior versions of Forms W-8.

## Purpose of Instructions

These instructions supplement the instructions for the following forms and provide, for each form, notes to assist withholding agents and FFIs in validating the forms for chapter 3 and 4 purposes in addition to outlining the due diligence requirements applicable to withholding agents for establishing a beneficial owner's foreign status and claim for reduced withholding under an income tax treaty. These notes for chapters 3 and 4 are not inclusive of all requirements that may apply to a withholding agent for validating Forms W-8. A withholding agent should also reference the instructions for each Form W-8 and applicable regulations under chapter 3 and chapter 4 describing the requirements for withholding certificates.

- Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals).
- Form W-BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities).



Cat. No. 26698G

- Form W-8ECI, Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States.
- Form W-8EXP, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding and Reporting.
- Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting.

For general information and the purpose of each of the forms described in these instructions, see those forms and their accompanying instructions. For definitions of terms used and not defined in these instructions, see the Forms W-8 and their accompanying instructions for definitions that also apply for purposes of these instructions.




*Throughout these instructions, a reference to or mention of "Form W-8" includes Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY.*

## Requirements to Withhold

For purposes of sections 1441 and 1442, a withholding agent must withhold 30% of any payment of an amount subject to chapter 3 withholding made to a payee that is a foreign person unless it can associate the payment with documentation (for example, Form W-8 or Form W-9, Request for Taxpayer Identification Number and Certification) upon which it is permitted to rely to treat the payment as made to (a) a payee that is a U.S. person or (b) a beneficial owner that is a foreign person entitled to a reduced rate of or exemption from withholding. See, however, Regulations section 1.1441-1(c)(17), allowing a payment to be associated with documentary evidence rather than a Form W-8 for a payment made outside the United States with respect to an offshore obligation under Regulations section 1.6049-5(c)(1). A withholding agent must also withhold under section 1443 on certain payments to foreign tax-exempt organizations that constitute unrelated business taxable income or are subject to the 4% excise tax imposed by section 4948. However, a withholding agent making a payment to a foreign person need not withhold if the foreign person assumes responsibility for withholding on the payment as a qualified intermediary, a withholding foreign partnership, or a withholding foreign trust and has provided a valid Form W-8IMY certifying to such status. Withholding is also not required if the payment is made to a U.S. branch of a foreign insurance company or foreign bank or a territory financial institution that agrees to be treated as a U.S. person under the requirements of Regulations section 1.1441-1(b)(2)(iv)(A) and provides a valid Form W-8IMY certifying to such status.

Generally, an amount is subject to withholding for purposes of chapter 3 if it is an amount from sources within the United States that is FDAP income. FDAP income is all income included in gross income, including interest (and original issue discount), dividends, rents, royalties, and compensation. FDAP income does not include most gains from the sale of property (including market discount and option premiums). FDAP income also does not include items of income excluded from gross income without regard to the U.S. or foreign status of the owner of the income, such as interest under section 103(a).

Generally, under section 1446, a partnership that allocates effectively connected taxable income (ECTI) to a foreign person must withhold at the highest tax rate applicable to that person for the type of income allocated (for example, ordinary income or capital gains). Unless the partnership is a publicly traded partnership, the partnership must withhold in the year the ECTI is allocable to the foreign partner, rather than the year in which the distribution is made. The partnership may rely on documentation (for example, Form W-8BEN, Form W-8BEN-E, or Form W-9) to determine if the partner is foreign or domestic and the type of partner (for example, individual or corporate). A partnership that does not receive valid documentation or knows or has reason to know that the documentation is incorrect or unreliable must presume the partner is foreign.

For purposes of chapter 4, a withholding agent must withhold 30% of any payment of U.S. source FDAP income that is a withholdable payment (defined in Regulations section 1.1473-1(a)) made to a nonparticipating FFI under Regulations section 1.1471-2(a), an NFFE that is not an excepted NFFE (defined in Regulations section 1.1472-1(c)(1)) and does not disclose its substantial U.S. owners (or certify that it has no substantial U.S. owners) under Regulations section 1.1472-1(b), or an exempt beneficial owner under Regulations section 1.1471-6. In addition, a withholding agent that is a participating FFI must withhold to the extent required under Regulations section 1.1471-4(b) and its FFI agreement, which, in addition to the requirements mentioned in the previous sentence, requires withholding on withholdable payments made to recalcitrant account holders of the FFI. A similar requirement applies in certain cases to certain classes of registered deemed-compliant FFIs. See Regulations section 1.1471-5(f)(1). A participating FFI (or registered deemed-compliant FFI) may use a Form W-8 to document and establish the foreign status of an account holder. See Regulations section 1.1471-5(g) for when a participating FFI or registered deemed-compliant FFI must treat an account holder as a recalcitrant account holder. An FFI that is considered a reporting FFI under a Model 1 or Model 2 intergovernmental agreement (IGA) may apply the requirements of the applicable IGA to document its account holders for purposes of FATCA.

## Who Is a Withholding Agent?

Any person, U.S. or foreign, in whatever capacity acting, that has control, receipt, custody, disposal, or payment of an amount subject to withholding for chapter 3 purposes or a withholdable payment for chapter 4 purposes is a withholding agent. The withholding agent may be an individual, corporation, partnership, trust, association, or any other entity, including (but not limited to) any foreign intermediary, foreign partnership, or U.S. branch of certain foreign banks and insurance companies. If several persons qualify as withholding agents for a single payment, the tax required to be withheld must only be withheld once. Generally, the person who pays (or causes to be paid) an amount subject to withholding under

chapter 3 or a withholdable payment to the foreign person (or to its agent) must withhold. See the Instructions for Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, for return filing and information reporting obligations with respect to payments made to foreign persons.

For ECTI allocable to a foreign partner, the partnership is generally the withholding agent and must file Form 8804, Annual Return for Partnership Withholding Tax (Section 1446), Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, and Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446).

## Responsibilities of a Withholding Agent

### Chapter 3 and Form 1099 Responsibilities

If you are a withholding agent making a payment of U.S. source interest, dividends, rents, royalties, commissions, nonemployee compensation, other FDAP gains, profits, or income, and certain other amounts (including broker and barter exchange transactions, and certain payments made by fishing boat operators), you are generally required to obtain from the payee either a Form W-9 or a Form W-8. These forms are also used to establish a person's status for purposes of domestic information reporting (for example, on a Form 1099) and backup withholding, including to determine, for purposes of section 6050W, whether a participating payee is a foreign person. If you receive a Form W-9, you must generally make an information return on a Form 1099 (unless the payee has provided a valid code on the form to indicate it is an exempt recipient). If you receive a Form W-8, you are exempt from reporting on Form 1099, but you may have to file Form 1042-S and withhold under the rules applicable to payments made to foreign persons. See the Instructions for Form 1042-S for more information. See, however, Regulations section 1.1441-1(c)(17), allowing a payment to be associated with documentation other than a Form W-8 for a payment made outside the United States with respect to an offshore obligation under Regulations section 1.6049-5(c)(1).

Generally, for purposes of chapter 3, you must withhold 30% from the gross amount of FDAP income paid to a foreign person that is an amount subject to chapter 3 withholding under Regulations section 1.1441-2(a) unless you can reliably associate the payment with a Form W-8 or other permitted documentation. You can reliably associate a payment with a Form W-8 if you hold a valid form, you can reliably determine how much of the payment relates to the form, and you have no actual knowledge or reason to know that any of the information or certifications on the form are unreliable or incorrect. In addition, a partnership that has ECTI allocable to a foreign partner is a withholding agent with respect to that income and must withhold in accordance with the provisions of Regulations sections 1.1446-1 through 1.1446-6. See the Instructions for Forms 8804, 8805, and 8813.

Generally, a foreign person that is a partner in a partnership that submits a Form W-8 for purposes of section 1441 or 1442 will satisfy the documentation requirements under section 1446. However, in some cases the documentation requirements for sections 1441 and 1442 do not match the documentation requirements of section 1446. For example, a partner may generally submit Form W-8BEN-E to establish itself as a foreign person for purposes of section 1446, but a foreign partnership or foreign grantor trust must submit Form W-8IMY and accompanying documentation as provided by Regulations sections 1.1446-1 through 1.1446-6. Also, the owner of a disregarded entity, rather than the entity itself, must submit the appropriate Form W-8 for purposes of section 1446.

### Failure to Obtain Form W-8 or Form W-9 — Presumption Rules

If you do not receive a Form W-8 or Form W-9 that you may rely upon, or cannot otherwise determine whether a payment should be treated as made to a U.S. person or to a foreign person, use the presumption rules provided in the Regulations under sections 1441, 1446, 1471, 6045, and 6049. However, you may not withhold at a reduced rate by applying the presumption rules if you have actual knowledge that a higher withholding rate is applicable.

### Chapter 4 Responsibilities

For purposes of chapter 4, if you are a withholding agent making a withholdable payment to an entity payee, you must establish the chapter 4 status of the entity payee (as required for chapter 4 purposes) to determine if withholding applies by generally obtaining a Form W-8 that you can reliably associate with the payment. If you are not making a withholdable payment, a valid chapter 4 status is generally not required on the form for the payee, but see the additional requirements for providing a chapter 4 status by an entity providing a Form W-8IMY. You can reliably associate a payment with a Form W-8 for purposes of establishing a payee's chapter 4 status if, prior to the payment, you obtain a valid form that contains the information required for chapter 4 purposes, you can reliably determine how much of the payment relates to the documentation, and you have no actual knowledge or reason to know that any of the information, certifications, or statements in, or associated with, the documentation are unreliable or incorrect for chapter 4 purposes. See Regulations section 1.1471-3(e)(4) for "reason to know" standards for purposes of chapter 4.

Thus, a withholding agent must also determine if a payment is a withholdable payment without regard to exceptions from withholding applicable under chapter 3 and, for each such withholdable payment, must obtain a Form W-8 upon which it is permitted to rely under chapter 4 to determine the chapter 4 status of a payee that is a foreign person for purposes of whether withholding applies under chapter 4. See, however, Regulations section 1.1471-3(d) for cases in which a withholding agent may obtain other documentation to determine an entity payee's chapter 4 status. For a participating FFI or registered deemed-compliant FFI, see the requirements under Regulations section 1.1471-4 or the requirements of an applicable IGA for the

documentation permitted to be used to document an account holder for purposes of FATCA.

If you determine that you are making a withholdable payment to an entity and cannot reliably associate the payment with a Form W-8 or other permitted documentation that is valid for chapter 4 purposes, you are required to treat the entity payee as a nonparticipating FFI such that withholding applies under Regulations section 1.1471-2(a). If you are making a withholdable payment to an NFFE, you must withhold under Regulations section 1.1472-1 unless the NFFE (or other entity that is the beneficial owner of the payment) certifies on Form W-8 that it does not have any substantial U.S. owners or identifies its substantial U.S. owners or is a class of NFFE that certifies its status on Form W-8 to obtain an exemption from these requirements. See also Regulations sections 1.1471-2(a)(4)(ii) and 1.1472-1(b)(2) for transition rules for withholdable payments made to entities prior to July 1, 2016, for which withholding (and establishing a payee's chapter 4 status) is not generally required before that date. If you are a withholding agent that is a participating FFI, you are required to withhold on withholdable payments made to accounts held by recalcitrant account holders as well as to nonparticipating FFIs (including entities treated as nonparticipating FFIs under the chapter 4 presumption rules) under Regulations section 1.1471-4(b). See Regulations section 1.1471-4(c) for the standards of knowledge applicable to participating FFIs when documenting their account holders. A participating FFI acting as a withholding agent with respect to a withholdable payment made to an NFFE that is not an account holder of the participating FFI must also withhold to the extent required under Regulations section 1.1472-1 and, as applicable, based on the chapter 4 presumption rules. If you make a withholdable payment to a payee (including a payee that is not an account holder), you may be required to report the payment on Form 1042-S or on Form 8966, FATCA Report, or both, to the extent required in the instructions for those forms. See the Instructions for Form 1042-S and Form 8966 for more information.

You may use the Form W-8 received from a payee or an account holder documenting the payee or account holder in connection with your withholding and reporting obligations under chapter 4 (in addition to those under chapter 3).

Do not send Forms W-8 to the IRS. Instead, keep the forms in your records for as long as they may be relevant to the determination of your tax liability under section 1461 (for payments subject to withholding under chapter 3), section 1474 (for withholdable payments under chapter 4), or Regulations section 1.1471-4(c)(2)(iv) (for an FFI documenting account holders).

## Requesting Form W-8

Request a Form W-8 described in these instructions from any person to whom you are making a payment that you presume or otherwise believe to be a foreign person. You should request the form before making a payment so that you have the form when you make the payment. A withholding agent or payer that fails to obtain a Form W-8 or Form W-9 and fails to withhold as required under the presumption rules may be assessed tax at the 30% rate or backup withholding rate of 28%, as well as interest and penalties for lack of compliance. See later in the discussion of Form W-8IMY as to the extent that form is required to be collected by a withholding agent making a payment to a qualified securities lender.

A partnership should request a Form W-8 or W-9 from any partner that is allocated income that is effectively connected with the conduct of the partnership's U.S. trade or business. A partnership that fails to withhold as required under section 1446 is liable for the tax required to be withheld. In addition, the partnership may be liable for interest, penalties, and additions to the tax even if there is no underlying tax liability due from a foreign partner on its allocable share of partnership ECTI.

When you receive a completed Form W-8, you must review it for completeness and accuracy with respect to the claims made on the form. This responsibility extends to the information attached to Form W-8, including for Form W-8IMY, withholding statements, beneficial owner withholding certificates, or other documentation and information to the extent such documentation is required to be associated with the Form W-8IMY. See below for specific requirements for each type of Form W-8. You may accept a valid Form W-8 for chapter 3 or 61 (for Form 1099 reporting) purposes that does not contain a valid chapter 4 status for an entity payee with respect to payments that you determine are not withholdable payments. Otherwise, you must request a chapter 4 status be provided in accordance with these instructions. See *Notes for Validating Form W-8IMY*, later in these instructions, for when a chapter 4 status is required on Form W-8IMY.

If you are a withholding agent making a withholdable payment or a payment subject to chapter 3 withholding and you make the payment to an intermediary, you must obtain documentation (for example, Form W-8IMY) from such intermediary (including the intermediary's chapter 4 status if the payment is also a withholdable payment), as well as any required documentation from the beneficial owner or owners of the payment.

### Requesting Prior Form W-8 Versions

For purposes of chapter 3, a withholding agent can request the prior version of Form W-8 if the form is executed before the end of the six month period beginning with the month after the revision date shown on the form, and may rely on the form until the form's period of validity expires. See Regulations sections 1.1441-1(e)(4)(ii) and (viii)(C). For purposes of chapter 4, a withholding agent may request the prior version of Form W-8 but may rely on the prior version of the form only to the extent permitted under the allowance for reliance on a pre-FATCA Form W-8. See Regulations section 1.1471-3(d)(1) regarding reliance on a pre-FATCA Form W-8 for chapter 4 purposes and the period of validity for a form used for this purpose. Notwithstanding the above, for purposes of both chapters 3 and 4, a withholding agent making a payment to, or documenting, an entity payee or account holder can request the prior version of a Form W-8BEN-E, W-8IMY, W-8EXP, or W-8ECI prior to January 1, 2015, and with respect to chapter 3 may rely on the form to the extent

otherwise permitted until the form's period of validity expires (subject to a change in circumstances), but with respect to chapter 4 may rely on the form only to the extent permitted under the allowance for reliance on a pre-FATCA Form W-8. A withholding agent may rely on a prior version of a Form W-8 described in the preceding sentence only if it is provided to the withholding agent prior to January 1, 2015. Also see Notice 2014-33, 2014-21 I.R.B. 1033, available at *www.irs.gov/irb/2014-13_IRB/ar07.html* for when a withholding agent may treat an obligation open before January 1, 2015, as a preexisting obligation for purposes of applying the due diligence procedures under chapter 4.

### FFI's Requirement To Request Form W-8 To Document Account Holders

If you are an FFI maintaining an account for an account holder, you may be required to perform due diligence procedures to identify and document a U.S. account holder or entity account holder even if you are not making a payment that is a withholdable payment (or an amount subject to chapter 3 withholding) to the account holder. You may also use Forms W-8 to document the chapter 4 status of a foreign account holder regardless of whether you make a payment that is a withholdable payment or an amount subject to chapter 3 withholding to the account holder, and to validate a claim of foreign status made by the account holder when the account has certain U.S. indicia. For example, an FFI may treat an individual account holder that has U.S. indicia (as described in Regulations section 1.1471-4(c)(5)(iv)(B)) as a foreign person for purposes of its U.S. account reporting requirements when the individual provides a withholding certificate (Form W-8BEN) and certain documentary evidence establishing foreign status. Similar documentation rules apply to a registered deemed-compliant FFI for chapter 4 purposes. See Regulations section 1.1471-5(f)(1).

In the case of an FFI documenting an account holder of an account that the FFI determines is excepted as a financial account under Regulations section 1.1471-5(b)(2), a Form W-8 (or other permitted documentation for chapter 4 purposes) need not be provided unless the form is associated with amounts subject to withholding under chapter 3. In such a case, a valid chapter 4 status need not be provided on the form (only the information needed for chapter 3 purposes with respect to the account holder).

### Requirements for Payment Settlement Entities (PSEs)

Under section 6050W, a PSE is required to report certain payments on Form 1099-K made to a participating payee if the PSE does not establish the foreign status of the payee. A Form W-8BEN, W-8BEN-E, or W-8ECI (as applicable) may be used for this purpose. See the requirements of section 6050W for when other documentation may be used for this purpose.

## Special Rules for Requesting Specific Types of Forms W–8

### Form W–8BEN

Request Form W-8BEN from any foreign individual to whom you are making a payment subject to chapter 3 withholding or a withholdable payment if he or she is the beneficial owner of the income, whether or not he or she is claiming a reduced rate of, or exemption from, withholding (including under an applicable income tax treaty). In addition, if you are a partnership, request Form W-8BEN for purposes of section 1446 from any foreign partner that is an individual who is allocated ECTI. A beneficial owner is required to enter a U.S. taxpayer identification number (TIN) on line 5 if he or she is submitting the form to a partnership that conducts a trade or business in the United States.

Also request Form W-8BEN when an individual payee may claim an exception from domestic information reporting on Form 1099 (including section 6050W) and backup withholding under section 3406 as a foreign person for certain types of income, including broker proceeds, short-term original issue discount, bank deposit interest, foreign source interest, dividends, rents, or royalties.

Finally, request Form W-8BEN if you are a participating FFI or registered deemed-compliant FFI required to establish the foreign status of an individual account holder for chapter 4 purposes or under the requirements of an applicable IGA, absent obtaining other applicable documentation that may be used for this purpose under chapter 4 or the IGA.

**TIN requirements for Forms W-8BEN.** You should request the individual payee's foreign TIN to be completed on line 6 of the Form W-8BEN if the payee is providing the Form W-8BEN with respect to an obligation held at your U.S. office and you are a financial institution. If a foreign TIN is not provided for the payee in this case, you may not treat the Form W-8BEN as valid if you know that the payee has a foreign TIN that it has not provided, unless you have a record of the TIN in your account files that you are able to report on Form 1042-S. In any other case in which the foreign TIN is not provided, you must obtain the individual payee's date of birth on line 8 in order to treat the Form W-8BEN as valid unless you otherwise have the individual payee's date of birth in your account files for the payee that you are able to report on a Form 1042-S. Note that a future revision to Form W-8BEN may require you to obtain both a foreign TIN and date of birth for a payee described in this paragraph.

### Form W–8BEN–E

Request Form W-8BEN-E from any foreign entity to which you are making a payment of an amount subject to chapter 3 withholding or a withholdable payment if the entity is the beneficial owner of the income, whether or not it is claiming a reduced rate of, or exemption from, withholding (including under an applicable income tax treaty). A foreign reverse hybrid entity claiming treaty benefits on its own behalf should submit to you a Form W-8BEN-E with respect to the income for which treaty

benefits are being claimed even though it is not the beneficial owner of the income under U.S. tax principles. See *Special Requirements for Hybrid and Reverse Hybrid Entities*, later in these instructions, for further requirements for chapter 4 purposes. In addition, if you are a partnership, request Form W-8BEN-E for purposes of section 1446 from any foreign partner that is an entity that is allocated ECTI (other than a foreign partner that is a partnership, grantor trust, or person or organization that qualifies to file Form W-8EXP). A beneficial owner is required to enter a U.S. TIN for section 1446 purposes on line 8 if it is submitting the form to a partnership that conducts a trade or business in the United States. Also request Form W-8BEN-E when an entity payee may claim an exception from domestic information reporting as a foreign person (including for section 6050W purposes) or to establish that certain income from notional principal contracts is not effectively connected with the conduct of a U.S. trade or business for purposes of the reporting requirements on Form 1042-S for such payments. See Regulations section 1.1441-4.

For a Form W-8BEN-E that is associated with a withholdable payment to a foreign entity, you must obtain a valid chapter 4 status for the entity to the extent required for chapter 4 purposes to determine if withholding applies under chapter 4, and must obtain an applicable certification in Parts IV through XXVIII unless provided otherwise in the instructions for Form W-8BEN-E (see *Alternative Certifications Under an Applicable IGA*, below). Also, see Regulations section 1.1471-1(b)(19) (defines chapter 4 status). A valid chapter 4 status is not required to be provided when the form is associated with a payment subject to chapter 3 withholding that is not a withholdable payment, when the payment is made with respect to a preexisting obligation before January 1, 2016, to the extent provided in Regulations section 1.1471-2(a)(4)(ii) or 1.1472-1(b)(2), or the payment is made to an account that is excepted as a financial account under Regulations section 1.1471-5(b)(2).

If you are a participating FFI or registered deemed-compliant FFI, request Form W-8BEN-E (or other permitted documentation) to document the chapter 4 status of an entity account holder, regardless of whether you make a withholdable payment or an amount subject to chapter 3 withholding to such entity when you are required to do so under your chapter 4 due diligence requirements or under the requirements of an applicable IGA.

### Alternative Certifications Under an Applicable IGA

If you are an FFI covered under a Model 1 IGA or Model 2 IGA using Form W-8BEN-E to document account holders pursuant to the due diligence requirements of Annex I of an applicable IGA, you may be permitted to request alternative certifications from your account holders in accordance with the requirements of and definitions applicable to the IGA to which you are subject instead of the certifications in Parts IV through XXVIII of the Form W-8BEN-E (which are based on the regulations under chapter 4). You should provide those certifications to account holders that provide you with a Form W-8BEN-E, and the account holder should attach the completed certification to the Form W-8BEN-E in lieu of completing a certification otherwise required in Parts IV through XXVIII of the form. In such a case, you must provide a written statement to the account holder stating that you have provided the alternative certification to meet your due diligence requirements under an applicable IGA and must associate the certification with the Form W-8BEN-E.

If you are a withholding agent (including an FFI), you may also request and rely upon an alternative certification from an entity account holder to establish that the account holder is an NFFE (rather than a financial institution) under an applicable IGA. An entity providing such a certification will still be required, however, to provide its chapter 4 status (i.e., the type of NFFE) in Part I, line 5, as determined under the regulations or IGA, whichever is applicable to the withholding agent. For example, if you are a U.S. withholding agent that receives a Form W-8BEN-E from an entity account holder certifying to its status as a publicly traded NFFE, you may request a written certification that the entity is not a financial institution as defined under the IGA applicable to the entity and document it under the regulations by obtaining the NFFE's certification of its chapter 4 status in Part I, line 5. However, a nonprofit organization treated as an active NFFE under Annex I of an applicable IGA may provide an alternative certification that it is an NFFE that qualifies as a nonprofit organization under an applicable IGA. In such a case, the nonprofit organization will not be required to check a box in Part I, line 5, and the withholding agent may treat the entity as an excepted NFFE.

If you receive an alternative certification under an applicable IGA described in the preceding paragraphs, you may rely on such certification unless you know or have reason to know the certification is incorrect.

### Requirements for Obtaining and Verifying a Global Intermediary Identification Number (GIIN)

If you receive a Form W-8BEN-E from an entity payee that is identified in Part I, line 1, that is claiming chapter 4 status as a participating FFI (including a reporting Model 2 FFI) or registered deemed-compliant FFI (including a reporting Model 1 FFI), or a nonreporting IGA FFI under a Model 2 IGA, provided that the nonreporting IGA FFI is treated as a registered deemed-compliant FFI under the Model 2 IGA, you must obtain and verify the entity's GIIN against the published IRS FFI list. See Regulations sections 1.1471-3(d)(4)(i) and 1.1471-3(e)(3).

If you make a withholdable payment to a direct reporting NFFE, you must obtain and verify the direct reporting NFFE's GIIN against the published IRS FFI list.

For payments made prior to January 1, 2016, a registered deemed-compliant FFI that is a sponsored FFI, or a direct reporting NFFE that is a sponsored direct reporting NFFE, must provide the GIIN of its sponsoring entity to you if it has not obtained its own GIIN. See Regulations section 1.1471-3(e)(3)(iv) for the requirements to verify the GIIN against the published IRS FFI list for withholdable payments made to direct reporting NFFEs and sponsored direct reporting NFFEs.

If you make a withholdable payment to a branch of an FFI identified in a box shown on Part II of the form that provides you a GIIN, you must verify against the FFI list the GIIN (if applicable) provided in Part II, line 13, rather than the GIIN for the entity provided in Part I, line 9a.

You may only accept a Form W-8BEN-E with Part II completed if the entity shown in Part II is an FFI that is a branch of the entity identified in line 1 and the branch is receiving a withholdable payment or if the entity shown in Part II is a disregarded entity that is identified in Part I, line 3, as receiving the payment. If you receive such a Form W-8BEN-E from a branch or disregarded entity described in the preceding sentence that is receiving such a payment associated with the form, you must verify the GIIN of the branch or disregarded entity against the published IRS FFI list and not that of the entity identified in Part I, line 1.

For a withholdable payment made to a certified deemed-compliant FFI that is a sponsored, closely held investment vehicle, you must obtain a GIIN for the sponsoring entity and verify it against the published IRS FFI list.

If you receive a Form W-8BEN-E from an entity payee that is claiming chapter 4 status as a participating FFI, reporting Model 1 FFI, reporting Model 2 FFI, registered deemed-compliant FFI, direct reporting NFFE, sponsored direct reporting NFFE, or sponsoring entity of an NFFE that contains "Applied for" in the box for the GIIN, the payee must provide its GIIN within 90 days of providing the form. A Form W-8BEN-E from such a payee that does not include a GIIN, or includes a GIIN that does not appear on the published IRS FFI list, will be invalid for purposes of chapter 4 beginning on the date that is 90 days after the date the form is provided. See Regulations section 1.1471-3(e)(3)(iii) and (iv).

Prior to January 1, 2015, if you receive a Form W-8BEN-E from an entity payee that is claiming chapter 4 status as a reporting Model 1 FFI, you are not required to obtain the entity payee's GIIN. A form from such an entity without the GIIN is valid for payments made prior to January 1, 2015.

You may accept a GIIN that is indicated and clearly identified on the form rather than provided as required in box 9a or another box permitted in the Instructions for Form W-8BEN-E if the GIIN is clearly identified as being furnished with respect to the box.

If you receive a Form W-8 from a payee or an account holder that contains a TIN or GIIN, you may not rely on the TIN or GIIN if the number provided is incomplete or truncated.

### Further Notes for Validating Form W-8BEN-E

**Part I, Line 4 (Chapter 3 Status).** If you receive a Form W-8BEN-E from an entity that indicates in Part I, line 4, that the entity is a disregarded entity, partnership, simple trust, or grantor trust, and the entity has checked "No" in Part I, line 4, of the Form W-8BEN-E, then you should not accept the Form W-8BEN-E if the form is used with respect to payments that are subject to chapter 3 withholding. In such a case, you should request the entity complete a Form W-8IMY, if the entity is a partnership, simple trust, or grantor trust, or have the owner of a disregarded entity complete the appropriate Form W-8 based on the owner's characteristics if the entity is a disregarded entity. An FFI documenting an account holder under its chapter 4 requirements or under an applicable IGA may, however, accept the Form W-8BEN-E when the entity account holder does not receive payments subject to chapter 3 withholding or withholdable payments associated with the form.

**Part I, Line 5 (Chapter 4 Status).** If you receive a Form W-8BEN-E from an entity that is a certified deemed-compliant FFI under Regulations section 1.1471-5(f)(2), a deemed-compliant FFI under an applicable IGA, or an exempt beneficial owner, the entity should not check the box in Part I, line 5, of Form W-8BEN-E for Nonparticipating FFI (including a limited FFI or an FFI related to a Reporting IGA FFI other than a registered deemed-compliant FFI or participating FFI). Instead, it should check the appropriate box for its status as a certified deemed-compliant FFI, nonreporting IGA FFI, or exempt beneficial owner. See the Instructions for Part I, line 5, of Form W-8BEN-E.

**Part I, Line 9 (Foreign TIN).** You should request the entity payee's foreign TIN to be completed on line 9b of the Form W-8BEN-E if you are a financial institution maintaining the payee's obligation at your U.S. office. If the foreign TIN is not provided, you may not treat the Form W-8BEN-E as valid if you know that the entity payee has a foreign TIN that it has not provided, unless you have record of the TIN in your account files that you are able to report on Form 1042-S.

**Part X, Line 24 (Owner-Documented FFI).** You may accept a Form W-8BEN-E from an entity claiming status as an owner-documented FFI that you agree to treat as an owner-documented FFI that does not check box 24d in Part X regardless of whether you know that the entity is a trust that has one or more contingent beneficiaries. You may accept this certificate (and may otherwise treat an entity as an owner-documented FFI) only if you are a designated withholding agent under the chapter 4 regulations.

### Form W–8ECI

Request Form W-8ECI from any foreign person or organization to which you are making a payment if it is the beneficial owner of the income and it claims that the income is effectively connected with the conduct of a trade or business in the United States. However, request a Form W-8BEN or W-8BEN-E (as applicable) from a foreign partner that is allocated income that is effectively connected with the conduct of the partnership's trade or business in the United States, unless the foreign partner has made an election under section 871(d) or section 882(d).

### Notes for Form W-8ECI

If you are an FFI maintaining accounts for account holders and you receive a Form W-8ECI from an account holder,

you may also need to obtain other documentation for determining the account holder's chapter 4 status to meet your documentation requirements as a participating FFI or registered deemed-compliant FFI.

If you receive a Form W-8ECI without a U.S. TIN entered on line 7, you may not treat the income as effectively connected with a U.S. trade or business and you must apply the appropriate presumption rules.

Your receipt of Form W-8ECI serves as a representation by the payee or beneficial owner that the items of income identified on line 11 are effectively connected with the conduct of a trade or business within the United States. Therefore, if a beneficial owner provides you with a Form W-8ECI, you may treat all of the U.S. source income identified on line 11 paid to that beneficial owner as effectively connected with the conduct of a trade or business within the United States and not as a withholdable payment for purposes of chapter 4 (see Regulations section 1.1473-1(a)(4)(ii)). Therefore, a chapter 4 status is not required for a payee who provides a valid Form W-8ECI, except in the circumstances described above (for an FFI documenting an account holder under its chapter 4 requirements or the requirements of an applicable IGA).

If you pay items of income that are not identified on line 11 by the beneficial owner as effectively connected with the conduct of a trade or business within the United States, you are generally required to obtain from the beneficial owner another type of Form W-8.

You may not treat an amount as income effectively connected with the conduct of a trade or business within the United States unless the beneficial owner gives you a valid Form W-8ECI. However, there are exceptions for income paid on notional principal contracts and payments made to certain U.S. branches.

**Notional principal contracts reportable on Form 1042-S.** Withholding at a 30% rate is not required on amounts paid under the terms of a notional principal contract whether or not a Form W-8ECI is provided (except when a payment made under such contract is U.S. source income, such as a dividend equivalent amount under section 871(m)). However, if the income is effectively connected with the conduct of a U.S. trade or business, it is reportable by the withholding agent on Form 1042-S (regardless of whether the payment is U.S. source income). A withholding agent must treat income as effectively connected with the conduct of a U.S. trade or business, even if a Form W-8ECI has not been received, if the income is paid to a qualified business unit of a foreign person located in the United States or if the income is paid to a qualified business unit of a foreign person located outside the United States and the withholding agent knows, or has reason to know, the payment is effectively connected with the conduct of a U.S. trade or business. However, a payment is not treated as effectively connected with the conduct of a U.S. trade or business if the payee provides a Form W-8BEN-E representing that the income is not effectively connected with a U.S. trade or business or makes a representation in a master agreement that governs the transactions in notional principal contracts between the parties (for example, an International Swaps and Derivatives Association agreement), or in the confirmation on the particular notional principal contract transaction, that the payment is not effectively connected with the conduct of a U.S. trade or business. See Regulations section 1.1441-4(a)(3)(ii) and the instructions for Form W-8BEN-E described earlier.

**Payments to certain U.S. branches treated as effectively connected income.** Payments to U.S. branches of certain foreign persons that have not agreed to be treated as U.S. persons under Regulations section 1.1441-1(b)(2)(iv)(A) and that have provided a U.S. TIN are presumed to be effectively connected with the conduct of a trade or business within the United States even if the foreign person (or its U.S. branch) does not give you a Form W-8ECI or withholding certificates with respect to other persons receiving the payment for which a Form W-8IMY is provided by the U.S. branch.

If Form W-8IMY or the branch's EIN is not provided, the income paid cannot be treated as effectively connected income, and the withholding agent must withhold when the payment is collected by the branch on behalf of other persons.

## Form W–8EXP

Request Form W-8EXP from any foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession to which you are making a payment subject to chapter 3 withholding if such person is claiming an exemption from withholding under sections 1441, 1442, and 1443 pursuant to section 115(2), 501(c), 892, or 895, or claiming a reduced rate of withholding under section 1443(b).

A withholding agent making a withholdable payment will also be required to determine the chapter 4 status of the person submitting Form W-8EXP to determine an exemption from withholding under chapter 4. In some instances, for example, a payee that is claiming an exemption from withholding under sections 1441, 1442, and 1443 will also be an exempt beneficial owner that is not subject to withholding for purposes of chapter 4. See Regulations section 1.1471-6. You should also request Form W-8EXP when the government, organization, or other entity referred to in the first sentence of this paragraph is claiming an exemption from withholding under chapter 4 as an exempt beneficial owner under Regulations section 1.1471-6, as a tax-exempt organization under section 501(c), or as an entity with another chapter 4 status to which withholding under chapter 4 does not apply (among the chapter 4 statuses shown on Form W-8EXP). See line 4 of Form W-8EXP for the chapter 4 statuses that may be claimed on this form.

If you are an FFI documenting an account holder that is a tax-exempt organization or exempt beneficial owner under Regulations section 1.1471-6 to which you do not pay amounts subject to withholding under chapter 3, you may instead require that the account holder complete Form W-8BEN-E to establish its status for chapter 4 purposes. For purposes other than documenting a payee

or account holder claiming a reduced rate of withholding pursuant to section 115(2), 501(c), 892, 895, or 1443, you may request Form W-8BEN-E (such as to establish only the entity's foreign status) or W-8ECI (to establish that the income is effectively connected with a U.S. trade or business).

A Form W-8EXP submitted by a foreign person for purposes of withholding under sections 1441 through 1443 will also establish that partner's foreign status for purposes of section 1446. However, except as provided in Regulations section 1.1446-3(c)(3) (regarding certain tax-exempt organizations described in section 501(c)), the submission of Form W-8EXP will have no effect on whether the partner is subject to withholding under section 1446.

A withholding agent may treat a payee as an international organization without requiring a Form W-8EXP if the name of the payee is one designated as an international organization by Executive Order (pursuant to 22 U.S.C. 288 through 288(f)) and other facts surrounding the payment reasonably indicate that the beneficial owner of the payment is an international organization. With regard to amounts derived from bankers' acceptances for chapter 3 purposes, a withholding agent may treat a payee as a foreign central bank of issue without requiring a Form W-8EXP if the name of the payee and other facts surrounding the payment reasonably indicate that the beneficial owner of the payment is a foreign central bank of issue.

A U.S. TIN is required if the beneficial owner is claiming an exemption based solely on a claim of tax-exempt status as a foreign private foundation (or other foreign organization described under section 501(c)). However, a U.S. TIN is not required from a foreign private foundation that is subject to the 4% excise tax on gross investment income (under section 4948(a)) on income that would be exempt from withholding except for section 4948(a) (for example, portfolio income).

## Form W–8IMY

Request Form W-8IMY from any person that is an intermediary (whether a qualified intermediary (QI) or a nonqualified intermediary, including certain U.S. branches or territory financial institutions), a withholding foreign partnership (WP), a withholding foreign trust (WT), or a flow-through entity to which you make a withholdable payment or payment that is a reportable amount (as described in Regulations section 1.1441-1(e)(3)(vi)). A flow-through entity includes a foreign partnership (other than a WP), a foreign simple or grantor trust (other than a WT), and, for any payments for which a treaty benefit is claimed, any entity to the extent it is treated as fiscally transparent under section 894. See the Instructions for Form W-8IMY for when a Form W-8IMY is required to be provided by a U.S. branch. Form W-8IMY should also be provided by an entity to claim status as a qualified securities lender (QSL) with respect to payments of U.S. source substitute dividends and may be relied upon regardless of whether the QSL acts as an intermediary with respect to substitute dividends associated with the form. In a case in which an entity certifies on Form W-8IMY its status as a QSL, you may make payments of substitute dividends to this entity without requiring a withholding statement when the QSL provides a written statement that it is not acting as an intermediary with respect to such payments associated with the form or certifies its status as a QI. Additionally, you may rely on documentation that does not include a chapter 4 status for an account holder or an intermediary or flow-through entity when the withholding statement provided by such entity indicates that the payment is made to an account excluded as a financial account under Regulations section 1.1471-5(b)(2).

The chapter 4 status of an intermediary or flow-through entity is also required on the form if the form is associated with a withholdable payment and you are required to determine the entity's status for chapter 4 purposes. Except to the extent provided otherwise in applicable regulations, appropriate withholding certificates, documentary evidence, and withholding statements must be associated with Form W-8IMY for both chapter 3 and 4 purposes or you must apply the presumption rules. See the Instructions for Form W-8IMY for details on these requirements, including the requirements for chapter 3 withholding rate pools permitted to be provided to withholding agents by QIs, and when chapter 4 withholding rate pools may be included in withholding statements provided by intermediaries and flow-through entities. A participating FFI or registered deemed-compliant FFI may also request Form W-8IMY from an intermediary or flow-through entity that is an account holder of the participating FFI or registered deemed-compliant FFI to establish its chapter 4 status (when required for chapter 4 purposes) or status under an applicable IGA even when no payments subject to chapter 3 withholding or withholdable payments are made to the account. In such a case, a withholding statement is not required.

### Notes for Validating Form W-8IMY

**TIN, Chapter 4 Status, and Withholding Statement.** A QI, WP, or WT must provide the EIN that was issued to the entity in such capacity (its QI-EIN, WP-EIN, or WT-EIN) as well as its GIIN if it is an FFI (other than a QI that is a limited FFI), a direct reporting NFFE, or a sponsoring entity as required for chapter 4 purposes when it is receiving a withholdable payment associated with the Form W-8IMY unless an exception for providing a chapter 4 status applies (for example, a Form W-8IMY provided with respect to a preexisting account (see Regulations section 1.1471-2(a)(4)(ii)). See the Instructions for Form W-8BEN-E and the discussion of Form W-8BEN-E earlier in these instructions for the requirements with respect to obtaining and validating a GIIN that also apply with respect to an entity providing a Form W-8IMY, including when a branch of an FFI receives a withholdable payment and when a GIIN is not required on Form W-8IMY and when a chapter 4 status is not required on this form. Because status as a QI, WP, or WT for a financial institution is limited to certain classes of FFIs, for Forms W-8IMY associated with withholdable payments, a withholding agent must validate that the QI, WP, or WT certifies its status when required for chapter 4 purposes described in Regulations sections 1.1441-1(e)

(5)(ii) (for a QI), 1.1441-5(c)(2) (for a WP), or 1.1441-5(e)(5)(v) (for a WT). However, for certain QIs that are not financial institutions, you may request the written statement described later in these instructions to establish its chapter 4 status. Also see the Instructions for Form W-8IMY and the section 1441 regulations for the permitted chapter 4 statuses of these entities.

A U.S. TIN is also required for an entity certifying its status as a QSL with respect to U.S. source substitute dividend payments and for a U.S. branch or territory financial institution providing a Form W-8IMY to evidence its agreement to be treated as a U.S. person. In a case in which you make a payment of a substitute dividend to a QSL for which you are required to determine the QSL's chapter 4 status, you must collect Form W-8IMY. In a case in which a QSL's chapter 4 status is not required, you may continue to rely on the written certification of its compliance with the requirements of QSL status as required in Section III.C of Notice 2010-46, 2010-24 I.R.B. 757, available at *www.irs.gov/irb/2010-24_IRB/ar09.html*, until such certification expires.

A chapter 4 status is also required on a Form W-8IMY when the intermediary or flow-through entity providing the form is a participating FFI or registered deemed-compliant FFI that is using the form to provide a withholding statement allocating a payment to a chapter 4 withholding rate pool of U.S. payees (in addition to when a chapter 4 status is otherwise required for withholdable payments). Additionally, for a Form W-8IMY provided by an intermediary allocating a payment to such a pool, the intermediary must provide the certification required on the form in Part IV with respect to its compliance with the requirements of Regulations section 1.6049-4(c)(4) (or similar requirement under chapter 61 for a payment other than interest). In the case of a QI providing a withholding statement allocating a payment to this pool, the QI must check the applicable certification(s) in Part III, line 14e(i) and/or 14e(ii). If the QI provides the certification in line 14e(i), the QI must certify to its chapter 4 status as a participating FFI (including a reporting Model 2 FFI) or registered deemed-compliant FFI (including a reporting Model 1 FFI.)

If a participating FFI or registered deemed-compliant FFI that is an intermediary or flow-through entity provides you with a withholding statement and documentation for its account holders and payees, you are not required to verify the information on the account holders and payees provided in the documentation for chapter 4 purposes unless it is facially incorrect, and you are not required to obtain supporting documentation for the payee in addition to the information provided on the withholding statement unless you are obtaining the documentation for purposes of chapter 3 or 61, or unless you know that the documentation review conducted by the participating FFI or registered deemed-compliant FFI was not adequate for purposes of chapter 4. See Regulations section 1.1471-3(e)(4)(vi)(B) for standards that apply in such a case to determine that chapter 4 withholding does not apply (such that you may then determine the rate of withholding applicable for chapter 3 purposes).

A QI that is a limited FFI may provide a Form W-8IMY associated with a withholding statement allocating a payment to a pool of exempt beneficial owners for which the QI is receiving the payment.

For a QI providing this form that is not an FFI, the entity is not required to provide a chapter 4 status on Form W-8IMY and need not check a box in Part I, line 5. You may request that the entity certify, on a statement associated with the form, that the entity is a QI that is an NFFE to clarify its chapter 4 status as other than an FFI.

An intermediary or flow-through entity may provide a status for chapter 4 purposes found under the requirements of (and documentation permitted under) an applicable IGA for an account holder, and a withholding agent may rely upon such status and documentation. Additionally, see the earlier instructions for Form W-8BEN-E and Form W-8IMY for further details on alternative certifications that may be requested by withholding agents for such cases.

**1446 requirements.** Request Form W-8IMY for purposes of section 1446 only from a foreign upper-tier partnership or foreign grantor trust. Generally, for purposes of section 1446, the Form W-8IMY submitted by these entities is used to transmit the forms of the owners of these entities. When such other forms are provided, a partnership may look through these entities to the beneficial owners when determining its section 1446 tax obligation.

### Special Requirements for Hybrid and Reverse Hybrid Entities

A hybrid entity is any person (other than an individual) that is treated as fiscally transparent (rather than as a beneficial owner) for purposes of declaring its status under the Code but is not treated as fiscally transparent by a country with which the United States has an income tax treaty. A hybrid entity, however, may be considered a payee for chapter 4 purposes when receiving a withholdable payment when it is a flow-through entity (i.e., not a disregarded entity) in addition to its partners, beneficiaries, or owners as applicable. See Regulations section 1.1471-3(a) (defining who is a payee of a withholdable payment) and Regulations section 1.1471-3(d) for entities required to be documented for chapter 4 purposes.

If you are making a payment to a hybrid entity that is making a claim for treaty benefits as a qualified resident under an applicable tax treaty on its own behalf, the hybrid entity should provide a Form W-8BEN-E to claim treaty benefits. If the hybrid entity is receiving a payment that is a withholdable payment, it should also provide to you a Form W-8IMY along with a withholding statement (if required) establishing the chapter 4 status of each of its partners, beneficiaries, or owners as a condition for providing the rate of withholding under the treaty on the entire payment. If the hybrid entity is a disregarded entity, the single owner should provide a Form W-8BEN-E or W-8BEN (as applicable) along with the Form W-8BEN-E for the hybrid entity. Line 10 of the Form W-8BEN-E may be used by the hybrid entity to associate the Forms W-8.

For an entity that is a reverse hybrid entity receiving a withholdable payment, you should obtain a Form

W-8BEN-E from the entity to establish its chapter 4 status. Additionally, with respect to a payment for which the entity is claiming a reduced rate of withholding for its partners, beneficiaries, or owners, as applicable, you have obtained from the entity a Form W-8IMY with applicable documentation with respect to claims of treaty benefits for reduced withholding made by partners, beneficiaries, or owners in the entity. Otherwise, withholding will apply under chapter 4 based on the presumptions under Regulations section 1.1473-1(f) regardless of whether otherwise valid treaty claims are made by such persons.

## Due Diligence Requirements

You are responsible for ensuring that all information relating to the type of income for which Form W-8 is submitted is complete and appears to be accurate and, for an entity providing the form, includes a chapter 4 status (if required as described above). In general, you may rely on the information and certifications provided on the form (including the status of the beneficial owner as an individual, corporation, etc.) unless you have actual knowledge or reason to know that the information is unreliable or incorrect. You have reason to know that the information is unreliable or incorrect if you have knowledge of relevant facts or statements contained in the withholding certificate or other documentation that would cause a reasonably prudent person in your position to question the claims made. For example, if you have information in your records that contradicts information provided on the form, you may not rely on the form. If you know or have reason to know that any information is unreliable or incorrect, you must obtain a new Form W-8 or other appropriate documentation.

**Reason to know.** You have reason to know that a Form W-8 is unreliable or incorrect if the Form W-8 is incomplete with respect to any item that is relevant to the claims made, the form contains any information that is inconsistent with the claims made, the form lacks information necessary to establish that the beneficial owner is entitled to a reduced rate of withholding, or the withholding agent has other account information that is inconsistent with the claims made. See, however, the allowance to use other documentation to validate a Form W-8 for an inconsequential error on a Form W-8 described below in these instructions.

If you are a withholding agent that is a financial institution (as defined in Regulations section 1.1471-5(e)), insurance company, or a broker or dealer in securities that maintains an account for a direct account holder (beneficial owner) making a payment of U.S. source FDAP income to a direct account holder, you have reason to know that a Form W-8BEN or W-8BEN-E provided by the direct account holder is unreliable or incorrect for such payments if one or more of the following circumstances exist with respect to a claim of foreign status for chapter 3 or 4 purposes or a claim of treaty benefits. In that case, you must either request a new form or the additional documentation to substantiate the claims on the form. See Regulations section 1.1441-7(b)(3) for the limits on reason to know for the entities referenced in this paragraph for purposes of chapter 3. See Regulations section 1.1471-3(e)(4)(v) for when a withholding agent may rely on a code or classification under Regulations section 1.1471-3(c)(5)(ii)(B) to treat an entity as a foreign person for chapter 4 purposes (including the U.S. indicia relevant for such purposes). For participating FFIs documenting the status of account holders for purposes of the FFI's chapter 4 requirements, see Regulations section 1.1471-4(c).

A withholding agent described above may not rely on a Form W-8BEN or Form W-8BEN-E if:

1. The withholding agent has classified the account holder as a U.S. person in its account information, the Form W-8 has a current permanent residence address or a current mailing address in the United States, the withholding agent has a current residence or current mailing address in the United States as part of its account information, the account holder notifies the withholding agent of a new residence or mailing address in the United States, or, only to the extent described in Regulations section 1.1441-7(b)(5), the withholding agent has a U.S. telephone number as the sole telephone number for the account holder. However:

a. An individual who has provided a Form W-8BEN may be treated as a foreign person if:

- The withholding agent has in its possession or obtains documentary evidence (as described in Regulations section 1.1471-3(c)(5)(i)) (which does not contain a U.S. address) supporting the claim of foreign status, and the individual provides the withholding agent with a reasonable explanation, in writing, supporting his or her claim of foreign status,
- For a payment made outside the U.S. with respect to an offshore obligation (as defined in Regulations section 1.6049-5(c)(1)), the withholding agent has in its possession or obtains documentary evidence establishing foreign status (as described in Regulations section 1.1471-3(c)(5)(i)) that does not contain a U.S. address,
- With respect to an offshore obligation (as defined in Regulations section 1.6049-5(c)(1)), the withholding agent classifies the individual as a resident of the country where the obligation is maintained and is required to report payments to the individual annually to the tax authority of the country in which the obligation is maintained and that country has an income tax treaty or information exchange agreement in effect with the United States, or
- The withholding agent has classified the account holder as a U.S. person in its account information, and the withholding agent has in its possession or obtains documentary evidence (as described in Regulations section 1.1471-3(c)(5)(i)(B)) evidencing citizenship in a country other than the United States.

b. An entity that has provided a Form W-8BEN-E may be treated as a foreign person if the withholding agent does not know or have reason to know that it is a flow-through entity and:

- The withholding agent has in its possession or obtains documentation establishing foreign status (as described in Regulations section 1.1471-3(c)(5)(i) and as applicable to entities) that substantiates that the entity is actually organized or created under the laws of a foreign country, or
- For a payment made with respect to an offshore obligation (as defined in Regulations section 1.6049-5(c)(1)), the withholding agent classifies the entity as a

resident of the country in which the account is maintained, the withholding agent is required to report a payment made to the entity annually to the tax authority of the country in which the account is maintained and that country has an income tax treaty or tax information exchange agreement in effect with the United States.

2. The form is provided with respect to an offshore obligation and the account holder has provided standing instructions directing the withholding agent to pay amounts from its account to an address in, or an account maintained in, the United States, unless the account holder provides a reasonable explanation in writing that supports its foreign status or provides documentary evidence (as described in Regulations section 1.1471-3(c)(5)(i)) supporting its foreign status.

3. The Form W-8BEN is provided by an individual and is used to establish foreign status and the withholding agent has, either on accompanying documentation or as part of its account information, an unambiguous indication of a place of birth for the individual in the United States, unless the withholding agent has in its possession or obtains documentary evidence (described in Regulations section 1.1471-3(c)(5)(i)(B)) evidencing citizenship in a country other than the United States and either:

- A copy of the individual's Certificate of Loss of Nationality of the United States, or
- A reasonable written explanation of the account holder's renunciation of U.S. citizenship or the reason the account holder did not obtain U.S. citizenship at birth.

4. The Form W-8 is used to establish residence in a treaty country and:

a. The permanent residence address is not in the treaty country or the withholding agent is notified of a new permanent residence address that is not in the treaty country. However, the beneficial owner may be treated as a resident of the treaty country if it provides a reasonable explanation for the permanent residence address outside the treaty country or the withholding agent has in its possession, or obtains, documentary evidence described in Regulations section 1.1471-3(c)(5)(i) that establishes residency in the treaty country.

b. The mailing address is not in the treaty country or the withholding agent has a mailing address that is not in the treaty country as part of its account information. However, the beneficial owner may be treated as a resident of the treaty country if:

- The withholding agent has in its possession, or obtains, documentary evidence supporting the claim of residence in the treaty country and the additional documentation does not contain an address outside the treaty country,
- The withholding agent has in its possession, or obtains, documentation that establishes that the beneficial owner is an entity organized in a treaty country (or an entity managed and controlled in a treaty country, if required by the applicable treaty),
- The withholding agent knows that the address outside the treaty country (other than a P.O. box or in-care-of address) is a branch of the account holder that is a resident of the treaty country, or
- The beneficial owner provides a written statement that reasonably establishes entitlement to treaty benefits.

c. The account holder has standing instructions for the withholding agent to pay amounts from its account to an address outside, or an account maintained outside, the treaty country unless the account holder provides (or has provided) a reasonable explanation, in writing, establishing the account holder's residency in the applicable treaty country or the withholding agent has in its possession or obtains documentary evidence (described in Regulations section 1.1471-3(c)(5)(i)) establishing the account holder's residence in the applicable treaty country.

For additional information on the standards of knowledge for chapter 3 purposes applicable to withholding agents for relying on a claim of foreign status or a claim of residency in a treaty country, see Regulations section 1.1441-7(b) (including special rules for accounts documented before July 1, 2014, including when a withholding agent is required to identify whether an individual has a U.S. place of birth for such an account).

For additional information on the standards of knowledge applicable to withholding agents for Forms W-8 provided for chapter 4 purposes, see Regulations section 1.1471-3(e).

Where required, a reasonable explanation supporting an individual's claim of foreign status means a written statement prepared by the individual, or, in the alternative, a checklist provided by the withholding agent and completed by the individual stating that the individual meets one of the requirements listed in Regulations section 1.1441-7(b)(12)(i) through (iv). See Regulations section 1.1441-7(b)(12) for purposes of chapter 3 and Regulations section 1.1471-3(e)(4)(viii) for purposes of chapter 4.

**Dual claims.** If you are making payments to a foreign entity that is simultaneously claiming a reduced rate of tax on its own behalf and on behalf of persons in their capacity as interest holders in that entity, you may, at your option, accept the dual claims even though you hold different withholding certificates that require you to treat the entity inconsistently for different payments or for different portions of the same payment, or you may choose to apply only the claim made by the entity, provided the entity may be treated as the beneficial owner of the income. If, however, inconsistent claims are made for the same portion of a payment, you may either reject both claims and request consistent claims or you may choose which reduction to apply. For partnerships that allocate effectively connected taxable income to partners that are foreign partnerships, the rules under section 1.1446-5 apply.

## Requesting a New Form W-8

Request a new Form W-8:

- Before the expiration of the validity period of an existing Form W-8 (see *Period of Validity* below for more information);
- If the existing form does not support a claim of reduced rate for a type of income that the submitter of the form has not previously received or is incomplete with respect to any claim made on the form; or

• If you know or have reason to know of a change in circumstances that makes any information on the current form unreliable or incorrect for purposes of chapter 3 or 4 (to the extent applicable based on the claims made on the form). For limits on reason to know if you are a financial institution, insurance company, or broker or dealer in securities, see Regulations sections 1.1441-7(b)(3) (if you are a withholding agent with respect to a payment subject to chapter 3 withholding) and 1.1471-3(d)(4)(v) (if you are a withholding agent with respect to a withholdable payment).

***Example.*** A foreign individual investor opens an account with a broker to purchase U.S. Treasury bonds and provides Form W-8BEN to obtain the portfolio interest exemption. The investor does not complete Part II of Form W-8BEN (because he is not claiming treaty benefits). Later, the investor purchases U.S. stock and claims treaty benefits on dividend income. The investor at that time completes a new Form W-8BEN providing the information required in Part II.

### Period of Validity

Generally, a Form W-8 is valid from the date signed until the last day of the third succeeding calendar year. For example, a Form W-8BEN signed on September 30, 2015, remains valid through December 31, 2018. However, under certain conditions a Form W-8 will have an indefinite validity period, unless there has been a change in circumstances. For example, a Form W-8BEN-E provided by an entity to support its foreign status along with documentary evidence to support a claim made on the form. To determine the period of validity for a Form W-8 for purposes of chapter 3, see Regulations section 1.1441-1(e)(4)(ii). To determine the period of validity for a Form W-8 for purposes of chapter 4, see Regulations section 1.1471-3(c)(6)(ii). For the validity period of a pre-FATCA Form W-8 that may be relied upon by a withholding agent for chapter 4 purposes, see Regulations section 1.1471-3(d)(1).

### Forms Received That Are Not Dated or That Contain Inconsequential Errors or Omissions

If a Form W-8 is valid except that the person providing the form has not dated the form, the withholding agent may date the form from the day it is received and measure the validity period from that date. A withholding agent generally may treat a withholding certificate as valid if it contains an error or omission that is inconsequential and the withholding agent has sufficient documentation on file to supplement the missing information. However, a failure to establish an entity type or make a required certification is not inconsequential. For example, if an entity beneficial owner receiving a withholdable payment selects a certified deemed-compliant FFI status on line 5 of Form W-8BEN-E but does not complete the corresponding required certifications in Part V, the form is invalid for chapter 4 purposes. On the other hand, for a Form W-8 for which the person signing the form does not also print a name before the signature when required on the form, the withholding agent need not treat the form as incomplete if the withholding agent has documentation or information supporting the identity of the person signing the form. See Regulations sections 1.1441-1(b)(7)(iv) for chapter 3 purposes and 1.1471-3(c)(7)(i) for chapter 4 purposes for further information about the rules for withholding certificates that contain inconsequential errors.

## Substitute Forms W–8

You may develop and use your own Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, or W-8IMY (a substitute form) if its content is substantially similar to the IRS's official Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, or W-8IMY (to the extent required by these instructions) and it satisfies certain certification requirements. You may develop and use a substitute form that is in a foreign language, provided that you make an English translation of the form and its contents available to the IRS upon request. You may combine Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY into a single substitute form. A form that satisfies these substitute forms requirements may be treated as a similar agreed form for purposes of an applicable Model 1 IGA, if the partner jurisdiction does not decline such treatment.

You may omit the chapter 4 certifications on your substitute form if such certifications are not required based on the payments made to the payees or account holders. You may not, however, omit the chapter 4 certifications if you are an FFI documenting the chapter 4 status of your account holders under your chapter 4 requirements or under an applicable IGA. You may choose to provide a substitute form that does not include all of the chapter 4 statuses provided on the Form W-8, but the substitute form must include any chapter 4 status for which withholding may apply, such as the categories for a nonparticipating FFI or passive NFFE.

You are also required to furnish instructions for the substitute form to the extent and manner provided in the official instructions for the official form.

You may incorporate a substitute Form W-8 into other business forms you customarily use, such as account signature cards, provided the required certifications are clearly set forth. However, you may not:

1. Use a substitute form that requires the payee, by signing, to agree to provisions unrelated to the required certifications, or

2. Imply that a person may be subject to 30% withholding or backup withholding unless that person agrees to provisions on the substitute form that are unrelated to the required certifications.

A substitute Form W-8 is valid only if it contains the same penalties of perjury statement and certifications as the official forms and the required signature. However, if the substitute form is contained in some other business form, the words "information on this form" may be modified to refer to that portion of the business form containing the substitute form information. The design of the substitute form must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained in the form.

## Content of Substitute Form

**Form W-8BEN.** The substitute Form W-8BEN must contain all of the information required in Part I, lines 1 through 7, and line 8. The certifications in Part II must be included in a substitute form only if treaty benefits are claimed, and then only to the extent that the certifications are required. For example, Form W-8BEN, line 10, special rates and conditions (applicable to a claim for treaty benefits), is not required if this form is being requested from an individual receiving a payment of U.S. source dividends from stocks that are actively traded on an established securities market.

***Penalties of perjury statement.*** The design of the substitute Form W-8BEN must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained on the form. Additionally, the following statement must be presented in the same manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish your status as a non-U.S. individual and, if applicable, obtain a reduced rate of withholding."

## Non-IRS Form for Individuals

A withholding agent may also substitute its own form for an official Form W-8BEN, regardless of whether the substitute form is titled as a Form W-8. The form must include the name and address of the individual that is the payee or beneficial owner, all countries in which the individual is resident for tax purposes, the individual's city and country of birth, and a tax identification number, if any, for each country of residence. The form may also request other information required for purposes of tax or anti-money laundering (AML) due diligence in the United States or in other countries.

***Penalties of perjury statement.*** A non-IRS form for individuals must contain a signed and dated certification made under penalties of perjury that the information provided on the form is accurate and will be updated by the individual within 30 days of a change in circumstances that causes the form to become incorrect. However, the signed certification provided on a form need not be signed under penalties of perjury if the form is accompanied by documentary evidence that supports the individual's claim of foreign status. Such documentary evidence may be the same documentary evidence that is used to support foreign status in the case of a payee whose account has U.S. indicia as described in Regulations sections 1.1471-3(e) and 1.1471-4(c)(4)(i)(A).

**Form W-8BEN-E.** The substitute Form W-8BEN-E must contain all of the information required in Part I, lines 1 through 6, and lines 8 and 9 if a U.S. or foreign TIN (or a GIIN) is required. The certifications in Part II must be included in a substitute form if you are making a withholdable payment to a branch or disregarded entity owned by the payee that is a class of FFI identified in Part II operating in a jurisdiction other than the jurisdiction of residency of the entity named in Part I of the form. See discussion regarding payments to branches or disregarded entities in *Further Notes for Validating Form W-8BEN-E*, earlier in these instructions. The certifications in Part III must be included only if treaty benefits are claimed, and then only to the extent that the certifications are required. See *Alternative Certifications Under an Applicable IGA*, earlier in these instructions, for circumstances in which the chapter 4 certifications may be replaced with alternative certifications.

***Penalties of perjury statement.*** The design of the substitute Form W-8BEN-E must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained on the form. Additionally, the following statement must be presented in the same manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish your status as a non-U.S. person, establish your chapter 4 status (if required), and, if applicable, obtain a reduced rate of withholding."

**Form W-8ECI.** The substitute Form W-8ECI must contain all of the information required in Part I other than line 9. The certifications in Part II of Form W-8ECI must be included in a substitute form.

***Penalties of perjury statement.*** The design of the substitute Form W-8ECI must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained on the form. Additionally, the following statement must be presented in the same manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish your status as a non-U.S. person and that the income for which this form is provided is effectively connected with the conduct of a trade or business within the United States."

**Form W-8EXP.** The substitute Form W-8EXP must contain all of the information required in Part I, lines 1 through 5, line 7, if a U.S. TIN is required, and line 8. The substitute Form W-8EXP must also contain all of the statements and certifications contained in Parts II and III as applicable with respect to the purpose for which the form is provided, but a specific statement needs to be included (in its entirety) only if it is relevant to the type of entity providing the form. For example, if the only beneficial owners a U.S. withholding agent has as account holders are foreign governments for purposes of both chapters 3 and 4, the withholding agent may use a substitute Form W-8EXP that contains the required information in Part I, plus the required statements and certifications from Parts II and III that are related to foreign governments, as opposed to the certifications for other types of entities that would otherwise be providing the Form W-8EXP.

***Penalties of perjury statement.*** The design of the substitute Form W-8EXP must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained on the form. Additionally, the following statement must be presented in the same

manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish your status as a foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession."

**Form W-8IMY.** The substitute Form W-8IMY must contain all of the information required in Part I, lines 1 through 6, line 8 if a U.S. TIN is required, and line 9, if a GIIN is required. The information required in Part II must be included in a substitute form if you are making a withholdable payment to a branch or disregarded entity provided by the payee that is a class of FFI identified in Part II operating in a jurisdiction other than the jurisdiction of residence of the entity named in Part I of the form. See discussion regarding payments to branches or disregarded entities in *Further Notes for Validating Form W-8BEN-E*, earlier in these instructions. The substitute Form W-8IMY must also contain all of the statements and certifications relevant to chapter 3 contained in Parts III through VIII if you are making a payment subject to withholding under chapter 3 and, except as otherwise indicated in the form's instructions, the statements and certifications relevant to the chapter 4 status contained in Parts IX through XXVI for the intermediary or flow-through entity providing the form if you are making a withholdable payment or if you are an FFI documenting your account holders for purposes of chapter 4 or the applicable IGA. However, a specific part needs to be included (in its entirety) only if it is relevant. For example, if the only intermediaries to which a U.S. withholding agent makes payments are qualified intermediaries that are participating FFIs, the withholding agent may use a substitute Form W-8IMY that contains only the required information from Part I (including line 9 to collect the intermediaries' GIINs), plus the statements and certifications from Part III. A substitute Form W-8IMY must also incorporate the same attachments as the official form (such as a withholding statement and beneficial owner documentation, to the extent otherwise required). A withholding agent may also include any information in a substitute Form W-8IMY, or require any information to be associated with the form, that is reasonably related to his obligation to withhold and correctly report payments.

***Penalties of perjury statement.*** The design of the substitute Form W-8IMY must be such that the information and certifications that are being attested to by the penalties of perjury statement clearly stand out from any other information contained on the form. Additionally, the following statement must be presented in the same manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to establish:1) your status as a qualified intermediary, a nonqualified intermediary, a specific type of U.S. branch, a withholding foreign partnership, a withholding foreign trust, a nonwithholding foreign partnership, a nonwithholding foreign simple trust, or a nonwithholding foreign grantor trust; 2) your chapter 4 status; and/or 3) your status as a qualified securities lender."

**EXHIBIT 13**

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**SECTION 352-eeee OF THE GENERAL BUSINESS LAW**

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§352-eeee. Conversions to cooperative or condominium ownership in the City of New York.

38. 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 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.

(e) "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 or the shares allocated thereto 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.

39. 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 in good faith without fraud and with no 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 condominium 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 inducement.

(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 or 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. The provisions of this section shall only be applicable in the city of New York.

**EXHIBIT 14**

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**RESERVE FUND LAW**

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## LOCAL LAW 70

To amend the administrative code of the city of New York, in relation to the conversion of residential rental housing to cooperative or condominium ownership.

Be it enacted by the Council as follows:

Section 1. Legislative declaration The council finds that the protection of the health, safety and welfare of persons within the city who reside in residential buildings being converted from rental status to cooperative or condominium ownership requires that such persons be informed of the physical condition of such buildings and of any outstanding notices of code violations issued with respect to such buildings. The council further finds that for the health, safety and welfare of residents of the city and for the preservation and improvement of this substantial and increasing form of housing accommodation it is essential that funds be set aside for the purpose of making capital repairs, replacements and improvements to such buildings.

Section 2. Chapter fifty-one of the administrative code of the city of New York is amended by adding a new title YYYY to read as follows:

**TITLE YYYY**

COOPERATIVE AND CONDOMINIUM CONVERSIONS

§ YYYY51-l.0 Application.

The provisions of this title 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 fifiy-two-eeee of the general business law

§ YYYY51-2.0 Definitions.

As used in this title 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) windows;

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 nominees, assignees and successors in interest.

§YYYY51-3.0 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 minim 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 5 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 30 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 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.

§YYYY5l-4.0 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 YYYY51-3.0.

§ YYYYS51-5.0 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.

§ YYYY51-6.0 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.

§ X'YYY51-7.0 No waiver of rights.

Any provision purporting to waive the provisions of this title 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.

§ YYYY5 -8.0 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 title 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 title 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 YYYY 51-3.0 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 YYYY 51-3.0 which was not so reserved. Any person who violates or assists in the violation of section YYYY 51-3.0 shall also be subject to a civil penalty of one thousand dollars per day for each day that the reserve fund required by section YYYY 51-3.0 is not established; provided, however, that such civil penalty shall not exceed the amount required to be reserved pursuant to section YYYY 51-3.0.

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 title 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 title, mandating compliance with the provisions of this title 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 title, mandating compliance with the provisions of this title, 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 title.

Section 3. If any provision of this local law or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this local law and the applicability of such provision to any other person or circumstances shall not be affected thereby.

Section 4. This local law shall take effect February first nineteen hundred eighty-three and shall apply to all plans not yet accepted for filing by the state department of law pursuant to section three hundred fifty-two eeee of the general business law as of that date.

**EXHIBIT 15**

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**RPL SECTION 339-kk**

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§ 3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-KK. RENTS. (A) FOR THE PURPOSES OF THIS SECTION "NON-OCCUPYING OWNER" SHALL MEAN A UNIT OWNER IN A CONDOMINIUM ASSOCIATION WHO DOES NOT OCCUPY THE DWELLING UNIT.

(B) IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A RENTAL TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION (C) OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE CONDOMINIUM ASSOCIATION.

(C) IF THE COMMON CHARGES, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL, WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF MANAGERS SHALL PROVIDE WRITTEN NOTICE TO THE TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF MANAGERS HAS BEEN ELECTED BY AND FROM AMONG THE UNIT OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION. AT SUCH TIME AS PAYMENTS FOR COMMON CHARGES, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT AND NON-OCCUPYING OWNER. THEREAFTER ALL RENTAL PAYMENTS SHALL BE MADE PAYABLE TO THE NON- OCCUPYING OWNER OR A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE ASSOCIATION'S CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED MEETING OF THE BOARD OF MANAGERS, WHICH MUST BE HELD WITHIN THIRTY DAYS OF THE DATE THAT THE BOARD RECEIVES NOTICE THAT SUCH OWNER SEEKS TO DISPUTE SUCH CLAIM.

(D) NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF UNIT OWNERS OR OF THE BOARD OF MANAGERS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

(E) PAYMENT BY A RENTAL TENANT TO THE CONDOMINIUM ASSOCIATION MADE IN CONNECTION WITH THIS SECTION SHALL RELIEVE THAT RENTAL TENANT FROM THE OBLIGATION TO PAY SUCH RENT TO THE NON-OCCUPYING OWNER AND SHALL BE AN ABSOLUTE DEFENSE IN ANY NON-PAYMENT PROCEEDING COMMENCED BY SUCH NON-OCCUPYING OWNER AGAINST SUCH TENANT FOR SUCH RENT.

§ 4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

§ 5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

CHAP. 422

The Legislature of the STATE OF NEW YORK SS:

Pursuant to the authority vested in us by section 70-b of the Public Officers Law, we hereby jointly certify that this slip copy of this session law was printed under our direction and, in accordance with such section, is entitled to be read into evidence.

JOSEPH L. BRUNO
TEMPORARY PRESIDENT OF THE SENATE

SHELDON SILVER
SPEAKER OF THE ASSEMBLY

**EXHIBIT 16**

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**SPECIMEN TITLE POLICY**

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Commonwealth
LAND TITLE INSURANCE COMPANY

POLICY NO.: PROFORMA

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (6/17/06)**
**With New York Coverage Endorsement Appended**
**Issued by**
***Commonwealth Land Title Insurance Company***

***Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.***

***COVERED RISKS***

*SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONSCommonwealth Land Title Insurance Company, a corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:*

1. *Title being vested other than as stated in Schedule A.*
2. *Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from*
   (a) *A defect in the Title caused by*
      (i) *forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;*
      (ii) *failure of any person or entity to have authorized a transfer or conveyance;*
      (iii) *a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;*
      (iv) *failure to perform those acts necessary to create a document by electronic means authorized by law;*
      (v) *a document executed under a falsified, expired, or otherwise invalid power of attorney;*
      (vi) *a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or*
      (vii) *a defective judicial or administrative proceeding.*
   (b) *The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.*
   (c) *Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.*
3. *Unmarketable Title.*
4. *No right of access to and from the Land.*
5. *The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to*
   (a) *the occupancy, use, or enjoyment of the Land;*
   (b) *the character, dimensions, or location of any improvement erected on the Land;*
   (c) *the subdivision of land; or*
   (d) *environmental protection*
   *if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.*
6. *An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.*
7. *The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.*
8. *Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.*
9. *Title being vested other than as stated Schedule A or being defective*
   (a) *as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or*
   (b) *because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records*
      (i) *to be timely, or*
      (ii) *to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.*
10. *Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.*

*The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.*

IN WITNESS WHEREOF, Commonwealth Land Title Insurance Company has caused this policy to be signed and sealed by its duly authorized officers.

**COMMONWEALTH LAND TITLE INSURANCE COMPANY**

Dated:

Countersigned:

By: _____ President

SEAL

Attest: _____ Secretary

By: _____
Authorized Officer or Agent

Commonwealth
LAND TITLE INSURANCE COMPANY

# SCHEDULE A

**Amount of Insurance:** $_____

**Policy No.** PROFORMA
**Title No.** NY130807

**Date of Policy:** _____

1. **Name of Insured:** TBA

2. **The estate or interest in the land which is covered by this policy is:**

   Fee Simple

3. **Title to the estate or interest in the land is vested in the Insured by means of:**

   Deed made by 775 Realty Co. LLC and 156-08 Realty Co. LLC to _____, dated __/__/2014 and to be recorded in the Office of the City Register, New York County.

4. **The land referred to in this policy is described on the annexed schedule.**

PROFORMA

**Commonwealth Land Title Insurance Company**

Countersigned: _____
Authorized Officer or Agent

**Valid Only if Schedule B and Cover Are Attached**

**Policy No.** PROFORMA
**Title No.** NY130807

## SCHEDULE A - ITEM 4

The Condominium Unit (the "Unit") in the Building known as The John James Condominium located at and known as and by street number 775 Riverside Drive and 156-08 Riverside Drive West, in New York, New York), designated and described as Unit No. _____ in the Declaration establishing a plan for condominium ownership of said Building and the land upon which it is situate under Article 9-B of the Real Property Law of the State of New York, dated _____ and recorded _____ in the Office of the Register of the City of New York, County of New York under CRFN _____, said Unit also being designated as Tax Lot ____ in Block _____ of Section of the Borough of Manhattan, on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the said Building, certified by _____, on _____ and filed in the Real Property Assessment Department of the City of New York on _____ as Condominum Plan No. and also find in the City Register's Office on _____ as Condominium Map No. _____ .

TOGETHER with an undivided _____ percent interest in Common Elements of the Condominium as described in the Declaration.

The land upon which the Building containing the Unit is situate is described as follows:

Parcel I

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Riverside Drive as legally opened, where the said westerly side of Riverside Drive is intersected by the center line of 156th Street, as laid down on map made by Randal, dated 4/10 1819;

RUNNING THENCE northerly along the westerly line of Riverside Drive, 129 feet 10 inches;

THENCE westerly parallel with the said line of 156th Street, 127 feet 1 inch;

THENCE southerly parallel with the westerly side of Riverside Drive, 129 feet 10 inches to the center line of said 156th Street, as shown on said map;

THENCE easterly along the said center line of 156th Street, 127 feet 1 inch to the westerly side of Riverside Drive, at the point or place of BEGINNING.

Parcel II

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of Riverside Drive West, distant 374 feet 11-7/8 inches southerly from the corner formed by the intersection of the said easterly side of Riverside Drive West with the southerly side of West 158th Street;

RUNNING THENCE easterly on a line forming an angle on its southerly side with the said easterly side of Riverside Drive West of 73 degrees 39 minutes 8 seconds, 146 feet 1-3/8 inches;

THENCE southerly at a right angle with the last mentioned course, 129 feet 10 inches;

**Policy No.** PROFORMA
**Title No.** NY130807

## SCHEDULE A - ITEM 4
## Continued

THENCE westerly again at right angles with the last mentioned course, 108 feet 3/8 of an inch to the said easterly side of Riverside Drive West;

THENCE northerly along the said easterly side of Riverside Drive West, 135 feet 3-5/8 inches to the point or place of BEGINNING.

PROFORMA

**Policy No.** PROFORMA
**Title No.** NY130807

# SCHEDULE B
## Exceptions from Coverage

**This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of the following:**

1. Any state of facts which an accurate survey of the building and the unit would show, but policy insures that any encroachments by the Insured Unit on any adjoining Unit or on common areas may remain undisturbed as long as it shall stand.

2. Covenants, conditions, easements, agreements of record, etc., as follows:

   a. Terms, Covenants, Conditions and Provisions of Easement Agreement made between New Viaduct Building Corporation, 775 Riverside Drive Inc., William Kramer, Jr., William Henry Kramer, Charlotte Edith Kramer and The Equitable Trust Company of New York, as substituted Trustee under the Last Will and Testament of William Kramer, deceased, dated 4/10/1928 and recorded 6/8/1928 in Liber 3660 of Deeds, Page 302.

   b. Terms, Covenants, Conditions and Provisions of Easement Agreement made between William Kramer Schmidt and The Equitable Trust Company of New York, as Administrators CTA of William Kramer, deceased, Manufacturers Trust Company and New Viaduct Building Corporation, dated 4/10/1928 and recorded 6/8/1928 in Liber 3660 of Deeds, Page 303.

   c. Terms, Covenants, Conditions and Provisions of Declaration and Grant of Easement made between 775 Realty Co. LLC and 156-08 Realty Co. LLC, dated 10/18/2004 and recorded 11/17/2004 under CRFN 2004000713456.

   d. Terms, Covenants, Conditions and Provisions of Declaration and Grant of Easement made between 775 Realty Co. LLC and 156-08 Realty Co. LLC, dated 11/14/2005 and recorded 12/9/2005 under CRFN 2005000681302.

   e. The premises have been designated as part of the Audobon Park Historic District by Notice of Designation recorded under CRFN 2011000032893 and are therefore subject to the restricted use as set forth in the New York City Charter and in the Administrative Code of the City of New York.

3. Part of the described premises was formerly part of 156th Street. Policy excepts possible public and private easements in and to the bed of 156th Street including but not limited to access, water, sewer, telephone, electricity, gas and cable over and along same.

4. Terms, covenants and conditions set forth in the Declaration of Condominium and By-Laws dated __/__/____ and recorded on __/__/___ under CRFN _____, but policy insures against loss or damage occasioned by the premises not being a part of a Condominium validly created pursuant to Article 9B of the Real Property Law.

5. Unit Power of Attorney from the purchaser to the Board of Managers of the John James Condominium.

Commonwealth
LAND TITLE INSURANCE COMPANY

**Policy No. PROFORMA**
**Title No.** NY130807

## COMMONWEALTH LAND TITLE INSURANCE COMPANY

## STANDARD NEW YORK ENDORSEMENT (OWNER'S POLICY)

Attached to and made a part of Policy No. **PROFORMA**

1. The following is added as a Covered Risk:

   "11. Any statutory lien arising under Article 2 of the New York Lien Law for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. Exclusion Number 5 is deleted, and the following is substituted:

   5. Any lien on the Title for real estate taxes, assessments, water charges or sewer rents imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown on Schedule A.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**COMMONWEALTH LAND TITLE INSURANCE COMPANY**

Dated:

Countersigned:

Authorized Signatory

SEAL

By: Raymond R. Quirk
President

By: Michael L. Gravelle
Secretary

PROFORMA

Commonwealth
LAND TITLE INSURANCE COMPANY

**Policy No.: PROFORMA**
**Title No: NY130807**

# COMMONWEALTH LAND TITLE INSURANCE COMPANY

## CONDOMINIUM ENDORSEMENT
## -NEW YORK-

**Attached to and made a part of Policy No. PROFORMA**

The Company insures the Insured against loss or damage sustained by reason of:

1. The failure of the unit identified in Schedule A and its common elements to be part of a condominium within the meaning of the condominium statutes of the State of New York.
2. The failure of the documents required by the condominium statutes to comply with the requirements of the statutes to the extent that such failure affects the title to the unit and its common elements.
3. Present violations of any restrictive covenants which restrict the use of the unit and its common elements and which are created by the condominium documents, except violations relating to environmental protection unless a notice of a violation thereof has been recorded or filed in the public record and is not excepted in Schedule B. The restrictive covenants do not contain any provisions which will cause a forfeiture or reversion of title.
4. The priority of any lien for charges and assessments at Date of Policy provided for in the condominium statutes and condominium documents over the lien of any insured first mortgage identified in Schedule A.
5. The failure of the unit and its common elements to be entitled by law to be assessed for real property taxes as a separate parcel.
6. Any obligation to remove any improvements which exist at Date of Policy because of any present encroachments or because of any future unintentional encroachments of the common elements upon any unit or of any unit upon the common elements or another unit.
7. The failure of title by reason of a right of first refusal to purchase the unit and its common elements which was exercised or could have been exercised at Date of Policy.

This endorsement is made a part of the policy and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the amount of insurance.

Dated:

Countersigned:

By:_____
Authorized Officer or Agent

SEAL

**COMMONWEALTH LAND TITLE INSURANCE COMPANY**

By: _____ President

Attest: _____ Secretary

PROFORMA

## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

## CONDITIONS

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

### 2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

### 4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

### 5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

### 6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the

loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

**7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY**

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

**8. DETERMINATION AND EXTENT OF LIABILITY**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

**9. LIMITATION OF LIABILITY**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

**10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY**

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

**11. LIABILITY NONCUMULATIVE**

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

**12. PAYMENT OF LOSS**

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

**13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

**14. ARBITRATION**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

**15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

**16. SEVERABILITY**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

**17. CHOICE OF LAW; FORUM**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**18. NOTICES, WHERE SENT**

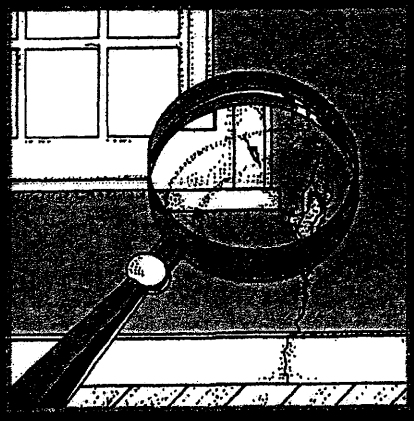
Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Fidelity National Title Insurance Company, Attn: Claims Department, P. O. Box 45023, Jacksonville, Florida 32232-5023.

**EXHIBIT 17**

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**LEAD BASED PAINT BOOKLET**

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# Protect Your Family From Lead In Your Home



EPA United States Environmental Protection Agency

United States Consumer Product Safety Commission

United States Department of Housing and Urban Development

U.S. EPA Washington DC 20460
U.S. CPSC Washington DC 20207
U.S. HUD Washington DC 20410

EPA747-K-99-001
September 2001

## Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

Many houses and apartments built before 1978 have paint that contains high levels of lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

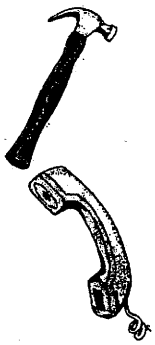
Federal law requires that individuals receive certain information before renting, buying, or renovating pre-1978 housing:




**LANDLORDS** have to disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a disclosure form about lead-based paint.




**SELLERS** have to disclose known information on lead-based paint and lead-based paint hazards before selling a house. Sales contracts must include a disclosure form about lead-based paint. Buyers have up to 10 days to check for lead.



**RENOVATORS** have to give you this pamphlet before starting work.

**IF YOU WANT MORE INFORMATION** on these requirements, call the National Lead Information Center at **1-800-424-LEAD (424-5323)**.

This document is in the public domain. It may be reproduced by an individual or organization without permission. Information provided in this booklet is based upon current scientific and technical understanding of the issues presented and is reflective of the jurisdictional boundaries established by the statutes governing the co-authoring agencies. Following the advice given will not necessarily provide complete protection in all situations or against all health hazards that can be caused by lead exposure.

# IMPORTANT!

## Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

**FACT:** Lead exposure can harm young children and babies even before they are born.

**FACT:** Even children who seem healthy can have high levels of lead in their bodies.

**FACT:** People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.

**FACT:** People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

**FACT:** Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

## Lead Gets in the Body in Many Ways

**Childhood lead poisoning remains a major environmental health problem in the U.S.**

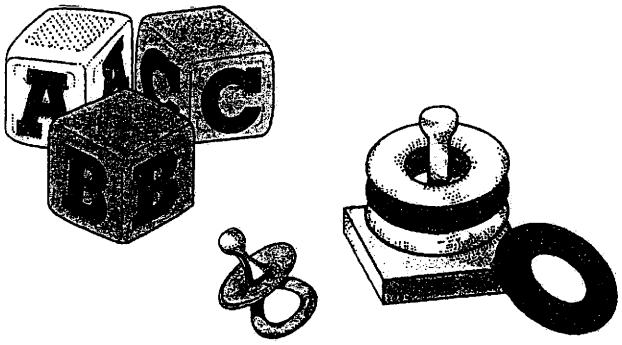
***Even children who appear healthy can have dangerous levels of lead in their bodies.***

**People can get lead in their body if they:**

- Breathe in lead dust (especially during renovations that disturb painted surfaces).
- Put their hands or other objects covered with lead dust in their mouths.
- Eat paint chips or soil that contains lead.

**Lead is even more dangerous to children than adults because:**

- Children's brains and nervous systems are more sensitive to the damaging effects of lead.
- Children's growing bodies absorb more lead.
- Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.



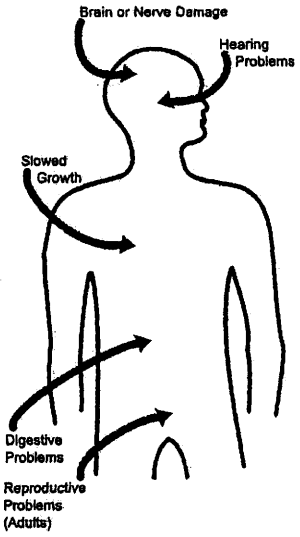
**Lead's Effects**

If not detected early, children with high levels of lead in their bodies can suffer from:

- Damage to the brain and nervous system
- Behavior and learning problems (such as hyperactivity)
- Slowed growth
- Hearing problems
- Headaches

**Lead is also harmful to adults. Adults can suffer from:**

- Difficulties during pregnancy
- Other reproductive problems (in both men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain




***Lead affects the body in many ways.***

## Where Lead-Based Paint Is Found

**In general, the older your home, the more likely it has lead-based paint.**

**Many homes built before 1978 have lead-based paint.** The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

- In homes in the city, country, or suburbs.
- In apartments, single-family homes, and both private and public housing.
- Inside *and* outside of the house.
- In soil around a home. (Soil can pick up lead from exterior paint or other sources such as past use of leaded gas in cars.)

## Checking Your Family for Lead

**Get your children and home tested if you think your home has high levels of lead.**

**To reduce your child's exposure to lead, get your child checked, have your home tested (especially if your home has paint in poor condition and was built before 1978), and fix any hazards you may have.** Children's blood lead levels tend to increase rapidly from 6 to 12 months of age, and tend to peak at 18 to 24 months of age.

Consult your doctor for advice on testing your children. A simple blood test can detect high levels of lead. Blood tests are usually recommended for:

- Children at ages 1 and 2.
- Children or other family members who have been exposed to high levels of lead.
- Children who should be tested under your state or local health screening plan.

Your doctor can explain what the test results mean and if more testing will be needed.

## Identifying Lead Hazards

**Lead-based paint** is usually not a hazard if it is in good condition, and it is not on an impact or friction surface, like a window. It is defined by the federal government as paint with lead levels greater than or equal to 1.0 milligram per square centimeter, or more than 0.5% by weight.

**Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards.**

**Deteriorating lead-based paint (peeling, chipping, chalking, cracking or damaged)** is a hazard and needs immediate attention. It may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear, such as:

- Windows and window sills.
- Doors and door frames.
- Stairs, railings, banisters, and porches.

**Lead dust** can form when lead-based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can re-enter the air when people vacuum, sweep, or walk through it. The following two federal standards have been set for lead hazards in dust:

- 40 micrograms per square foot ($\mu g/ft^2$) and higher for floors, including carpeted floors.
- 250 $\mu g/ft^2$ and higher for interior window sills.

**Lead in soil** can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. The following two federal standards have been set for lead hazards in residential soil:

- 400 parts per million (ppm) and higher in play areas of bare soil.
- 1,200 ppm (average) and higher in bare soil in the remainder of the yard.

The only way to find out if paint, dust and soil lead hazards exist is to test for them. The next page describes the most common methods used.

## Checking Your Home for Lead

**Just knowing that a home has lead-based paint may not tell you if there is a hazard.**

You can get your home checked for lead in one of two ways, or both:

- A paint **inspection** tells you the lead content of every different type of painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- A **risk assessment** tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Hire a trained, certified professional who will use a range of reliable methods when checking your home, such as:



- Visual inspection of paint condition and location.
- A portable x-ray fluorescence (XRF) machine.
- Lab tests of paint, dust, and soil samples.

There are standards in place to ensure the work is done safely, reliably, and effectively. Contact your local lead poisoning prevention program for more information, or call **1-800-424-LEAD** for a list of contacts in your area.

**Home test kits for lead are available, but may not always be accurate.** Consumers should not rely on these tests before doing renovations or to assure safety.

## What You Can Do Now To Protect Your Family

**If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:**



- **If you rent, notify your landlord of peeling or chipping paint.**
- **Clean up paint chips immediately.**
- **Clean floors, window frames, window sills, and other surfaces weekly.** Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.



- **Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.**
- **Wash children's hands often, especially before they eat and before nap time and bed time.**
- **Keep play areas clean.** Wash bottles, pacifiers, toys, and stuffed animals regularly.
- **Keep children from chewing window sills or other painted surfaces.**
- **Clean or remove shoes before entering your home to avoid tracking in lead from soil.**




- **Make sure children eat nutritious, low-fat meals high in iron and calcium,** such as spinach and dairy products. Children with good diets absorb less lead.

## Reducing Lead Hazards In The Home

**Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.**

***Always use a professional who is trained to remove lead hazards safely.***



In addition to day-to-day cleaning and good nutrition:

- You can **temporarily** reduce lead hazards by taking actions such as repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will need ongoing attention.
- To **permanently** remove lead hazards, you should hire a certified lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not permanent removal.

Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Once the work is completed, dust cleanup activities must be repeated until testing indicates that lead dust levels are below the following:

- 40 micrograms per square foot ($\mu g/ft^2$) for floors, including carpeted floors;
- 250 $\mu g/ft^2$ for interior windows sills; and
- 400 $\mu g/ft^2$ for window troughs.

Call your local agency (see page 11) for help with locating certified contractors in your area and to see if financial assistance is available.

## Remodeling or Renovating a Home With Lead-Based Paint

Take precautions before your contractor or you begin remodeling or renovating anything that disturbs painted surfaces (such as scraping off paint or tearing out walls):

- **Have the area tested for lead-based paint.**
- **Do not use a belt-sander, propane torch, heat gun, dry scraper, or dry sandpaper** to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- **Temporarily move your family** (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- **Follow other safety measures to reduce lead hazards.** You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

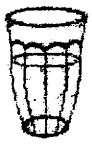
If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.



**If not conducted properly, certain types of renovations can release lead from paint and dust into the air.**



## Other Sources of Lead



***While paint, dust, and soil are the most common lead hazards, other lead sources also exist.***





- **Drinking water.** Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
  - Use only cold water for drinking and cooking.
  - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- **The job.** If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your work clothes separately from the rest of your family's clothes.
- Old painted **toys** and **furniture.**
- Food and liquids stored in **lead crystal** or **lead-glazed pottery or porcelain.**
- **Lead smelters** or other industries that release lead into the air.
- **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture.
- **Folk remedies** that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.

## For More Information

**The National Lead Information Center**

Call **1-800-424-LEAD (424-5323)** to learn how to protect children from lead poisoning and for other information on lead hazards. To access lead information via the web, visit **www.epa.gov/lead** and **www.hud.gov/offices/lead/.**

For the hearing impaired, call the Federal Information Relay Service at **1-800-877-8339** and ask for the National Lead Information Center at **1-800-424-LEAD.**

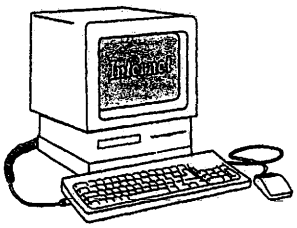


**EPA's Safe Drinking Water Hotline**

Call **1-800-426-4791** for information about lead in drinking water.

**Consumer Product Safety Commission (CPSC) Hotline**

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call **1-800-638-2772**, or visit CPSC's website at: **www.cpsc.gov.**




**Health and Environmental Agencies**

Some cities, states, and tribes have their own rules for lead-based paint activities. Check with your local agency to see which laws apply to you. Most agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards. Receive up-to-date address and phone information for your local contacts on the Internet at **www.epa.gov/lead** or contact the National Lead Information Center at **1-800-424-LEAD.**

## EPA Regional Offices

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

**EPA Regional Offices**

**Region 1** (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Regional Lead Contact
U.S. EPA Region 1
Suite 1100 (CPT)
One Congress Street
Boston, MA 02114-2023
1 (888) 372-7341

**Region 2** (New Jersey, New York, Puerto Rico, Virgin Islands)

Regional Lead Contact
U.S. EPA Region 2
2890 Woodbridge Avenue
Building 209, Mail Stop 225
Edison, NJ 08837-3679
(732) 321-6671

**Region 3** (Delaware, Maryland, Pennsylvania, Virginia, Washington DC, West Virginia)

Regional Lead Contact
U.S. EPA Region 3 (3WC33)
1650 Arch Street
Philadelphia, PA 19103
(215) 814-5000

**Region 4** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Regional Lead Contact
U.S. EPA Region 4
61 Forsyth Street, SW
Atlanta, GA 30303
(404) 562-8998

**Region 5** (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Regional Lead Contact
U.S. EPA Region 5 (DT-8J)
77 West Jackson Boulevard
Chicago, IL 60604-3666
(312) 886-6003

**Region 6** (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Regional Lead Contact
U.S. EPA Region 6
1445 Ross Avenue, 12th Floor
Dallas, TX 75202-2733
(214) 665-7577

**Region 7** (Iowa, Kansas, Missouri, Nebraska)

Regional Lead Contact
U.S. EPA Region 7
(ARTD-RALI)
901 N. 5th Street
Kansas City, KS 66101
(913) 551-7020

**Region 8** (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Regional Lead Contact
U.S. EPA Region 8
999 18th Street, Suite 500
Denver, CO 80202-2466
(303) 312-6021

**Region 9** (Arizona, California, Hawaii, Nevada)

Regional Lead Contact
U.S. Region 9
75 Hawthorne Street
San Francisco, CA 94105
(415) 947-4164

**Region 10** (Alaska, Idaho, Oregon, Washington)

Regional Lead Contact
U.S. EPA Region 10
Toxics Section WCM-128
1200 Sixth Avenue
Seattle, WA 98101-1128
(206) 553-1985

## CPSC Regional Offices

Your Regional CPSC Office can provide further information regarding regulations and consumer product safety.

**Eastern Regional Center**
Consumer Product Safety Commission
201 Varick Street, Room 903
New York, NY 10014
(212) 620-4120

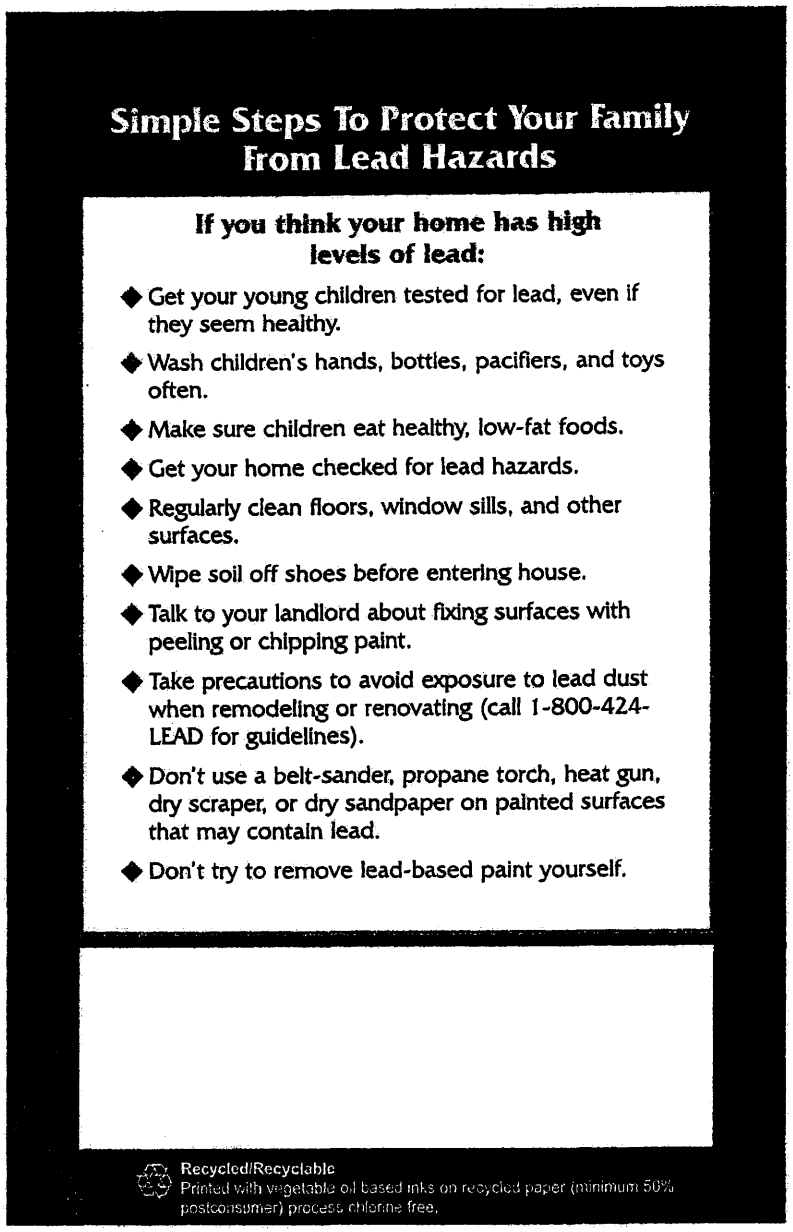
**Western Regional Center**
Consumer Product Safety Commission
1301 Clay Street, Suite 610-N
Oakland, CA 94612
(510) 637-4050

**Central Regional Center**
Consumer Product Safety Commission
230 South Dearborn Street, Room 2944
Chicago, IL 60604
(312) 353-8260

## HUD Lead Office

Please contact HUD's Office of Healthy Homes and Lead Hazard Control for information on lead regulations, outreach efforts, and lead hazard control and research grant programs.

**U.S. Department of Housing and Urban Development**
Office of Healthy Homes and Lead Hazard Control
451 Seventh Street, SW, P-3206
Washington, DC 20410
(202) 755-1785


Simple Steps To Protect Your Family From Lead Hazards
If you think your home has high levels of lead:
◆ Get your young children tested for lead, even if they seem healthy.
◆ Wash children's hands, bottles, pacifiers, and toys often.
◆ Make sure children eat healthy, low-fat foods.
◆ Get your home checked for lead hazards.
◆ Regularly clean floors, window sills, and other surfaces.
◆ Wipe soil off shoes before entering house.
◆ Talk to your landlord about fixing surfaces with peeling or chipping paint.
◆ Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
◆ Don't use a belt-sander, propane torch, heat gun, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
◆ Don't try to remove lead-based paint yourself.
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