

CONDOMINIUM OFFERING PLAN FOR

**THE 85 DOUGLASS STREET CONDOMINIUM
85 DOUGLASS STREET
BROOKLYN, NEW YORK 11231
(KINGS COUNTY)**

FOUR (4) RESIDENTIAL UNITS **\$9,210,000**

TOTAL OFFERING PRICE **\$9,210,000**

SPONSOR:

**USD 85 DOUGLASS LLC
c/o Urban Standard Capital
233 Broadway, #1470
New York, New York 10279**

SELLING AGENT:

**Douglas Elliman Real Estate
280 Metropolitan Avenue
Brooklyn, New York 11211**

DATE OF ACCEPTANCE FOR FILING: _____, 2023

**THIS OFFERING PLAN MAY NOT BE USED AFTER _____, 2024
UNLESS THIS OFFERING PLAN IS EXTENDED BY AMENDMENT.**

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS

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

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

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SPECIAL RISKS

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

1. No Financing Contingency

A Purchaser’s obligations under the Purchase Agreement will not be conditioned upon his obtaining financing. Thus, the failure to obtain financing will not relieve a Purchaser from his obligations under the Purchase Agreement, and if such Purchaser fails to pay the balance of the Purchase Price to Sponsor on or prior to the Closing Date and any such default is not cured within a thirty (30) day period after written notice thereof with **TIME BEING OF THE ESSENCE**, Sponsor may cancel the Purchase Agreement and retain as liquidated damages the Down Payment, together with any interest earned thereon, plus the cost of any special work in the Unit ordered by the Purchaser. Any prospective purchaser who executes a Purchase Agreement and does not obtain financing may lose his or her deposit if he or she is unable to otherwise raise the monies for the balance of the Purchase Price. Prospective purchasers who require financing are advised to consult with a lending institution before execution of a Purchase Agreement. No representation is made by the Sponsor as to the availability or cost of such financing. Any payments received in excess of such sums together with any interest earned on such excess, will be refunded to Purchaser within a reasonable time after cancellation. Please consult the Sections of the Plan entitled **“Procedure to Purchase”** and **“Closing of Title to Units and Terms of Sale”** and the form of Purchase Agreement set forth in Part II of the Plan.

The Sponsor is not making any representations or warranties regarding the availability or cost of financing.

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 the Sponsor 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%. Some lenders will not provide financing in a building of fewer than ten apartments. 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 also may 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. Please consult the Sections of the Plan entitled **“Procedure to Purchase”** and **“Closing of Title to Units and Terms of Sale”** and the form of Purchase Agreement set forth in Part II of the Plan.

2. Sponsor's Remedies on Purchaser's Default under the Purchase Agreement; "Time of the Essence"

Any Purchaser who defaults under his Purchase Agreement must be given written notice and the opportunity to cure such default within thirty (30) days from the sending of the default notice. If a defaulting Purchaser does not remedy the default within such thirty (30) day period, with **TIME BEING OF THE ESSENCE**, Sponsor will have the right to cancel such defaulting Purchaser's Purchase Agreement and retain as liquidated damages the Down Payment, together with any interest earned thereon, plus the cost of any special work in the Unit ordered by Purchaser. This means that, should a Purchaser fail to close on the date required in his Purchase Agreement, and fails to close within thirty (30) days after the Sponsor sends a default notice to such Purchaser, the Purchaser may forfeit to the Sponsor his Down Payment, plus any interest earned on the Down Payment, plus the costs incurred by the Sponsor of doing any special work in the Unit requested by the Purchaser to the Sponsor. Purchaser and Sponsor will thereupon be relieved of all further liabilities and obligations thereunder and under the Plan. If the Purchase Agreement is cancelled, Sponsor has the right to sell the Unit to others as if the Purchase Agreement had never been made, without accounting to the Purchaser for the proceeds of such sale. See the Sections of the Plan entitled "**Closing of Title to Units and Terms of Sale**" and "**Procedure to Purchase,**" and the form of Purchase Agreement set forth in Part II of the Plan.

3. Purchaser's Closing Costs

Each Purchaser shall pay a closing fee of \$3,000.00 per Unit to Sponsor's counsel, Belkin Burden Goldman, LLP; if, however, the Purchaser does not close on the date designated for the transfer of title to his/her Unit and such closing must be adjourned to a subsequent date, the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00, as well as an additional fee in the amount of \$500.00 for each default letter that Sponsor's counsel shall serve; further, if the Purchaser assigns the Purchase Agreement (which assignment cannot be made without Sponsor's consent), then the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00; if the closing takes place out of the office of Sponsor's attorney at the request of Purchaser, then an additional closing fee of \$500.00 payable to Sponsor's counsel, will be paid by the Purchaser; if the Purchaser participates in a tax deferred exchange pursuant to Internal Revenue Code 1031 (which participation cannot occur without Sponsor's consent), then the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00; and finally, if Purchaser obtains mortgage financing, then Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00. In addition, if through no fault of Sponsor, a Purchaser shall fail to close on the date fixed by Sponsor for closing of title to Purchaser's Unit, then Purchaser will: (a) pay (among other closing costs) a late fee equal to 0.04% multiplied by the unpaid balance of the Purchase Price for each day's delay, beginning with the date originally scheduled for the closing to and including the day immediately preceding the actual Closing Date, and (b) reimburse Sponsor for the Unit's carrying charges (that is, Common Charges and real estate taxes) during the period of delay. All of these and other closing costs to be paid by a Purchaser are described in the Section of the Plan entitled "**Unit Closing Costs and Adjustments.**"

4. Purchaser's Payment of Transfer Taxes

At the closing of title to his Unit, each Purchaser will be required to pay New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax. These transfer taxes are normally a seller's obligation, but this obligation is being transferred to Purchasers by virtue of this Plan. The New York City Real Property Transfer Tax is currently imposed at a rate of 1.00% of the Purchase Price for an individual residential condominium unit if the Purchase Price is \$500,000 or less and 1.425% if the Purchase Price is more than \$500,000. The New York State Real Estate Transfer Tax is currently imposed at a rate of 0.4% of the Purchase Price for an individual residential condominium unit if the Purchase Price is less than \$3,000,000 and 0.65% if the Purchase Price is \$3,000,000 or more. Prospective Purchasers are advised that both New York State and New York City have taken the position that where a Purchaser pays either or both of these taxes on behalf of a seller, such as will be required on behalf of Sponsor in connection with the purchase of any Unit hereunder, such payment itself constitutes "additional consideration" to the seller and must be considered in computing the tax due.

In addition to the foregoing, (a) if the purchase price for an individual residential condominium unit is \$1,000,000 or more, a 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 imposed at a rate of 1.0% of the Purchase Price an individual residential condominium unit; and (b) if the purchase price for an individual residential condominium unit is \$2,000,000 or more, Purchaser shall also be obligated to pay the New York State Supplemental Tax pursuant to Article 31 of the Tax Law, referred to herein as the "**Supplemental Tax**," which is currently imposed at the following rates:

<u>Consideration Amount</u>	<u>Supplemental Tax Rate</u>
\$2,000,000 to \$2,999,999	0.25%
\$3,000,000 to \$4,999,999	0.50%
\$5,000,000 to \$9,999,999	1.25%
\$10,000,000 to \$14,999,999	2.25%
\$15,000,000 to \$19,999,999	2.50%
\$20,000,000 to \$24,999,999	2.75%
\$25,000,000 and above	2.90%

Accordingly, the total amount of Mansion Tax and Supplemental Tax payable by the Purchaser of a Residential Unit will be assessed at a rate that is the aggregate of the applicable Mansion Tax and the Supplemental Tax rates. In addition, the "additional consideration" discussed above must be included in computing the purchase price of the Unit for purposes of calculating the Mansion Tax and the Supplemental Tax.

Please see the Section of the Plan entitled "**Unit Closing Costs and Adjustments**," as well as the form of Purchase Agreement set forth in Part II of the Plan.

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

Each Down Payment will be kept in a segregated attorney's special escrow account

at Webster Bank, Two Blue Hill Plaza, Second Floor, Pearl River, New York 10965 (the “**Bank**”). The Bank is covered by Federal Bank Insurance Deposit insurance to a maximum of \$250,000 (under current law) in the aggregate with respect to all funds deposited by any person in one or more deposit accounts. If a Purchaser’s Down Payment, together with any other funds of such Purchaser in deposit accounts at the Bank, exceed \$250,000 (under current law), the excess above \$250,000 (under current law) will not be federally insured. Neither Sponsor, the Selling Agent nor the Escrow Agent holding the Down Payment will be liable for any losses resulting from the failure of the Bank. See the Section of the Plan entitled “**Procedure to Purchase**” and the form of Purchase Agreement set forth in Part II of the Plan.

6. Sponsor’s Abandonment of the Plan and Inability to Convey Title

Sponsor may, in its sole discretion, abandon the Plan for any reason before it is declared effective or before Sponsor obtains valid and binding Purchase Agreements for eighty percent (80%) of the Units, whichever occurs first. If the Plan is withdrawn or abandoned, all Purchasers in good standing will be sent written notices thereof and within five (5) days after an amendment abandoning the Plan is filed with the Department of Law, all Deposits paid to Sponsor pursuant to Purchase Agreements then in effect, together with any interest earned thereon, will be returned to Purchasers in good standing. However, with respect to any Purchaser who is then in default under his Purchase Agreement beyond any applicable grace period, or whose Purchase Agreement had been canceled previously due to such Purchaser’s default, Sponsor will retain as liquidated damages the Liquidated Sum referred to in the preceding section entitled “Procedure to Purchase; Events of Default.” Upon the return of the Deposit or retention of the Liquidated Sum, as the case may be, the Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under the Plan or the Purchase Agreements. In the event the Plan is abandoned, Sponsor will promptly submit an amendment to the Department of Law reflecting such abandonment or file a notice of abandonment on Form RS-3 or such other form as the Department of Law may then require, explaining the reason for the abandonment and the disposition of the funds received. Notwithstanding the fact that not all Purchasers used for purposes of declaring the Plan effective may actually close, Sponsor will re-declare the Plan effective if all Purchase Agreements are either rescinded or terminated prior to the date of first Unit closing, regardless of whether the Declaration has been recorded.

Sponsor may not abandon the Plan after effectiveness for any reason other than: (i) a defect in title which cannot be cured without litigation or cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount; (ii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount; or (iii) the taking of any material portion of the property by condemnation or eminent domain. See the Section of the Plan entitled “**Effective Date**”.

7. Sponsor Control

Sponsor will control the Condominium Board until the expiration of the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (50%) of the aggregate Common Interests appertaining to all Units, or (ii) the

fifth anniversary of the First Unit Closing (the “**Initial Control Period**”). Commencing with the first election of Managers held following the expiration of the Initial Control Period, and at all elections thereafter, the Sponsor or its designee will be permitted to designate a minimum number of representatives on the Condominium Board based on varying degrees of Unit ownership by the Sponsor or its designee. In addition to such designation rights, the Sponsor or its designee will also have the right to vote the Common Interest attributable to all Units owned by the Sponsor or its designee with regard to the election of members of the Board of Managers other than the representatives so designated by the Sponsor or its designee.

As long as Sponsor or any Sponsor Successor continues to own at least one Unit during the five years following the First Unit Closing, the Condominium Board will not be permitted, without the prior written consent of Sponsor or any Sponsor Successor to:

- a) make any addition, alteration or improvement to the Common Elements or to any Unit, unless required by Applicable Law;
- b) increase the number or change the type of employees from that described in the First Year Budget;
- c) enter into any service or maintenance contracts for Work not covered in the First Year Budget;
- d) borrow money on behalf of the Condominium; or
- e) exercise a right of first refusal to purchase or lease a Unit.

Notwithstanding the foregoing, neither Sponsor nor any Sponsor Successor may exercise a veto over expenditures which: (i) conform to the First Year Budget and are for the period covered by the First Year Budget; (ii) are required to comply with Applicable Law, including expenditures required to cure any notices of violations; or (iii) are necessary to remedy any work order by an insurer which is the responsibility of the Condominium Board to remedy. In addition, Sponsor cannot limit its financial obligations so as to not pay any portion of the amounts budgeted in the First Year Budget, because every Unit Owner, including Sponsor, is obligated to pay its share of the budget. See the Sections of the Plan entitled “**Control by Sponsor**” and “**Rights and Obligations of Condominium Board/Summary of By-Laws.**”

8. No Security for Performance

Sponsor has not furnished any bond or other security for the performance of its obligations under this Plan. See the Sections of the Plan entitled “**Control by Sponsor**” and “**Rights and Obligations of Condominium Board/Summary of By-Laws.**”

9. Restrictions on Sale and Leasing of Units

EACH UNIT OWNER MAY SELL OR LEASE HIS UNIT BUT ONLY AFTER THE UNIT OWNER SHALL GIVE THE CONDOMINIUM BOARD PRIOR WRITTEN NOTICE OF HIS INTENTION TO DO SO, ACCOMPANIED BY A FULLY EXECUTED COPY OF THE CONTRACT OF SALE OR LEASE, CONTAINING ALL OF THE TERMS

OFFERED IN GOOD FAITH BY THE PROSPECTIVE PURCHASER OR LESSEE. THE CONDOMINIUM BOARD, ON BEHALF OF ALL UNIT OWNERS, WILL HAVE THE EXCLUSIVE RIGHT TO ELECT, WITHIN TWENTY (20) DAYS AFTER RECEIPT OF THE NOTICE OF SALE OR LEASE, TO PURCHASE OR LEASE THE UNIT ON THE SAME TERMS SET FORTH IN THE CONTRACT OR LEASE, AS MORE SPECIFICALLY SET FORTH IN THE BY-LAWS. If the Condominium Board does not notify the Unit Owner of its election to purchase or lease the Unit within the aforementioned time period, the Unit Owner will have thirty (30) days after the expiration of the twenty-day period to consummate the sale or lease in accordance with the terms stated in the contract of sale or lease appended to the notice. After the expiration of such thirty (30) day period, the Unit Owner will again be required to offer the Unit to the Condominium Board as provided above.

The foregoing restrictions upon the sale and lease of Units will not apply to any sale or lease: (i) by an Unit Owner by gift, will or intestacy; (ii) by Sponsor or any Sponsor Successor (but Sponsor may only lease an Unsold Unit after the first Unit Closing); or (iii) by or to a mortgagee in foreclosure or by deed in lieu of foreclosure. In each of the foregoing instances, the Unit Owner (or mortgagee, as the case may be) will be free to sell or lease without first offering to sell or lease to the Condominium Board.

Each contract of sale, and lease, for a Unit must include a provision that subjects such contract of sale, or lease, to the Condominium Board's right of first refusal, except with regard to Units that are exempt from such right of first refusal. See the Section of the Plan entitled "**Rights and Obligations of Unit Owners.**"

10. Occupancy of Units by Renters

Sponsor intends, and will endeavor in good faith, to sell all of the Units. However, after consummation of this Plan, Sponsor and any Sponsor Successor may, from time to time, freely and without condition, rent any Unsold Units in accordance with Applicable Law, without charge or limitation whatsoever and without the consent of the Condominium Board or any other Unit Owner. The Property is currently encumbered by mortgages in favor of Colorado Federal Savings Bank in the aggregate principal amount of \$3,700,000 (the "**Mortgage**"). The Mortgage does not place any limit on Sponsor's right to rent rather than sell Units (with or without the consent of any mortgagee). Sponsor does not currently contemplate limiting its right to rent rather than sell based on objective, articulable criteria such as a significant decline in market prices of a specific percentage. Depending on market conditions, it is conceivable that Sponsor may find it more desirable to continue to rent one or more Units rather than to sell them. As a result, there is no commitment by Sponsor to, and it is conceivable (although unlikely) that Sponsor will not, sell more than the minimum 15% of the Units (i.e., at least one Unit) necessary to declare the Plan effective, and that owner-occupants may never gain effective control and management of the Condominium.

As a result of the foregoing, some (and possibly many) of the Units may be occupied by renters and not Unit Owners. The occupancy of Units by renters instead of Unit Owners may limit or impair a Purchaser's ability to obtain financing or refinancing (see Special Risk 1 above in this Section), depending on the number of owner-occupied Units and the

requirements of lenders at the time. A Purchaser's ability to resell his Unit may similarly be limited or impaired if at such time many lenders have a higher minimum requirement of owner-occupied Units than may then exist in the Building.

The By-Laws of the Condominium do not include a provision that, after the Initial Control Period, a majority of the Condominium's Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals. Owner-occupants and non-resident owners (including Sponsor or any Sponsor Successor) may have inherent conflicts on how the Condominium should be managed, due to their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment). See the Sections of the Plan entitled "**Control by Sponsor**" and "**Rights and Obligations of Condominium Board/Summary of By-Laws.**"

11. Potential Net Credit to Sponsor on Closing Adjustments

As more fully disclosed in the Section of the Plan entitled "**Closing Adjustments with Condominium Board,**" closing adjustments could result in a net credit owed from the Condominium Board to the Sponsor, which net credit could be paid to the Sponsor at the time of the First Unit Closing from the Working Capital Fund. However, if such payment of any net credit owed to the Sponsor would serve to reduce the amount in the Working Capital Fund below \$5,000.00, then the unpaid balance of any such net credit owed to the Sponsor shall be paid to the Sponsor by the Condominium Board, without interest, in twelve equal consecutive monthly installments pursuant to the terms of a negotiable promissory note to be executed by the Condominium Board at the First Unit Closing. The Condominium Board shall be entitled to prepay such promissory note in full only, at any time and without penalty.

12. Potential Income Tax Liability of Condominium;
Income Tax Deductions to Unit Owners

Under Section 528 of the Internal Revenue Code, the Condominium Board will be eligible to elect for the Condominium to be exempt from Federal income tax on Common Charges collected from the Unit Owners, since the requirements of Section 528 appear to be satisfied by this Condominium. Purchasers should note that, if the Condominium Board fails to make such election under Section 528, no monies have been set aside for possible taxes arising therefrom.

On December 22, 2017, the Tax Cuts and Jobs Act (the "**Act**") was signed into law, pursuant to which the ability of owners of residential condominium units to take income tax deductions (including deductions for real property taxes and qualified home mortgage interest) is affected and subject to different conditions and limitations from those in effect prior to the enactment of the Act.

See the section of the Plan entitled "**Income Tax Deductions to Unit Owners/Tax Status of Condominium.**"

13. Condition of Property

As set forth in the **“Description of Property and Building Condition”** in Part II of the Plan, Sponsor’s architect expresses no opinion as to whether any anticipated reserve fund or working capital fund to be established by Sponsor will be sufficient to pay for major capital improvements or replacements which are reasonably foreseeable within the first three years of Condominium operation. If such fund is not sufficient therefor, Unit Owners of the Condominium will have to fund any such improvements and replacements themselves, either through increases in common charges, assessments, or some other means. **There is no provision made for a reserve fund to be established separate and apart from the Working Capital Fund. In light of the absence of any reserve fund, in the event that the Property or the Common Elements require significant expenditures for substantial repairs or replacements, it is likely that they will need to be funded through increases in Common Charges, or special assessments, imposed on the Unit Owners. Since there will be no reserve fund established, the funds of the Condominium are likely not to be sufficient to provide for needed capital expenditures within five years following the First Unit Closing. See “Working Capital Fund.”**

The Property is located in a densely populated area. Exterior noise levels are consistent with those of an urban area, and will be audible inside Units.

14. Usable Area of Units

Units will consist of the area measured: (i) horizontally by (a) the exterior face of the brickwork constituting the exterior walls of the Building bounding such Unit, (b) the exterior face of walls (other than the aforesaid exterior walls) separating such Unit from Common Elements (if any), and (c) the centerline of walls separating such Unit from other Units and (ii) vertically by the underside of the Unit’s finished flooring and the exposed face of the concrete ceiling or the unexposed side of the Unit’s drywall ceiling, where applicable. Since the measurements are from the exterior of the Units, the measurements include area that is not useable, including wall cavity space, columns, load bearing partitions and mechanical pipes and chases (whether along the perimeter or within the Unit). The Unit measurements are not based upon measurements from interior surfaces of interior walls; the actual area comprising a Unit is significantly less than the area listed in Schedule A. All measurements stated in approximations are within reasonable tolerances. **See “Schedule A and Footnotes.”**

15. Certificate of Occupancy

Purchasers are advised that, in New York City, newly renovated buildings like the Building are sometimes offered as condominium projects without a final (or permanent) certificate of occupancy (**“FCO”**) covering the entire Building, but with only a temporary certificate of occupancy (**“TCO”**), and sometimes with several successive TCO’s. Certificates of occupancy are generally governed by New York State Multiple Dwelling Law §301, as well as other local building codes and rules. Both TCO’s and FCO’s are issued by the New York City Department of Buildings (**“DOB”**). A TCO is intended to indicate that the property conforms substantially to the DOB approved plans and specifications, and to the requirements of all applicable laws, rules and regulations for the uses and occupancies specified in the TCO. No change of use or occupancy

shall be made unless a new certificate of occupancy is issued. All TCO's have an expiration date, which is typically 90 days after its date of issuance. When a TCO expires and is not renewed, it may be difficult or impossible to buy insurance, refinance, or sell Units. In New York City, it is common for sponsors of condominium offerings to commence unit closings when some or all units are covered by a TCO rather than a FCO. Sponsor anticipates that such will be the case with regard to the Property. Sponsor and its principal will undertake the responsibility for extending each TCO received prior to the expiration thereof, and, ultimately, for obtaining the FCO covering the entire Building. However, Sponsor and its principal make no representation or guarantee that the DOB will issue the FCO within two years, which is the timeframe anticipated by the Multiple Dwelling Law for the issuance of a FCO. NOTWITHSTANDING THE FOREGOING, SPONSOR AND ITS PRINCIPAL ARE OBLIGATED TO PROCURE THE FCO FOR THE ENTIRE BUILDING, AND SHALL EXERCISE BEST EFFORTS TO OBTAIN THE FCO WITHIN SUCH TWO-YEAR PERIOD WHILE KEEPING THE TCO CURRENT. Unit Owners and the Board of Managers shall be obligated to cooperate with, and refrain from interfering with, Sponsor in these undertakings. Furthermore, because Sponsor and the By-Laws of the Condominium may permit Unit Owners to undertake renovations to individual Units prior to the procurement of a FCO, such renovations may cause additional delays in the issuance thereof. Notwithstanding the foregoing, Sponsor and its principal shall remain obligated to procure the FCO. Purchasers are advised to visit the DOB website for further recommendations when purchasing a Unit in a Building for which the FCO has not been issued. A factsheet on certificates of occupancy is available on the DOB website, at: http://www.nyc.gov/html/dob/downloads/pdf/co_facsheet.pdf. See **"Rights and Obligations of Sponsor."**

16. Closing Delays

Sponsor anticipates that the First Unit Closing will occur by January 1, 2023. Purchasers will be offered a right of rescission if: (i) the actual date of the First Unit Closing, or (ii) the projected date of the First Unit Closing, occurs later than December 31, 2023, which is one year after the projected date for the First Unit Closing. If the Plan is amended to provide for a later projected date for the First Unit Closing, Purchasers will be entitled to an offer of rescission if the First Unit Closing occurs more than one year beyond that amended, later date. However, even if the First Unit Closing occurs before December 31, 2023, Sponsor may schedule the closings of title to other Units significantly later than such date. Unless a Purchase Agreement contains an outside Closing Date, Sponsor shall not be obligated to schedule the Closing within any specified timeframe or to ensure that the Closing of title to a Unit will occur by any date certain. PROSPECTIVE PURCHASERS SHOULD, THEREFORE, CAREFULLY CONSIDER SUCH RISKS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT. See **"Procedure to Purchase."**

17. Interim Leases and Failure to Close and Vacate

As more fully set forth in the section of the Plan entitled **"Interim Leases,"** the Sponsor reserves the right to rent or lease vacant Units to Purchasers at any time, both before and after the First Unit Closing, and to non-Purchasers following the First Unit Closing. The form of Interim Lease is set forth in Part II of this Plan. The term of each such Interim Lease shall expire on the earliest to occur of: (i) the date of closing of title to the Unit covered by such Interim Lease;

(ii) the date fixed in the Interim Lease for the expiration of the term; (iii) the date upon which the Interim Lease is terminated at the option of Sponsor by reason of a default by the Purchaser-tenant under the Interim Lease or a casualty or condemnation affecting the Unit; or (iv) the date upon which the Interim Lease is terminated by the Purchaser-tenant or Sponsor as may be provided therein. In the event that an Interim Lease is terminated for a reason other than the closing of title to him/her of such Unit, Purchaser-tenant shall become obligated to pay to the Sponsor liquidated damages in the amount not less than \$500 per diem for each day after the expiration of the occupancy period set forth in the Interim Lease that he/she shall remain in possession. In addition, the form of Interim Lease provides (in its paragraph 6(i)) that each such Purchaser-tenant agrees and consents to the entry of a judgment of possession and the issuance forthwith of a warrant of eviction, in accordance with, and subject to, Applicable Law. See **“Interim Lease,”** below, and form of Interim Lease set forth in Part II, below.

18. FinCEN Geographic Targeting Order

Regulations adopted by the United States Department of the Treasury Financial Crimes Enforcement Network require that U.S. title insurance companies report the personal identity of purchasers in residential real estate transactions in which: (1) the purchaser is a legal entity as defined in the regulations; (2) the purchaser purchases residential real property located in the Boroughs of Bronx, Brooklyn, Queens, Manhattan, and Staten Island; (3) the total purchase price is in the amount of \$300,000 or more; (4) such purchase is made without a bank loan or other similar form of external financing; and (5) the purchase is made, at least in part, using currency or a cashier’s check, a certified check, a traveler’s check, a personal check, a business check, a money order in any form, a funds transfer, or virtual currency. Prospective Purchasers are advised to contact their title insurance companies for additional information to determine whether their purchase of a Unit will be a Covered Transaction contemplated by the Order. Sponsor shall have no obligation whatsoever in connection with satisfying any requirements with respect to the regulations, and Purchaser shall be solely responsible for all costs or delays in connection with complying with the regulations.

19. Delay in Collection of Common Charges

Sponsor reserves the right to delay the commencement of collection of Common Charges until the earlier to occur of: (i) one year after the First Unit Closing, or (ii) the date upon which closings shall have occurred for Units having an aggregate Common Interest of not less than FIFTY PERCENT (50%). During any such delay, Sponsor will timely pay all expenses of the Condominium, including but not limited to insurance premiums and any reserve fund payments required by lenders. Such expenses shall not include individual Unit Owner expenses such as real estate taxes and utility charges. Upon the commencement of collection of Common Charges, there will not be an assessment for any item set forth in the approved budget for the Condominium. Sponsor shall remain obligated to update the budget for the Condominium as provided for in governing regulations. In the event that Sponsor elects to delay the collection of Common Charges, it will disclose such fact in the closing notice to Purchasers and will further disclose such fact in the Post-Closing amendment to this Plan. Such amendment will also disclose the anticipated period of delay. Sponsor will notify all Unit Owners in writing as to the expiration of the delay period at least thirty (30) days prior to the commencement of collection of Common

Charges, and will disclose such fact in the next following amendment to this Plan. See the Section of the Plan entitled **“Rights and Obligations of Sponsor.”**

20. Housing Merchant Implied Warranty Disclosure

The Property has been gut renovated.

Notwithstanding anything to the contrary, the New York State Housing Merchant Implied Warranty Law (Article 36-B of the General Business Law) (the **“Warranty Law”**) DOES apply to this offering, since the renovation of the Property will have created a multi-unit residential structure of five stories or less. A copy of such statute is set forth in Part II of this Plan, and prospective Purchasers are urged to familiarize themselves with its provisions. Other than such statute, Sponsor will have no obligations to make repairs or improvements, except as expressly set forth in this Plan. Except as expressly set forth in the section of the Plan entitled **“Closing of Title to Units and Terms of Sale,”** Sponsor may not—and does not seek to—disclaim responsibility under the Warranty Law.

Regardless of any limitations in the warranty or in this Plan, the Sponsor is obligated to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, and any conflict between any disclaimers and Sponsor’s obligation to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, shall be resolved in favor of the latter.

21. No Resident Superintendent

The Condominium will not have a resident superintendent. Such lack may cause occasional delay in the making of repairs or replacements in and to, and otherwise servicing the needs of, the Building and its residents. In the absence of a resident superintendent, such services will be provided by a service contractor. In the event that the Condominium shall subsequently directly hire a superintendent or other similar employee, such employment would require an increase in the budgeted expenses from those reflected in Schedule B, and, consequently, a concomitant increase in Common Charges payable with regard to the Units. It is currently unknown what the wages of any such potential future employee would be. However, if, for example, his/her wages and benefits total \$30,000 per annum, that would result in a net increase of approximately 51% in the Common Charges payable by Unit Owners over the budgeted amount currently set forth in Schedule B.

22. Sponsor’s Payment of Expenses During First Year of Condominium Operation

During the first year of condominium operation, the Sponsor intends to pay the cost associated with the following expenses:

- Payroll and Related Expenses (\$5,200): If the Condominium continues to maintain the same level of service after the first year of condominium operation, the Condominium will assume the cost of such services and the amount of

Common Charges payable by Unit Owners annually would increase by approximately 18% over the budgeted amount set forth in Schedule B.

- Repairs, Maintenance and Supplies (\$4,600): If the Condominium continues to maintain the same level of service after the first year of condominium operation, the amount of Common Charges payable by Unit Owners annually would increase by approximately 16% over the budgeted amount set forth in Schedule B. This estimate is based on the following:

Supplies	\$ 600
Plumbing	\$ 500
Electrical	\$ 500
Intercom	\$ 500
Window, Lock and Doors	\$ 500
Plastering and Painting	\$ 500
General Repairs	<u>\$ 1,500</u>
Total	\$ 4,600

- Service Contracts (\$5,150): If the Condominium continues to maintain the same level of service after the first year of condominium operation, the Condominium will assume the cost of such services and the amount of Common Charges payable by Unit Owners annually would increase by approximately 17% over the budgeted amount set forth in Schedule B. This estimate is based on the following:

Exterminating	\$ 1,450
Fire Extinguishers	\$ 150
Sprinkler	\$ 1,800
Telephone	\$ 900
Virtual Doorman	<u>\$ 850</u>
Total	\$ 5,150

- Management Fee (\$9,000): If the Condominium continues to maintain the same level of service after the first year of condominium operation, the Condominium will assume the cost of such services and the amount of Common Charges payable by Unit Owners annually would increase by approximately 30% over the budgeted amount set forth in Schedule B. This estimate is based on the annual fee of \$9,000 to be received by the Managing Agent for the First Year of Condominium Operations pursuant to the management agreement.

Each of the foregoing projected expenses for payroll, repairs and maintenance, service contracts, and management fees are based on estimates received from contractors and the experience of Sponsor's budget expert, Matthew Adam Properties, Inc., in operating comparable buildings. See section of the Plan entitled "**Footnotes to Schedule B.**"

23. Non-Smoking Policy

Smoking (including hookahs, “vapes,” “e-cigs” and similar devices) is prohibited in all indoor areas of the Building (including within all Units) and in all outdoor areas of the Building (including all yards and terraces). See section of the Plan entitled **“Rights and Obligations of Unit Owners.”**

24. Real Estate Taxes

The projected real estate taxes for the first year of operation contained in Schedule A are based on an assessment of the Building before rehabilitation is complete. Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after rehabilitation is complete. See Footnote 9 to Schedule A for more information regarding the projected assessed valuation after completion of rehabilitation. In addition, the projected real estate taxes do not consider the effect of the COVID-19 Coronavirus pandemic, and it is unknown how the pandemic will affect assessed values going forward.

25. Refunds of Custom Work Costs

In the event of rescission of a Purchase Agreement, a Purchaser will not receive a refund of any custom work costs to the extent that they have been expended by Sponsor. In the event of abandonment or withdrawal of this Plan by Sponsor, a Purchaser will receive a full refund of all custom work costs. See the Sections of the Plan entitled **“Procedure to Purchase”** and **“Effective Date.”**

26. Lead-Based Paint Disclosure

The United States Department of Housing and Urban Development, and the New York City Department of Health, have recently enacted various Applicable Laws that require, respectively: (i) disclosure by Sponsor of information and reports in its possession regarding the presence of lead-based paint at the Property, and (ii) under certain circumstances, periodic inspections of Units by the Condominium and/or Unit Owners, and, under certain circumstances, remediation and repair of areas on which lead-based paint is present and/or may be deteriorated. Prospective Purchasers are urged to review such Applicable Laws in order to determine the effect that any such Applicable Laws may have on such prospective Purchaser’s purchase and/or ownership of a Unit.

It is the opinion of the Sponsor that such Applicable Laws with regard to lead-based paint apply to the Property.

Buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included in Part II of this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young

children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for, lead paint.

Sponsor has no knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards at the Property. However, Sponsor did not conduct any due diligence regarding the presence of lead paint in the Building. Sponsor believes (but does not warrant) that, as part of its renovation of the Property, it has already removed all paint from apartments that could have contained lead. Any knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards that hereafter become known or available to Sponsor will be disclosed to each prospective Purchaser under the Plan as and to the extent required by the Regulations, but need not be disclosed in an amendment to this Plan. See the section of the Plan entitled “**Sponsor’s Statement of Building Condition.**”

THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT. THE ESTIMATED CLOSING COSTS, EXPENSES AND ADJUSTMENTS TO BE BORNE BY EACH PURCHASER ARE SET FORTH BELOW. SPONSOR MAKES NO REPRESENTATION OR WARRANTY AS TO SUCH COSTS, WHICH ARE ESTIMATES AND WHICH ARE SUBJECT TO CHANGE. NO REPRESENTATION OR WARRANTY IS MADE THAT LAWS CURRENTLY IN EFFECT WILL REMAIN IN EFFECT OR UNCHANGED.

INTRODUCTION

Purpose of the Plan

USD 85 Douglass LLC (“**Sponsor**”), presents this offering plan (the “**Plan**”) for the sale of condominium units in the new building that Sponsor is constructing at 85 Douglass Street, Brooklyn, New York (the “**Building**”), and the parcel of land on which it is situated (such parcel of land and the Building being collectively referred to as the “**Property**”).

The purpose of the Plan is to set forth all of the material terms of the offer to present the Property for sale under condominium ownership.

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

The Plan may be amended from time to time upon the filing of an amendment with the Department of Law of the State of New York (the “**Department of Law**”), with an office at 28 Liberty Street, New York, New York 10005. Amendments will be served on all Unit Owners, purchasers, contract vendees and offerees as defined in Part 20 of the Regulations promulgated by the Attorney General in Title 13 NYCRR, by either personal delivery or certified mail.

The Building

The Building is anticipated to be completed no later than December 2022. The Building will consist of four stories and a cellar. Four residential Units will be on the cellar through fourth floors.

The Condominium

The Condominium will be known as “The 85 Douglass Street Condominium.” The Condominium will be organized to comply with and will be subject to Article 9-B of the Real Property Law of the State of New York, as amended (the “**Condominium Act**”).

The Sponsor

Sponsor is a New York limited liability company with an office at 233 Broadway, #1470, New York, New York 10279. Sponsor was formed on January 27, 2017, and Sponsor acquired fee title to the Property by deed dated February 17, 2017.

The Offer

Sponsor hereby offers a total of four (4) residential units (the “**Units**”) for sale under the Plan. All of the Units are being offered vacant. The initial prices and estimated Common Charges for each of the Units are set forth in the Section of the Plan entitled “**Offering Prices and**

Related Information, Schedule A” (“Schedule A”). THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Features of Condominium Ownership

Ownership of a Unit is similar in many respects to ownership of a private home. The owner of each Unit (the **“Unit Owner”**) owns fee title to his Unit and is entitled to the exclusive possession thereof. In addition, each Unit Owner also owns, in common with every other Unit Owner, an undivided percentage interest in all parts of the Property other than the Units themselves (the **“Common Elements”**). Unit A will have the exclusive use of the rear yard; Unit B will have exclusive use of the rear rooftop terrace; Unit C will have exclusive use of the front rooftop terrace; and Unit D will have exclusive use of the fourth floor terrace (each of such yard and terraces shall be deemed **“Limited Common Elements”** of the Condominium appurtenant to such respective Units). Although each such Limited Common Element is reserved for the exclusive use of the designated Unit to which it is appurtenant, all Limited Common Elements are part of the Common Elements in which all Unit Owners have undivided interests, and they are not part of the space within any Unit, which is owned exclusively by the Unit Owner.

There are no fixtures or equipment in a Unit that are described in the Plan that are not included in the offering price for such Unit; the offering price stated for each Unit is not conditioned on the fixtures or equipment selected.

The undivided percentage of each Unit in the Common Elements (the **“Common Interest”**) has been determined upon the basis of each Unit’s floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium. These allocations are made pursuant to Real Property Law section 339-i(1)(iv), and are based upon each Unit’s floor space, subject to the location of such Unit and the additional factors of relative value to other Units in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The aggregate Common Interests of all Units equals one hundred percent (100%). Each Unit’s Common Interest is listed in Schedule A. Each Unit Owner must pay common charges proportionate to the Common Interest allocated to his Unit, pursuant to Real Property Law section 339-i, but subject to exceptions set forth in Real Property Law section 339-m, and further pursuant to 13 NYCRR Part 20.

The authority to manage the Condominium is vested in the Condominium’s Board of Managers (the **“Condominium Board”**), the members of which are elected by vote of the Unit Owners in accordance with their respective Common Interests (with the exception of the Sponsor or its designee, which will maintain certain control beyond that to which it would be entitled as an ordinary function of its ownership interest). Each Unit Owner is obligated to comply with the Declaration, the By-Laws, the Rules and Regulations of the Condominium, and any other requirements lawfully imposed by the Condominium Board. See the Sections of the Plan entitled **“Rights and Obligations of Unit Owners”** and **“Rights and Obligations of Condominium Board/Summary of By-Laws.”**

The Sponsor is obligated to defend any actions, suits or proceedings arising from Sponsor's acts or omissions, and to indemnify the Condominium, its Board of Managers and the Unit Owners with regard thereto.

The Condominium Board will, from time to time, assess all Unit Owners, in proportion to the respective Common Interests of their Units (but, as provided in Real Property Law section 339-m, subject to certain exceptions set forth in this Plan, and the Declaration and By-Laws) charges (the **"Common Charges"**) for, among other things, the cost and expense of operating, maintaining and repairing the Common Elements (the **"Common Expenses"**). Each Unit Owner will be solely responsible for the payment of all Common Charges assessed against him. See the Section of the Plan entitled **"Rights and Obligations of Unit Owners."** An estimate of Common Charges that will be payable by each Unit Owner during the first year of Condominium operation of the Property is set forth in Schedule A.

Each Unit Owner may freely mortgage his Unit, as he sees fit, with such lender and in such amount as he chooses, subject only to compliance with certain filing requirements contained in the Condominium's By-Laws. See the Sections of the Plan entitled **"Rights and Obligations of Unit Owners"** and **"Rights and Obligations of Condominium Board/Summary of By-Laws."** Each Unit is separate and is not subject to the lien of any mortgage on any other Unit.

Any Unit Owner may sell or lease his Unit to anyone, without restriction or limitation, subject only to the right of first refusal in favor of the Condominium Board or a third party produced by the Condominium Board to acquire or lease such Unit upon the same terms offered to the prospective buyer or tenant. Units owned by Sponsor or any Sponsor Successor are not subject to this right of first refusal. See the Section of the Plan entitled **"Rights and Obligations of Unit Owners"** for further discussion.

Each Unit will be taxed as a separate tax lot for real estate tax and assessment purposes, and each Unit Owner will be solely responsible for the payment of all real estate taxes and assessments on his Unit.

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

Each Unit Owner may decorate the interior of his Unit in any desired manner, subject to compliance with the Condominium's By-Laws and the Rules and Regulations promulgated pursuant thereto (to the extent applicable), and will be solely responsible for the cost and expense of maintaining, repairing and painting his Unit, as well as obtaining separate casualty and liability insurance applicable solely to his Unit. See the Sections of the Plan entitled **"Rights**

and Obligations of Unit Owners” and “Rights and Obligations of the Condominium Board/Summary of By-Laws.”

Summary of Contents of the Plan

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

Section 352-eeee of the GBL, governing conversions to cooperative or condominium ownership in the city of New York, is set forth in Part II of the Plan.

The salient provisions of the Declaration of the Condominium (the **“Declaration”**), which establishes condominium ownership of the Property, the By-Laws of the Condominium (the **“By-Laws”**), which govern the operation of the Condominium, and the Rules and Regulations of the Condominium promulgated pursuant to the By-Laws (the **“Rules and Regulations”**), are partially summarized below in the Sections entitled **“Rights and Obligations of Unit Owners”** and **“Rights and Obligations of Condominium Board/Summary of By-Laws”** and are reproduced in full in Part II of the Plan.

The form of deed that Sponsor will issue to Purchasers of the Units and the form of power of attorney that each Unit Owner will be required to give to the Condominium Board and to Sponsor pursuant to the terms of the By-Laws (the **“Unit Owner’s Power of Attorney”**) are set forth in Part II of the Plan.

The Certifications of Sponsor, Sponsor’s Architect, and Sponsor’s Expert Concerning Adequacy of Budget, are set forth in Part II of the Plan.

The Plan delivered to the Department of Law, including all Schedules and Parts A, B, C and D of the Exhibits, constitutes the entire offer. Copies of the Plan and Parts A, B C and D of the Exhibits will be available for inspection without charge to prospective Purchasers and their attorneys at the office of Sponsor by appointment. In addition, copies of the Plan, including all Exhibits, will also be available for inspection and copying for a reasonable fee at the Department of Law.

Sponsor intends, and represents that it will endeavor in good faith, to sell all of the Units rather than rent them. However, Sponsor reserves the right, to be exercised in its unconditional discretion, to rent rather than sell Units after consummation of the Plan.

If Sponsor makes a bulk sale of all or some of the Units, the transferee shall be bound by Sponsor’s representations regarding its commitment to sell Units.

There are no objective conditions under which Sponsor reserves the right to rent rather than sell Units, and no objective conditions under which Sponsor shall resume sales. Sponsor reserves the right to sell Units to investors who intend to rent and not to occupy their Units personally. In addition, Sponsor and any Sponsor Successor may from time to time freely rent any

Unsold Units in accordance with Applicable Law, without charge or limitation whatsoever and without the consent of the Condominium Board or any other Unit Owner.

The Property is currently encumbered by mortgages in favor of Colorado Federal Savings Bank in the aggregate principal amount of \$3,700,000 (collectively, the “Mortgage”). The Mortgage does not obligate Sponsor to market Units for sale or place any limit on Sponsor’s right to rent rather than sell Units.

Sponsor does not currently contemplate limiting its right to rent rather than sell based on objective, articulable criteria such as a significant decline in market prices of a specific percentage. Depending on market conditions, it is conceivable that the Sponsor may find it more desirable to continue to rent one or more Units rather than to sell them.

As a result, there is no commitment by Sponsor to, and it is conceivable (although unlikely) that Sponsor will not, sell more than the minimum 15% of the Units (i.e., at least one Unit) necessary to declare the Plan effective, and that owner occupants may never gain effective control and management of the Condominium.

As a result of the foregoing, some (and possibly many) of the Units may be occupied by renters and not Unit Owners.

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 the Sponsor 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%. Some lenders will not provide financing in a building with as few Units as the Property. 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 also may 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. Please see **“Special Risks,”** and please consult the Sections of the Plan entitled **“Procedure to Purchase”** and **“Closing of Title to Units and Terms of Sale”** and the form of Purchase Agreement set forth in Part II of the Plan.

The By-Laws of the Condominium do not include a provision that, after the Initial Control Period, a majority of the Condominium’s Board of Managers must be owner-occupants or members of an owner-occupant’s household who are unrelated to Sponsor and its principals. Owner-occupants and non-resident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed, due to their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment).

The Condominium Board does not have the right to approve or disapprove purchasers. There is no limit on the number of Unit Owners who may purchase for investment rather than for personal occupancy; consequently, there may always be a substantial percentage of

Unit Owners who are non-residents.

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DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The construction of the Building is anticipated to be substantially completed no later than December 2022. The Building will consist of four stories and a cellar. The Units will be constructed as new, in accordance with all applicable zoning and building laws, codes and requirements, including but not limited to the Administrative Code of the City of New York, and filed plans and specifications. Except as otherwise set forth in this Offering Plan, there will be no recreational facilities or other amenities appurtenant to the Property for use by all Unit Owners and residents of the Units.

The Property is more fully described in a detailed description of the physical condition of the Property, prepared by Greybar Architecture PLLC, having an address at 593 Vanderbilt Avenue, Suite 333, Brooklyn, New York 11238, which is included as part of the **“Description of Property and Building Condition”** contained in Part II of this Plan, and should be reviewed carefully by prospective Purchasers. The Building will consist of four stories and a cellar. Four residential Units will be on the cellar through fourth floors. Unit A will have the exclusive use of the rear yard; Unit B will have exclusive use of the rear portion of the rooftop terrace; Unit C will have exclusive use of the front portion of the rooftop terrace; and Unit D will have exclusive use of the fourth floor rear terrace (each of such yard and terraces shall be deemed **“Limited Common Elements”** of the Condominium appurtenant to such respective Units). Although each such Limited Common Element is reserved for the exclusive use of the designated Unit to which it is appurtenant, all Limited Common Elements are part of the Common Elements in which all Unit Owners have undivided interests, and they are not part of the space within any Unit, which is owned exclusively by the Unit Owner. Floor plans (the **“Floor Plans”**) of the Units are also set forth in Part II of the Plan. There are no major fixtures, equipment or appliances (such as refrigerator, stove, plumbing fixtures, kitchen cabinets or partition walls) that are not included in the offering prices for the Units.

The Property has been gut renovated. Prior to the renovation, the Property was a multifamily residential rental building comprised of approximately seven residential dwelling units.

It is anticipated that substantial completion of construction of the first Unit will occur no later than December 2022, and that all other Units and portions of the Building will be completed shortly thereafter. It is anticipated that the First Unit Closing will occur on or about January 1, 2023, and that the first year of Condominium operations shall commence on or about January 1, 2023.

The Building has direct access to Douglass Street, which is a public street.

The Property and the Units are subject to compliance by Sponsor with the obligations under the Housing Merchant Implied Warranty law (Article 36-B of the New York State General Business Law). Sponsor will have the obligations to make repairs or improvements set forth in such statute, as well as set forth in this Plan. See the Sections of the Plan entitled **“Closing of Title to Units and Terms of Sale,” “Sponsor's Statement of Building Condition,”** and the form of Purchase Agreement set forth in Part II of the Plan.

Notwithstanding any limitations stated in the warranty or in this Plan, the Sponsor is obligated to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, and any conflict between any disclaimers and Sponsor's obligation to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, shall be resolved in favor of the latter.

DEFINITIONS

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

“Affiliate” means any Person who is a Family Member or who controls, is controlled by, or is under common control with the named Person or a Family Member of the named Person. The terms **“control,” “controlled”** or **“controlling”** shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting capital stock of a corporation or of more than fifty percent (50%) of the beneficial interests of any other entity.

“Amend,” “amended” or **“amendment”** refer to any amendment, whether by deletion of any existing provision, modification of any existing provision, or inserting a new provision.

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

“Appurtenant Interest” means, with respect to any Unit, the undivided interest of the Unit Owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.

“Attorney General” means the Office of the Attorney General of the State of New York.

“BCL” means the Business Corporation Law of the State of New York, as amended from time to time.

“Building” means the building situated on the Land and known as 85 Douglass Street, Brooklyn, New York.

“Building Systems” means utility and service systems and appurtenant installations now or hereafter installed by or on behalf of the Condominium Board which service the Building and are not expressly included as part of a Unit pursuant to the terms of the Declaration, including, without limitation: the electrical system; the water supply system; the water return (sewer) system; the gas supply system; any exhaust systems; any fire or life safety system;

any master television or cable system/intercom; any elevators; and any other mechanical, plumbing or electrical systems.

“By-Laws” means the By-Laws of the Condominium, in the form set forth in Part II of the Plan, including the Rules and Regulations, as amended from time to time pursuant to the terms thereof.

“Casualty Loss” means damage or destruction resulting from a fire or other casualty.

“Claim” or **“claims”** shall include any claims, counterclaims, suits, actions or proceedings and any other liabilities, losses, damages, penalties, charges, costs and expenses and attorneys’ fees and expenses incurred in connection with any of the foregoing.

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

“Closing Date” means the date scheduled for the closing of title to a Unit by Sponsor as same may be adjourned in accordance with the terms of the Purchase Agreement.

“Common Charges” means the charges allocated and assessed against the Units by the Condominium Board payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), to meet the Common Expenses.

“Common Elements” means, collectively, the General Common Elements and any Limited Common Elements, and consist of all parts of the Property other than the Units.

“Common Expenses” means any and all: (i) costs and expenses paid or incurred generally by the Condominium pursuant to the Declaration and/or the By-Laws, including the Rules and Regulations, in connection with its operation and maintenance, and its performance of Work in and to the Common Elements (including, without limitation, accounting, legal, architectural, engineering or other professional or service fees); (ii) other items which are provided in the Declaration or By-Laws to be Common Expenses or are paid or incurred by the Condominium in connection with the conduct of Condominium affairs; (iii) payments required by the Condominium Board to be made by the Unit Owners to establish or maintain such general operating reserves or reserve funds for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year; and (iv) all costs and expenses paid or incurred by the Condominium in connection with the purchase, lease or sublease by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Unit Owner has elected to sell, lease, transfer or convey such Unit or that is to be sold at a foreclosure or other sale.

“Common Interest” means the undivided percentage interest of each Unit in the Common Elements.

“Condominium” means The 85 Douglass Street Condominium to be established pursuant to the terms of the Declaration and to be governed pursuant to the terms of the By-Laws.

“Condominium Act” means Article 9-B of the Real Property Law of the State of New York, as amended from time to time.

“Condominium Board” means the governing body of the Condominium, whose members shall be selected pursuant to the terms of the By-Laws.

“Condominium Documents” means, collectively, the Declaration, the By-Laws (including the Rules and Regulations) and the Floor Plans, all as amended from time to time.

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

“Department of Law” means the New York State Department of Law.

“Down Payment” means the payment on account of the Purchase Price, in an amount equal to ten percent (10%) of the Purchase Price, required to be paid by a Purchaser at the time of delivery of a Purchase Agreement.

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

“Equal or Better Quality” means comparable or better quality recognized by industry standards for performance, efficiency, longevity, and/or classifications, as applicable.

“Escrow Agent” means Belkin Burden Goldman, LLP, with offices at 60 East 42nd Street, 16th Floor, New York, New York 10165.

“Facilities” means all personal property and fixtures now or hereafter existing in, on or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term **“Facilities”** shall include all equipment, apparatus, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut off valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, elevators, electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, Siamese connections, hoses, plumbing, fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter

assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture, mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mail boxes, carpeting, tiles, floor coverings, draperies, shades, window coverings, wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

“Family Members” means and includes a spouse, child (by blood, marriage or adoption), parents (including step-parents or parents-in-law), grandchildren, siblings and grandparents.

“Filing Date” means the date on which is issued a letter from the Department of Law advising that the Plan or any amendment to the Plan has been filed or accepted for filing by the Department of Law.

“First Unit Closing” means the first date upon which title to the first Unit that is conveyed by Sponsor is conveyed to a Purchaser pursuant to the terms of the Plan.

“First Year Budget” means the projection of receipts and expenses of the Property for the first twelve months following the projected date of the First Unit Closing contained in the Section of the Plan entitled **“Schedule B: Projected Budget for First Year of Condominium Operation.”**

“Floor Plans” means the floor plans of the Units certified by Greybar Architecture PLLC, and to be filed in the Register’s Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

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

“General Common Elements” means those certain portions of the Land and the Building (other than the Units and any Limited Common Elements), as well as the Building Systems and those Facilities therein, 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, as more particularly described in the Declaration.

“Governmental Authority” means any federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court having jurisdiction.

“Hazardous Materials” means chemicals, pollutants, contaminants, wastes and toxic substances, including but not limited to any solid or hazardous waste, hazardous substances, toxic substances, insecticides, fungicides, rodenticides, gasoline or any other petroleum product or byproduct, polychlorinated biphenyls, asbestos and urea formaldehyde to the extent any such substances are described as hazardous in any federal, state or local laws and regulations relating to pollution or protection of human health or the environment including but not limited to the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended; the Resource Conservation and Recovery Act, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; and the Toxic Substances Control Act, as amended.

“Holiday” means those days designated as holidays under the applicable union contract, or, if there is no applicable union contract, then the term **“Holiday”** shall mean any day on which state chartered banks in New York City are authorized or required to be closed or such other days as the Condominium Board may designate from time to time.

“Initial Control Period” means the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (50%) of the aggregate Common Interests appertaining to all Units, or (ii) the fifth anniversary of the First Unit Closing.

“Institutional Lender” means (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust or, (ii) a federal, state, municipal, teachers’ or union employee, welfare, pension or retirement fund or system having assets in excess of \$10,000,000, in each case doing business in the State of New York; or (iii) any Governmental Authority including an agency of the City or State of New York.

“Institutional Mortgage” means any first mortgage covering one or more Units that is a Permitted Mortgage and the initial holder of which is either Sponsor or an Institutional Lender.

“Insurance Trustee” means a bank or a trust company, in either event having both an office in the City of New York and a capital, surplus and undivided profits of \$100,000,000 or more, from time to time appointed to serve as such by the Condominium Board.

“Land” means all that certain tract, plot, piece and parcel of land situated, lying and being in the County of Kings, City and State of New York, located at what is currently known as 85 Douglass Street, as more particularly described in Exhibit A to the Declaration.

“Limited Common Elements” means any portions of the Land and the Building (other than the Units) that are to be used by the Unit Owners of one or more specified Units to the exclusion of all other Unit Owners, as may be more particularly described in the Declaration.

“Liquidated Sum” means the Down Payment under the Purchase Agreement, together with any interest earned thereon.

“Majority of Unit Owners” means those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners (determined in accordance with the terms of the By-Laws) who are present, in person or by proxy, and voting at any duly constituted meeting of the Unit Owners at which a quorum is present.

“Managing Agent” means the Person engaged from time to time by the Condominium Board to perform the duties of a managing agent of the Building. Initially, Matthew Adam Properties Inc. will be the Managing Agent.

“Mortgage Representatives” means the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of the By-Laws.

“Owner-occupied” means occupied by a Unit Owner or a Family Member of a Unit Owner.

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

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

“Permitted Mortgage” means any mortgage covering one or more Units that is placed thereon in compliance with the terms contained in the By-Laws.

“Permitted Mortgagee” means any holder of a Permitted Mortgage at the time in question.

“Person” means any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, limited liability company, organization, government or any department or agency thereof, or any other entity.

“Plan” means this offering plan to convert the Property to condominium ownership filed with the Department of Law of the State of New York pursuant to Section 352-eeee of the GBL, as may be amended from time to time.

“Presentation Date,” “Date of Presentation,” “presentation,” “presented” and related words means the date of personal delivery or (if mailed) the fifth day after mailing (whichever is the last to occur) of this Plan or any amendment to the Plan, as the context may require, to those Persons required to receive same pursuant to the GBL and the regulations of the Department of Law promulgated thereunder.

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

Property will include the **Land** that is currently known as 85 Douglass Street, Brooklyn, New York.

“Purchase Agreement” means the purchase agreement between Sponsor and a Purchaser under the Plan in the form set forth in Part II of the Plan.

“Purchase Price” means the purchase price of a Unit.

“Purchaser” means a Person or Persons buying a Unit under a fully-executed Purchase Agreement.

“Recognized Lender” means: (i) any bank, trust company, savings and loan association, savings bank, insurance company, real estate investment trust, or pension, retirement or welfare fund having assets in excess of \$10,000,000, in each case doing business in the State of New York; (ii) any Governmental Authority including an agency of the City or State of New York; or (iii) any comparable institutional lender acceptable to Sponsor.

“Register’s Office” means the Kings County Office of the Register of the City of New York.

“Restorations” means the repair and restoration and other Work performed to the Property after a Casualty Loss or a Taking.

“Rules and Regulations” shall mean the rules and regulations of the Condominium, adopted by the Condominium Board pursuant to the By-Laws, as amended, modified, deleted from or added to from time to time, pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration or the By-Laws, initially in the form set forth in Part II of the Plan.

“Selling Agent” means Douglas Elliman Real Estate.

“Special Assessments” means the charges allocated and assessed against the Units by the Condominium Board and payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with the By-Laws.

“Sponsor” means USD 85 Douglass LLC.

“Sponsor’s Counsel” means the law firm of Belkin Burden Goldman, LLP, with offices at 60 East 42nd Street, 16th Floor, New York, New York 10165.

“Sponsor Successor” means (i) any corporation or other entity which, through amalgamation, consolidation, or other legal succession becomes invested with the rights and assumes the burdens of Sponsor, or (ii) any Person, who, at any time, (a) purchases from Sponsor, or otherwise succeeds to (x) two or more Units, or (y) ten percent (10%) or more of all Units in the Condominium, or (z) all remaining Units then owned by Sponsor, and is designated as a

Sponsor Successor by Sponsor and (b) is not purchasing such Units for his, her or its own occupancy or for occupancy by one or more of such Person's Family Members, and, in any case, shall also include any nominee holding any Unit for the account of the Person referred to in clause (i) or (ii) above. The phrase "**owned by**" shall include owned by any such nominee.

"Structural" when applied to any Work performed in or to a Unit or the Property means and refers to any Work affecting the foundations, columns, girders, beams, supports, concrete slabs and other such structural members of the Building, those portions of the exterior walls of the Building lying beyond the interior face of the brickwork, and all Building Systems, including without limitation, the mechanical, electrical, water supply and return (sewer), gas supply and heating systems.

"Taking" means a taking of all or any part of the Property in condemnation or by eminent domain.

"Unit" or **"Condominium Unit"** means any of the four (4) Units in the Building.

"Unit Owner" means any record owner of a Unit, and all of such Unit Owners are, collectively, referred to as the **"Unit Owners."**

"Unsold Unit" or **"Unsold Units"** means any Unit or Units owned at the time in question by Sponsor or any Sponsor Successor. Any Unsold Unit shall retain its status and character as an Unsold Unit until: (i) it is no longer owned by Sponsor or any Sponsor Successor; (ii) it is occupied by a Unit Owner or a Family Member of a Unit Owner; or (iii) it is conveyed to a bona fide Purchaser for personal occupancy by the Purchaser or a Family Member of the Purchaser. Further, a Unit that is conveyed to Sponsor by a Purchaser who has elected to rescind his purchase of the Unit and receive a refund of the Purchase Price paid for the Unit as provided in the Plan shall thereupon once again become an Unsold Unit.

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

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

LOCATION AND AREA INFORMATION

Location

The Property is located on Douglass Street, between Smith Street and Hoyt Street, in the Carroll Gardens section of the Borough of Brooklyn, County of Kings, City and State of New York. The surrounding areas and neighborhood is composed primarily of single family, multifamily detached and semi-detached residences and commercial stores and offices. The surrounding areas are residential with concentrated areas of retail and commercial properties.

The properties adjacent to and to the north, east, south and west of the Condominium are all residential and commercial properties. To the Sponsor's knowledge, there are no adjacent or nearby properties which a reasonable Purchaser would find obnoxious. There are no projects developed by the Sponsor within the immediate vicinity (i.e. one block radius from the Condominium). There are no development projects by Sponsor that have been approved by the New York City Department of Buildings or authority having jurisdiction that will be adjacent to or directly across the street from the property. Any change in this information that occurs while sales are continuing must be disclosed in an amendment within 30 days after the information becomes known to the Sponsor.

Transportation

The "F" and "G" subway line stops at the Bergen Street subway station located with an entrance at Warren Street and Smith Street located approximately 0.2 miles from the Condominium. The B57 bus line runs along Smith and Court Streets, within walking distance from the condominium.

Shopping

There is a local shopping area located along Smith and Court Streets within walking distance from the Condominium.

Recreational Facilities

Brooklyn Bridge Park is an 85 acre world-class waterfront park with rolling hills, riverfront promenades, lush gardens, and spectacular city views, approximately 1.2 miles from the Condominium.

Prospect Park is a 526 acre park located at Prospect Park West, Parkside Avenue, between Flatbush Avenue and Ocean Avenue and Prospect Park SW, Brooklyn, New York, approximately 1.5 miles from the Condominium.

Medical Facilities

The Emergency Department at NYU Langone Health—Cobble Hill is located at 83 Amity Street, Brooklyn, New York, approximately 0.8 miles from the Condominium.

Religious

There are various denominational houses of worship located within walking distance from the Condominium.

Educational Facilities

New York City Public schools and various religious and private schools are located within 1.0 mile of the Condominium.

P.S. 032 Samuel Mills Sprole School, which is for grades Pre-K through 5, is located at 317 Hoyt Street, Brooklyn, New York, is approximately 0.28 miles from the Condominium; The Boerum Hill School for International Studies, which is for grades 6 through 12, is located at 284 Baltic Street, Brooklyn, New York, is approximately 0.2 miles from the Condominium; and The Brooklyn Secondary School for Collaborative Studies, which is for grades 9 through 12, is located at 610 Henry Street, Brooklyn, New York, is approximately 0.8 miles from the Condominium.

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

Police, Fire, Water, Sanitation, Snow Removal and Road Maintenance Services are provided by the City of New York.

Police Department

The 76th Police Precinct is located at 191 Union Street, Brooklyn, New York, approximately 0.6 miles from the Condominium.

Fire Department

NYC Fire Department Engine Company 279 and Ladder Company 131 is located at 252 Lorraine Street, Brooklyn, New York, approximately 1.1 miles from the Condominium.

Sanitation

Sanitation services and rubbish is picked up by the New York City Sanitation Department. Unit Owners are required to place rubbish in trash receptacles outside of the Condominium for pickup by the Sanitation Department for pick up. The City of New York will remove snow and maintain the roads in the street in front of the Condominium.

Zoning and permitted uses

The Property is located in an R6B Quality Housing zoning district. The uses permitted as of right under such designations include residential occupancy and certain community facility uses that are ancillary and complementary to residential use (including schools, libraries, museums, houses of worship, and ambulatory health care facilities). Properties with retail, commercial and industrial uses are on other streets near the Property.

SCHEDULE A – OFFERING PRICES AND RELATED INFORMATION
FOR THE PROJECTED FIRST YEAR OF CONDOMINIUM OPERATION
(JANUARY 1, 2023 – DECEMBER 31, 2023)

SCHEDULE A - OFFERING PRICES AND RELATED INFORMATION

FOR THE PROJECTED FIRST YEAR OF CONDOMINIUM OPERATION (JANUARY 1, 2023 - DECEMBER 31, 2023)

The 85 Douglass Condominium
85 Douglass Street, Brooklyn, NY 11231

Unit	Number Bedrooms (BR) / Bathrooms (BA) / Home Office (HO) (2)	Garden/Terrace/Balcony Square Footage (4)	Unit Square Footage (3)	Offering Price (5)	General Common Interest (6)	Estimated Monthly Common Charges (7)	Estimated Monthly Real Estate Taxes 1st Year (8)	Estimated Annual Real Estate Taxes 1st Year (8)	Estimated Total Monthly Charges 1st Year (7)	Estimated Total Annual Charges 1st Year (9)
A	2 BR/2.5 BA (Duplex)*	1,148***	2,132**	\$2,785,000	36.8494%	\$909.24	\$845.11	\$10,141.32	\$1,754.35	\$21,052.20
B	3 BR/2 BA (Simplex)	450***	1,171	\$2,250,000	22.5306%	\$555.93	\$516.72	\$6,200.64	\$1,072.65	\$12,871.80
C	3 BR/2 BA (Simplex)	320***	1,171	\$2,250,000	21.9601%	\$541.85	\$503.64	\$6,043.68	\$1,045.49	\$12,545.88
D	2 BR/2 BA (Simplex)	140***	1,028	\$1,925,000	18.6599%	\$460.42	\$427.95	\$5,135.40	\$888.37	\$10,660.44
	TOTAL	2,058	5,502	\$9,210,000	100.0000%	\$2,467.44	\$2,293.42	\$27,521.04	\$4,760.86	\$57,130.32

Footnotes

* 2 Full Baths and 1 Powder Room

**Unit A includes approximately 982 square feet of accessory floor area in the cellar, which may not be legally used as a bedroom, kitchen or full bathroom. Doing so may result in a building code violation being issued for the building. All such cellar space may only be used as accessory to residential use.

Cellar space typically contains less light and air than ordinary living space and is more susceptible to dampness.

*** Limited Common Elements, including terraces, are uninhabitable space which may not be legally used as a bedroom or living room, and doing so may result in a building code violation being issued for the building. All such uninhabitable space may only be used as accessory to residential use.

NOTE: The projected real estate taxes for the first year of operation contained on Schedule A are based on an assessment of the building before construction is complete. Purchasers are advised that the real estate taxes may increase materially when the building is reassessed after construction is complete. See Footnote 8 to Schedule A for more information regarding the projected assessed valuation after completion of construction.

FOOTNOTES TO SCHEDULE A

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

(2) The number of rooms and bathrooms in each Unit, set forth in Schedule A has been computed by Sponsor in accordance with the guidelines established by the Real Estate Board of New York, Inc.

(3) Square footages indicated for Units are calculated from exterior dimensions of such Units, which are approximate within reasonable tolerances and measured: (i) horizontally by (a) the exterior face of the brickwork constituting the exterior walls of the Building bounding such Unit, (b) the exterior face of walls (other than the aforesaid exterior walls) separating such Unit from Common Elements (if any), and (c) the center line of walls separating such Unit from other Units and (ii) vertically by the underside of the Unit's finished flooring and the exposed painted face of the concrete ceiling or the unexposed side of the Unit's drywall ceiling, where applicable. The Unit measurement is not based on measurements from interior surfaces of interior walls; the actual area comprising the Unit is significantly less than the area listed in Schedule A. See **"Special Risks"** section.

(4) Unit A will have the exclusive use of the rear yard; Unit B will have exclusive use of the rear rooftop terrace; Unit C will have exclusive use of the front rooftop terrace; and Unit D will have exclusive use of the fourth floor terrace. Each such yard and terrace shall be Limited Common Elements. Each such Limited Common Element is not part of the Unit, and is not legally habitable.

(5) Sponsor has reserved the right to change the Purchase Price of any Unit from time to time in the manner set forth in the section of the Plan entitled **"Changes in Prices and Units,"** below. The Purchase Prices set forth in Schedule A must be decreased or increased by a duly filed amendment to the Plan when the change in price is (a) an across-the-board change affecting one or more lines of Units or Unit models, (b) a price change that is to be advertised, or (c) a price increase for an individual Purchaser. Purchase Prices are negotiable. Accordingly, Sponsor may enter into a Purchase Agreement with a Purchaser to sell a particular Unit at prices less than those set forth in Schedule A without filing an amendment beforehand.

In addition to the payment of the Purchase Price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of closing, such as legal fees, title insurance premiums, transfer taxes and recording charges. If Purchaser obtains a mortgage loan, Purchaser will also be responsible for the payment of additional closing costs and expenses relating to such loan. Finally, the apportionment of certain charges relating to the Unit at the time of the closing of title will be reflected as adjustments to the Purchase Price. See the Section of the Plan entitled **"Unit Closing Costs and Adjustments."**

(6) The Common Interest allocated to each Unit is based upon respective floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium, pursuant to section 339-i(1)(iv) of the Condominium Act. The aggregate Common Interest of all Units equals one hundred percent (100%).

(7) These estimates were based upon **“Schedule B: Projected Budget for the First Year of Condominium Operation”** (Schedule B), which was prepared for the year January 1, 2023 – December 31, 2023. This period is used only for purposes of projection and illustration. Sponsor does not warrant that condominium operation will commence on January 1, 2023. The estimated Common Charges are based upon the estimates of income and expenses set forth in Schedule B. The actual amounts of income and expenses may differ from the estimates thereof and may change in subsequent years. Because of the possibility of unforeseeable changes in the economy or increase or decrease in the amount of income and/or expenses of operation, the projections are not intended to be taken as guarantees or warranties of any kind whatsoever or as any assurance that the actual expenses or income of the Condominium for any period of operation may not vary from the amounts shown. In fact, it may be expected, based on current trends, that the operating expenses, including fuel costs, utilities, maintenance and repairs, labor and other related expenses, will increase in the future.

In addition to these estimated charges, each Unit Owner will be responsible for paying: (i) the costs of electricity and gas consumed in his/her Unit, which will be separately metered for each such Unit (see Schedule B-1); (ii) mortgage payments under any loan or loans obtained to finance the acquisition of his Unit; (iii) the cost of interior repairs to, and the maintenance, painting and decoration of, his Unit (including, without limitation, the equipment and appliances contained therein); and (iv) the cost of any insurance covering (a) furniture, belongings, equipment and other personal property and (b) liability to others for personal or property damage as a result of occurrences in his Unit.

(8) These estimates were prepared based on the opinion of the law firm Korngold Powers LLP, 60 East 42nd Street, Suite 4600, New York, New York 10165 dated June 16, 2022, the real estate tax consultant engaged by Sponsor. A copy of such opinion letter is set forth in this Plan.

As stated in such letter, Korngold Powers LLP projects that, inter alia, the assessed valuation for all of the Units at the Property for the period from (a) January 1, 2023 to June 30, 2023 is projected to be \$124,866 and (b) July 1, 2023 to December 31, 2023 is projected to be \$325,000. Based on an assumed tax rate of 12.235%, the projected aggregate real estate taxes for all of the Units for the period from (a) January 1, 2023 to June 30, 2023 will be \$7,639 and (b) July 1, 2023 to December 31, 2023 will be \$19,882. Accordingly, the projected real estate taxes payable with regard to each Unit during the Condominium’s projected first year of operation are based on that Unit’s proportional Common Interest percentage share of \$27,521 (i.e., the aggregate projected amount of real estate taxes payable from January 1, 2023 to December 31, 2023).

The real estate tax estimates set forth in Schedule A and further described above are based partially on an assessment of the Building before rehabilitation is complete. As further stated in the June 16, 2022 letter from the law firm Korngold Powers LLP, the post-construction

assessed valuation for all of the Units at the Property is projected to be \$325,000, and, based on an assumed tax rate of 12.235%, the projected aggregate real estate taxes for all of the Units for the period from January 1, 2024 to December 31, 2024 will be \$39,764. Accordingly, the projected real estate taxes payable with regard to each Unit during the Condominium's projected second year of operation are based on that Unit's proportional Common Interest percentage share of \$39,764 (i.e., the aggregate projected amount of real estate taxes payable from January 1, 2024 to December 31, 2024). See section of the Plan entitled **"Real Estate Taxes."**

No warranties or assurances are given that the New York City Department of Finance will assess the Units in the manner stated above or that the law on which same is based will not change. The amounts of tax deductions available to Unit Owners attributable to real estate taxes may vary in future years, due to changes in tax laws, tax rates, or assessed valuations. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE TAX RATE, OR THE METHOD OF ASSESSING REAL PROPERTY, WILL NOT BE CHANGED. See section of the Plan entitled **"Real Estate Taxes."**

(9) The Estimated Total Monthly Carrying Charges consist of the sum of Estimated Monthly Real Estate Taxes and Estimated Monthly Common Charges. The Estimated Total Annual Charges consist of product obtained by multiplying the sum described in the preceding sentence by twelve.

**SCHEDULE B – PROJECTED BUDGET FOR FIRST YEAR
OF CONDOMINIUM OPERATION**

THE 85 DOUGLASS STREET CONDOMINIUM
85 DOUGLASS STREET, BROOKLYN, NY
ESTIMATED SCHEDULE OF RECEIPTS AND EXPENSES
FOR FIRST FULL YEAR OF OPERATION
JANUARY 1, 2023 TO DECEMBER 31, 2023

RECEIPTS

COMMON CHARGES	(1)	\$	29,609
		\$	29,609

EXPENSES

PAYROLL AND RELATED EXPENSES	(2)	\$	0
UTILITIES (GAS)	(3)	\$	3,650
UTILITIES (ELECTRICITY)	(4)	\$	4,724
WATER CHARGES AND SEWER RENT	(5)	\$	7,416
REPAIRS AND MAINTENANCE	(6)	\$	0
SERVICE CONTRACTS AND SUPPLIES	(7)	\$	0
INSURANCE	(8)	\$	7,570
MANAGEMENT FEE	(9)	\$	0
LEGAL AND AUDIT FEES	(10)	\$	4,250
OTHER EXPENSES	(11)	\$	1,000
CONTINGENCY	(12)	\$	1,000
TOTAL OPERATING EXPENSES		\$	29,609

Attorney General regulations require the following. The budget shall be based upon a specified 12-month period to commence on the date when it can reasonably be projected that condominium operations will begin and no sooner than six months after the submission of the offering plan for filing. When calculating the projection, sufficient time shall be included to arrange for closings. If the actual or anticipated date of commencement of condominium operation is to be delayed more than six months from the budget year projected in the offering plan, the plan must be amended to include a revised budget disclosing current projections. If such amended projections exceed the original projections by 25% or more, the Sponsor must offer all purchasers the right to rescind and a reasonable period of time that is not less than 15 days after the date of presentation to exercise the right, whether or not Sponsor offers to guarantee the previous budget projection. Sponsor must return any deposit or Down Payment to purchasers who rescind within a reasonable period of time. Sponsor may not declare a plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the offering plan.

FOOTNOTES TO SCHEDULE B

1. Common Charges (Budget--\$29,609)

The estimate of the annual Common Charges to be collected during the first year of condominium operation was calculated in good faith and is based upon the assumption that the first year of condominium operation will be the 12-month period starting January 1, 2023. The actual first year of operation may be earlier or later than that year.

The Condominium's projected expenses for the First Year of Condominium Operation were allocated among the Units based on their respective Common Interest percentages.

Total projected income (Budget--\$29,609)

This figure does not include any interest income that may be received by the Condominium from investment of monies constituting any Reserve Fund or Working Capital Fund. All or part of any such Reserve Fund or Working Capital Fund may be expended during the first or subsequent years of operation. Accordingly, such interest income cannot be determined with exactitude and may be inconsequential. For this reason, and for the further reason that such interest income does not reflect normally anticipated income from operations, no interest income has been included in the estimated income for the first year of condominium operation.

2. Payroll and Related Expenses (Budget--\$0)

The Condominium will retain the services of an independent contractor to serve as a part-time Superintendent/Janitor to clean and maintain the common areas, handle trash disposal, and monitor the operation of the Condominium's mechanical equipment. This person is not expected to be a member of any union. Notwithstanding the foregoing, the Sponsor intends to pay the cost associated with this expense during the first year of condominium operation (estimated to cost \$5,200). If the Condominium continues to maintain the level of service contemplated hereby after the first year of condominium operation, the amount of Common Charges payable by Unit Owners would increase by approximately 18%.

3. Utilities (Gas) (Budget--\$3,650)

This budget item includes the estimated cost of gas for the Common Elements and the estimated cost of gas to individual Units, which will be master metered.

As set forth in an opinion of Michael Tobias, PE of New York Engineers, 55 Broad Street, 4th Floor, New York, NY 10004 dated September 1, 2022 (a copy of which is set forth in the Plan), the estimated projected cost to the Condominium of natural gas for the first year of condominium operation is based on estimated consumption of approximately 3,584 therms per annum at a cost of \$0.97 per therm, plus applicable sales tax. Rates currently being paid by the Sponsor are those charged by servicing utilities pursuant to posted tariffs. See Schedule B-1 in the Plan.

It is not possible to predict how closely the budgeted figure will reflect the actual expenses for gas to be incurred during the first year of condominium operation, in part because such expenses will vary with the level of consumption and the applicable gas rates. Although it is not possible to forecast with certainty the amount or timing of such increases, it is likely that the cost of gas will increase over time. It is believed that the projected figure should be sufficient to cover any reasonable increase in the cost of gas during the first year of condominium operation.

4. Utilities (electricity) (Budget--\$4,724)

This budget item includes the estimated cost of electricity for the Common Elements. It does not include the cost of electricity to individual Units (including but not limited to the cost to heat such Units and the hot water consumed therein), which will be separately metered, and for which each Unit Owner will pay the charges for all electricity furnished to his Unit, as measured by such separate meter, directly to the utility companies servicing the Unit, as and when billed.

As a result of the deregulation of utility companies, each Unit Owner will be able to obtain electricity from an energy service company (an “ESCO”) other than Consolidated Edison, although Consolidated Edison will continue to physically deliver electricity (and gas) to the Building through existing networks. Unless a Unit Owner makes his own arrangements to switch to an ESCO, his electricity will continue to be supplied by Consolidated Edison.

As set forth in an opinion of Michael Tobias, PE of New York Engineers, 55 Broad Street, 4th Floor, New York, NY 10004 dated September 1, 2022 (a copy of which is set forth in the Plan), the estimated projected cost to the Condominium of electricity for the first year of condominium operation is based on estimated consumption of approximately 17,994 kilowatt hours per annum at a cost of \$0.25 per kilowatt hour, plus applicable sales tax. Rates currently being paid by the Sponsor are those charged by servicing utilities pursuant to posted tariffs. See Schedule B-1 in the Plan.

It is not possible to predict how closely the budgeted figure will reflect the actual expenses for electricity to be incurred during the first year of condominium operation, in part because such expenses will vary with the level of consumption and the applicable electric rates. Many factors affect the cost of electricity including, among others, the cost of oil (which has in the past been highly volatile and unpredictable) used to generate electricity. Historically, electric rates have been steadily increasing, although it is not possible to forecast with certainty the amount or timing of such increases. It is believed that the projected figure should be sufficient to cover any reasonable increase in the cost of electricity during the first year of condominium operation.

The individual Units shall be individually metered for electricity consumption, and Purchasers should refer to the section of the Plan entitled “Schedule B-1” for an estimate of such rates.

5. Water charges and sewer rents (Budget--\$7,416)

This budget item includes the estimated cost of water charges and sewer rents for the individual Units and within the Common Elements. As set forth in an opinion of Michael Tobias, PE of New York Engineers, 55 Broad Street, 4th Floor, New York, NY 10004 dated September 1, 2022 (a copy of which is set forth in the Plan), the estimated projected cost to the Condominium for water for the first year of condominium operation is based on estimated consumption of approximately 528 cubic ft. (394,948 gallons) per annum at a cost of \$3.48 per 100 cubic ft. (748 gallons), plus applicable sales tax; and the estimated projected cost to the Condominium for sewer charges for the first year of condominium operation is based on estimated consumption of approximately 791 cubic ft. (592,162 gallons) per annum at a cost of \$6.60 per 100 cubic ft. (748 gallons), plus applicable sales tax. Rates are established by the New York City Water Board and are subject to change. See Schedule B-1 in the Plan.

It is not possible to predict how closely the budgeted figure will reflect the actual expenses for water charges and sewer rents to be incurred during the first year of condominium operation, in part because such expenses will vary with the level of consumption and the applicable rates of water charges and sewer rents. Although it is not possible to forecast with certainty the amount or timing of such increases, it is likely that the cost of water charges and sewer rents will increase over time. It is believed that the projected figure should be sufficient to cover any reasonable increase in the cost of water charges and sewer rents during the first year of condominium operation.

6. Repairs, Maintenance and Supplies (Budget--\$0)

This estimate includes painting, maintenance and repair costs of Common Elements. Unit Owners will be responsible for the cost of repairs and painting in the interiors of their Units. No provision has been made to cover the cost of any capital expenditure. This estimate also includes the estimated annual cost of services and supplies (excluding service contracts) provided to and for the benefit of the Units. Notwithstanding the foregoing, the Sponsor intends to pay the cost associated with this expense during the first year of condominium operation (estimated to cost \$4,600, as described below). If the Condominium continues to maintain the level of service contemplated hereby after the first year of condominium operation, the amount of Common Charges payable by Unit Owners would increase by approximately 16%.

Supplies	\$	600
Plumbing	\$	500
Electrical	\$	500
Intercom	\$	500
Window, Lock and Doors	\$	500
Plastering and Painting	\$	500
General Repairs	\$	1,500
Total	\$	4,600

This estimate is based on experience of Sponsor's budget expert, Matthew Adam Properties, Inc., in operating comparable buildings.

7. Service Contracts (Budget--\$0)

This estimate includes the cost of various services used in or for the Common Elements, including but not limited to exterminating services, fire extinguishers and a virtual doorman. Notwithstanding the foregoing, the Sponsor intends to pay the cost associated with this expense during the first year of condominium operation (estimated to cost \$5,150). If the Condominium continues to maintain the level of service contemplated hereby after the first year of condominium operation, the amount of Common Charges payable by Unit Owners would increase by approximately 17%.

Exterminating	\$ 1,450
Fire Extinguishers	\$ 150
Sprinkler	\$ 1,800
Telephone	\$ 900
Virtual Doorman	\$ 850
Total	\$ 5,150

No maintenance or service contracts have been entered into as of the filing date of the Plan. The budgeted amounts are based on estimates received from contractors and the experience of Sponsor's budget expert, Matthew Adam Properties, Inc., in operating comparable buildings. While this Schedule B includes a reasonable allowance for possible increases in cost, which may occur prior to and during the First Year of Condominium Operation, no warranty or guarantee is made that the actual cost for these services or other services will be in accordance with this projection.

8. Insurance (Budget--\$7,570)

The insurance premiums are based on a letter dated August 1, 2022 from Owens Group Insurance, located at 619 Palisades Avenue, Englewood Cliffs, New Jersey, 07632. The fire, casualty and general liability are on the terms set therein:

Location:	
85 Douglass Street, Brooklyn, NY 11231	
REAL PROPERTY BUILDING	2,976,162
Special Form	Included
Replacement Cost	Included
Valuation	Agreed Amount
Co-Insurance	Waived
Deductible	5,000
Building Ordinance	Included
Increased Cost of Construction	297,616
Demolition	297,616
Flood	1,000,000

Deductible	25,000
Earthquake	1,000,000
Deductible	25,000
Business Income/Extra Expense	64,050
Valuation	Actual Loss Sustained
Co-Insurance	Waived
Waiver of Subrogation	Included
COMMERCIAL LIABILITY	
Each Occurrence	1,000,000
General Aggregate	2,000,000
Personal & Advertising Injury	1,000,000
Water Damage Legal Liability	Included
Non-Owned & Hired Auto Liability	1,000,000
DIRECTORS & OFFICERS LIABILITY	
Limit	1,000,000
Deductible	1,000
Retention	.1%
Managing Agents Rider	Included
EMPLOYEE DISHONESTY	
Limit	100,000
Deductible	500
Managing Agents Rider	Included
UMBRELLA LIABILITY	125,000,000
EQUIPMENT BREAKDOWN / BOILER & MACHINERY	
Limit	Building Limit
Comprehensive Form	Included
Deductible	5,000
Business Income/Extra Expense	Included
Deductible	12 Hrs.

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

This coverage does not include claims for personal injury or property damage resulting from occurrences in individual Units or any Common Elements exclusive to such Units,

nor does it include coverage of any Unit (as such term is more particularly described in the Plan and the Declaration).

The proposed insurance provides property coverage on an All Risk/Replacement Cost basis. The Building limits and Business Income limits are based on an Agreed Amount which is a waiver of co-insurance.

This quotation is an indication of insurance premiums at current rates. Because conditions in the insurance marketplace are volatile, it is not possible to predict what the premiums will be for the First Year of Condominium Operation. Purchasers should be aware of the possibility of rate increases. The insurance is adequate for the replacement of the building in the event of a total loss. The carrier will be selected at the time the coverage is bound. This will occur prior to the First Unit Closing. The agent quoting the proposed insurance is Owens Group Insurance, located at 619 Palisades Avenue, Englewood Cliffs, New Jersey, 07632

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

9. Management Fee (Budget--\$0)

Based on the management agreement to be entered with Matthew Adam Properties, Inc. at or before the First Unit Closing, it is expected that the Managing Agent will receive an annual fee of \$9,000 for the First Year of Condominium Operations. Reference should be made to the Section of the Plan entitled "Management Agreement" in the Offering Plan for further details of the Management Agreement. Notwithstanding the foregoing, the Sponsor intends to pay the cost associated with the Management Agreement during the first year of condominium operation (i.e., \$9,000). If the Condominium continues to employ a Managing Agent after the first year of condominium operation, the amount of Common Charges payable by Unit Owners would increase by approximately 30%.

10. Legal and Audit Fees (Budget--\$4,250)

Based upon the estimate set forth in a letter dated August 9, 2022 from Bloom and Streit LLP, with an office located at 2900 Westchester Avenue, Purchase, New York 10577-8484, Sponsor has budgeted \$3,500.00 for estimated auditing and accounting fees in connection with the preparation of the audited financial statements for the First Year of Condominium Operation and federal, state and city income tax returns. The balance of the budgeted amount (\$750) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

11. Other (Budget--\$1,000)

The budgeted figure represents the estimated cost of certain miscellaneous operational expenses of the Building (including but not limited to permits, dues and subscriptions,

miscellaneous, and building telephone charges), and estimated federal taxes, New York State franchise taxes, and New York City franchise and other taxes.

12. Contingency (Budget--\$1,000)

This item is included to provide a fund for possible expenses which may be incurred and are not included elsewhere in the budget, or for possible increases in one or more items of Common Expenses above the amount projected. This is not a “reserve fund” for capital expenditures and it is not intended to be sufficient to pay for any major capital repairs or replacements.

GENERAL

The budget and any item contained in the budget may be modified from time to time prior to the commencement of, or during, condominium operation to add or delete budgeted items or to increase or decrease one or more budgeted items. Any reserve for contingencies does not include a reserve for capital replacements or repairs, for which no provision is made under this budget. Reference should be made to the Section of the Plan entitled “**Working Capital Fund; Closing Adjustments with Condominium Board; Reserve Fund**” for a discussion of reserves, if any, which may be used for capital replacements.

IN THE OPINION OF SPONSOR, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED COMMON EXPENSES FOR THE FIRST FISCAL YEAR OF CONDOMINIUM OPERATION COMMENCING JANUARY 1, 2023. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTY OR WARRANTY BY ANYONE THAT THE ANNUAL COMMON CHARGES OR OTHER INCOME AND EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY WILL BE AS SET FORTH IN SAID SCHEDULE, SINCE THE ANNUAL COMMON CHARGES AND OTHER ITEMS OF INCOME AND EXPENSE MAY VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE.

If the actual or anticipated date of commencement of condominium operation is delayed more than six (6) months from the budget year projected in the Plan, the Plan will be amended to include a revised budget disclosing then-current projections. If such amended projections exceed the projections set forth above by twenty-five percent (25%) or more, each Purchaser shall have the right for fifteen (15) days after the Presentation Date of such amendment to rescind his Purchase Agreement, and, if not otherwise in default, have his Down Payment refunded. Sponsor must return the Down Payment of any such rescinding Purchaser within a reasonable period of time. In addition, Sponsor may not declare the Plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the Plan.

Sponsor reserves the right to enter into additional or other service, maintenance, employment, concessionaire and other agreements that will be binding on the Condominium upon commencement of condominium operation. Sponsor shall not, however, enter into any binding

service, maintenance, employment, concessionaire or other agreements that will materially increase the first year's projected Common Charges or that will be binding on the Condominium for a period of more than two (2) years from the commencement of condominium operation, unless disclosed in an amendment to the Plan. Sponsor will not engage in sweetheart deals while it controls the Condominium Board.

Sponsor anticipates (but does not warrant or represent) that the first Unit Closing will occur by January 1, 2023. Purchasers will be offered a right of rescission if: (i) the actual date of closing of title to the first unit; or (ii) the projected date of closing of title to the first unit, occurs later than December 31, 2023, which is twelve months after the projected date for the First Unit Closing. If the Plan is amended to provide for a later projected date for the First Unit Closing, Purchasers will be entitled to an offer of rescission if the First Unit Closing occurs more than twelve months beyond that amended, later date. However, even if the First Unit Closing occurs before December 31, 2023, Sponsor may schedule the Closings of title to other units significantly later than such date. Unless a Purchase Agreement contains an outside closing date, Sponsor is not obligated to schedule a Closing within any specified time frame or to ensure that closing of title to a Unit will occur by any date certain. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER SUCH RISKS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT. In the event, however, that Sponsor cannot convey title to a Unit on or before twelve months from the date of the purchase agreement, affected purchasers will be offered a right of rescission.

SCHEDULE B-1 – PROJECTED BUDGET FOR INDIVIDUAL UNIT ENERGY COSTS

**ESTIMATED SCHEDULE OF RECEIPTS AND EXPENSES
FOR FIRST FULL YEAR OF OPERATION
JANUARY 1, 2023 TO DECEMBER 31, 2023**

Sponsor hereby adopts and incorporates into this Plan the projections for energy consumption costs by the Condominium during the first year of Condominium operation, prepared by Michael Tobias, PE of New York Engineers, 55 Broad Street, 4th Floor, New York, NY 10004, dated September 1, 2022, a copy of which is attached below.

These costs cover the estimated electric usage within each Unit, including individual heat pumps for cooling and heating, kitchen appliances, laundry and lighting. Individual electric usage are estimated based on appliance count and type, approximate usage and occupancy.

Annual Cost of Electricity (Estimate)

Unit	Approx. Interior Area (Sq. Ft)	Annual Electric Consumption (Kwh)	Rate per Kwh	Annual Electricity Cost
A	2,132	3,648	\$0.25	\$911.92
B	1,171	2,679	\$0.25	\$669.63
C	1,171	2,679	\$0.25	\$669.63
D	1,028	2,230	\$0.25	\$557.48

All apartment cooking ranges are gas fired and connected to a common gas meter. The same gas meter also serves the central gas water heater on the roof as well as two barbeque grills. Accordingly, the cost of natural gas is included in the Common Charges payable by the Unit Owners.

Sep 01st, 2022

Mr. Seth Weismann

The 85 Douglass Street Condominium

85 Douglass Street
Brooklyn, NY 11231

Re: 85 Douglass Street, Brooklyn, NY
Condominium Charges

Dear Mr. Seth Weismann,

The following is a summary of the estimated annual electric and gas energy costs for the above-referenced property.

Condominium Utility Cost

The annual total condominium unit electric cost will be approximately **\$2,808.66**

The annual total condominium unit gas cost will be **\$ 000.00**

The combined total condominium unit gas and electric is **\$2,808.66**

This cost covers the electric and gas estimated usage within each condominium unit including, individual heat pumps for cooling and heating, kitchen appliances, water usage for kitchens and all bathrooms, laundry and lighting.

Unit	No. of Bed-rooms	Unit Square Footage	Garden/ Terrace/ Balcony Square Footage	Estimated Annual Electric Charge	Total Annual Cost	Total Monthly Cost
A	2	2132	1148	\$911.92	\$911.92	\$75.99
B	3	1171	450	\$669.63	\$669.63	\$55.80
C	3	1171	320	\$669.63	\$669.63	\$55.80
D	3	1028	140	\$557.48	\$557.48	\$46.45

Electric and Gas individual condominium unit unit cost is estimated based on fixture count, appliance count and type, approximate usage and occupancy.

The total condominium unit cost of delivering electrical and gas to 4 condominium units is estimated to be **\$2,808.66**

NEWYORK ENGINEERS

Common Utility Cost

The annual total common electric cost will be approximately	\$4,498.63
The annual total common gas cost will be approximately	\$3,476.66
The annual total common water cost will be approximately	\$1,837.46
The annual total common sewer cost will be approximately	<u>\$5,224.96</u>
The combined total common water, sewer, gas and electric is	\$15,037.71

The electric cost covers, lighting in common areas, heating units in the lobbies, corridors and elevator machine room, and pumps. The sewer and water cost covers all plumbing fixtures in condominium units and common areas. The gas cost covers central gas water heaters on roof & gas fired ranges from condominium units.

Unit	No. of Bedroom	Sq.ft.	% of Common Interest	Yearly Common Water Charge	Yearly Common Sewer Charge	Yearly Common Electric Charge	Yearly Common Gas Charge	Total Common Charge	Monthly Common Charge
A	2 BR	2132	38.75	\$712.01	\$2,024.65	\$1,743.20	\$1,347.21	\$5,827.07	\$485.59
B	3 BR	1171	21.28	\$391.07	\$1,112.04	\$957.45	\$739.83	\$3,200.39	\$266.70
C	3 BR	1171	21.28	\$391.07	\$1,112.04	\$957.45	\$739.83	\$3,200.39	\$266.70
D	2 BR	1028	18.68	\$343.31	\$976.24	\$840.53	\$649.44	\$2,809.52	\$234.13

The total common cost of delivering electric, gas, sewer and water services to 4 condominium units is estimated to be **\$15,037.71** per year.

Assumptions

Please note all energy usage data included in this report is estimated. Actual consumption will vary based on occupant usage and maintenance of fixtures and equipment.

The Electric utility rates are based on Con Edison Electric & Gas rates of **\$0.25/kWh** for electric and **\$0.97/Therm** for gas

The Water utility rates are based on NY New York City/ New York State average cost of **\$3.48** per 100 cubic ft. (748 Gallons).

Sewer rates are based on local average cost of **\$6.60** per 100 cubic ft. (748 Gallons).

Stormwater charges are not included.

Note:

All rates may increase in the future.

All rates do not include utility distribution costs, taxes, utility company maintenance costs etc.

Should you have any questions, please contact our office.

Respectfully,



Michael Tobias,
PE New York Engineers
(212) 575-5300

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

As set forth in the opinion of counsel below the Common Interest percentages allocated to each Unit in the Condominium have been allocated in the manner prescribed by Real Property Law section 339-i(1)(iv): based on the floor space of each Unit, 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.



Belkin · Burden · Goldman, LLP

A T T O R N E Y S A T L A W

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Aaron Shmulewitz
Partner
212.867.4466 Ext 390
ashmulewitz@bbglp.com

December 9, 2020

Real Estate Financing Bureau
New York State Department of Law
28 Liberty Street
New York, New York 10005

Re: 85 Douglass Street, New York, N.Y.
Compliance with Real Property Law section 339-i

Dear Sirs/Mesdames:

The Common Interest percentages allocated to each of the Units in The 85 Douglass Street Condominium have been allocated in the manner prescribed by Real Property Law section 339-i(1)(iv): on the basis of such Unit's floor space as measured in square footage, taking into account, however, the location of such Unit within the building, its overall layout and dimensions, the availability of common elements for exclusive or shared use by the Unit Owners, and additional similar factors of value and desirability relative to the other Units.

I have been an attorney admitted to practice law in New York State since 1983. During that time, I have prepared at least 15 condominium offering plans, and numerous amendments for many more plans, and numerous No-Action Letter applications. I have also represented more than 250 cooperative and condominium Boards.

Sincerely,

Aaron Shmulewitz

CHANGES IN PRICES AND UNITS

Changes in Price and Terms of Sale

Subject to the conditions hereinafter set forth, Sponsor reserves the right, at any time and from time to time before and after the recording of the Declaration, without prior notice or prior amendment to the Plan and without the consent or approval of any Selling Agent, any Managing Agent, the Condominium Board, any Unit Owner, any mortgagee or any other party, to change the Purchase Price, the manner of payment and any other term of sale of any Unit as permitted by the terms of this Plan, except that, unless an affected Purchaser consents, no material change will be made in the Common Elements, or to a Unit's size, layout or percentage of Common Interest with respect to any Unit for which a Purchase Agreement is then in effect and with respect to which the Purchaser is not in default.

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

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

Changes of Size, Layout and Number of Units

In order to meet the possible varying demands for number and type of Units, or to meet the particular needs of prospective Purchasers, or for any other reason, Sponsor reserves the right to change: (a) the layout of, or number of rooms in, Unsold Units and (b) the size or number of Unsold Units, by subdividing one or more Unsold Units into two or more separate Units, by combining two or more separate Unsold Units into one or more Unsold Units, by altering the boundary walls of any Unsold Unit, or otherwise, including, without limitation, the use of any portion of the Common Elements adjacent to such Unsold Units to the extent that such portion is not required to be maintained as Common Elements pursuant to the terms of the Declaration and the By-Laws. No material change will be made in the size, and no material adverse change will be made in the quality, of Common Elements unless all Purchasers consent. Any such change will be reflected in an amendment to this Plan and, when applicable, to the Declaration. In the event a Purchaser refuses to grant his consent thereto and wishes to rescind his Purchase Agreement, Sponsor will promptly return any Down Payment that is being held with interest, if any.

As long as the layout and dimensions of a Unit conform to the Floor Plans, subject to immaterial inaccuracies, a Purchaser will not be excused from purchasing his Unit for such reason and will not have any claim against Sponsor as a result of such deviation.

If Sponsor changes the size or number of Unsold Units, Sponsor will increase or decrease the Common Interests appurtenant thereto accordingly. The aggregate amount of the Common Interests of all the Units, however, will always remain at 100%. As a result of any reapportionment of the Common Interests appurtenant to Unsold Units, the amount of the Common Charges and the real estate taxes and assessments payable by the owners of the Unsold Units affected thereby will be increased or decreased proportionately, but the amount of the Common Charges and the real estate taxes and assessments payable by the owners of Units unaffected thereby will not vary. Sponsor shall submit a new letter pursuant to Real Property Law section 339-i to reflect any such changes.

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

As more particularly provided in the Declaration, Sponsor or any Sponsor Successor, as the owner of an Unsold Unit, will have the right itself to so amend the Declaration to effectuate such change, provided the Common Element space is not decreased, without the Condominium Board, the other Unit Owners or any mortgagee consenting to, or executing, such amendment. No change of a Unit's Common Interest will be made, however, without the prior written consent of the owner of such Unit having been obtained.

To the extent permitted by Applicable Law, if the size or configuration of a Unit is changed in compliance with the Plan and the Condominium Documents and, in connection therewith, a wall, space or other area forming a part of the Common Elements servicing and benefiting only such Unit is razed or incorporated in the Unit, then such Common Element shall be deemed for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

INTERIM LEASES

Sponsor reserves the right to rent or lease vacant Units to Purchasers at any time, both before and after the First Unit Closing, and to non-Purchasers following the First Unit Closing. Once a Purchase Agreement is accepted for a vacant Unit, however, and for so long as such Purchase Agreement is in effect, such Unit may only be leased to the Purchaser thereof pursuant to an **“Interim Lease”** on the terms set forth in this Section.

An Interim Lease shall be prepared on the form of lease set forth in Part II of this Plan. The term of each such Interim Lease shall expire on the earliest to occur of: (i) the date of closing of title to the Unit covered by such Interim Lease; (ii) the date fixed in the Interim Lease for the expiration of the term; (iii) the date upon which the Interim Lease is terminated at the option of Sponsor by reason of a default by the Purchaser-tenant under the Interim Lease or a casualty or condemnation affecting the Unit; or (iv) the date upon which the Interim Lease is terminated by the Purchaser-tenant or Sponsor as provided below. The rent payable under the Interim Lease shall be negotiated by the parties but shall in no event exceed the maximum legal rent, if any, permitted under Applicable Laws.

Interim Leases shall also be subject to the Condominium’s Smoking Policy, to wit, smoking (including hookahs, “vapes,” “e-cigs” and similar devices) is prohibited in all indoor areas of the Building (including all Units) and in all outdoor areas of the Building (including all yards and terraces).

An uncured default by the Purchaser-tenant under the Purchase Agreement will constitute a default under the Interim Lease. A default in the performance or observance of the terms and conditions of the Interim Lease will also be a default under the terms of the Purchase Agreement and will permit Sponsor to cancel the Purchase Agreement in accordance with its terms, after the expiration of not less than thirty (30) days following demand therefor by Sponsor. The Purchaser-tenant will be required to vacate his Unit within not less than thirty (30) days after notice is sent of Sponsor’s intent to cancel the Purchase Agreement, provided that the Purchaser-tenant fails to cure any such default within the applicable grace period, if any, with TIME BEING OF THE ESSENCE. Before a default under the Interim Lease may be declared a default under the Purchase Agreement, however, either: (i) Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Purchaser-tenant; or (ii) the Purchaser-tenant must have vacated the Unit.

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

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

The right of Sponsor, or any Sponsor Successor, to rent or lease any Unsold Unit will not be subject to any right of first refusal in favor of the Condominium Board to lease such Unsold Unit from Sponsor or such Sponsor Successor on the same terms offered to the prospective tenant or occupant.

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

Sponsor and its agents will not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law.

PROCEDURE TO PURCHASE

General

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

Lead-Based Paint

Buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included in Part II of this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for, lead paint.

Delivery of Purchase Agreement

The form of Purchase Agreement (set forth in Part II of this Plan) includes a provision pursuant to which the Purchase Agreement may be executed in multiple counterparts which, when taken together, shall form a fully executed and binding agreement. A purchaser will be afforded at least three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agreement. Accordingly, a prospective Purchaser desiring to purchase a Unit should deliver at least one (1) copy of the executed Purchase Agreement to the Sponsor, in care of Belkin Burden Goldman, LLP, 60 East 42nd Street, 16th Floor, New York, New York 10165, by mail, overnight courier, e-mail, fax or such other digital transmission. Sponsor is under no obligation to countersign and return a fully executed and binding Purchase Agreement until Purchaser has delivered the sum equal to ten percent (10%) of the purchase price (or such lesser amount as may be mutually agreed-upon between Purchaser and the Sponsor) (the “**Down Payment**”), by personal check, bank check, attorney escrow check or wire transfer of immediately available funds to the order of “**Belkin Burden Goldman, LLP, as Escrow Agent for USD 85 Douglass LLC/[Name of Purchaser].**”

Within twenty (20) days after receipt of the Purchase Agreement from a prospective Purchaser, Sponsor will either accept the Purchase Agreement or reject it. If no action is taken within the twenty (20) days the Purchase Agreement shall be deemed rejected. In all situations where the Purchase Agreement is rejected, the Down Payment will be refunded to the prospective Purchaser without interest. If Sponsor elects to accept the Purchase Agreement, a countersigned Purchase Agreement will be returned to Purchaser (or its attorney).

Purchasers who were not afforded at least three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agreement will be afforded not fewer than

seven days after delivering an executed Purchase Agreement together with the required Down Payment to rescind the Purchase Agreement and have the full Down Payment refunded promptly. Any Purchaser who wants to exercise such right of rescission (to the extent available) must either personally deliver a written notice of rescission to the Sponsor or Selling Agent within the seven day period or mail the notice of rescission to the Sponsor or Selling Agent and have the mailing postmarked within the seven day period.

Payment of Purchase Price

Each Purchaser shall deliver his check or wire transfer payable to the order of “Belkin Burden Goldman, LLP, as Escrow Agent for USD 85 Douglass LLC/[Name of Purchaser]” in the amount of the Down Payment, subject to collection, simultaneously with the execution and delivery of the Purchase Agreement. The balance of the Purchase Price will be paid to Sponsor at the Closing.

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

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

Financing

As more fully described in “**Special Risks**” and in the Purchase Agreement, a Purchaser’s obligations to purchase his Unit under his Purchase Agreement will NOT be contingent upon the Purchaser obtaining financing. Any prospective purchaser who executes a Purchase Agreement and does not obtain financing may lose his or her deposit if he or she is unable to otherwise raise the monies for the balance of the Purchase Price. Prospective purchasers who require financing are advised to consult with a lending institution before execution of a Purchase Agreement. No representation is made by the Sponsor as to the availability or cost of such financing. If the Purchaser cannot close on his/her purchase due to the unavailability of financing, or for any other reason, the initial Down Payment and the Supplemental Down Payment will be forfeited to the Sponsor pursuant to the terms of the Purchase Agreement.

THAT MEANS THAT, IN SUCH EVENT, THE PURCHASER WILL BE OBLIGATED TO FUND HIS/HER PURCHASE THROUGH ALTERNATE MEANS; IF

THE PURCHASER CANNOT CLOSE ON HIS/HER PURCHASE DUE TO THE UNAVAILABILITY OF FINANCING, OR FOR ANY OTHER REASON, THE DOWN PAYMENT WILL BE FORFEITED TO THE SPONSOR PURSUANT TO THE TERMS OF THE PURCHASE AGREEMENT.

Sponsor cannot and does not represent, assure or guarantee that any Purchaser will be able to obtain mortgage financing or the terms or costs of such financing. 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 the Sponsor 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%. In addition, certain lenders will not offer mortgages in a building with as few units as the Building. 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 also may 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. Please see **“Special Risks”** and **“Closing of Title to Units and Terms of Sale.”**

The Sponsor shall have no liability to any Purchaser if his/her application for financing is not accepted, or fails to meet any conditions set forth in any mortgage commitment. The Sponsor makes no representations regarding the availability or terms of financing. Prospective Purchasers who require financing are advised to consult with a lending institution BEFORE execution of a Purchase Agreement.

The Escrow Agent

The law firm of Belkin Burden Goldman, LLP, with an address at 60 East 42nd Street, 16th Floor, New York, New York 10165, telephone number 212-867-4466, shall serve as escrow agent (**“Escrow Agent”**) for the Sponsor and Purchasers. Escrow Agent has designated the following attorneys to serve as signatories: Daniel Altman, Sherwin Belkin, Matthew Brett, Jeffrey L. Goldman, Martin Heistein, Lewis Lindenberg, Martin Meltzer, Craig Price, Kara Rakowski, Aaron Shmulewitz, David M. Skaller, and Stephen Tretola. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, any Selling Agent, any Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Account

The Escrow Agent has established the escrow account at Webster Bank, Two Blue Hill Plaza, Second Floor, Pearl River, New York 10965 (the **“Bank”**), a bank authorized to do business in the State of New York. The escrow account is entitled “Belkin Burden Goldman, LLP, as Escrow Agent for 85 Douglass Street” (the **“Escrow Account”**). The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit. Any deposit in excess of \$250,000 will not be insured.

All Down Payments received from Purchasers shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to the order of “Belkin Burden Goldman, LLP, as Escrow Agent.”

Any funds advanced for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance with the terms of the Purchase Agreement.

All Down Payments will be placed initially in a non-interest bearing portion of the Escrow Account. If a Down Payment is accompanied by a properly completed and duly signed IRS Form W-9 or Form W-8 (as applicable), the Down Payment will thereafter be promptly transferred to an individual interest bearing sub-escrow account in the name of Purchaser (excluding advances made for upgrades, extras, or custom work). In the event that the Bank rejects Purchaser’s Form W-9 or Form W-8, the Escrow Agent shall notify Purchaser (or its attorneys) of said rejection and the Down Payment will remain in the non-interest bearing portion of the Escrow Account until a corrected Form W-9 or Form W-8 is presented by Purchaser and accepted by the Bank, at which time the Down Payment will thereafter be promptly transferred to an individual interest bearing sub-escrow account in the name of Purchaser (excluding advances made for upgrades, extras, or custom work). If a Purchaser does not deliver a completed and signed Form W-9 or Form W-8 (as applicable) or does not correct a previously delivered form that has been rejected by the Bank, the Down Payment will remain in the non-interest bearing portion of the Escrow Account.

The interest rate for all deposits made into individual interest bearing sub-escrow accounts shall be the prevailing rate for such accounts. Interest shall begin to accrue upon placing the Down Payment into an individual interest bearing sub-escrow account. All interest earned thereon shall be paid or credited to the Purchaser at Closing. No fees of any kind may be deducted from the Escrow Account, and the Sponsor shall bear all costs associated with the maintenance of the Escrow Account.

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

The Purchase Agreement

The form of Purchase Agreement is attached hereto in Part II of this Plan. The relevant escrow trust fund provisions are included in paragraphs 12-13 of the Purchase Agreement, which must be executed by the Escrow Agent in addition to the Sponsor and the Purchaser. The escrow trust fund provisions set forth in the Purchase Agreement are subject to the form of Escrow Agreement Included in Part II of the Plan and, in the event of any conflict between the Escrow Agreement and either any other provision of the Plan or the Purchase Agreement, the terms of the Escrow Agreement shall control.

Notification to Purchaser

Within five (5) business days after the fully executed Purchase Agreement has been tendered to Escrow Agent along with the Down Payment, the Escrow Agent shall sign the Rider to the Purchase Agreement and place the Down Payment into the Escrow Account. Within ten (10) business days of placing the Down Payment in the Escrow Account, Escrow Agent shall provide written notice to the Purchaser confirming the receipt of the Down Payment. The notice shall provide the account number and the initial interest rate, if any, to be earned on the Down Payment. Any funds advanced for upgrades, extras, or custom work shall be initially deposited into the Escrow Account and released in accordance with the terms of the Purchase Agreement.

The Escrow Agent is obligated to send notice to the Purchaser once the Down Payment is placed in the Escrow Account. If the Purchaser does not receive notice of such placement within fifteen (15) business days after tender of the Down Payment, he or she may cancel the Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and the Down Payment to Escrow Agent.

Complaints regarding the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 28 Liberty Street, New York, New York 10005. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds

All Down Payments, except for funds advanced for upgrades, extras, or custom work in connection with the Purchase Agreement, are and shall continue to be the respective Purchasers' money, and may not be commingled with any other money or pledged or hypothecated by the Sponsor, as per General Business Law §352-h.

Under no circumstances shall the Sponsor seek or accept release of the Down Payment 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 the Sponsor of its obligations pursuant to General Business Law §§352-e(2-b) and 352-h.

The Escrow Agent shall release the Down Payment if so directed:

- (a) pursuant to terms and conditions set forth in the Purchase Agreement upon closing of title to the Unit; or
- (b) in a subsequent writing signed by both the Sponsor and the Purchaser; or
- (c) by a final, non-appealable order or judgment of a court.

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

The Sponsor shall not object to the release of the Down Payment to:

- (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; or
- (b) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

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.

Waiver Void

Any provision in the Purchase 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 Down Payment in trust is absolutely void. The provisions of the Attorney General's regulations and General Business Law §§352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, this Plan, or any amendment thereto.

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

Damage to Units; Risk of Loss

If a Purchaser becomes the tenant or actually occupies a Unit before the closing of title thereto, and, before such closing, the Unit is damaged by casualty or otherwise, then to the extent such damage is not covered by the Condominium's insurance, such Purchaser shall assume the risk of loss and the obligation to repair the damage if the cause thereof originated inside the Unit and resulted from the acts of such Purchaser or the occupant of the Unit or Purchaser's guests, invitees or workmen. No Purchaser shall have the right to occupy a Unit purchased by him prior

to the closing of title unless Sponsor agrees to permit same under an Interim Lease or other written agreement.

Except as set forth in the preceding paragraph, all other risk or damage prior to closing is assumed by Sponsor, but Sponsor shall not be obligated or liable to repair any damage. If Sponsor, or in the event the Declaration is filed, the Unit Owners, do not elect to repair the damage, the Purchase Agreement will be canceled and be of no further force or effect. Thereafter, Purchaser will be refunded all purchase monies paid to Sponsor with any interest earned thereon, unless Purchaser is then in default (beyond the applicable grace period, if any), in which event the said purchase monies (but in no event to exceed the Liquidated Sum) will be retained by Sponsor as and for liquidated damages. If Sponsor (or the Unit Owners, as the case may be) elects to repair or replace the loss or damage, the Purchase Agreement shall continue in full force and effect; Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the purchase price; Sponsor shall be entitled to a reasonable period of time to complete such repairs or replacement; and Purchaser shall not be required to pay the balance of the purchase price unless and until (i) the Unit has been substantially repaired, as near as reasonably possible to its condition immediately prior to the casualty, (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored, and (iii) the condition in the Unit for which a violation (if any) is noted or issued has been corrected, other than those that are the obligation of the interim lessee to cure, or that are caused by the act or omission of the interim lessee. Sponsor will endeavor in good faith, and with reasonable diligence, to remove, subsequent to closing, all violations of record it is obligated to correct.

Events of Default

If a Purchaser (i) defaults in paying the balance of the Purchase Price on the date scheduled by Sponsor for closing title to his Unit, (ii) defaults in performing some other obligation under the Purchase Agreement, or (iii) is or becomes a tenant or occupant of the Building and is evicted (whether by voluntary removal or by court order), for failure to pay rent or to perform some other lease or tenancy obligation, Sponsor's sole remedy under the Purchase Agreement will be to cancel said Purchase Agreement by sending written notice to such Purchaser and, if such Purchaser shall fail to cure such default within thirty (30) days after the giving of such notice, to retain, as and for liquidated damages, the Liquidated Sum. Any payments received by Sponsor in excess of the Liquidated Sum, together with interest earned on such excess payments, if any, shall be refunded to the Purchaser within fifteen (15) days after cancellation. **THE CURING OF SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD IS OF THE ESSENCE OF THIS AGREEMENT. THIS MEANS THAT, UPON THE PURCHASER'S FAILURE TO CURE HIS DEFAULT WITHIN SUCH PERIOD, THE PURCHASE AGREEMENT SHALL BE DEEMED CANCELLED AND SPONSOR MAY RETAIN THE LIQUIDATED SUM AS DAMAGES.** If a Purchaser is or becomes a tenant or occupant of the Building and fails to pay rent or otherwise to comply with his lease or tenancy obligations or vacates or abandons his Unit, then Sponsor may cancel his Purchase Agreement as set forth above whether or not such Purchaser is evicted from the Building by reason thereof. If, however, such person is not evicted from the Building by reason of such default, vacating or abandonment, Sponsor shall return to

such Purchaser all monies deposited under his Purchase Agreement, together with the interest earned thereon, if any.

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

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

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

A person who takes possession of a Unit prior to Closing assumes the risk of losses not covered by the Condominium’s insurance; consequently, such a Purchaser may find it desirable to obtain additional insurance coverage to cover such potential losses.

Neither the Plan nor the Purchase Agreement may contain, or be modified to contain, a provision waiving Purchaser’s rights or abrogating Sponsor’s obligations under Article 23-A of the GBL.

After the Plan has been declared effective, the Sponsor will fix dates for closing title to all Units for which Purchase Agreements have been executed, by serving notice on each Purchaser stating the date of the First Unit Closing and setting each Purchaser’s Closing date. Each such notice shall be served in compliance with Attorney General regulations not less than thirty (30) days before the date set for the Closing of such Unit. Purchasers may waive such 30-day provision by executing a waiver.

It is anticipated that the First Unit Closing will occur on or about January 1, 2023. If the First Unit Closing is delayed by twelve (12) months or more and does not occur prior to December 31, 2023, Purchasers will be offered a right of rescission. If the Plan is amended to provide for a later projected date for the First Unit Closing, Purchasers will be entitled to an offer of rescission if the First Unit Closing occurs more than one year beyond that amended, later date. However, even if the First Unit Closing occurs before December 31, 2023, Sponsor may schedule the closings of title to other Units significantly later than such date.

Each Purchaser shall be required to execute and deliver to Sponsor at his/her Closing a Unit Owner power of attorney in favor of the Condominium Board (in the form set forth in Part II of this Plan). In the event that a Purchaser shall fail, decline or refuse to execute such Unit Owner power of attorney, such Purchaser will be unable to close on the purchase of such Unit and shall be in default of Purchaser’s obligations under the Purchase Agreement.

Any conflict between the Plan and the Purchase Agreement shall be resolved in favor of the Plan.

ASSIGNMENT OF PURCHASE AGREEMENTS

Purchase Agreements shall not be assigned without the prior written consent of Sponsor in each instance. A Purchaser who wishes to assign a Purchase Agreement shall deliver to Sponsor a written request for such consent; such request shall be accompanied by written information regarding the proposed assignee(s), including, at a minimum, his/her name(s), residence address(es), employer(s)' name(s) and address(es), and such other information as Sponsor may reasonably require. If the Sponsor consents to any such assignment of the Purchase Agreement, then the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00.

EFFECTIVE DATE

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

1. The Plan may be declared effective by personally serving notice on each Purchaser or by commencement of service by mail in the manner required by applicable regulations stating that the Plan was declared effective on a particular date, the percentage used to declare the Plan effective, and a list of the Units being counted to meet the minimum percentage under the terms of the Plan required to declare it effective. Subject to applicable regulations, a closing may occur without the Sponsor's submitting an amendment to the Department of Law to declare the Plan effective (provided, however, the Sponsor must comply with the requirements of Section 20.5(e) of the applicable regulations promulgated by the Department of Law when submitting a post-closing amendment pursuant to Section 20.5(f) thereof).
2. The Plan may not be declared effective until written Purchase Agreements have been executed and delivered for at least fifteen percent (15%) of all Units (i.e., at least one Unit) by bona fide Purchasers, including investors. The Plan will not be declared effective based on Purchase Agreements:
 - A. signed by Purchasers who have not been afforded at least three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agreement; or
 - B. signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or
 - C. with any Purchaser who is Sponsor, any Selling Agent or any Managing Agent, or who is a principal of Sponsor, any Selling Agent or any Managing Agent, or is related to Sponsor, any Selling Agent or any Managing Agent or to any principal of Sponsor, any Selling Agent or any Managing Agent, by blood, marriage or adoption, or as a business associate, an employee, a shareholder, a member or a limited partner, except that such a Purchaser other than Sponsor or a principal of Sponsor may be included to the extent permissible under the applicable regulations promulgated by the Department of Law.

When Purchase Agreements have been executed and accepted for the sale to Purchasers of at least eighty percent (80%) of the Units (i.e., all four of the Units) offered under the Plan, Sponsor must declare the Plan effective.

3. Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective or before Sponsor obtains valid and binding Purchase Agreements for eighty percent (80%) of the Units, whichever occurs first. After the Plan is declared effective or so required to be declared effective, but before the First Unit

Closing, the Plan may not be abandoned except in the event of: (i) a defect in title which cannot be cured without litigation or cannot be cured for less than an amount equal to one-half of one percent of the aggregate offering prices for all of the Units (which amount is currently \$46,050.00 but which amount is subject to change based on increases or decreases in the offering prices of the Units); (ii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than an amount equal to one-half of one percent of the aggregate offering prices for all of the Units (which amount is currently \$46,050.00 but which amount is subject to change based on increases or decreases in the offering prices of the Units); or (iii) the taking of any material portion of the property by condemnation or eminent domain.

The aforementioned \$46,050.00 relied upon as a basis for abandonment after this Plan is declared effective does not include any attorneys' fees or any title defect, violation or determination of any authority or regulatory association that exists on the date of presentation of this Plan and either is known to Sponsor or is a matter of public record. Sponsor shall remain obligated to cure defects in title (including, without limitation, liens and violations of record) that are to be cured by, or that result from the acts and omissions of, any tenants of the Building.

Sponsor will not be obligated to bring any action or proceeding or otherwise incur any cost or expense in excess of its obligations under the Plan to cure any inability to deliver title to a Unit in accordance with the Plan and the terms of the Purchase Agreement for such Unit. However, pursuant to 13 NYCRR § 20.3(q)(7), Sponsor may only limit its legal or financial obligations to cure any inability to deliver marketable title to a Unit if Sponsor plans to abandon this Plan and return Down Payments to Purchasers. If Sponsor shall notify a Purchaser of its refusal to cure any such inability, then Sponsor shall be deemed to have abandoned the Plan and all Purchase Agreements shall be deemed terminated, and each Purchaser shall receive a refund of his Down Payment and any interest earned thereon. In order to effect any such abandonment of this Plan, Sponsor shall file an amendment to this Plan disclosing such abandonment, together with a Form RS-3; once any such abandonment amendment is accepted for filing, Sponsor shall return all Down Payments to Purchasers within five days after acceptance of such amendment by the Department of Law.

Each Purchaser in good standing who refuses to waive any of the aforesaid title defects shall have the right for fifteen (15) days after being notified thereof to rescind his Purchase Agreement and receive all monies deposited thereunder with any interest earned thereon.

4. Subsequent to the First Unit Closing, this Plan may not be abandoned unless at least eighty percent (80%) of the Unit Owners, both in number and in Common Interest, vote to terminate the Condominium. Sponsor will not vote the aggregate Common Interest appurtenant to its Unsold Units for such termination unless at least eighty percent (80%) of the other Unit Owners, both in number and in Common Interest, elect to terminate, in which event Sponsor may choose to vote its Common Interest either in favor of or against termination of the Condominium, as it sees fit. For further discussion, see the Declaration

of Condominium, contained in Part II of this Plan.

5. If this Plan is withdrawn or abandoned by Sponsor, all Purchasers will be so notified in writing, and Sponsor shall file an amendment to this Plan and a Form RS-3 with the Department of Law. Within five (5) days after such amendment shall be accepted for filing by the Department of Law, all monies (including but not limited to Down Payments and any monies advanced for custom work costs) paid to Sponsor pursuant to Purchase Agreements then in effect (together with any interest earned thereon) will be returned to all Purchasers. Upon the return or retention of such monies, the Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under this Plan or under such Purchase Agreements.

Notwithstanding the fact that not all Purchasers counted for purposes of declaring the Plan effective may actually close, Sponsor would be required to re-declare the Plan effective in order to consummate the Plan in accordance with 13 NYCRR §20.1(c)(6). If ALL Purchase Agreements are either rescinded or terminated prior to the date of the First Unit Closing, regardless of whether the Condominium Declaration has been recorded, Sponsor would be required to re-declare the Plan effective.

6. After this Plan has been declared effective, Sponsor will, from time to time, fix one or more dates for closing title to Units for which Purchase Agreements are in effect. The First Unit Closing will be held no sooner than thirty (30) days after the date upon which notice is given that the Plan is declared effective. The closing of title to each Unit will take place in accordance with the terms of the applicable Purchase Agreement. See the Section above entitled “**Procedure to Purchase**” for a more complete discussion of the events that will occur at each such closing of title.

CLOSING OF TITLE TO UNITS AND TERMS OF SALE

Prerequisites to Closing of Title

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

- (1) The Plan being declared effective by Sponsor and an amendment to the Plan stating that it has been declared effective having been accepted for filing by the Department of Law;
- (2) The recording and filing in the Register's Office of the Declaration, By-Laws and Floor Plans in accordance with the Condominium Act or other Applicable Law and such other documents as may be required by Applicable Law in connection with the submission of the Property to condominium ownership pursuant to the Condominium Act;
- (3) The issuance of a temporary or permanent certificate of occupancy for such Unit;
- (4) The release of such Unit and its appurtenant Common Interest from the lien of all mortgages, unless Sponsor has obtained from the holders of all such mortgages an agreement pursuant to which each such mortgage holder has either: (a) consented to the formation of the Condominium and acknowledged that its lien will be limited to Unsold Units, and/or (b) subordinated the lien of its mortgage to the Declaration;
- (5) If the Purchaser of such Unit so requests, the issuance of a title insurance binder insuring fee title to such Unit in the Purchaser, at the Purchaser's expense, subject only to the Permitted Encumbrances and any other title matters which Purchaser consents to take title subject to, which binder will also insure that a valid condominium has been created pursuant to the terms of the Condominium Act (see the Section of the Plan entitled **"Unit Closing Costs and Adjustments"** for an estimate of the cost to the Purchaser to obtain such title insurance);
- (6) Delivery to the Sponsor, in proper form for recording, of a duly executed Unit Owner power of attorney in favor of the Condominium Board and Sponsor; and
- (7) Delivery to the Purchaser, in proper form for recording, of a duly executed bargain and sale deed with covenants against grantor's acts conveying title to such Unit (the **"Unit Deed"**).

State of Title

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed at the closing of title to such Unit free and clear of all liens, encumbrances, and title exceptions other than those described in the proposed Unit Deed and the title exceptions and other matters set forth below (collectively the “**Permitted Encumbrances**”):

- (1) Any state of facts which an accurate survey and inspection made on the date of closing of title to such Unit would show, provided such state of facts (except as set forth below) is not otherwise disclosed in this Plan and does not prohibit the existence and use of the Unit;
- (2) Zoning regulations, ordinances, building restrictions and regulations;
- (3) Consents by Sponsor or any former owner of the Property for the erection of any structure or structures on, under or above any street or streets which the Property may abut;
- (4) Encroachments of the Building, walls, stoops, steps, balconies, ornamental columns, windows, door caps, keystones, ledges, pilasters, coping, trim and cornices, and any other part thereof, if any, upon any street or highway or upon any adjoining property and similar encroachments upon the Property;
- (5) Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building;
- (6) The lien of any mortgage, lien or other encumbrance granted, created, or obtained by the Purchaser;
- (7) Easements for ingress and egress for construction, installation, operation and maintenance of municipal service facilities and utilities;
- (8) Agreements, covenants, restrictions and easements of record;
- (9) Any other covenants, restrictions, easements, or any other encumbrance (other than for the payment of money), provided that they do not prohibit the existence and use of the Unit;
- (10) Rights, if any, to maintain vaults and chutes under the sidewalk;
- (11) The lien of any Common Charges, real estate taxes, water frontage and/or meter charges, sewer rents, vault charges and assessments, provided that apportionment of such items is made as provided in this Plan;

- (12) Service, labor, concessionaire and maintenance agreements contemplated under this Plan;
- (13) Any Interim Lease with the Purchaser for such Unit and any other leases, tenancies and occupancies permitted by the Purchase Agreement for such Unit;
- (14) Any lien, encumbrance or *lis pendens* either (i) for which the instrument required to remove said encumbrance of record is delivered at or prior to the date of closing of title to the Unit to the proper party or to the Purchaser's title insurance company together with the required recording or filing fee, or (ii) as to which the Purchaser's title insurance company will insure that the lien, encumbrance or *lis pendens* will not be collected out of or enforced against the Unit;
- (15) The lien of any assessment or assessments which are or may become payable in annual installments of which any installment is then a charge or a lien, provided that apportionment thereof is made as provided below;
- (16) Party wall agreements, if any;
- (17) Judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Sponsor or any of its principals, provided Sponsor or any such principals, as the case may be, deliver to the Purchaser or the Purchaser's title insurance company an affidavit showing that such judgments, bankruptcies or other returns are not against Sponsor or any such principals, as the case may be;
- (18) Uniform Commercial Code financing statements or conditional bills of sale provided that (i) such statements were filed on a date more than five years prior to the closing of title to the Unit, (ii) Sponsor executes and delivers to the Condominium an affidavit setting forth that the property covered thereby is no longer in the Unit or is fully paid for, or (iii) a person or entity other than Sponsor is the debtor thereunder;
- (19) The printed exceptions set forth in the Certificate of Title No. ANY2020-5242AG of All New York Title Agency (included in Part II of this Plan), or in any title policy issued by a title company that is authorized to do business in the State of New York and that is a member of the Title Insurance Rate Service Association; and
- (20) All of the terms, burdens, easements, covenants, restrictions, conditions and rules and regulations set forth in the Declaration, the By-Laws (and the Rules and Regulations made thereunder), the Unit Owner's Power of Attorney and the Floor Plans, all as may be amended from time to time.

Terms of Sale

The following is a summary of certain material provisions of the Purchase Agreement, but it is not intended as a complete statement of these or other important provisions of

the same. For a complete statement of these provisions, please refer to the form of Purchase Agreement set forth in Part II of this Plan:

1) Incorporation of Plan

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

Moreover, if, prior to the First Unit Closing, Sponsor amends the terms and conditions contained in this Plan to be more favorable to Purchasers, a Purchaser who executed and submitted a Purchase Agreement before Sponsor amended the terms may elect to benefit from the more favorable terms and conditions, in which event the Purchase Agreement may be amended to reflect such more favorable terms.

Nothing contained in this Plan, the Purchase Agreement or any modifications thereto shall be deemed to constitute a waiver of the Purchaser’s rights or an abrogation of Sponsor’s obligations under Article 23-A of the GBL.

2) Payment of Purchase Price

Each Purchaser shall deliver his wire transfer of immediately available funds or check made payable to the order of “**Belkin Burden Goldman, LLP, as Escrow Agent**” in the amount of the Down Payment, subject to collection, simultaneously with the execution and delivery of the Purchase Agreement. The balance of the Purchase Price will be paid to Sponsor at the Closing.

Except for the Down Payment, which is to be paid as provided above, any payments to be made by the Purchaser under the Purchase Agreement (including without limitation the payment of the balance of the Purchase Price), whether to, on behalf of or at the request of Sponsor, must be made by wire transfer, unendorsed certified check, or bank check, drawn in either case on

a member bank of the New York Clearing House Association and made payable to the order of Sponsor; except that at the request of Sponsor made at or prior to the closing, the Purchaser will pay the balance of the Purchase Price to such payees as Sponsor directs.

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

3) Financing

As more fully described in the Purchase Agreement, a Purchaser's obligations to purchase his Unit under his Purchase Agreement will NOT be contingent upon the issuance to the Purchaser of a mortgage loan commitment.

Thus, the failure to obtain financing will not relieve Purchaser from his obligations under the Purchase Agreement, absent the Sponsor's consent. Should Purchaser fail to obtain financing and be unable to close with alternately-sourced funds, Sponsor shall have the right to declare Purchaser in default under the Purchase Agreement and to retain all components of the Down Payment as liquidated damages, all in accordance with the Purchase Agreement and the provisions of this Plan.

The Sponsor is not making any representations or warranties regarding the availability or cost of financing.

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 the Sponsor 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. Some lenders will not make a loan in a building with fewer than 10 apartments. It also may 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. See **"Special Risks."**

4) Personal Property

All personal property located within the Unit that is owned by Sponsor on the date the Purchase Agreement is signed, or located within the Common Elements on the date the Declaration is recorded, shall be included in the conveyance unless specifically excepted in the Plan. However, if the Unit is "staged" (i.e., if the Unit includes furniture, furnishings and

decorations for the sole purpose of enhanced display to promote sales efforts), any such furniture, furnishings and decorations that are present as part of such staging will NOT be included in the conveyance unless Sponsor shall agree thereto in writing.

5) Events of Default

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

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

6) Condition of Units; Fixtures and Appliances

The Sponsor will complete any required construction or renovation of the Units in accordance with the plans and specifications filed with the New York City Department of Buildings by Greybar Architecture PLLC, described herein and will diligently perform all of its obligations set forth in this Plan and will deliver to the Board of Managers a copy of the "as built" Floor Plans (to the extent that same may exist). The Sponsor expects to complete such required construction and renovation to enable the First Unit Closing to occur on or about January 1, 2023.

The quality of construction is comparable to local standards customary in the particular trade and in accordance with the plans and specifications. Sponsor makes no undertakings or warranties and has no obligation to make any repair or cure defects to the Units or

the Common Elements, except as expressly set forth in this Plan or the Purchase Agreement, and none should be inferred.

Sponsor reserves the right to amend or modify from time to time said plans and specifications (including, without limitation, changes affecting the materials, appliances, equipment, fixtures and other construction details) and to substitute materials, appliances, equipment and fixtures in place of those described in the plans and specifications, provided such substitutions are of equal or better quality and, provided further, that the required approvals of any governmental authorities having jurisdiction and the construction lender are first obtained. All the foregoing amendments, modifications and changes to the plans and specifications may be made without prior notice or amendment to this Plan, except that the Plan will be amended if changes are made in the size, layout, number of rooms or number of Units, their respective percentages of Common Interest, or in the amount or quality of Common Elements.

In no event, however, may the Sponsor:

- i. substitute equipment, fixtures, appliances or materials of lesser quality or design than those described in the Description of Property set forth in Part II of this Plan, or in the Plans and Specifications; or
- ii. change the size and/or location of the Building, Units, other improvements or Common Elements, if such changes affect the percentage of Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless all affected Unit Owners consent in writing to such change and all affected Purchasers are given the right to rescind and receive a return of their Down Payment deposits.

Sponsor shall complete the construction of any Common Elements located in the Condominium substantially in accordance with the plans and specifications therefor within the earlier of 12 months after the First Unit Closing or when fifty percent (50%) of the Units have been closed, subject to acts of God and other forces majeure. Such work by Sponsor will not require amendment of the Building's certificate of occupancy, or the issuance of a new certificate of occupancy.

The Sponsor will deliver to the Purchaser, and/or Board of Managers, if applicable, on behalf of the Unit Owners, upon the sale of each Unit in the Condominium any manufacturers' or subcontractors' warranties (or assignments thereof) in Sponsor's possession covering the kitchen appliances (if any), heating, electrical, plumbing, roofing system and other equipment or systems, as well as any subcontractors' warranties which may have been received by Sponsor relating to a Unit or the Common Elements, respectively, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties or bonds are assignable, together with a Bureau of Fire Underwriters Certificate, if then available. Any warranties relating to the Unit rather than the Common Elements which are not available at the closing of title will be delivered to the Purchaser within 90 days thereafter.

With respect to the Common Elements, other than the Common Elements forming the Building, the Sponsor will give written notice to the Board of Managers when such Common

Elements, or portions thereof, have been substantially completed. Such notice will not be binding upon either party with respect to the determination as to whether such portion(s) of the Common Elements have been substantially completed. The Sponsor makes no warranties as to the installation or operation of any appliances, equipment or fixtures, except that it will deliver to each Purchaser the manufacturer's warranties thereon.

The Sponsor will not be responsible for correcting any conditions that are immaterial in the installation or operation of any appliances, equipment or fixtures with respect to which assignable warranties or other undertakings from contracts, materialmen or otherwise are assigned to either the Board or Unit Owners. The Sponsor shall not be liable to the Board of Managers or to the Purchaser with respect to any of its obligations in excess of the liability it would have had if the only assets of the Sponsor were the Property.

The Sponsor will correct any defects in the construction of a Unit or the Common Elements, or in the installation or operation of the mechanical equipment therein, due to improper workmanship or materials that are materially at variance with the Plan, provided and on condition that in the case of a Unit, it is notified in writing of such defects within one (1) year from the Closing of title or first leasing of, such Unit, and in the case of Common Elements, the Sponsor is notified within fourteen (14) months of the First Unit Closing to a bona fide purchaser. Construction shall be in accordance with the applicable building codes, the filed plans and specifications and the terms of this Offering Plan.

Notwithstanding anything to the contrary, the New York State Housing Merchant Implied Warranty Law (Article 36-B of the General Business Law) (the "Warranty Law") DOES apply to this offering, since the renovation of the Property will have created a multi-unit residential structure of five stories or less. A copy of such statute is set forth in Part II of this Plan, and prospective Purchasers are urged to familiarize themselves with its provisions. Other than as required by the Warranty Law, Sponsor will have no obligations to make repairs or improvements, except as expressly set forth in this Plan. Except as may be expressly set forth in this Plan, Sponsor may not—and does not seek to—disclaim responsibility under the Warranty Law.

However, notwithstanding anything to the contrary in this Plan or otherwise, the Sponsor is obligated to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, and any conflict between any disclaimers and Sponsor's obligation to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, shall be resolved in favor of the latter.

Sponsor makes no representations or warranties regarding the condition of the Units or their inclusions, except as may be expressly set forth elsewhere in this Plan or the Purchase Agreement.

In no event shall Sponsor have any obligation to repair or to be otherwise responsible for any of the following immaterial conditions:

- (i) nail pops or ridging in sheet rock walls and ceilings;

- (ii) lumber shrinkage;
- (iii) doors and windows sticking due to weather;
- (iv) door warpage less than 1/2”;
- (v) normal wear and tear or natural deterioration or the normal settlement or shifting of the Building or any consequential damage resulting therefrom (including, without limitation, concrete cracks which do not impair the structural soundness of the Building);
- (vi) normal plumbing and heating noises;
- (vii) expansion, contraction or slight discoloration or unevenness of color of wood flooring;
- (viii) minor variances in texture;
- (ix) bath tile grouting and any slight separation in joints of kitchen tile;
- (x) the partial or total death of any trees, shrubs, bushes, ground cover, grass or other landscape improvements; and
- (xi) damage caused by dampness or condensation due to the failure of the Unit Owners to maintain ventilation, which may result in mold conditions.

Subsequent to the conveyance of title to a Unit (unless such defect has been noted in the final Inspection Statement) or the completion of the Common Elements, as the case may be, Sponsor shall not be responsible for paint touch-ups, repair of dented appliances, repair or chips, scratches, marks, breaks or other defects in windows or window sashes, sliding glass doors, screens, electric fixtures, painted surfaces, sinks, tubs, basins, kitchen cabinets and counter tops, vanity tops and cabinets, medicine cabinets, ceramic tile, saddles, wood flooring, appliances, woodwork and doors, or any defects of an immaterial nature. The Sponsor will not escrow any amounts in respect of incomplete or “punch list” items.

In accordance with the Purchase Agreement, Purchaser will examine his or her Unit with a representative of Seller or Selling Agent within five (5) days prior to the Closing and will sign and deliver to Seller or Selling Agent on or before the Closing an Inspection Statement acknowledging the condition in which he has received his or her Unit. Sponsor shall be obligated to perform only such work that is itemized in reasonable detail on the Inspection Statement; Sponsor shall be obligated to make necessary repairs, or to cure conditions as may be necessary, within a reasonable time period.

Nothing contained in this Plan shall be construed to render the Sponsor liable for incidental or consequential damages (whether based on negligence, breach of contract, warranty or otherwise), it being intended that the Sponsor’s sole obligations under the Plan shall be to repair or, at the Sponsor’s option, to replace any defective items of construction whether arising as a

result of defects in material, improper workmanship or materials materially at variance with the Plans and Specifications, subject to the terms and conditions (and within the time limits) set forth herein. The Sponsor shall not be responsible for any work or materials ordered by Purchaser directly from Sponsor's contractors or suppliers. Notwithstanding the foregoing, nothing contained in this Plan is intended to relieve the Sponsor of liability for property damage, personal injury or wrongful death arising as a result of the gross negligence of the Sponsor or its authorized agents or employees in connection with the transactions contemplated in the Plan.

Each Unit is to be sold unfurnished (except for the kitchen appliances included therein as set forth in this Plan), and there will be no modifications or "extras" unless agreed to in writing by the parties.

7) Access to Unit

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

8) Closing of Title

The Closing of title to each Unit will be held in such place in the City of New York, on such day and at such hour as Sponsor shall designate to the Purchaser of such Unit on not less than thirty (30) days' prior written notice. Such notice shall inform the Purchaser of his obligation to pay the balance of the Purchase Price as set forth in the subsection entitled "**Payment of Purchase Price,**" above, and shall state when Common Charges will be due and payable. Sponsor shall have the right to postpone the Closing date and to fix a new Closing date. In such event, Sponsor shall give the Purchaser not less than five (5) business days' prior notice of the new date and time of Closing. The Closing shall take place only after or concurrently with the occurrence of the necessary concurrent or prerequisite events set forth in the subsection entitled "**Prerequisites to Closing of Title,**" above.

The foregoing shall not act to extend Sponsor's time to declare the Plan effective as set forth in the Section of the Plan entitled "**Effective Date**" and shall not affect Sponsor's right to abandon or withdraw this Plan as set forth in such Section. If the Plan is so abandoned or withdrawn, the Purchase Agreement will be deemed cancelled, and all monies paid by the Purchaser thereunder, together with interest earned thereon, if any, shall be disbursed as discussed in the subsection entitled "**Trust Funds,**" above. After the funds are so disbursed, neither the Purchaser nor Sponsor shall have any claims against each other in connection with the Purchase

Agreement or this Plan, and all of the same shall be released and discharged from all obligations and liabilities under the Purchase Agreement and this Plan.

9) Delivery of Unit Deed

Upon delivery to Sponsor of (i) the balance of the Purchase Price, (ii) a Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, and (iii) transfer tax returns, and other ancillary closing instruments, in the form required to be filed with the City and State of New York, which documents must be executed and acknowledged by the Purchaser, Sponsor will execute, acknowledge and deliver to the Purchaser a bargain and sale deed with covenant against grantor's acts, conveying title to the Unit subject only to the Permitted Encumbrances and such other title conditions as consented to by Purchaser, if any. The Unit Deed and the Unit Owner's Power of Attorney will be substantially in the forms set forth in Part II of this Plan.

10) Risk of Loss or Damage to Units Prior to Closing

A person who takes possession of a Unit prior to Closing assumes the risk of losses not covered by the Condominium's insurance. Except as set forth in the preceding sentence, all other risk of loss or damage prior to Closing is assumed by Sponsor, but Sponsor shall have no obligation or liability to repair or restore the same. If Sponsor or (in the event the Declaration has been filed) the Unit Owners do not elect to repair the damage (except for damage that is the Purchaser's obligation to repair as provided above), the Purchase Agreement will be cancelled and be of no further force or effect. Thereafter, the Down Payment, together with interest earned thereon, if any, shall be disbursed as discussed above in the section entitled **"Procedure to Purchase,"** specifically, those portions of such subsection entitled **"Escrow Agent," "Escrow Account,"** and **"Release of Funds,"** above. If Sponsor (or the Unit Owners, if the Declaration has been filed) elects to repair or replace the loss or damage so as to restore the Unit to its condition immediately preceding such loss or damage, the Purchase Agreement shall continue in full force and effect; in which event the Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the Purchase Price, and Sponsor (or the Unit Owners) shall be entitled to a reasonable period of time to complete such repairs or replacement.

11) Broker

The Purchaser will represent to Sponsor that he has not dealt with any broker in connection with the acquisition of his Unit, except for the Selling Agent and any co-broker (if any), and will indemnify Sponsor against the claims of any other broker.

12) No Lien

Neither the Purchase Agreement nor any monies deposited thereunder shall constitute a lien against the Property, including the Unit.

13) Agreement May Not be Assigned

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

The Sponsor may assign its interest under the Purchase Agreement to any person or entity, with or without the consent of the Purchaser.

The Sponsor hereby represents that no contracts or agreements for the sale or transfer of any of the Units have been entered into, and no deposits or advances of funds have been accepted by the Sponsor as of the date the Plan is accepted for filing.

UNIT CLOSING COSTS AND ADJUSTMENTS

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

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

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

(1) If the Purchaser elects to obtain fee title insurance, he will pay a premium therefor which will vary depending upon the amount of insurance requested. The premium for fee title insurance will be in accordance with the schedule of rates set by the New York Board of Underwriters and filed with the New York State Insurance Department.

At the present time, the rates for fee title insurance are as follows:

\$0-\$35,000	\$338
\$35,001-50,000	an additional \$7.52/\$1,000
\$50,001-100,000	an additional \$4.69/\$1,000
\$100,001-500,000	an additional \$3.78/\$1,000
\$500,001-1,000,000	an additional \$3.38/\$1,000
\$1,000,001-5,000,000	an additional \$3.09/\$1,000
\$5,000,001-10,000,000	an additional \$2.81/\$1,000
\$10,000,001-15,000,000	an additional \$2.62/\$1,000
\$15,000,001 +	an additional \$2.36/\$1,000

Each Purchaser is free to obtain title insurance from a title insurance company of his/her choice without incurring a penalty; however, Sponsor makes no representation or warranty as to the cost, terms or availability of such other title insurance;

(2) If Purchaser obtains mortgage title insurance, he or she will pay the premium therefore to the title company. The premium will vary depending upon the amount of insurance requested. The premium for mortgage title insurance (in accordance with the current schedule of rates set by the New York Board of Underwriters and filed with the New York State Insurance Department) is currently \$344.00 for the first \$35,000 of fee insurance, plus the following amounts for each additional \$1,000 of insurance:

Loan Amount	Premium
\$35,000	\$344
\$35,001-\$50,000	\$5.55/\$1,000
\$50,001-\$100,000	\$4.54/\$1,000
\$100,001-\$500,000	\$3.64/\$1,000
\$500,001-\$1,000,000	\$3.31/\$1,000
\$1,000,001-\$5,000,000	\$3.05/\$1,000
\$5,000,001-\$10,000,000	\$2.71/\$1,000
\$10,000,001-\$15,000,000	\$2.55/\$1,000
\$15,000,001 and up	\$2.31/\$1,000

(3) If a Purchaser elects to obtain both fee title insurance and mortgage title insurance from the title company, the premium for the mortgage title insurance will be at a simultaneous rate. If the simultaneous rate is obtained, the premium on the amount of the mortgage title insurance policy that does not exceed the amount of the fee policy shall be calculated at a rate equal to thirty (30%) percent of the regular scheduled rates for mortgage title insurance policies;

(4) Each Purchaser will, in all events, pay a fee for recording the deed to the Unit, the Unit Owner's Power of Attorney, and any mortgage, of (at the present time) \$42.00 for each instrument plus \$5.00 per page, together with a service charge to the title company for such recording of approximately \$20.00 per instrument;

(5) If the Purchaser obtains a mortgage loan, such Purchaser will pay a mortgage recording tax in the amount provided by Applicable Law (at present, the rate is 2.05% of the principal amount of the mortgage for mortgages of less than \$500,000, 2.175% of the principal amount of the mortgage for mortgages of \$500,000 or more on an individual residential condominium Unit, and 2.80% for mortgages of \$500,000 or more on a Unit other than an individual residential condominium Unit, with certain mortgagees paying a portion of the tax equal to 0.25% of the amount of the mortgage, for certain types of residential Units), and a fee and service charge to the title company for recording the mortgage at the same rates given above for recording the deed and Unit Owner's Power of Attorney. It should be noted that, if there shall be a recorded mortgage against the Property for which Sponsor has previously paid a mortgage recording tax, Purchasers may be entitled to the benefit of a partial mortgage tax credit payable to Sponsor, pursuant to Section 339-ee of the New York State Condominium Act; **HOWEVER, ANY SUCH BENEFIT, EVEN IF AVAILABLE, SHALL NOT SERVE TO REDUCE THE AGGREGATE AMOUNT OF CLOSING COSTS PAYABLE BY A PURCHASER;**

(6) (PURCHASERS SHOULD NOTE THAT TRANSFER TAXES ARE GENERALLY A SELLER'S OBLIGATION; HOWEVER, SUCH OBLIGATION IS BEING TRANSFERRED FROM SPONSOR TO THE PURCHASERS OF UNITS IN THIS CONDOMINIUM BY VIRTUE OF THIS PLAN.)

Each Purchaser will be required to pay: (i) the New York City Real Property Transfer Tax (the rates of which for residential property such as the Units are, at present, 1% of the purchase price if the purchase price is \$500,000 or less, and 1.425% of the total purchase price if the purchase price is more than \$500,000, and the rates of which for non-residential property (such as some bulk purchases of residential properties such as the Units under certain circumstances) are, at present, 1.425% of the purchase price if the purchase price is \$500,000 or less, and 2.625% of the total purchase price if the purchase price is more than \$500,000), and (ii) the New York State Real Estate Transfer Tax (the rate of which for residential properties such as the Units is, at present, 0.4% of the purchase price if the purchase price is \$3 million or less, and 0.65% of the purchase price if the purchase price is more than \$3 million, and for some bulk purchases of residential properties such as the Units under certain circumstances the rate is, at present, 0.4% of the purchase price if the purchase price is \$2 million or less, and 0.65% of the purchase price if the purchase price is more than \$2 million); it should be noted that, since, pursuant to the Purchase Agreement, each Purchaser will be obligated to pay these transfer taxes, the amounts thereof will be "grossed up"--added to the Purchase Price before the appropriate tax rates are applied, in calculating the actual transfer taxes (and New York State "Mansion Tax," to the extent applicable) that will be due;

(7) If the purchase price of a Unit is \$1 million or more, the Purchaser will also be obligated to pay an additional New York State "Mansion Tax" in an amount equal to: 1% of the aggregate purchase price (including for purposes of such calculation the amount of City and State transfer taxes paid by the Purchaser, as set forth above) if the purchase price is less than \$2 million; 1.25% of the aggregate purchase price if the purchase price is at least \$2 million but less than \$3 million; 1.50% of the aggregate purchase price if the purchase price is at least \$3 million but less than \$5 million; 2.25% of the aggregate purchase price if the purchase price is at least \$5 million but less than \$10 million; 3.25% of the aggregate purchase price if the purchase price is at least \$10 million but less than \$15 million; 3.50% of the aggregate purchase price if the purchase price is at least \$15 million but less than \$20 million; 3.75% of the aggregate purchase price if the purchase price is at least \$20 million but less than \$25 million; and 3.90% of the aggregate purchase price if the purchase price is at least \$25 million;

(8) If the Purchaser obtains a mortgage loan, then the Purchaser will be responsible for paying all closing costs and expenses in connection therewith in amounts determined by the lender. Generally, such costs include but are not necessarily limited to: New York State and City mortgage recording tax (subject to the availability of a mortgage tax credit, as discussed further below); a fee charged by the lender's attorney; an appraisal fee; an inspection fee; a fee for recording the mortgage; and an origination fee, or "points." Sponsor makes no representation or warranty as to such closing costs and expenses or as

to the availability of such financing;

(9) If the Purchaser has dealt with any broker in connection with the purchase of his Unit other than the Selling Agent (if any) or other broker engaged in writing by Sponsor (if any), then the Purchaser will be required to pay the commission of such broker unless Sponsor expressly agrees otherwise in writing;

(10) Each Purchaser shall pay a closing fee of \$3,000.00 per Unit to Sponsor's counsel, Belkin Burden Goldman, LLP; if, however, the Purchaser does not close on the date designated for the transfer of title to his/her Unit and such closing must be adjourned to a subsequent date, the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00, as well as an additional fee in the amount of \$500.00 for each default letter that Sponsor's counsel shall serve; further, if the Purchaser assigns the Purchase Agreement (which assignment cannot be made without Sponsor's consent), then the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00; if the closing takes place out of the office of Sponsor's attorney at the request of Purchaser, then an additional closing fee of \$500.00 payable to Sponsor's counsel, will be paid by the Purchaser; if the Purchaser participates in a tax deferred exchange pursuant to Internal Revenue Code 1031 (which participation cannot occur without Sponsor's consent), then the Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00; and finally, if Purchaser obtains mortgage financing, then Purchaser shall pay to Sponsor's counsel an additional closing fee of \$500.00;

(11) At the closing, each Purchaser shall pay to the Condominium a working capital contribution, in an amount equal to two months' common charges for the Unit(s) being purchased.

In order to illustrate the closing costs that a Purchaser of a typical Unit can anticipate paying, assume that, with regard to Unit D, a purchase price of \$1,925,000.00 and a simultaneous mortgage of \$1,305,150.00:

Fee title insurance premium	\$ 7,000.00
Mortgage title insurance premium	\$ 1,285.00
Mortgage recording tax	\$28,355.93
New York City Real Property Transfer tax	\$27,931.87
New York State Real Estate Transfer tax	\$ 7,840.53
New York State "Mansion Tax"	\$19,601.31
Estimated fees and recording charges	\$ 1,170.00
Estimated lender costs	\$ 2,000.00
Sponsor legal fee	\$ 3,500.00
<u>Working capital fund contribution</u>	<u>\$ 920.84</u>
TOTAL	\$89,946.55

Mortgage Recording Tax Credit

Any mortgage recording tax credit that may be available pursuant to Section 339-ee(2) of the Condominium Act will inure to the benefit of Sponsor. Accordingly, if such mortgage tax credit shall be available, at the closing a Purchaser who elects mortgage financing and whose financing shall be subject to such mortgage tax credit will pay the full amount (but not in excess thereof) of the mortgage recording tax otherwise due on the entire amount being financed, but a portion of such amount will be paid to Sponsor as reimbursement to the extent of any mortgage tax credit allowed.

Note should be taken that the recording charges, fees and taxes above are based on rates in effect at the date of presentation of the Plan and are subject to change without notice. Premiums for title insurance will vary depending upon the Purchase Price and the amount of any mortgage loan. No representations are made as to the amounts of any charges, fees and taxes at the time of closing or as to the availability, cost or terms of financing.

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Rights and Obligations with respect to the Sale and Rental of Units

Sponsor intends, and represents that it will endeavor in good faith, to sell all of the Units at the Property in a reasonably timely manner rather than rent them. However, Sponsor reserves the right, to be exercised in its unconditional discretion, to rent rather than sell Units. However, Sponsor shall not rent any Units until after the First Unit Closing (except that Sponsor may rent Units before then to Purchasers under contract, pursuant to an interim lease, the form of which is attached in part II of this Plan). If Sponsor makes a bulk sale of all or some of the Units, the transferee shall be bound by Sponsor's representations regarding its commitment to sell Units.

Sponsor is retaining the unconditional right to rent rather than sell units after consummation of this Offering Plan. There are no objective conditions under which Sponsor reserves the right to rent rather than sell Units, and no objective conditions under which Sponsor shall thereafter resume sales. Sponsor reserves the right to sell Units to investors who intend to rent and not to occupy their Units personally.

In addition, following the First Unit Closing, Sponsor and any Sponsor Successor may, from time to time, freely rent any Unsold Units in accordance with Applicable Law, without charge or limitation whatsoever and without the consent of the Condominium Board or any other Unit Owner.

The Property is currently encumbered by a mortgage in favor of Colorado Federal Savings Bank in the aggregate principal amount of \$3,700,000 (the "Mortgage"). The Mortgage does not obligate Sponsor to market Units for sale or place any limit on Sponsor's right to rent rather than sell Units, with or without the consent of the mortgagee. In the event that Sponsor obtains a new mortgage or other financing, and any such new debt instruments impose requirements regarding sales by Sponsor, this Plan will be amended to disclose the relevant terms of any such new debt.

Sponsor does not currently contemplate limiting its right to rent rather than sell based on objective, articulable criteria such as a significant decline in market prices of a specific percentage. Depending on market conditions, it is conceivable that the Sponsor may find it more desirable to continue to rent one or more Units rather than to sell them. As a result, there is no commitment by Sponsor to, and it is conceivable (although unlikely) that Sponsor will not, sell more than the minimum 15% of the Units necessary to declare the Plan effective, and that owner occupants may never gain effective control and management of the Condominium.

As a result of the foregoing, some (and possibly many) of the Units may be occupied by renters and not Unit Owners. The occupancy of Units by renters instead of Unit Owners may limit or impair a Purchaser's ability to obtain financing or refinancing, depending on the number of owner-occupied Units and the requirements of lenders at the time. A Purchaser's ability to resell his Unit may similarly be limited or impaired if at such time many lenders have a higher minimum requirement of owner-occupied Units than may then exist in the Building.

Sponsor's Obligations with respect to Creation of the Condominium

Sponsor will bear all costs and expenses to be incurred in connection with obtaining and maintaining in effect a final (or permanent) certificate of occupancy for the Building.

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

If there are violations of record that affect the health, welfare or safety of residents of the Property (except violations that result from the acts or omissions of tenants in their individual Units) or title defects (other than mortgages and Permitted Encumbrances) affecting the Property at the time of the First Unit Closing, except as otherwise provided in the Plan, Sponsor will cause the violations or defects to be cured, at its sole cost and expense. Sponsor shall not be obligated to cause to be cured any violation that does not affect the health, welfare or safety of residents of the Property, except as otherwise set forth in the Plan.

Before the First Unit Closing, the Plan may not be abandoned except in the event of: (i) a defect in title which cannot be cured without litigation or cannot be cured for less than an amount equal to one-half of one percent of the aggregate offering prices for all of the Units (which amount is currently \$46,050.00, but which amount is subject to change based on increases or decreases in the offering prices of the Units); (ii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than an amount equal to one-half of one percent of the aggregate offering prices for all of the Units (which amount is currently \$46,050.00, but which amount is subject to change based on increases or decreases in the offering prices of the Units); or (iii) the taking of any material portion of the property by condemnation or eminent domain.

The aforementioned \$46,050.00 relied upon as a basis for abandonment after this Plan is declared effective does not include any attorneys' fees or any title defect, violation or determination of any authority or regulatory association that exists on the date of presentation of this Plan and either is known to Sponsor or is a matter of public record. Sponsor shall remain obligated to cure defects in title (including, without limitation, liens and violations of record) that are to be cured by, or that result from the acts and omissions of, any tenants of the Building.

As set forth in the Section of the Plan entitled **"Effective Date of this Plan and the Date of Closing Title to Units,"** if the cost to cure such defects (excluding violations of record as of the Presentation Date that Sponsor is obligated to cure) exceeds \$46,050.00, Sponsor shall have the right to abandon the Plan rather than cure such defects. In order to effect any such abandonment of this Plan, Sponsor shall file an amendment to this Plan disclosing such abandonment, together with a Form RS-3; once any such abandonment amendment is accepted for filing, Sponsor shall return all Down Payments to Purchasers within five days after acceptance of such amendment by the Department of Law. Notwithstanding the foregoing, the existence of any violations or defects will not constitute an objection to title or excuse any Purchaser from completing payment of the

balance due under his Purchase Agreement (without provision for escrow), provided that Sponsor either furnishes adequate proof that such violation or defect has been cured or remedied or deposits with the Condominium Board a reasonable sum to secure Sponsor's obligation to cure and remedy such violation or defect subsequent to the First Unit Closing. At Sponsor's request, the Condominium Board will apply the sums so deposited towards payment of the cost of curing or remedying violations or title defects, except the Condominium Board may retain a sufficient portion of such security deposit to pay for the reasonable costs of curing or remedying the remaining violations or defects.

Sponsor shall procure fire and casualty insurance coverage, on behalf of the Condominium, at the Condominium's expense, to be effective at the First Unit Closing, in the amount set forth in the Footnotes to Schedule B. Sponsor believes that the fire and casualty insurance coverage set forth in such Schedule B are sufficient to adequately insure the Property and the Condominium, and are sufficient to avoid co-insurance.

At or prior to the closing of a Unit, Sponsor shall assign any available manufacturer's warranties with respect to equipment and appliances installed in the Unit to the Unit Owner. Immediately following the First Unit Closing, Sponsor will assign to the Condominium Board, and the Condominium Board will, on behalf of all Unit Owners, assume, any assignable service and maintenance contracts and agreements relating to the Property. The Condominium will indemnify Sponsor against all claims and liability thereunder that relate to matters and events occurring on or after the day upon which the First Unit Closing occurs.

Unsold Units

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

General Obligations

Sponsor shall defend, and shall indemnify the Condominium Board and the Unit Owners with regard to, any suit or proceeding arising out of Sponsor's acts or omissions.

Sponsor shall complete all portions of the Condominium in accordance with the building plans and specifications identified in the Plan, if any, subject to Sponsor's right (as stated elsewhere in the Plan) to substitute equipment or materials and make modifications of layout or design, provided, however, that Sponsor may not: (i) substitute equipment or materials of lesser quality or design, or (ii) change the size or location of Units or other improvements or the Common Elements if such change shall affect the percentage of Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed

and is in effect unless all affected Unit Owners and contract vendees consent in writing to such change.

Sponsor shall pay for all authorized and proper work involved in the construction, establishment and sale of Units in the Condominium which Sponsor is obligated to complete under the Plan, and will cause all mechanics liens with respect to such construction to be promptly discharged or bonded.

Sponsor shall deliver to the Condominium Board a set of "as built" plans with regard to the Property, to the extent that such plans are in the Sponsor's possession.

In the event that Sponsor shall require access to any Unit, or other portion of the Property, in order to complete construction of the Condominium, Sponsor shall repair all damages caused as a result of any such access. In connection with any such access, Sponsor shall use its best efforts to minimize interference with Unit Owners' use of their Units or the Property.

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

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

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

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

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

Sponsor represents that it has the financial resources to meet its obligations with regard to the Unsold Units. Sponsor intends to meet its financial obligations to the Condominium under the Plan through profits generated from sales of, and income generated from the rental of, Unsold Units. Sponsor has not furnished any bond or other security for the performance of its obligations under the Plan.

Because Sponsor cannot limit its liability under the Martin Act, unreasonably short notice provisions should be avoided. The following notice provisions are acceptable, and are hereby adopted by Sponsor and incorporated into this Plan: (a) for patent defects within a Unit, or patent defects in the Common Elements affecting a Unit, six months from the date of Closing; (b) for latent defects within a Unit, or latent defects in the Common Elements affecting a Unit, one year from date of Closing; (c) for General Common Element defects, one year from the latest of: (i) the First Unit Closing; (ii) the issuance of a certificate of occupancy for the portion of the Building that includes such General Common Element; or (iii) completion of that portion of the Common Elements which is claimed to be defective.

Construction shall be in accordance with the applicable building codes, the filed plans and specifications and the terms of this Plan.

The Property has been gut renovated.

Notwithstanding anything to the contrary, the New York State Housing Merchant Implied Warranty Law (Article 36-B of the General Business Law) (the “Warranty Law”) DOES apply to this offering, since the renovation of the Property will have created a multi-unit residential structure of five stories or less. A copy of such statute is set forth in Part II of this Plan, and prospective Purchasers are urged to familiarize themselves with its provisions. Other than such statute, Sponsor will have no obligations to make repairs or improvements, except as expressly set forth in this Plan. Except as expressly set forth in the section of the Plan entitled “**Closing of Title to Units and Terms of Sale**,” Sponsor may not—and does not seek to—disclaim responsibility under the Warranty Law.

However, notwithstanding anything to the contrary, Sponsor is obligated to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, and any conflict between any disclaimers and Sponsor’s obligation to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, shall be resolved in favor of the latter.

Sponsor will do all things necessary to: obtain a temporary certificate of occupancy for each Unit before the Closing for such Unit shall occur; maintain such temporary certificate in effect, and cause it to be renewed timely and continually until a final (or permanent) certificate of occupancy shall have been issued for the Building; and cause a final (or permanent) certificate of occupancy to be issued for the Building. Sponsor reserves the right to close title to Units with only a temporary certificate of occupancy. Notwithstanding the foregoing, Sponsor and its principals shall obtain a final (or permanent) certificate of occupancy for the Building within two (2) years after the First Unit Closing.

Purchasers are advised that in New York City, newly constructed and newly renovated buildings are sometimes offered as condominium projects without a final certificate of occupancy ("FCO") covering the entire building but with only a temporary certificate of occupancy ("TCO"), and sometimes with several successive temporary certificates of occupancy. Certificates of occupancy are generally governed by Section 301 of the New York Multiple Dwelling Law and local building codes and rules. Both TCOs and FCOs are issued by the New York City Department of Buildings ("DOB"). A TCO is intended to indicate that the property conforms substantially to the DOB approved plans and specifications, and to the requirements of all applicable laws, rules, and regulations for the uses and occupancies specified in the TCO. No change of use or occupancy shall be made unless a new certificate of occupancy is issued. All TCOs have an expiration date. A TCO typically expires 90 days after the date of issuance. When a TCO expires and is not renewed, it may be difficult or impossible to buy insurance, refinance, or sell units. In New York City, it is common for sponsors to commence unit closings when some or all units are covered by a TCO rather than a FCO. Sponsor anticipates this scenario may occur. Sponsor and its principals will undertake the responsibility for extending each TCO received prior to expiration thereof, and ultimately for obtaining a FCO covering the entire building. However, Sponsor and its principals make no representation or guarantee that DOB will issue the FCO within two years, which is the timeframe anticipated by the Multiple Dwelling Law for issuance of a FCO. NOTWITHSTANDING THE FOREGOING, SPONSOR AND ITS PRINCIPALS ARE OBLIGATED TO PROCURE THE FINAL CERTIFICATE OF OCCUPANCY FOR THE ENTIRE BUILDING, AND SHALL EXERCISE BEST EFFORTS TO OBTAIN THE FCO WITHIN SUCH TWO YEAR PERIOD WHILE KEEPING THE TCO CURRENT. Unit Owners and the Board of Managers shall be obligated to cooperate with and refrain from obstructing Sponsor in these undertakings.

Purchasers are advised to visit the DOB website for further recommendations when purchasing a Unit in a Building for which the FCO has not been issued. A factsheet on certificates of occupancy is available on the DOB website, at:

<https://www1.nyc.gov/site/buildings/homeowner/certificate-of-occupancy.page>.

If the First Unit Closing takes place prior to the issuance of the FCO for the Building: (i) Sponsor is required to maintain all deposits and funds in any special escrow account required by General Business Law Section 352-e(2-b) unless the Sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain the FCO, in which case the sum exceeding the amount so certified by the Sponsor's engineer, architect or other qualified expert may be released from any special escrow

account. Alternatively, Sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Department of Law.

CONTROL BY SPONSOR

Sponsor or any Sponsor Successor will have the right to vote all of the Common Interest attributable to unsold Units owned by it. Sponsor will control the three-person Condominium Board until the expiration of the Initial Control Period (i.e., the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (50%) of the aggregate Common Interests appertaining to all Units, or (ii) the fifth anniversary of the First Unit Closing).

At all elections held after the expiration of the Initial Control Period, not more than one member of the Condominium Board attributable to the Units may be elected or designated by Sponsor or any Sponsor Successor. However, following the Initial Control Period: (i) Sponsor shall have the right, in addition to electing or designating such members of the Condominium Board as it shall be entitled to do, to vote its Common Interest with regard to the election of persons for the remaining seats on the Condominium Board which seats are not to be designated or elected by Sponsor or Sponsor Successor, and (ii) as long as Sponsor or any Sponsor Successor owns at least one Unit, Sponsor or such Sponsor Successor will have the right to elect or designate one member of the Condominium Board for each Unit owned by Sponsor or any Sponsor Successor, provided, however, that not more than two members of the Condominium Board may be elected or designated by Sponsor or any Sponsor Successor.

That means that, to the extent that the Sponsor shall have the right to appoint, designate or elect at least two members of the Condominium Board by virtue of the Sponsor's ownership of unsold Units, the Sponsor will be able to exercise majority voting control of the Condominium Board, until the expiration of the Initial Control Period as set forth more fully above.

Sponsor shall automatically relinquish voting control of the Condominium Board at the election of Managers to be held at the first meeting of Unit Owners to occur following the expiration of the Initial Control Period (i.e., the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (50%) of the aggregate Common Interests appertaining to all Units, or (ii) the fifth anniversary of the First Unit Closing). Such first meeting of Unit Owners, to elect members of the Condominium Board not affiliated with Sponsor, shall occur within ninety (90) days after the expiration of the Initial Control Period.

The number of members of the Condominium Board may not be increased without the consent of Sponsor or any Sponsor Successor for so long as Sponsor or any Sponsor Successor owns any unsold Units.

Until Sponsor or any Sponsor Successor no longer elects a majority of the members of the Condominium Board, Sponsor or any Sponsor Successor will, through its control of the Condominium Board, have control of the maintenance and operation of, and the services to be provided by, the Condominium and will indirectly determine the Common Charges to be paid by all Unit Owners.

As long as Sponsor or any Sponsor Successor continues to own at least one Unit, during the five (5) years following the First Unit Closing, the Condominium Board will not be permitted, without the prior written consent of Sponsor or any Sponsor Successor, to:

- (1) Make any addition, alteration or improvement to the Common Elements or to any Unit, unless required by Applicable Law;
- (2) Increase the number or change the type of employees from that described in the First Year Budget;
- (3) Enter into any service or maintenance contracts for Work not covered in the First Year Budget;
- (4) Borrow money on behalf of the Condominium; or
- (5) Exercise a right of first refusal to lease or purchase a Unit.

Sponsor may exercise veto power over the foregoing expenses for a period ending not more than five years after the closing of the first Unit or whenever the Unsold Units constitute less than 25 percent of the Common Interest, whichever is sooner. Notwithstanding the foregoing, neither Sponsor nor any Sponsor Successor may exercise a veto over expenditures that are set forth in the First Year Budget, required to comply with applicable laws or regulations, to remedy any notice of violation, or to remedy any work order by an insurer.

Any provisions that give Sponsor control of the enforcement of Sponsor's obligations are not lawful. In addition, if there are non-Sponsor members of the Condominium Board, and there is a vote on whether to sue Sponsor, Sponsor's Condominium Board representatives cannot lawfully vote on that issue. See Park River Owners Corp. v. Bangser Klein Rocca & Blum, 269 A.D.2d 313, 703 N.Y.S.2d 465 (1st Dept. 2000); McKinney's Consolidated Laws of the State of New York, General Business Law, Volume 19, pocket part, page 193; and BCL § 713(a)(1). See also Board of Managers of Fairways at North Hills v. Fairways at North Hills, 193 A.D.2d 322, 603 N.Y.S.2d 867 (2d Dept. 1993), discussed in McKinney's Consolidated Laws of the State of New York, General Business Law, Volume 19, page 160.

The By-Laws of the Condominium do not include a provision that, after the Initial Control Period, a majority of the Condominium's Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals. Owner-occupants and non-resident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed, due to their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment).

See generally the Section of the Plan entitled **"Rights and Obligations of Condominium Board/Summary of By-Laws."**

**RIGHTS AND OBLIGATIONS OF CONDOMINIUM BOARD &
SUMMARY OF BY-LAWS**

The Condominium Board

The affairs of the Condominium will be governed by the Condominium Board, which will consist initially of Seth Weissman, John-Scott Johnson and Lloyd Reisman. Mr. Weissman is the sole principal of the Sponsor; Mr. Johnson is vice president of Urban Standard Capital, an affiliate of the Sponsor; and Mr. Reisman is a partner with Sponsor's Counsel. At the first meeting of the Unit Owners, which will be held not later than ninety (90) days after the earlier of: (i) the closing of title to Units whose aggregate Common Interests exceed fifty percent (50%), or (ii) the fifth anniversary of the First Unit Closing, the three-member Condominium Board will resign in favor of a new four-member Condominium Board, to be elected by Unit Owners at such meeting (with each Unit having the right to one seat on the Board). However, until the expiration of the Initial Control Period, Sponsor shall designate at least two members of the three-member Board of Managers. At all elections held after the expiration of the Initial Control Period, not more than two members of the Condominium Board may be elected or designated by Sponsor or any Sponsor Successor. Elections to the Condominium Board will be held at the regular annual meetings of Unit Owners in or before June of each succeeding year. Each of the members of the Condominium Board will serve until the next regular annual meeting of Unit Owners and until his successor is elected and qualified.

Except for members designated or elected by Sponsor or a Sponsor Successor, all members of the Condominium Board must be either: (i) individual Unit Owners, or spouses or domestic partners thereof; (ii) beneficiaries or grantors of trusts that are Unit Owners; (iii) individual Permitted Mortgagees; or (iv) officers, directors, shareholders, partners, members, principals, employees or beneficiaries of corporations, partnerships, limited liability companies, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees. Other than members designated as such by Sponsor or a Sponsor Successor, no member will continue to serve on the Condominium Board after he ceases to be a Unit Owner or an interested party in a Unit Owner, as specified in the preceding sentences.

Members of the Condominium Board are subject to removal, with or without cause, by vote of Unit Owners owning a majority of the aggregate Common Interest of the Condominium attending a duly called meeting at which a quorum is present, except that members designated, elected or appointed by Sponsor or any Sponsor Successor, may be removed by the Condominium Board for cause only, or by Sponsor or such Sponsor Successor, without cause. Sponsor or any Sponsor Successor will have the right to designate a replacement for any member that had been designated, elected or appointed by Sponsor or any Sponsor Successor who has been removed from the Condominium Board.

All members of the Condominium Board will serve without compensation.

The By-Laws of the Condominium do not include a provision that, after the Initial Control Period, a majority of the Condominium's Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to Sponsor and its principals.

Owner-occupants and non-resident owners (including Sponsor) may have inherent conflicts on how the Condominium should be managed, due to their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment).

The By-Laws may be amended only by the vote of not less than SEVENTY PERCENT (70%) in number and in aggregate Common Interest of all Unit Owners cast in person or by valid proxy at a meeting of Unit Owners or, in lieu of such meeting, in a writing signed by not less than SEVENTY PERCENT (70%) in number and in aggregate Common Interest of all Unit Owners.

Powers and Duties of the Condominium Board

The Condominium Board will have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws), including, without limitation, the operation, care, upkeep and maintenance of the Common Elements, determination and collection of the Common Charges and Special Assessments, employment and dismissal of the personnel necessary for the maintenance and operation of the Condominium, adoption and amendment of the Rules and Regulations, maintaining bank accounts on behalf of the Condominium, purchasing, leasing or otherwise acquiring Units in the name of the Condominium Board or its designees, selling, leasing, mortgaging or otherwise dealing with (but not voting the Common Interests appurtenant to) Units acquired or leased by the Condominium Board, making repairs, additions and improvements to, or alterations of, the Property and the Common Elements, and generally managing and supervising the Condominium pursuant to the Declaration and the By-Laws. See the By-Laws in Part II for further details.

As more fully set forth in the By-Laws, all determinations required to be made by the Condominium Board will be by majority of the votes cast at any duly called meeting at which a quorum is present, subject to certain approval and veto rights of Sponsor and any Sponsor Successor as set forth in the Section of the Plan entitled **“Control by Sponsor.”**

Officers of the Condominium

The officers of the Condominium will consist of the President, the Vice President, the Secretary and the Treasurer, all of whom will be elected annually by a majority vote of the Condominium Board. The Condominium Board may also appoint additional officers. All officers will serve without compensation. None of the officers need be Unit Owners until the four-member Condominium Board is elected at the first meeting of the Unit Owners. Thereafter, both the President and the Vice President must be members of the Condominium Board and Unit Owners (or officers, directors, shareholders, partners, members, employees or beneficiaries, or their Family Members, of corporations, partnerships, limited liability companies, fiduciaries or Mortgagees that are Unit Owners). Any officer may be removed, without cause, by vote of a majority of the Condominium Board at a meeting duly called for such purpose.

Meetings and Votes of the Unit Owners

Except for the first meeting, the Unit Owners will hold annual meetings in or before June of each year. At each annual meeting, the Unit Owners will elect successors to the members of the Condominium Board. In addition, special meetings of Unit Owners may be held from time to time, pursuant to the By-Laws, whenever necessary for the affairs of the Condominium.

Each Unit Owner, including Sponsor and any Sponsor Successors, will be entitled to cast one vote at all meetings of the Unit Owners for each 0.0001% of Common Interest attributable to his Unit. The presence, in person or by proxy, of Unit Owners having a majority of the votes of all Unit Owners will constitute a quorum at all meetings of the Unit Owners, and, unless otherwise provided, the decision of the Unit Owners casting a majority of the votes of the Unit Owners at a meeting at which a quorum is present will be binding upon all Unit Owners. However, elections of members of the Condominium Board will be determined by plurality vote.

Repairs, Alterations and Improvements to Common Elements

All painting, decorating, maintenance, repairs, and replacements to the Common Elements (other than to any Limited Common Elements, if any), whether located inside or outside of Units, will be done by the Condominium Board, which need not obtain the approval of Unit Owners or of any mortgagees of Units (regardless of the cost thereof), and the cost shall be a Common Expense, unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such Unit Owner will bear the entire cost thereof.

The cost of snow removal from sidewalks will be a Common Expense. All maintenance and repairs to the Common Elements will be performed by employees of the Condominium or by independent contractors.

Whenever, in the judgment of the Condominium Board, the Common Elements (other than any Limited Common Elements, if any) shall require any addition, alteration or improvement (in contrast to painting, decorating, maintenance, repairs, or replacements) costing more than fifty thousand dollars (\$50,000) in the aggregate in any calendar year, such addition, alteration or improvement will not be made unless approved by a Majority of Unit Owners (including Sponsor or any Sponsor Successor, if either then owns any Unit) at a duly constituted Unit Owners' meeting and by the Mortgage Representatives, if any. If approved, the Condominium Board may, in its discretion, assess each Unit Owner its pro-rata share of the cost of any such addition, alteration or improvement, according to its Common Interest, as part of, or as a Special Assessment in addition to, the Common Charges. Any addition, alteration or improvement costing fifty thousand dollars (\$50,000) or less, in the aggregate, in any calendar year may be made by the Condominium Board without the approval of the Unit Owners or the Mortgage Representatives, if any, and the cost thereof will constitute a Common Expense. Notwithstanding the foregoing, no addition, alteration or improvement will be made to the Common Elements, regardless of the cost thereof, unless the written consent of Sponsor and any Sponsor Successor (so long as Sponsor or any Sponsor Successor or both shall collectively own at least twenty-five percent (25%) of the Units during the five (5) years following the First Unit Closing) is first obtained, unless required by Applicable Law.

Insurance

The Condominium Board will maintain fire insurance policies with all-risk extended coverage, insuring the Property (including the Property's Systems and all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings or other personal property supplied or installed by the Unit Owners or tenants of Unit Owners) and covering the interests of the Condominium, the Condominium Board, all the Unit Owners (including Sponsor and any Sponsor Successor) and Permitted Mortgagees, as their respective interests may appear, in an amount equal to at least eighty percent (80%) of the full replacement cost of the Building (exclusive of foundation and footings), without deduction for depreciation. Each of such policies will contain a New York standard mortgagee clause in favor of each Permitted Mortgagee, which will provide that the loss proceeds thereunder, if any, will be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and any Insurance Trustee as set forth below.

All such policies will contain waivers of subrogation and of any defense based on coinsurance or on invalidity arising from any acts of the insured and of pro-rata reduction of liability, and will provide that such policies may not be canceled or substantially modified without at least ten (10) days' written notice to all the insureds, including Permitted Mortgagees. Each Unit Owner shall be deemed an additional insured under each such policy.

The Condominium Board will also maintain, to the extent applicable and practicable: (a) comprehensive general liability insurance as to personal injury and property damage in such limits and amounts as the Condominium Board may from time to time determine, covering each member of the Condominium Board, the Managing Agent (if any) and each Unit Owner; (b) rent insurance in an amount equal to the Common Charges for one year; (c) worker's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) water damage legal liability insurance; (f) umbrella liability insurance; (g) officers' and directors' liability insurance; and (h) such other insurance as the Condominium Board may from time to time determine to be appropriate. Such public liability policies will also cover cross-liability claims of one insured against another. However, such insurance will not cover the individual liability of a Unit Owner arising from any occurrence within his own Unit or any Limited Common Elements appurtenant thereto. See Schedule B and the footnotes thereto for a fuller discussion of the types and extent of the insurance coverages that the Condominium is projected to have. In addition, the Board of Managers shall be free to obtain such further and additional insurance coverage as the Board members shall determine is appropriate, including but not limited to types of coverage such as terrorism insurance, as well as coverages of the types stated in Schedule B and its footnotes but in higher benefit amounts than those stated in Schedule B and its footnotes.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board may determine. The cost of all insurance will be paid by the Condominium Board and will be borne by all Unit Owners as part of the Common Charges.

The net insurance proceeds payable under insurance policies maintained by the Condominium Board by reason of damage to or destruction of any part of the Building by fire or other casualty will be payable either to the Condominium Board, if one hundred thousand dollars (\$100,000) or less in the aggregate, or to the Insurance Trustee, if in excess of one hundred thousand dollars (\$100,000) in the aggregate.

Such proceeds will be applied for the purpose of repairing, restoring or rebuilding the Property, unless otherwise determined by Unit Owners. In no event will such proceeds be paid to the holder of any mortgage placed by a Unit Owner on his Unit unless, in accordance with the provisions of the By-Laws, there is a determination not to rebuild the Property. The Insurance Trustee will be a bank or trust company, having any office in the City and State of New York, designated by the Condominium Board in accordance with the By-Laws.

Until the first meeting of the Condominium Board elected by the Unit Owners, the insurance coverage will be in the amounts and with the deductibles set forth in Schedule B. The Condominium Board will review the insurance coverage on the Building annually. See Schedule B and its Footnotes for full details of the projected insurance coverage to be maintained by the Condominium Board during the first year of condominium operation.

Unit Owners are not prohibited from carrying other insurance for their own benefit, provided that such policies contain waivers of subrogation and that the liability of the carriers issuing insurance procured by the Condominium Board will not be affected or diminished by reason of any Unit Owner's other insurance. Unit Owners are encouraged to obtain and maintain, at their own individual expense: (a) separate insurance on the contents (i.e., furniture and other personal property and belongings) in Units, in such amounts as will be adequate to insure against loss by reason of fire or other casualty, and (b) liability insurance against claims for personal injury or property damage resulting from occurrences in Units or any appurtenant Limited Common Elements.

Repair or Restoration after Fire or Other Casualty

Except as set forth in the next paragraph, if the Property or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will arrange for the prompt repair and restoration thereof (including any damaged Units but excluding appliances, fixtures, furniture, furnishings or other personal property not constituting a part of such Unit).

If the insurance proceeds are insufficient to cover the cost of repairs and restorations, the Condominium Board may assess all Unit Owners for any deficit as a Common Expense. Any surplus insurance proceeds will be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment will be made to a Unit Owner until there has first been paid, out of his share of the funds, the amount necessary to reduce unpaid liens on his Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

If seventy-five percent (75%) or more of the Property is destroyed or substantially damaged and if seventy-five percent (75%) or more of all Unit Owners, both in number and in

Common Interests, do not promptly resolve to proceed with the repair or restoration thereof, the Property will not be repaired and will be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of the resulting sale, together with the net proceeds of insurance policies, will be divided among all Unit Owners in proportion to their respective Common Interests. No payment, however, will be made to a Unit Owner until there has first been paid, out of his share of such funds, such amounts as may be necessary to discharge all unpaid liens on his Unit (other than mortgages that are not Permitted Mortgages) in the order of the priority of such liens. If Sponsor or any Sponsor Successor is then a Unit Owner, it will have the right to vote at any meeting of Unit Owners called for the purpose of deciding whether or not to proceed with the restoration or repair of the Property.

Units Acquired by the Condominium Board

All Units acquired or leased by the Condominium Board or its designee will be held by the Condominium Board or its designee on behalf of all Unit Owners. Any rent, purchase price, closing costs and closing adjustments payable in connection therewith will be assessed against all Unit Owners as a Common Expense. No Units acquired by the Condominium Board or its designee will carry voting rights.

Liability of the Condominium Board and the Unit Owners

The members of the Condominium Board shall act in accordance with their fiduciary obligations to all Unit Owners. The members of the Condominium Board will have no liability to Unit Owners for errors of judgment, negligence or otherwise, except that individual members will be liable for their own bad faith, willful misconduct or gross negligence. The Condominium Board may contract or effect other transactions with any member thereof, with any Unit Owner, with Sponsor, any Sponsor Successor or with any Affiliate of any of them at competitive rates without incurring any liability for self-dealing.

Every contract made by the Condominium Board, by an officer of the Condominium, or by the Managing Agent will contain a statement (if obtainable) that: (a) the contract is made only as agent for all Unit Owners, and the members of the Condominium Board or such officers, or Managing Agent will have no personal liability thereon (except in their capacities as Unit Owners), and (b) the liability of any Unit Owner with respect to such contract will be limited to: (i) such proportionate share of the total liability thereunder as the Common Interest of the Unit Owner bears to the aggregate Common Interests of all Unit Owners, and (ii) the Unit Owner's ownership interest in his Unit and its appurtenant Common Interest, unless otherwise provided by Applicable Law.

All Unit Owners will severally indemnify each member of the Condominium Board against any liability or claim, contractual or otherwise, except those arising out of the bad faith or willful misconduct of such member or that are contrary to Applicable Law or the terms of the Declaration or the By-Laws. However, the liability of any Unit Owner on account of such indemnification will be limited to such proportionate share thereof as the Common Interest of the Unit Owner bears to the aggregate Common Interests of all Unit Owners and the Unit Owner's

ownership interest in his Unit and its appurtenant Common Interest, unless otherwise provided by Applicable Law.

General Indemnification Obligations

Subject to any specific limitation on the liability of Unit Owners set forth elsewhere in the By-Laws or in the Declaration, pursuant to the By-Laws each Unit Owner (including Sponsor and any Sponsor Successor) will indemnify and hold harmless all other Unit Owners (including Sponsor and any Sponsor Successor) and the Condominium from and against all Claims which may be imposed upon or incurred by any of the foregoing by reason of: (i) any Work performed or required to be performed by such Unit Owner on or about the Property; (ii) any negligence, wrongful acts or omissions on the part of such Unit Owner or any of his Family Members, Affiliates, tenants, agents, contractors, servants, employees, licensees, or invitees; or (iii) any failure on the part of such Unit Owner to perform or comply with any of the terms or conditions contained in the Declaration or the By-Laws on its part to be performed or complied with. Notwithstanding anything to the contrary contained herein, in no event will Sponsor be liable for the acts or omissions of any Sponsor Successor, except as specifically provided in the Plan or otherwise required by Applicable Law.

Subject to any specific limitation on the liability of the Condominium Board set forth elsewhere in the By-Laws or in the Declaration, pursuant to the By-Laws, the Condominium will indemnify and hold all Unit Owners, including Sponsor and any Sponsor Successor, harmless from and against all Claims which may be imposed upon or incurred by any of the Unit Owners and/or Sponsor and any Sponsor Successor by reason of: (i) any Work performed by the Condominium or the Condominium Board on or about the Property; or (ii) any negligence or wrongful acts or omissions on the part of the Condominium Board or any of its members, officers, agents, contractors, servants, employees, licensees, or invitees. The costs and expenses of the foregoing indemnification by the Condominium shall be a Common Expense.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sale and Lease of Units: Right of First Refusal

EACH UNIT OWNER MAY SELL OR LEASE HIS UNIT, BUT ONLY AFTER THE UNIT OWNER GIVES THE CONDOMINIUM BOARD PRIOR WRITTEN NOTICE OF HIS INTENTION TO DO SO, ACCOMPANIED BY A FULLY EXECUTED COPY OF THE CONTRACT OF SALE OR LEASE, CONTAINING ALL OF THE TERMS OFFERED IN GOOD FAITH BY THE PROSPECTIVE PURCHASER OR LESSEE. THE CONDOMINIUM BOARD, ON BEHALF OF ALL UNIT OWNERS, WILL HAVE THE EXCLUSIVE RIGHT TO ELECT, WITHIN TWENTY (20) DAYS AFTER RECEIPT OF THE NOTICE OF SALE OR LEASE (OR SUCH OTHER ADDITIONAL INFORMATION AS THE CONDOMINIUM BOARD SHALL REQUIRE) TO PURCHASE OR LEASE THE UNIT, ON THE SAME TERMS SET FORTH IN THE CONTRACT OR LEASE, AS MORE SPECIFICALLY SET FORTH IN THE BY-LAWS. If the Condominium Board does not notify the Unit Owner of its election to purchase or lease the Unit within the aforementioned time period, the Unit Owner will have thirty (30) days after the expiration of the twenty (20) day period to consummate the sale or lease in accordance with the terms stated in the contract of sale or lease appended to the notice. Should such consummation not occur within such thirty (30) day period, the Unit Owner will again be required to offer the Unit to the Condominium Board as provided above and as more specifically set forth in the By-Laws.

The Condominium Board may not exercise its right to purchase or lease any Unit without the prior approval of a Majority of Unit Owners. However, the Condominium Board has the right to release or waive any such option without prior approval of a Majority of Unit Owners. If approval is given, the Condominium Board may assess each Unit Owner (other than the selling Unit Owner), in proportion to his Common Interest, an amount necessary to effectuate the purchase or lease.

Notwithstanding the foregoing to the contrary, the Condominium Board shall not have any right of first refusal with respect to any sale, lease or conveyance of a Unit by: (1) the Unit Owner of any Unit to certain of his adult Family Members (individually or in any combination), as more particularly set forth in the By-Laws, or, in the case of a Unit Owner that is not an individual, to any Affiliate of such Unit Owner, in each case without consideration; (2) Sponsor or any Sponsor Successor, with respect to any unsold Unit owned by Sponsor or any Sponsor Successor or any of their Affiliates; (3) the Condominium Board; (4) virtue of the foreclosure of a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure; (5) any Permitted Mortgagee or his nominee, who has acquired title to any Unit at any foreclosure sale of his Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; or (6) the Unit Owner of such Unit by gift, will or intestacy; provided however, that, with regard to each of the foregoing exemptions (collectively, **"Exempt Transactions"**), each succeeding Unit Owner that is not otherwise exempt on his own merits shall be bound by, and his Unit shall be subject to, such right of first refusal.

The lease for any Unit (other than one included within the definition of an Exempt Transaction) must be in substantially the form of lease then approved by the Real Estate Board of

New York, Inc., except for such changes thereto as are approved in writing by the Condominium Board as provided in the By-Laws, and must expressly provide that such lease may not be amended, modified or extended without the prior written consent of the Condominium Board and that the tenant thereunder may not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board; and that the Condominium Board will have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the Unit Owner as landlord thereunder in the event of: (a) a default by the tenant in the performance of its obligations under such lease, or (b) a default by the Unit Owner in the performance of his obligations to the Condominium pursuant to the By-Laws, including but not limited to the payment of Common Charges or other amounts due to the Condominium, or (c) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

Each conveyance of a Unit by a Unit Owner will include, as part of the property to be conveyed, the Unit Owner's: (i) Common Interest; (ii) undivided interest in any Unit or Units acquired by the Condominium Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit); and (iii) undivided interest in any other assets of the Condominium. In addition, title to a Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (and any other Unit owned by the conveying Unit Owner), other than Permitted Mortgages, are paid and satisfied at or prior to closing. At the time of acquisition of a Unit and as a condition thereof, the new Unit Owner will be required to execute, acknowledge and deliver a Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, in the form set forth in Part II of this Plan.

Upon accepting the deed to a Unit, each Unit Owner will under the terms of the Declaration be deemed to have consented: to a building wide allocation to all Units of any and all real estate tax exemptions and/or tax abatement benefits pertaining to the Property pursuant to Applicable Law, with such allocation to be apportioned in the same ratio that the Common Interest of such Unit Owner's Unit bears to the aggregate Common Interests of all Units; to have waived and relinquished any and all rights to challenge or contest such allocation in any manner or form; and to have released and discharged all other Unit Owners, their heirs, successors and assigns, the Condominium Board, Sponsor, any Sponsor Successor and the City of New York from any and all acts, claims, damages or demands of any nature whatsoever which such Unit Owner, his heirs, successors or assigns ever had, may have, or will have against the other Unit Owners, the Condominium Board, Sponsor, any Sponsor Successor or the City of New York, with respect to the aforesaid allocation.

Notwithstanding anything to the contrary contained in this Plan, neither the Sponsor nor any Sponsor Successor, nor any purchaser of a Unit from the Sponsor or from any Sponsor Successor, shall be obligated to pay any transfer fee or service fee, whenever enacted, to the Condominium or Managing Agent with respect to the sale or leasing in whole or in part of any such Unit.

Mortgages of Units

Each Unit Owner may mortgage his Unit, provided that the Unit Owner first complies with the conditions set forth in the By-Laws. As more fully set forth therein, these

conditions include the requirements that: (a) the mortgage be substantially in the form of the New York statutory form of mortgage, except for such changes or additions as may be required to permit a lender to make the loan; (b) the Condominium Board is notified in writing of the making of such mortgage and is given a copy thereof; and (c) the Unit Owner making such mortgage is not in arrears for Common Charges or other amounts payable to the Condominium and first satisfies all other unpaid liens against his Unit other than Permitted Mortgages. Notwithstanding the above, the Sponsor or any Sponsor Successor with regard to unsold Units, will have the right to mortgage the unsold Units without any restriction or limitation, except that the Condominium Board must be notified in writing of the making of the mortgage and must be given a copy thereof.

Common Charges: Assessment, Collection and Lien for Non-Payment

The Condominium Board will prepare and distribute to all Unit Owners, at least annually, a budget setting forth its projection of the Common Expenses for the coming fiscal year of the Condominium. Such Common Expenses will include, among other things: (a) all costs and expenses in connection with the operation and maintenance of and performance of any work in and to the Common Elements; (b) water charges and sewer rents in connection with the Property (unless separately assessed to individual Units); (c) real estate taxes and assessments levied with respect to the Property (until separately assessed to individual Units); and (d) amounts for such other items as the Condominium Board may deem proper (such as amounts for working capital and general operating and replacement reserves, to make up deficits for prior years, to prepay indebtedness of the Condominium or to purchase or lease Units). Based upon this budget, the Condominium Board will promptly determine, and advise each Unit Owner of, the Common Charges payable by the Unit Owner during the ensuing fiscal year representing a portion of the projected Common Expenses of the Condominium assessed to the Unit Owner prorated according to the Common Interest of his Unit, except to the extent that any such allocation shall reflect special use pursuant to Real Property Law section 339-m.

Pursuant to the By-Laws, the Condominium Board has the right to revise its projection of the Common Expenses at any time and from time to time during any fiscal year of the Condominium. Any revision may result in an increase or decrease in the amount of Common Charges payable by Unit Owners during the fiscal year. However, no such revision will have a retroactive effect on the amount of Common Charges payable by Unit Owners prior to the date of the new determination. Notwithstanding the foregoing, the Condominium Board will not reduce the Common Charges payable during any year occurring within the Initial Control Period solely as a result of either reducing the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than Sponsor or any Sponsor Successor.

In addition, the Condominium Board will have the right, subject to certain restrictions set forth in the By-Laws, to levy Special Assessments to meet the Common Expenses. All Special Assessments will be levied against all Unit Owners in proportion to their respective Common Interests **(except to the extent reflective of special use pursuant to Real Property Law section 339-m)** and may be payable either in one lump sum or in installments, as the

Condominium Board shall determine. The Condominium Board shall have all rights and remedies, pursuant to the By-Laws and Applicable Law, with regard to the non-payment of Special Assessments as it possesses with regard to the non-payment of Common Charges.

Unless otherwise determined by the Condominium Board, Common Charges will be payable in monthly installments, in advance, on the first day of each month. No Unit Owner will be relieved from liability for the payment of his Common Charges by waiving the use of any of the Common Elements or by mere abandonment of his Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a permissible sale, transfer or other conveyance by him of his Unit.

Any Unit Owner may, by conveying his Unit, without consideration, to the Condominium Board and complying with certain conditions set forth in the By-Laws in connection therewith, exempt himself from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and Special Assessments then due and payable with respect to his Unit and the Unit's being free and clear of all liens and encumbrances other than Permitted Mortgages and any statutory lien for unpaid Common Charges.

On transfer of any Unit, the Purchaser will be required to pay unpaid Common Charges assessed against the Unit prior to his acquisition, except that a mortgagee acquiring title to a mortgaged Unit or a Purchaser at a mortgage foreclosure sale will not be liable, and the mortgaged Unit will not be subject to, a lien for the payment of any Common Charges assessed subsequent to the recording of the mortgage and prior to the acquisition of title to the Unit by the mortgagee or a Purchaser at a mortgage foreclosure sale. If the Condominium Board forecloses its statutory lien on any Unit for unpaid Common Charges and the net proceeds of the foreclosure sale are not sufficient to pay the unpaid Common Charges, or if such Unit is acquired by a mortgagee or Purchaser at a mortgage foreclosure sale, then, in either event, the defaulting Unit Owner will remain personally liable for the balance of the unpaid Common Charges. The Condominium Board will have the right to assess the unpaid balance among all those who are Unit Owners at the time that the assessment is levied.

Under the provisions of Section 339-z of the Condominium Act and under the By-Laws, the Condominium Board will have a lien, on behalf of all Unit Owners, on each Unit for unpaid Common Charges assessed against the Unit together with interest thereon. All such liens, however, will be subordinate, to the extent required by Applicable Law, to any liens for real estate taxes and assessments on the Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a notice thereof in the Register's Office and until all sums secured thereby, with accrued interest, are fully paid, or until six years from the date of filing (unless foreclosure of the lien is started within such six-year period) whichever will be sooner. Such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing the lien.

Under Section 339-kk of the Condominium Act, the Condominium will have the right to demand that, with regard to any Unit occupied by a tenant whose Unit Owner is in arrears

in the payment of Common Charges or assessments to the Condominium, such tenant pay his/her rent directly to the Condominium to be credited against the Common Charges or assessments owed by such Unit Owner to the Condominium, in addition to all other rights and remedies that the Condominium may have against the Unit Owner.

Restrictions on the Use of Units

As more fully set forth in the Declaration and in the By-Laws, each Unit may be used only as a residence (except as otherwise described herein, and subject to Applicable Law), and not more than one family may occupy an Unit at one time. Notwithstanding the foregoing, Sponsor and any Sponsor Successor (or, when Sponsor and any Sponsor Successor no longer owns any Units, the Condominium Board) may, in their sole discretion, consent to the use of any Unit as a professional or business office, or for any home occupation use or for any purpose, provided that the nature and manner of such use complies with Applicable Law. Any such consent shall be in writing and shall be personal to such Unit Owner. Any lessee of, or successor in title to, such Unit Owner shall be required to obtain the prior written consent of Sponsor, Sponsor Successor or the Condominium Board (as the case may be) before using such Unit for any purpose other than as a residence.

In addition to (and not in limitation of) the foregoing rights, Sponsor also reserves the right to offer Units for sale for professional or other non-residential uses as may be permitted by Applicable Law.

Sponsor and any Sponsor Successor may, for so long as either own any Units in the Condominium, without the consent of either the Condominium Board or any other Unit Owners, use or grant permission for the use of any unsold Unit as a professional or business office or for any other purpose, including, without limitation, use of any one or more unsold Units as model units and offices for the sales, promotions, management and operation of its Units, or lease its Units to third parties for their occupancy, provided only that the nature and manner of such use complies with Applicable Law and does not violate the then existing certificate of occupancy for the Property.

A Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary, or any other Person may be occupied only by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a partner or employee of such partnership, or by an individual member of such limited liability company or an officer, director, stockholder, partner or employee or individual member of any corporate, partnership or limited liability company member of such limited liability company, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners or employees of partnership fiduciaries and members or employees of limited liability company fiduciaries), or by the grantor or beneficiary of said fiduciary, or by a principal or employee of such other Person, respectively, or by Family Members or guests of any of the foregoing; however, nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Unit by such Family Members or guests. Notwithstanding the foregoing, the Condominium Board may, in its sole discretion, permit Persons other than those set forth above to occupy a Unit. In no event, however, shall only a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased or subleased,

and no transient occupant (other than a guest permitted under this paragraph) may be accommodated therein.

No restrictions on occupancy shall apply with regard to any unsold Unit.

No nuisance, or use or behavior that the Condominium Board determines is immoral, improper, offensive or unlawful will be allowed in any Unit. All Applicable Laws relating to any portion of the Property will be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whomever has the obligation to maintain or repair such portion of the Property under the terms of the Declaration and the By-Laws.

No Unit Owner will cause or permit any Hazardous Materials to be used, stored, transported, released, handled, produced or installed in, on or from its Unit or the Property. It will be the obligation of each Unit Owner to comply (at its sole cost and expense) with all Applicable Laws with respect to Hazardous Materials in its Unit or in connection with any Work performed by or on behalf of such Unit Owner at the Property.

The sidewalks, entrances, lobby, passages, public halls, vestibules, corridors, stairways or any other part of the Common Elements (except for those areas designated as storage areas) must not be obstructed or used for any purpose other than ingress to and egress from the Units. No vehicle belonging to a Unit Owner, to a Family Member of a Unit Owner, or to a guest, tenant, subtenant, licensee, invitee, employee or agent of a Unit Owner may be parked in such a manner as to impede or prevent ready access to any entrance to, or exit from, the Property.

No bicycles, scooters, baby carriages, velocipedes, or similar vehicles are allowed to stand in the public halls, passageways or other public areas of the Property.

No public hall, lobby, vestibule, corridor, stairway or any other part of the Common Elements (other than any area designated as a Limited Common Element) may be decorated or furnished by any Unit Owner in any manner.

No article (including, but not limited to, garbage cans, bottles or mats) may be placed or stored in any of the passages, halls, vestibules, corridors, or on any of the staircases or fire stair landings of the Property, or any other part of the Common Elements, nor may any fire exit thereof be obstructed in any manner.

Trunks and heavy baggage must be taken in or out of the Property only in the manner, and at the times, designated by the Condominium Board or the Managing Agent for that purpose.

No clothes, sheets, blankets, laundry, or other articles of any kind may be hung on or out of a Unit or shall be dried or aired on any terrace, balcony or patio.

To the extent that they may exist in the Building, storage areas, if any, that are not part of, or attached to, or made a Limited Common Element appurtenant to any, particular Unit may be used by all Unit Owners, in common, only for the storage of trunks, bags, suitcases and

packing cases, all of which must be empty, and for the storage of such other articles as the Condominium Board, in its sole discretion, may determine from time to time. Supervision, management and control of the use of any such storage areas will be vested in the Condominium Board. The use of any such storage areas will be at the sole risk of the Unit Owner or other Person using them, and the Condominium Board, its agents or the Managing Agent will not be liable for any injury to person, loss by theft or otherwise, or damage to property, whether due to the negligence of the Condominium Board, its agents, the Managing Agent or otherwise.

All refuse from Units must be deposited by Unit Owners in those areas of the Property provided for that purpose at such times and in such manner as the Condominium Board or the Managing Agent shall direct. Nothing may be hung or shaken from any doors, windows or open terraces, or placed upon the window sills of the Property, and no Unit Owner may sweep or throw or permit to be swept or thrown, any dirt, debris or other substance therefrom. All Applicable Laws relating to recycling must be complied with; in the event that the Condominium shall incur any fine, penalty or expense as a result of non-compliance by a Unit Owner (or an occupant of his Unit) with any such Applicable Law relating to recycling, the cost thereof shall be paid or reimbursed by such Unit Owner to the Condominium Board.

No playing or lounging may occur in the entrances, passages, public halls, vestibules, corridors, stairways, fire towers or other Common Elements of the Property, except in any recreational areas or other areas designated as such in the Declaration or by the Condominium Board.

The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements used for storage, recreational or service purposes in the Property, without any diminution in the Common Charges payable by any Unit Owner.

Nothing may be done or kept in any Unit or in the Common Elements that shall increase the rate of insurance on the Property, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner may permit anything to be done or kept in his Unit or in the Common Elements that will result in the cancellation of insurance on the Property, or the contents thereof, or that would be in violation of any Applicable Law.

No Unit Owner or any of his Family Members, agents, servants, employees, licensees or guests may at any time bring into or keep in a Unit any flammable, combustible or explosive fluid, material, chemical or substance, except as is necessary and appropriate for the permitted uses of such Unit.

No barbecuing or open-flame cooking shall occur in any Unit. Notwithstanding the foregoing, barbecuing and open-flame cooking may occur in any Limited Common Element, subject to applicable law.

No Unit Owner may make, cause or permit to be produced upon or to emanate from his Unit or any appurtenant Limited Common Element any noises, activities or odors that the Condominium Board deems to be unusual, disturbing or objectionable or permit anything to be done therein that interferes with the rights, comforts or conveniences of the other Unit Owners.

No construction, repair work, or other installation involving noise may be conducted in any Unit except on weekdays (excluding Holidays), and only between the hours of 8:00 a.m. and 5:00 p.m., without prior written consent of the Condominium Board, unless such construction or repair work is necessitated by an emergency. The foregoing restrictions shall not apply to Units owned by Sponsor.

No bird, reptile or other animal shall be permitted to be harbored in any Unit without the prior written consent of the Condominium in each instance, except as may be otherwise provided in the By-Laws or Rules and Regulations promulgated thereunder. Any consent so granted shall be revocable at any time by the Condominium. No bird, reptile or other animal shall be permitted in any Common Element of the Building unless carried or on a leash. No pigeons or other birds or other animals may be fed from the window sills, patios, terraces, or other public portions of the Property, or on the sidewalk or street adjacent to the Property. The foregoing restrictions shall not apply to Units owned by Sponsor.

No Unit Owner may install any plantings or planters on any roof, terrace, balcony or patio unless they comply with all Applicable Laws, including, inter alia, those governing weight, size and soil composition. While no additional restrictions imposed by the Condominium Board currently exist or are currently contemplated, it is conceivable that, in the future, the Condominium Board may impose such restrictions. However, to the extent that any such restrictions are imposed by the Condominium Board in the future, any such restrictions shall not apply to Units owned by Sponsor.

In the event that any Unit shall be used for home occupation purposes in conformity with the Declaration and the By-Laws and pursuant to Applicable Law, no patients, clients or other invitees of the Unit Owner thereof shall be permitted to wait in any lobby, public hallway or vestibule. The foregoing restrictions shall not apply to Units owned by Sponsor.

Unless expressly authorized by the Condominium Board in each instance, not less than eighty (80%) percent of the floor area of each Unit (excepting only kitchen and bathroom areas, closets and foyers) must be covered with rugs, carpeting or equally effective noise-reducing material. The foregoing restrictions shall not apply to Units owned by Sponsor.

No window guards or other window decorations may be used in or about any Unit, except such as will have been approved in writing by the Condominium Board or the Managing Agent, which approval will not be unreasonably withheld or delayed. In no event, however, may any exterior glass surfaces of any windows at the Property be colored or painted. Units occupied by children under the age of 10 must have window guards installed in compliance with Applicable Law.

No ventilator or air-conditioning device may be installed in any Unit without the prior written approval of the Condominium Board, which approval will not be unreasonably withheld or delayed. The foregoing restrictions shall not apply to Units owned by Sponsor.

No radio or television aerial, satellite dish or other signal-receptive device may be attached to or hung from the exterior of the Property, and no sign, notice, advertisement or

illumination (including, without limitation, “**For Sale**,” “**For Lease**” or “**For Rent**” signs) shall be inscribed or exposed on or at any window, door, or other part of the Property, except as such are permitted pursuant to the terms of the Declaration and/or the By-Laws or as are approved in writing by the Condominium Board or the Managing Agent. Nothing may be projected from any door or window of a Unit (except an Unsold Unit) without similar approval. The foregoing restrictions shall not apply to Units owned by Sponsor or any Sponsor Successor.

All radio, television, computer or other electrical equipment of any kind or nature installed or used in each Unit must fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction. The Unit Owner alone will be liable for any damage or injury caused by any radio, television or other electrical equipment in his Unit or any appurtenant Limited Common Element.

Water-closets and other water apparatus in the Property may not be used for any purpose other than those for which they were designed, and no sweepings, rubbish, rags or any other article may be thrown into same. Any damage resulting from misuse of any water-closets or other apparatus in a Unit will be repaired and paid for by the Unit Owner of such Unit.

Each Unit Owner must keep his Unit and any appurtenant Limited Common Element in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

The agents of the Condominium Board or the Managing Agent, if any, and any contractor or workman authorized by the Condominium Board or the Managing Agent, if any, may enter any Unit or any appurtenant Limited Common Element at any reasonable hour of the day, on at least one day’s prior notice to the Unit Owner, for the purpose of inspecting such 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 will be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes. However, in the event that any access to a Unit or any appurtenant Limited Common Element shall be necessary in the event of an emergency of any nature, no prior notice shall be required.

The Condominium Board or the Managing Agent may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent will be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to his Unit at any time when an entry therein is necessary or permissible under the Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care under the circumstances is given to such Unit Owner’s property).

If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his agent, servant, employee, licensee or visitor to an employee of the Condominium or of

the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key will be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent will be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

No occupant of the Property may send any employee of the Condominium or of the Managing Agent out of the Property on any private business.

Corridor doors must be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

No rescission, alteration, waiver or addition of any Rule or Regulation in respect of one Unit Owner or other occupant will operate as a rescission, alteration, waiver or addition in respect of any other Unit Owner or other occupant.

Repairs and Maintenance of Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, in or to any Unit (other than the Common Elements contained therein) will be performed by the Unit Owner at his sole cost and expense (and in compliance with all alterations and insurance requirements of the Condominium), or if in or to the General Common Elements will be performed by the Condominium Board as a Common Expense, or if in or to any Limited Common Element will be performed either by the Condominium Board as a Common Expense, if involving structural or extraordinary maintenance, repair or replacement, or by the Unit Owner having direct and exclusive access thereto at his sole cost and expense, if involving painting, decorating and non-structural ordinary maintenance, repairs and replacements.

In connection with the foregoing, it should be noted that each Unit Owner is responsible at his own cost and expense for washing and cleaning the exterior glass surfaces of all windows of his Unit. It is also noted that the Rules and Regulations require eighty (80%) percent of the floor area of each Unit (except for kitchen and bathroom areas, closets and foyers) to be covered with rugs, carpeting or other equally effective noise reducing material.

Notwithstanding the foregoing, all maintenance, repairs and replacements to the Common Elements, whether structural or non-structural, ordinary or extraordinary, necessitated by the negligence, misuse or abuse of a Unit Owner, or by any agent, contractor, licensee, invitee, Family Member, tenant, co-occupant or guest of such Unit Owner, will be made by such Unit Owner at his sole cost and expense.

The By-Laws require that each Unit, any Limited Common Elements appurtenant thereto, and all portions of the Common Elements, be kept in first-class condition (and, with respect to any terrace or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof. The By-Laws further require that those public or other areas of the Building that are exposed to public view (whether they are required to be maintained by a Unit

Owner or by the Condominium Board) be kept in good appearance in conformity with the dignity and character of the Property by such Unit Owner or the Condominium Board, as the case may be. In the event that any Unit Owner shall fail to keep his Unit or any appurtenant Limited Common Element in good condition, the Condominium Board may, at the expense of such Unit Owner, enter the Unit or any such appurtenant Limited Common Element to perform any acts necessary to cure the default. See the subsection below entitled “**Rights of Access.**”

Lead-based Paint

Buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included as an exhibit in Part II of this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for lead paint.

Alterations and Improvements of Units and Common Elements

No Unit Owner of a Unit (except Sponsor and any Sponsor Successor) may perform any structural Work in or to his Unit or any appurtenant Limited Common Element without the prior written approval of the Condominium Board. Such approval may be conditioned, in the discretion of the Condominium Board, upon any reasonable condition, including but not limited to the execution of an agreement by the Unit Owner, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions upon which such Work may be performed, including but not limited to a requirement for compliance with the Condominium’s insurance requirements. Except as otherwise provided in the By-Laws, no Unit Owner may perform any Work in or to the Common Elements.

Notwithstanding the foregoing, Sponsor and any Sponsor Successor will have the right, without the approval of the Condominium Board, the Managing Agent, other Unit Owners or Permitted Mortgagees, Mortgage Representatives or any other mortgagees to: (a) perform Work in or to any Unsold Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (b) subdivide, combine and change the boundary walls of Unsold Units; provided, however, that these actions comply with Applicable Law and do not impinge upon the Common Elements appurtenant to a Unit. See the Section of the Plan entitled “**Changes in Price, Sizes, Layouts and Number of Units.**”

At the request of Sponsor or any Sponsor Successor, the Condominium Board will execute any application or other document required to be filed with any Governmental Authority having or asserting jurisdiction in connection with any Work proposed to be performed by Sponsor or any Sponsor Successor, at which time Sponsor or any Sponsor Successor will indemnify and hold harmless the Condominium Board and the Unit Owners from any expense or liability by virtue of the execution of such application or other document.

Rights of Access

As more fully set forth in the Declaration and the By-Laws, the Condominium Board, the Managing Agent, any superintendent and other Persons authorized by the Condominium Board will have a right of access to any Unit for the purposes, among others, of making inspections of, or removing violations of Applicable Law against any part of, the Property, curing defaults committed by a Unit Owner under the Condominium Documents or correcting any conditions originating in any Unit and threatening another Unit or any Common Element. In addition, Sponsor and any Sponsor Successor, and their respective contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for purposes of performing certain Work in or about Unsold Units and in fulfilling Sponsor's obligations under the Plan.

Self-Help

If any Unit Owner shall fail to maintain or repair any part of the Property required to be maintained or repaired by such Unit Owner, or in the event of any breach of any requirement set forth in the Condominium Documents, then, as set forth in the By-Laws, the Condominium Board shall have certain rights to perform such maintenance or repairs, or to cure such breach, at the Unit Owner's expense.

Insurance

See the Section of the Plan entitled **"Rights and Obligations of Condominium Board/Summary of By-Laws"** for a description of the insurance coverage provided by the Condominium Board and a Unit Owner's rights and obligations with regard to obtaining supplemental or additional insurance. Schedule B contains a summary of the insurance coverage which will be in effect at the First Unit Closing.

Smoking

Smoking (including hookahs, "vapes," "e-cigs" and similar devices) is prohibited in all indoor areas of the Building (including all Units) and in all outdoor areas of the Building (including all yards and terraces).

REAL ESTATE TAXES

After the Units are separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes by the City of New York. A Unit Owner will not be responsible for unpaid taxes on other Units, nor will the Unit be subjected to any lien arising from the non-payment of taxes on other Units.

The New York City Department of Finance will determine the value of the Property annually and fix the “actual” assessment of the Property, based upon its market value. Changes in a property’s “actual” assessed value from year to year due to changes in market value (and not due to new construction or alterations) are phased in over five (5) years at 20% per year, thereby producing a “transitional” assessed value. Real estate taxes are generally based on the lower of the “transitional” or “actual” assessed value. In the case of new construction, the two values are the same because the increases are not phased in.

The real estate tax estimates are based upon the assumptions contained in an June 16, 2022 letter from the law firm Korngold Powers LLP, 60 East 42nd Street, Suite 4600, New York, New York 10165. A copy of such letter is set forth in the Section of the Plan entitled **“Opinions of Counsel.”**

As stated in such letter, Korngold Powers LLP projects that, inter alia, the assessed valuation for all of the Units at the Property for the period from (a) January 1, 2023 to June 30, 2023 is projected to be \$124,866 and (b) July 1, 2023 to December 31, 2023 is projected to be \$325,000. Based on an assumed tax rate of 12.235%, the projected aggregate real estate taxes for all of the Units for the period from (a) January 1, 2023 to June 30, 2023 will be \$7,639 and (b) July 1, 2023 to December 31, 2023 will be \$19,882. Accordingly, the projected real estate taxes payable with regard to each Unit during the Condominium’s projected first year of operation are based on that Unit’s proportional Common Interest percentage share of \$27,521 (i.e., the aggregate projected amount of real estate taxes payable from January 1, 2023 to December 31, 2023).

The real estate tax estimates set forth in Schedule A and further described above are based partially on an assessment of the Building before rehabilitation is complete. As further stated in the June 16, 2022 letter from the law firm Korngold Powers LLP, the post-construction assessed valuation for all of the Units at the Property is projected to be \$325,000, and, based on an assumed tax rate of 12.235%, the projected aggregate real estate taxes for all of the Units for the period from January 1, 2024 to December 31, 2024 will be \$39,764. Accordingly, the projected real estate taxes payable with regard to each Unit during the Condominium’s projected second year of operation are based on that Unit’s proportional Common Interest percentage share of \$39,764 (i.e., the aggregate projected amount of real estate taxes payable from January 1, 2024 to December 31, 2024).

Purchasers should also note that, pursuant to the Tax Cuts and Jobs Act of 2017 (the “New Tax Law”), which went into effect on January 1, 2018, several significant limitations were enacted with regard to the deductibility of real estate taxes.

Specifically relevant to real estate taxes, the New Tax Law limits the deductibility of real estate taxes and state and local income taxes to a maximum of \$10,000 *in the aggregate*. Thus, a Unit Owner who qualifies for such deductions will be severely limited in such deductions from the amount that could have been deducted prior to the enactment of the New Tax Law. In addition, the deductibility of real estate taxes in general may not be available at all to the extent that an Unit Owner does not itemize deductions on his/her income tax return, and/or to the extent that (s)he is subject to the Alternative Minimum Tax. Also, the impact of the New Tax Law on New York State and New York City tax laws, and the concomitant deductibility of real estate taxes for New York State and New York City income tax purposes, is not yet clear. In light of that, neither Sponsor nor Sponsor's counsel express any opinion on the extent to which any Unit Owner may be able to deduct real estate taxes for Federal, New York State or New York City income tax purposes. Prospective Purchasers are urged to consult with their own tax advisors.

Schedule A allocates the projected real estate taxes payable by the Unit Owners in accordance with such Unit Owners' respective interests in the Common Elements. It is possible that the tax assessor of the City of New York may allocate assessments among Unit Owners on a basis that differs from the allocation used in the Plan.

The opinions expressed in the Real Estate Tax Letter, including the estimated real estate tax liability, are based on interpretations of Law, the Administrative Code of the City of New York and the applicable rules and regulations of the Department of Finance then in effect. They are not intended and should not be construed as representations or warranties.

Although in Sponsor's opinion this method of calculating the real estate taxes applicable to each Unit is reasonable, there can be no assurance that this method of calculation of real estate taxes applicable to each Unit will be the final method used by the New York City taxing authorities in establishing the real estate tax assessment for each Unit. If for any reason a different method of calculation is used or a different assessment placed upon any of the Units by such authorities, real estate taxes may increase or decrease, depending upon the final decision of such taxing authorities. In addition, although the Sponsor anticipates that the real estate tax rate will increase in future years rather than remain constant as assumed in the example, the projected real estate taxes do not consider the effect of the COVID-19 Coronavirus pandemic, and it is unknown how the pandemic will affect assessed values going forward.

Pursuant to Article II, section 2(q) of the By-Laws, the Board of Managers is authorized to file, prosecute, negotiate and settle, on behalf of all Unit Owners, tax certiorari petitions and appeals for the purpose of reducing the assessed valuations of, and/or the real estate taxes due with regard to, all Units in the Condominium.

NEITHER THE SPONSOR, SPONSOR'S CONSULTANT, SPONSOR'S COUNSEL, NOR ANY OTHER PERSON MAKES ANY WARRANTY OR REPRESENTATION ON BEHALF OF SPONSOR AS TO THE AMOUNT OF ANY TAX THAT WILL BE ASSESSED AGAINST ANY UNIT OR THE AMOUNT OF REAL ESTATE TAXES PAYABLE AT ANY TIME BY ANY UNIT OWNER OR THAT THE TAX LAWS OR RULINGS OR JUDICIAL INTERPRETATIONS THEREOF, AND PURCHASER'S REAL ESTATE TAX LIABILITIES, WILL NOT CHANGE. IN NO EVENT WILL SPONSOR, SPONSOR'S CONSULTANT, OR SPONSOR'S COUNSEL BE LIABLE TO

ANY PURCHASER UNDER THIS PLAN IN THE EVENT THAT THE RESULTING TAXES DIFFER FROM THOSE PROJECTED.

If the Units have not been separately assessed for real estate tax purposes prior to the date of the Closing of a Unit, then at the Closing of the purchase of each such Unit, the purchaser thereof will be required to deposit with the Condominium Board an amount equal to ONE HUNDRED AND TWENTY FIVE PERCENT (125%) of the Unit's proportionate share, based on its Common Interest, of the aggregate real estate taxes assessed for the entire Property for the tax year during which such Closing shall occur, in a sum sufficient to permit the Condominium Board to pay the proportionate real estate taxes due for such Unit on the next-ensuing two quarterly, or one semi-annual, tax payment due dates (as the case may be) for the Property. In the event that the amount of such deposit shall be insufficient to pay such proportionate real estate taxes due for such period(s), or in the event that the Units shall not have been separately assessed for real estate tax purposes prior to the tax payment due date next following such period(s), then the Condominium Board shall impose on, and collect from, each Unit Owner a Special Assessment in an amount sufficient to enable the Condominium Board to pay the real estate taxes due for such Units on all ensuing real estate tax payment due dates until the Units shall have been separately assessed for real estate tax purposes.

INCOME TAX DEDUCTIONS TO UNIT OWNERS & TAX STATUS OF CONDOMINIUM

The following summary is for informational purposes only and is based upon information provided by Sponsor's Counsel, Belkin Burden Goldman, LLP, set forth in the Section of the Plan entitled **"Opinions of Counsel."**

Each Unit Owner will own his Unit, together with its appurtenant Common Interest, in fee simple, and each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. Because each Unit Owner will own his Unit in fee simple, the owner may mortgage such Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

On January 1, 2018, the Tax Cuts and Jobs Act of 2017 (the "New Tax Law") went into effect. This Federal law significantly changed the previously existing Internal Revenue Code, including the taxes and deductions related to home ownership. Purchasers are advised to consult with a tax expert regarding the extent to which the New Tax Law will affect the Purchaser's deductibility of mortgage interest and real estate taxes for income tax purposes.

Specifically, the New Tax Law enacted significant limitations on the ability of Unit Owners of residential condominium units, such as the Unit Owners, to be able to deduct mortgage interest expense and real estate taxes paid with regard to the Units, starting in 2018. The New Tax Law limits the deductibility of interest on mortgages obtained on and after January 1, 2018 to mortgages having an aggregate principal amount of \$750,000 or less; interest on mortgages with an aggregate principal amount in excess of \$750,000, and interest on home equity credit lines, is not deductible under the New Tax Law. In addition, the New Tax Law limits the deductibility of real estate taxes and state and local income taxes to a maximum of \$10,000 *in the aggregate*. Thus, a Unit Owner who qualifies for such deductions will be severely limited in such deductions from the amount that could have been deducted prior to the enactment of the New Tax Law. In addition, the deductibility of real estate taxes in general may not be available at all to the extent that a Unit Owner does not itemize deductions on his/her income tax return, and/or to the extent that (s)he is subject to the Alternative Minimum Tax. Also, the impact of the New Tax Law on New York State and New York City tax laws, and the concomitant deductibility of mortgage interest and real estate taxes for New York State and New York City income tax purposes, is not yet clear. In light of that, neither Sponsor nor Sponsor's counsel express any opinion on the extent to which any Unit Owner may be able to deduct mortgage interest or real estate taxes for Federal, New York State or New York City income tax purposes. Prospective Purchasers are urged to consult with their own tax advisors.

To the extent that they are available at all, any potential deductions are subject to certain exceptions and limitations.

Under Section 528 of the Internal Revenue Code, the Condominium Board will be eligible to elect for the Condominium to be exempt from Federal income tax on Common Charges collected from the Unit Owners, since the requirements of Section 528 appear to be satisfied by this Condominium. Purchasers should note that, if the Condominium Board fails to make such

election under Section 528, no monies have been set aside for possible taxes arising therefrom. Please see the Section of the Plan entitled **“Opinion of Counsel.”**

Common Charges will be borne by the Unit Owners and assessed and collected by the Condominium Board. See the income tax opinion in the Section of the Plan entitled **“Opinion of Counsel”** for a further discussion of the tax status of the Condominium.

No representations or warranties are made that the Internal Revenue Service, the New York State Department of Taxation and Finance or the New York City Department of Finance will allow any of the aforementioned deductions or that the tax laws, or the regulations or rulings issued thereunder, or any judicial interpretation thereof upon which Sponsor’s Counsel has based its income tax opinion will not change. In no event will Sponsor, the Managing Agent, Sponsor’s Counsel, or any other person connected with this offering be liable if, at any time or for any reason, it is held that the Unit Owners, or any of them, are not entitled to such income tax deductions. In addition, none of the aforesaid make any representations or warranties with respect to the tax consequences of this Plan or the tax consequences or ownership of any Units currently or hereafter offered under the Plan, and no one has been authorized to make such representations or warranties.

NO WARRANTIES ARE MADE THAT THE INTERNAL REVENUE SERVICE, THE DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK OR THE DEPARTMENT OF FINANCE OF THE CITY OF NEW YORK WILL ALLOW INCOME TAX DEDUCTIONS. FURTHER, NO WARRANTIES OR REPRESENTATIONS ARE MADE THAT THE TAX LAWS UPON WHICH SPONSOR’S COUNSEL BASES ITS OPINION WILL NOT CHANGE AND IN NO SUCH EVENT WILL SPONSOR, ANY SELLING AGENT, ANY MANAGING AGENT, SPONSOR’S COUNSEL, THE CONDOMINIUM BOARD, COUNSEL TO THE CONDOMINIUM BOARD OR ANY OTHER PERSON CONNECTED WITH THIS OFFERING BE LIABLE IF FOR ANY REASON IT SHALL BE DETERMINED THAT UNIT OWNERS DO NOT MEET OR AT ANY FUTURE TIME CEASE TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE, THE NEW YORK STATE TAX LAW, THE NEW YORK CITY ADMINISTRATIVE CODE OR ANY AMENDMENT TO ANY OF THEM. MOREOVER, NONE OF THE AFORESAID MAKES ANY REPRESENTATIONS, GUARANTEES OR WARRANTIES WITH RESPECT TO THE TAX CONSEQUENCES OF THE OWNERSHIP OF ANY UNIT OFFERED UNDER THE PLAN EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND NO ONE ELSE HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS, GUARANTEES OR WARRANTIES OTHER THAN THOSE CONTAINED HEREIN. EACH PURCHASER SHOULD CONSULT HIS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OWNERSHIP.

OPINIONS OF COUNSEL

Korngold Powers LLP

COUNSELORS AT LAW

60 East 42nd Street

Suite 4600

New York, NY 10165

212.324.3398

korngoldpowers.com

June 16, 2022

USD 85 Douglass LLC
233 Broadway
Suite 1470
New York, New York 11279

Re: 85 Douglass Street
Block 409, Currently Lot 56, Brooklyn

Dear Sir or Madam:

This letter is in response for a projection of the assessed value and real estate taxes upon completion of the renovation at the above referenced property. You have advised us that you are in the process of renovating the existing building which the Department of Finance has listed having four units and in tax class 2A and you expect to receive your sign-offs and completion of construction by October of 2022.. You have requested an estimate of the assessed value and real estate taxes for the initial budget year commencing January 1, 2023 as well as the first post construction tax year.

In order to prepare this letter and the opinion set forth herein, you have supplied us with certain information upon which we have relied. This information includes your acquisition price and your estimated construction costs. You have also supplied us with a square footage analysis of the project and an estimate of the costs that have been incurred in renovating of the property. We have also examined publicly available web sites maintained by the NYC Department of Buildings and Department of Finance.

We have also considered the recent tax assessment history of the property, the cost of the new project, the potential income for the new structure (if operated as a rental), comparable properties in the Borough of Brooklyn, which have been newly constructed or undergone renovation as well as market conditions in the general area. This estimate has not considered the effect of the current Corona Virus pandemic, it is unknown how this will affect assessed values going forward and therefore was not factored into this estimate.

In predicting the future assessed value and taxes , we have given further consideration to the following factors:

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

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USD 85 Douglass LLC

June 16, 2022

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3. The potential capitalized net income of the property if operated as a rental.
4. Tax Assessments of comparable properties.
5. Statutory restrictions on properties with ten or fewer residential properties.

Real Estate Tax Assessments in New York City are made on a fiscal year basis running from July 1 of any one year to the next succeeding June 30. The status of the building on January 5 of any one year is the basis of the assessment for the fiscal year beginning that July 1. The final assessment roll containing the final 2022/2023 assessed values was published on May 25, 2022 and showed the following values:

Actual Total Assessed Value	Tax Class
\$124,866	2A

The 2021/2022 class 2 residential tax rate has been set at \$12.235 for each \$100 of assessed valuation. The tax rate for 2022/2023 will be set later this year.

Upon completion, and assuming the alteration has been completed, the property should be reclassified by the Department of Finance into tax class 2A. Tax Class 2A is a protected residential tax class covering buildings where there are six or fewer residential units and which limits the increases in assessed value that may be imposed on the building. Upon being converted to a condominium, the Department of Finance will place the lots in tax class 2C which is the equivalent to tax class 2A but it merely indicates the property is either a cooperative or a condominium. Pursuant to Real Property Tax Law Section 1805, the assessor shall not increase the assessment of any parcel in this tax class in any one year, as measured from the actual assessment on the previous year's assessment roll, by more than eight percent and shall not increase such assessment by more than thirty percent in any five-year period. Increases due to physical improvements (such as the alteration of your building) are added in full to the next year's assessment and are not subject to the 8% and 30% limitations. Therefore, the increase in the assessed value which we forecast for the post construction tax year below will not be subject to the 8% and 30% limitations.

Due to complaints from owners of residential properties in Harlem, the New York City Department of Finance announced changes as to how renovated properties of ten families or less would be assessed. This policy was enacted into law under Real Property Tax Law 1805 subdivision 6 and

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the policy now provides that properties with four to ten residential units will have their assessed value effectively increased by adding 15% of the “market value cost” to the previously existing assessed value. Since the property is classified in tax class 2A for 2022/2023, we believe this limitation will apply for any physical increase added to the property for the 2023/2024 tax year. We have utilized the costs you have given us and the amounts set forth in the Department of Buildings filings to help estimate the assessed value for 2023/2024.

In June of 2021, the New York State Legislature passed legislation extending property tax abatements for homeowners in New York City cooperatives and condominiums through June 30, 2023 at the rate of 17.5% with buildings with average assessments greater than \$60,000 per unit and a greater percentage as high as 28.1% for buildings with a lesser average per unit. Former Governor Cuomo signed this bill into law. Assuming the post construction assessed value is set as estimated in this letter, the abatement for eligible unit owners would be set at 17.5% of the annual taxes. A unit owner must acquire title by January 5 and an application must be timely filed with the New York City Department of Finance to be possibly eligible for the abatement for immediately successive tax year. The law makes additional changes from the original abatement law which will eliminate such abatement benefits for units which are not the primary residence of the owner. The law further limits the benefits of an owner to a maximum of three units in the building, one of which must be the primary residence of the owner. Units owned by limited liability companies and corporations are not eligible. In September of 2021, Governor Hochul signed into law an amendment to the existing condo abatement law which would require certain buildings to pay a prevailing wage to all building service workers in order to be eligible for this condo abatement. It is unlikely that the prevailing wage restrictions will affect this building. It is unknown at this time if unit owners will have acquired their ownership interests at a point in time by which they will be eligible to apply for this abatement or if this law will be reenacted. This building will not qualify for the abatement unless a prevailing wage is paid to all service workers who are employed at the property for 8 hours or more per week.. Therefore, in predicting the taxes on this building we have not given any consideration to this tax benefit. Unit owners are advised to beware of various filing deadlines that may be included in the renewed law as well as possible changes in the level of abatement and eligibility

Therefore, assuming the tax rate remains at \$12.235 for each \$100 of assessed valuation, we make the following estimate of real estate taxes prior to any tax abatements or tax exemptions for the initial budget year commencing on January 1, 2023:

January 1, 2023 to June 30, 2023 (6 months of 2022/2023 tax year)

Estimated Actual Assessed Value	Tax Rate	Estimated Real Estate Tax
\$124,866	.12235	\$7,639

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July 1, 2023 to December 31, 2023 (6 months of 2023/2024 tax year)

Estimated Actual Assessed Value	Tax Rate	Estimated Real Estate Tax
\$325,000	.12235	\$19,882
Total Estimated Initial Budget Year Tax		\$27, 521
Total Estimated Post Construction Year Tax		\$39,764

The writer of this opinion has extensive experience in real estate tax review matters as well as in ICIP/ICAP 421-a and J-51 tax exemption/ tax abatement applications, and has filed applications for correction of the tax assessments and tax exemptions/tax abatements on these properties. He has been practicing in this area of law since his admission to practice law in 1977. Additionally, the writer is the past chairman of the Law Committee of the Associated Builders and Owners of Greater New York, a former director of both the New York State Builders Association and the Associated Builders and Owners of Greater New York, a past member of the Tax Certiorari and Condemnation Committee of the Bar Association of the City of New York, and is a director and former President of the Real Estate Tax Review Bar Association, a specialized Bar dealing with real estate tax assessment matters.

Based upon our previous experience with such proceedings, we have issued the within letter which the specific understanding our opinion is not a guarantee of the amount of future real estate taxes. In no event will we, as Sponsor's real estate tax counsel, be liable if there are changes in the facts on which we have relied in issuing this opinion, or if there are changes in the applicable statutes, rules and regulations of the City of New York, decisional laws or administrative agency rulings, interpretations and policies on which we have relied which cause this opinion to be inaccurate. Projections made herein are subject to valuations set while the corona virus pandemic may still be in effect.

Interested parties should be aware that the estimate of the real estate tax assessments and taxes for the initial and post construction years cover a period into the future. Neither we nor any person can guarantee what the real estate taxes will be at any future date. The estimates set forth in this letter are merely our opinion. Changes in economics, law or policies of government agencies may radically change the opinions expressed herein.

The opinion expressed herein is that of the undersigned, and does not purport to express the opinion of the New York City Department of Finance or any city or government agency. That Department's opinions may result in substantially different total taxes than the taxes estimated herein. This opinion letter is given as of the date hereof and we disclaim any obligation to you or any unit purchaser of any change which hereafter may be brought to our attention. We consent to the inclusion of this letter in the offering plan.

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June 16, 2022

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This opinion letter is rendered solely to USD 85 Douglass LLC in connection with the matters expressly stated herein. Opinions in this letter, unless set forth to the contrary, are based upon information provided to us by USD 85 Douglass LLC or its agents and have not been independently verified. This opinion letter is given as of the date hereof and we disclaim any obligation to advise USD 85 Douglass LLC or any unit purchaser of any change which hereafter may be brought to our attention. We consent to the inclusion of this letter in your offering plan.

Very truly yours,

KORNGOLD POWERS LLP

Paul J. Korngold

By: Paul J. Korngold



Lloyd F. Reisman
Partner
212.867.4466 ext. 387
LReisman@bbglp.com

December 9, 2020

USD 85 Douglass LLC
c/o Urban Standard Development LLC
233 Broadway, #1470
New York, New York 10279

Re: 85 Douglass Street, Brooklyn, N.Y.

Dear Sirs:

You have requested our opinion concerning: (i) the availability of certain deductions for Federal, New York State and New York City income tax purposes to persons who purchase for residential use residential Units (the "Units") in The 85 Douglass Street Condominium (the "Condominium"), at 85 Douglass Street, Brooklyn, New York (the "Property"), and (ii) the treatment for such income tax purposes of the common charges to be paid or borne by such Unit Owners. The Property is currently being constructed as a new construction apartment building, and will house four residential Units and one Retail Unit, pursuant to an offering plan to be filed with the New York State Department of Law (the "Plan").

In connection with rendering this opinion, we have reviewed the Plan, relevant sections of the Internal Revenue Code of 1986 (the "Code"), the Tax Cuts and Jobs Act of 2017 (the "2017 Law"), the New York State Tax Law (the "State Tax Law"), the New York State Real Property Law (the "RPL"), the Administrative Code of the City of New York (the "City Code"), the regulations promulgated under each of the foregoing, regulations promulgated by the New York State Department of Law, and such other materials as we have deemed relevant. Except where otherwise indicated, the terms used in this opinion have the same meanings as in the Plan.

The opinions expressed herein do not apply to the Retail Unit, or to any residential Units that are purchased for other than residential use.

I. DEDUCTIBILITY OF MORTGAGE INTEREST AND REAL ESTATE TAXES

A Unit Owner will own his/her Unit and its appurtenant interest in the Common Elements in fee simple. Therefore, each Unit Owner may mortgage his/her Unit and become individually liable for the payment of any finance charges or interest on

such mortgage indebtedness. Also, each Unit will be taxed as a separate tax lot for real estate tax purposes.

In our opinion, a Unit Owner may, for Federal income tax purposes, be entitled to such deductions as may still be permitted under the 2017 Law for mortgage interest under Section 163 and real estate taxes paid under Section 164, in the year paid in the case of cash basis taxpayers, or in the year accrued in the case of other taxpayers. Rev. Rul. 64-31, 1964-1 Cum Bull. 300.

Please note that the 2017 Law limits the deductibility of interest on mortgages obtained on and after January 1, 2018 to mortgages having an aggregate principal amount of \$750,000 or less; interest on mortgages with an aggregate principal amount in excess of \$750,000, and interest on home equity credit lines, is not deductible under the 2017 Law. The deductibility of interest is also subject to Section 461(g) of the Code which states that no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (other than "points" or origination fees paid in certain cases).

Please note further that, with regard to real estate taxes, the 2017 Law limits the deductibility of real estate taxes AND state and local income taxes to a maximum of \$10,000 IN THE AGGREGATE. Thus, a Unit Owner who qualifies for such deductions will be severely limited in such deductions. In addition, the deductibility of real estate taxes in general may not be available to the extent that a Unit Owner does not itemize deductions on his/her income tax return, and/or to the extent that (s)he is subject to the Alternative Minimum Tax.

It is also our opinion that each Unit Owner may, for New York State and New York City income tax purposes, be entitled to the same deduction which is allowed for Federal income tax purposes for mortgage interest and real estate taxes, in the case of cash basis taxpayers paid, or, in the case of other taxpayers, accrued, during the taxable year paid or accrued, as the case may be. Section 615 of the State Tax Law; Section T46-115.0 of the City Code. It should be noted, however, that for New York State and New York City income tax purposes, the deduction may be reduced if the Unit Owner has more than a specified amount of tax preference items. Sections 615, 622 and 623 of the State Tax Law; Sections T46-115.0, T46-122.0 and T46-123.0 of the City Code. Moreover, the impact of the 2017 Law on New York State and New York City tax laws, and the concomitant deductibility of mortgage interest and real estate taxes for New York State and New York City income tax purposes, is not yet clear. In light of that, we express no definitive opinion on the extent to which any Unit Owner may be able to deduct

mortgage interest or real estate taxes for New York State or New York City income tax purposes.

II. COMMON CHARGES

Common Charges will be borne by all Unit Owners and assessed and collected by the Condominium Board of Managers.

It is our opinion that, under Section 528 of the Code, the Board of Managers should be eligible to elect for the Condominium to be exempt from Federal income tax on Common Charges collected from the Apartment Unit Owners provided that the requirements of Section 528 are met. It is our opinion that the Condominium will qualify under Section 528 of the Code. Furthermore, we understand that New York State and New York City may follow the Federal income tax treatment of condominium associations, such as the Condominium, for purposes of imposing their respective income taxes (including the minimum amounts payable without regard to income) on such associations.

The Condominium By-Laws provide that the Board of Managers will act as the agent of the Unit Owners. Thus, the Board of Managers may take the position that it is simply a conduit for receipts and payments of the Unit Owners for whom it acts as agent and the Condominium is thus not a separate entity. In such case, the Unit Owners would themselves be taxable on any interest or similar income which is earned from interim investments of the amounts which are assessed and collected from the Unit Owners.

However, the Internal Revenue Service may contend that for purposes of those matters administered through the Board of Managers, such as the assessment and expenditure of Common Charges, the Unit Owners (through the Board of Managers) constitute an association taxable as a corporation. See Code Section 7701(a)(3); Treas. Reg. Sec. 301.7701-2; Treas. Reg. Sec. 301.7701-3(b)(2)(B). In such event, such an association may be deemed subject to the Federal corporate income tax (and, therefore, to New York State and New York City corporate income taxes, as well) on the portion of the Common Charges which is deemed to constitute gross income of such association, to the extent that such portion (together with any income earned from other sources, such as interim investments of funds by such association) exceeds the current expenses paid or incurred through the association which are deductible for Federal income tax purposes. In such case, the Condominium would likewise be subject to the New York State Corporation Franchise Tax and the New York City General Corporation Tax.

In this regard, published rulings indicate that Common Charges which are assessed by a Condominium and designated for

use solely to make specified capital improvements and which are maintained in a separate bank account should not constitute gross income to its Board, either because it is deemed to receive and hold such Common Charges as agent for the Unit Owners from whom the assessments were collected (Rev. Rul. 75-370, 1975-2 Cum. Bull. 25) or because the assessed Common Charges are deemed to be non-taxable contributions to the capital of the association (Rev. Rul. 75-371, 1975-2 Cum. Bull. 25) (cf. Concord Village, Inc., 65 T.C. 14 (1975)). However, if treated as contributions to the capital of the association, it should be noted that when such amounts (together with any other funds accumulated by the association) are expended for capital improvements, the Internal Revenue Service may contend that the capital expenditures benefit the Unit Owners, and that each Unit Owner should therefore be subject to tax on his/her pro-rata share of the amounts expended.

In the event that the Condominium shall be required to pay any Federal, New York State or New York City income tax, and the Board of Managers shall make an additional assessment in order to meet this tax liability, it should be noted that the additional amount collected through such assessment may itself be subject to tax. See Old Colony Trust Co. v. Commissioner, 279 U.S. 716 (1929); Rev. Rul. 74-75, 1974-1 Cum. Bull. 19.

III. GENERAL

No representations or warranties are made that the Internal Revenue Service, the New York State Department of Taxation and Finance, or the Department of Finance of the City of New York will allow any of the aforementioned deductions or that the tax laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof, upon which we, as counsel to the Sponsor, base our opinion, will not change. In no event will we be liable if at any time, for any reason, it is held that the Unit Owners, or any of them, are not entitled to such income tax deductions.

We express no views as to any Federal, New York State and/or New York City tax consequences or as to any aspects of the Plan other than those consequences and aspects explicitly discussed in this opinion or as to the tax status and tax consequences of the Plan under the laws of any other United States or foreign jurisdiction. This opinion does not deal with tax consequences which may result from ownership of a Unit in connection with the Unit Owner's trade or business or for purposes of investment or the production of income, or which may result to a foreign Unit Owner by reason of his/her foreign status. This opinion does not deal with the tax consequences which may arise if Units are acquired and/or leased by the Board of Managers, or with respect to whether a Unit Owner may be

USD 85 Douglass LLC

December 9, 2020

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deemed a resident of New York City due to ownership of a Unit. This opinion does not deal with tax consequences which may result from ownership of unsold or occupied Units. We therefore strongly advise each person contemplating the purchase of a Unit to consult his/her own tax advisor as to all tax consequences of purchasing a condominium Unit, and all tax matters (as well as with respect to the tax matters discussed in this opinion).

We make no warranty or representation that the Internal Revenue Service, the New York State Department of Taxation and Finance, or the Department of Finance of the City of New York will accept any or all of the views stated above. Moreover, the Federal, State and City tax laws and Regulations (and the rulings and decisions thereunder) may change from time to time, thereby affecting the views stated above in whole or in part.

We consent to the filing of this opinion as an Exhibit to the Plan and to the reference to our name under the appropriate caption in the Plan.

Very truly yours,

BELKIN BURDEN GOLDMAN, LLP



WORKING CAPITAL FUND

At the Closing of each Unit being purchased from the Sponsor, the Purchaser thereof shall pay to the Condominium an amount equal to two months' common charges for the Unit, as a Working Capital Fund contribution.

The Working Capital Fund may be held or used for working capital, to make repairs and/or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Condominium Board in its sole discretion.

No representation is made that the Working Capital Fund will be, or is intended to be, adequate to cover expenses for the first or any subsequent year of condominium operation, including, without limitation, the cost of any necessary repairs or replacements. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase the Common Charges and/or to impose assessments on Unit Owners pursuant to the By-Laws.

While Sponsor is in control of the Board, the Working Capital Fund may not be used to reduce projected Common Charges as set forth in this Plan.

THE PROPERTY IS OFFERED IN THE CONDITION AS SET FORTH IN THIS PLAN, WITHOUT ANY OBLIGATION ON THE PART OF SPONSOR OR THE SELLING AGENT OR MANAGING AGENT TO MAKE ANY REPAIRS OR IMPROVEMENTS, EXCEPT AS EXPRESSLY SET FORTH IN THIS OFFERING PLAN. NO GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND OR UPON THE PHYSICAL CONDITION OF THE BUILDING.

RESERVE FUND

There is no provision made for a Reserve Fund to be established separate and apart from the Working Capital Fund. In light of the absence of any reserve fund, in the event that the Property or the Common Elements require significant expenditures for substantial repairs, or renewal or replacement of Building components or systems, or to remedy major Building defects, it is likely that they will need to be funded through increases in Common Charges, or special assessments, imposed on the Unit Owners, or, less likely, through borrowing from a third-party lender, if available. Since there will be no reserve fund established, the funds of the Condominium are likely not to be sufficient to provide for needed capital expenditures within five years following the First Unit Closing. See “**Special Risk 13.**”

CLOSING ADJUSTMENTS WITH CONDOMINIUM BOARD

Immediately prior to the First Unit Closing, Sponsor shall apportion the following items (to the extent applicable) with the Condominium Board as of the day immediately preceding such closing:

- (1) employees' wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building;
- (2) fees for assignable permits and licenses, if any;
- (3) cost of fuel;
- (4) charges for electricity and gas for the Common Elements;
- (5) payments under service and maintenance contracts and concession agreements;
- (6) real estate taxes, water charges and sewer rents on the basis of the tax year for which assessed (unless separately assessed to individual Units);
- (7) cost of supplies on hand at Sponsor's cost; and
- (8) premiums for transferable insurance policies provided coverage of the policies conforms to that set forth in Schedule B.

If the result of the closing adjustments is a net credit in favor of the Condominium, the Sponsor shall pay or credit the amount thereof to the Condominium at the First Unit Closing. If, however, the result of the closing adjustments is a net credit in favor of Sponsor, the amount of such net credit shall be paid to Sponsor at the time of the First Unit Closing out of the Working Capital Fund, only. In no event, however, shall such payments be made to Sponsor to the extent that they would result in the reduction of the Working Capital Fund to an amount less than \$5,000. If, because of the limitation set forth in the preceding sentence, Sponsor is not paid the full amount of the net credit to which it is entitled, at the time of the First Unit Closing, the unpaid balance of the net credit in favor of Sponsor shall be paid to Sponsor by the Condominium Board, without interest, in twelve equal consecutive monthly installments. The Condominium Board will be entitled to prepay such amount at any time and without penalty, provided that such payment would not result in the reduction of the Working Capital Fund to an amount less than \$5,000.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

Prior to the First Unit Closing, the Condominium Board will enter into a management agreement with Matthew Adam Properties Inc. (the “**Managing Agent**”), having an address at 375 Pearl Street, New York, New York 10038, for an initial term of one (1) year, with provision for automatic renewal under certain circumstances unless such agreement shall be first terminated by either party in accordance with its terms, subject further to the right, among others, of either party to cancel the same for the other party’s default in performing a substantial obligation under the management agreement, upon thirty (30) days’ prior written notice (unless the defaulting party shall cure its default within such thirty (30) day period).

The Managing Agent will receive an annual fee of \$9,000.00, payable in equal monthly installments. As set forth in the section of the Plan entitled “Footnotes to Schedule B,” the foregoing annual fee will be paid by the Sponsor during the first year of condominium operations. If the Condominium continues to employ a Managing Agent after the first year of condominium operation, the amount of Common Charges payable by Unit Owners are likely to increase accordingly.

The Managing Agent will be entitled to certain additional fees, commissions and reimbursement for certain special services performed by it. All such fees will either: (i) be paid by the Condominium Board and will be charged to all Unit Owners as a Common Expense, or, (ii) if appropriate, be paid by the Unit Owner, or the prospective purchaser or tenant, as the case may be, requesting the applicable special service.

The Managing Agent is not affiliated with the Sponsor.

Notwithstanding anything to the contrary, the Managing Agent will work in the best interests of the Condominium and its Unit Owners.

The Sponsor and its principals will not engage in “sweetheart” deals.

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

(1) billing and collecting Common Charges;

(2) causing the Common Elements to be serviced, maintained, repaired and altered in the manner deemed advisable by the Condominium Board, except that the Managing Agent shall not enter into any written contract in the name of the Condominium Board in excess of \$5,000 for repairs, replacements, alterations, improvements, utilities or services to or of the Property or equipment thereon, without the prior approval of the Condominium Board (other than in case of emergency);

(3) hiring, training, supervising, and discharging such employees of the Condominium Board, as are necessary for the operation and management of the Condominium;

(4) maintaining, in full force and effect, all insurance required by the By-Laws, reasonably required by the Condominium Board;

(5) maintaining records of cost and expenses incurred and income and receipts received in connection with the operation of the Property;

(6) furnishing to the Condominium Board statements of operations of the Property and an annual budget, setting forth a detailed projection of cash receipts, cash receipts, cash expenditures, working capital and other necessary reserves and capital improvements and expenditures;

(7) attending meetings of the Condominium Board and Unit Owners as needed;
and

(8) paying, out of the Condominium Board's operating account, bills and invoices for the costs and expenses of operating the Condominium.

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

If requested by the Condominium Board, the Managing Agent shall bond itself and all employees who handle, deal with or are responsible for monies of the Condominium Board under a fidelity bond in the amount of \$250,000 for each loss. The cost of the bond will be borne by the Condominium Board and charged to the Unit Owners as a Common Expense, and has been provided for in the estimate of the Condominium's expenses contained in Schedule B, and will be included in the budgets prepared annually by the Managing Agent.

The Managing Agent shall have no power or right to assign any monies due to it under the management agreement or to delegate any of its obligations or responsibilities thereunder to any other person, firm or corporation without the prior consent of the Condominium Board.

The Managing Agent for the Condominium is required by Section 352-eeee of the General Business Law to be the managing agent of all dwelling units occupied by Non-Purchasing Tenants, if any. The Managing Agent must provide to Non-Purchasing Tenants, if any, all services and facilities required by Applicable Law on a non-discriminatory basis. Sponsor guarantees the obligation of the Managing Agent to provide all such services and facilities until such time as Sponsor surrenders control of the Condominium Board.

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

Other Contractual Agreements

Upon commencement of condominium operation, the Property will be subject to those service and concession agreements disclosed in the Footnotes to Schedule B, if any; such Footnotes should be reviewed for full details of such agreements as may be in effect or proposed at the date of presentation of the Plan. The projected insurance coverage to be obtained for the first year of condominium operation is contained in the Footnotes to Schedule B.

Sponsor has reserved the right, prior to the First Unit Closing, to enter into agreements that will be binding on the Condominium Board, provided Sponsor may not enter into any binding service or maintenance, or concession agreement for longer than two (2) years, unless same contains a provision permitting the Condominium Board to cancel the agreement from and after the second anniversary of the First Unit Closing, upon giving not less than ninety (90) days' prior written notice.

IDENTITY OF PARTIES

Sponsor

Sponsor is USD 85 Douglass LLC, a New York limited liability company having an office c/o Urban Standard Capital, 233 Broadway, #1470, New York, New York 10279. The Sponsor was formed on April 24, 2017 and acquired the Property on August 18, 2017.

The sole principal of Sponsor is Seth Weissman, who has an office c/o Urban Standard Capital, 233 Broadway, #1470, New York, New York 10279. Mr. Weissman has been an owner and investor in, and developer of, various forms of real estate in New York City for more than five years. Mr. Weissman has not previously been a principal of an entity that acted as the sponsor for any condominium offering in the State of New York, except that Mr. Weissman is a principal of the sponsor of the condominium offering plan for The 241 Bainbridge Street Condominium, at 241 Bainbridge Street, Brooklyn, New York 11233 (File No. CD 18 0430), filed by the Department of Law on July 19, 2019. All of the units offered for sale under that offering plan have been sold. Mr. Weissman is also a principal of the sponsor of the condominium offering plan for The 378 Broome Street Condominium, at 378 Broome Street, New York, New York 10013 (File No. CD 20 0317), filed by the Department of Law on July 21, 2021.

No other individual or entity owns or controls ten per cent (10%) or more equity interest in Sponsor.

Neither Sponsor nor its principal has, during the past five years, offered properties for sale as cooperatives, condominiums, planned unit development homes or time shares, other than as set forth above. Neither Sponsor nor its principal owns, as an individual, general partner, or principal, ten percent or more of the unsold shares or units in any cooperative, condominium or homeowners association within the State of New York other than the Property, except as set forth above.

Neither the Sponsor, its principal, nor any entity in which the principal of the Sponsor was a principal, have had within the past fifteen (15) years any prior felony convictions, or any prior bankruptcies, convictions, injunctions or judgments that may be material to the Plan or an offering of securities generally.

Sponsor's Attorneys

Sponsor has retained the law firm of Belkin Burden Goldman, LLP, 60 East 42nd Street, 16th Floor, New York, New York 10165, to represent it in connection with the Plan. Lloyd F. Reisman, a partner of that firm, prepared the Plan and the opinion rendered to Sponsor with respect to the availability of income tax deductions to Purchasers and certain compliance with Section 339-i of the Condominium Act. Belkin Burden Goldman, LLP will also serve as the Escrow Agent under the Plan.

Selling Agent

The Selling Agent is Douglas Elliman Real Estate, having an address at 280 Metropolitan Avenue, Brooklyn, New York 11211. The Selling Agent has been active in the sales of condominium units in Brooklyn, New York for more than six years, and has acted as selling agent for condominium developments at the following properties, among others:

575 4th Avenue, Brooklyn, New York
135-139 Sackett Street, Brooklyn, New York
197 22nd Street, Brooklyn, New York
585 Union Avenue, Brooklyn, New York
171-173 Lefferts Place, Brooklyn, New York
278-282 North 6th Street, Brooklyn, New York

There are no prior felony convictions of the Selling Agent or any principal of the Selling Agent, nor are there any prior convictions, injunctions or judgments against the Selling Agent or a principal thereof that may be material to the Plan or an offering of securities generally, that occurred within 15 years prior to the submission of the Plan.

Sponsor's Architect

The report on the physical condition of the Building included as part of the **“Description of Property and Building Condition”** contained in Part II of this Plan was prepared by Greybar Architecture PLLC, having an address at 593 Vanderbilt Avenue, Suite 333, Brooklyn, New York 11238 (the **“Architect”**). The Architect has had extensive experience with the conversion of New York City properties to condominium ownership, and the offering of new construction condominiums in New York City. The Architect has no financial interest in the Property, Sponsor, the Managing Agent or any other party interested in this transaction, except for their fees for services rendered in connection with said report.

REPORTS TO UNIT OWNERS

It is the obligation of the Condominium Board pursuant to the By-Laws:

(1) To submit to all Unit Owners within four (4) months after the end of each fiscal year of the Condominium an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant at least during the period that the Sponsor is in control of the Board of Managers;

(2) To give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting prior to the date fixed for the meeting; and

(3) To prepare and distribute to all Unit Owners, at least annually, a budget setting forth its projection of the Common Expenses for the coming fiscal year of the Condominium not later than ten (10) days prior to the date upon which the first installment of newly determined Common Charges is due. While Sponsor is in control of the Condominium Board, the budget shall be certified.

DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan on file and available for inspection without charge, and for copying at a reasonable charge, at the office of the Managing Agent for a period of six years from the date of the First Unit Closing. Sponsor shall deliver to the Condominium Board a copy of all Condominium Documents filed with the appropriate recording office at the time of the First Unit Closing.

The Declaration and the By-Laws will be recorded in the Register's Office prior to the First Unit Closing. In addition, a set of the Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate Governmental Authority of the City of New York as conforming to the official tax lot number for each such Unit, will be filed with the Register's Office when the Declaration is recorded.

GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of a material fact. The Plan contains a summary of all the provisions of the various documents referred to herein, and prospective purchasers are urged to review the full text of each such document.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding, against Sponsor that could materially affect this offering, the rights of Purchasers of Units, the Property, the Condominium, or the operation thereof.

In accordance with the provisions of the Applicable Laws of the State and City of New York, neither Sponsor nor any of its agents will discriminate against any person because of sex, race, creed, color, national origin, ancestry, or other ground proscribed by Applicable Law in the sale of the Units offered by Sponsor pursuant to this Plan or in the leasing of any such Units or any other portion of the Property.

The Property has not been the subject of any prior cooperative or condominium offering. As of the Presentation Date, neither Sponsor nor any representative or agent thereof have, in violation of Applicable Law, accepted deposits or advances of funds from, or made any preliminary offering to, or entered into any contract or agreement with, any person for the sale of Units in the Property. All of the Units are offered vacant.

Sponsor reserves the right to revise, from time to time, the terms and conditions upon which Units are to be sold and to otherwise revise this Plan, including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers, or prospective Purchasers, without obtaining the consent of such Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided (such as in case of uncured default), nor unilaterally change the Purchase Price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to this Plan. In the case of a material revision adversely affecting in any material respect the rights, obligations or liabilities of then existing Purchasers or reducing the undertakings or obligations of Sponsor, such Purchasers will be given the right to rescind their Purchase Agreements and be refunded all monies paid thereunder, with interest earned thereon, if any, within thirty (30) days after the presentation of the amendment. However, such rescission, as to a Purchaser who first became a tenant of the Property after the Presentation Date of this Plan, will be conditioned on the cancellation of any Interim Lease and surrender of possession of his Unit within thirty (30) days thereafter.

All statements and representations made in this Plan with respect to items prepared by others have been made by Sponsor in reliance upon the Persons responsible for the preparation of such items and their authority as experts.

Unless the context otherwise requires, words used in the singular in Part I of this Plan include the plural and vice versa, and a reference herein to any one gender, masculine, feminine, or neuter, includes the other two.

No Person has been authorized to make any statement or representation or to furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

SPONSOR'S STATEMENT OF BUILDING CONDITION

General

Sponsor hereby adopts the report prepared by Greybar Architecture PLLC, which is included as part of the **"Description of Property and Building Condition"** contained in Part II of this Plan. Sponsor represents that, to the best of its knowledge, the report accurately states the description and condition of the Property as of the date of the inspection. Sponsor further represents that it has no knowledge of any material defects or need for major repairs to the Property except as set forth in the Description of Property and Building Condition.

The proposed use of all Units at the Property will be residential, but certain non-residential home occupation uses may also occur subject to compliance with Applicable Law.

Prior to the First Unit Closing or within a reasonable period of time thereafter, Sponsor will cause to be cured all violations of record against the portions of the Property comprising the Common Elements as of the date of the First Unit Closing (except violations caused by acts or omissions of Purchasers).

Prior to the First Unit Closing, Sponsor will also eliminate any dangerous or hazardous conditions of which Sponsor has notice, including but not limited to "C" violations as defined in the New York City Administrative Code.

Copies of any notices of violations of record found pursuant to a search of the records of various municipal departments of the City of New York are appended to the Report.

Notwithstanding the above, once the Plan is declared effective, Sponsor may nonetheless abandon the Plan on the terms and conditions set forth in the Section of the Plan entitled **"Effective Date,"** and upon such abandonment Sponsor shall have no liability to Purchasers hereunder.

Sponsor shall provide, at the date of the First Unit Closing, where required by Applicable Law, current Permits pertaining to oil storage and boiler safety inspection, if applicable.

As set forth in the report prepared by Greybar Architecture PLLC and included as part of the **"Description of Property and Building Condition"** contained in Part II of this Plan, there are, in its opinion, no conditions at the Property that warrant repair or remediation.

Lead-Based Paint Disclosure

The United States Department of Housing and Urban Development, and the New York City Department of Health, have recently enacted various Applicable Laws that require, respectively: (i) disclosure by Sponsor of information and reports in its possession regarding the presence of lead-based paint at the Property, and (ii) under certain circumstances, periodic inspections of Units by the Condominium and/or Unit Owners, and, under certain circumstances,

remediation and repair of areas on which lead-based paint is present and/or may be deteriorated. Prospective Purchasers are urged to review such Applicable Laws in order to determine the effect that any such Applicable Laws may have on such prospective Purchaser's purchase and/or ownership of a Unit.

It is the opinion of the Sponsor that such Applicable Laws with regard to lead-based paint apply to the Property.

Buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included in Part II of this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for, lead paint.

Sponsor has no knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards at the Property. However, Sponsor did not conduct any due diligence regarding the presence of lead paint in the Building. Sponsor believes (but does not warrant) that, as part of its renovation of the Property, it has already removed all paint from apartments that could have contained lead. Any knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards that hereafter become known or available to Sponsor will be disclosed to each prospective Purchaser under the Plan as and to the extent required by the Regulations, but need not be disclosed in an amendment to this Plan. See "Special Risks".

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PART II

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DESCRIPTION OF PROPERTY AND BUILDING CONDITION

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11/9/2022

Architects Report

Description of Property and Building Condition:
for

**85 Douglass Street
Brooklyn, NY 11231**

a) Location and Use of the Property:

1) Address:

85 Douglass Street, Brooklyn NY

2) Block/Lot No.: 409/56

3) Zoning District: R6B Quality Housing.

4) Permissible Uses:

- i) R6B Quality Housing Project will comply with zoning and use requirements at closing.
- ii) An existing water tunnel easement crosses the property.
- iii) ZR 28-11 project complies as the first story is on grade,
- iv) ZR 28-12 refuse storage does not need to comply as the project has under 9 units.
- v) ZR 28-13 laundry facilities does not need to comply as each unit has a washer and dryer.
- vi) ZR 28-14 daylight in corridors complies as a 20sf skylight is provided at stair core.
- vii) ZR 28-21 recreation space does not need to comply as the proposed project has under 9 units.
- viii) ZR 28-23 planting areas complies as fixed planter boxes are provided at the front of the building.
- ix) ZR 28-31 density per corridor complies as only 4 units are served by a common corridor.
- x) ZR 28-40 parking does not need to comply as off street parking is waived per ZR 25-261

b) Status of Construction:

1) Year Built:

Existing brick building is estimated to have been built around the early 1900's and is to remain except for the rear wall where the rear addition is added. It is current under renovation and expected to be completed no later than December 2022 unless delayed by weather, strikes, lockouts, acts of God, shortages of, or inability to obtain materials, equipment or labor, government restrictions or preemption, damage by fire or the elements or any other cause over which the sponsor has no control.

Presently all prior interior partitions and finishes have been removed down to the original structural elements. Joist replacement, sistering and structural reinforcing is complete and the cellar is being dug out for a lower elevation.

2) Class of Construction:

- i) The building construction classification is Old Code 1939 Class 3 Non Fireproof and will conform to all applicable regulations of the Building Code of the City of New York ("Building Code") including 2016 NYC Energy Conservation Code, 2014 NYC Mechanical Code, 2014 NYC Plumbing Code, 2014 NYC Fuel Gas Code, 2014 NYC Fire Code, 2011 NYC Electrical Code, 2014 NYC Accessibility Code.

ii) Fire-Ratings of Building Elements:

Exterior Bearing Walls	= 3 HR
Non Bearing Exterior Walls	= 1 HR
Egress Stairs	= 2 HR
Shafts	= 2 HR
Cellar And 1st Floor	= 2 HR
New Steel Columns	= 1 HR
Floor Separation	= 1 HR
Floor Separation at Cellar	= 2HR
Apartment Separation	= 1 HR
Roof	= 1 HR
Bulkhead	= 1 HR

iii) Project scope includes the complete removal of all interior partitions and finishes down to existing structure and a new 5' rear yard extension. Existing cellar is to be lowered for better head height clearance. A concrete bench will be used around the perimeter to avoid underpinning the existing stone rubble wall foundation. All new interior finishes will be installed. All new electrical, plumbing, sprinkler, HVAC will be installed inside the building. The existing super structure including front brick façade and brick party walls are to remain. Existing rear brick wall is to be removed for new steel superstructure and EIFS clad 5' rear extension at cellar, 1st, 2nd and 3rd floors. Existing interior egress stair is replaced with a new stair and bulkhead. Deflection of the existing wood joists and front and rear brick walls were observed. These have been remedied as noted in section (h)(1)(i) below. Brick will be repointed where necessary. All windows and doors are to be replaced with new. No other significant structural observations were witnessed other than what would be expected for a building this age and will be remedied in the renovation.

iv) Temporary Certificate of Occupancy will be obtained by the sponsor prior to closing.

3) Certificate of Occupancy:

After completion of construction the Developer will apply for a Certificate of Occupancy for the Building from the Department of Buildings of the City of New York ("Department of Buildings").

4) Permit Numbers & description of work done:

The Project will comply with 1938 New York City Building Code and applicable sections of Fair Housing. The plans are filed as an Alt Type 1 under Application No. 321661493 with the Department of Buildings.

c) Site:

1) Size:

The total site area is Tax Lot 56 = 2,500 SF (100'-0" x 25' -0").

2) Number of Buildings and Use:

One Building will occupy the Site. The proposed building consists of four (4) stories above grade and cellar with a stair bulkhead on top of the 4th floor. Building will be used solely for residential occupancy with four (4) Units.

3) Streets owner and maintained by the project:

The property is fronting Douglass Street which defined by the NY Zoning Resolution is defined as a narrow street. The building has a front width of 25'-0" on Douglass Street and a depth of 100'-0".

4) Drives, Sidewalks and Ramps:

- i) Paving: Douglass Street, paved with asphalt topping, is in fair condition and owned and maintained by the City of New York. No streets are to be maintained by the project.
 - ii) Curbing: Existing sidewalk is in fair condition. Curbs and sidewalk are to remain.
 - iii) Catch Basins / Drainage: The street is presently pitched to drain through existing cast iron catch basins into the New York City combined storm/sewer drainage system.
 - iv) Street Lighting: The City of New York provides the street lighting.
- d) Utilities:
 - 1) Electricity:
 - i) Electrical service to the building will be provided by Con Edison. The incoming service shall be 600 Amps 120/208V/3 Phase/4-Wire. The electric service will be distributed throughout the building to various loads and will be directly metered by the Utility Company. The electricity consumed by each individual Unit, Common areas and House loads (Lighting, Electrical Heaters, Exhaust Fans and miscellaneous small building electrical loads) shall be separately and directly metered.
 - ii) Each of the Units shall be provided with a dedicated meter. Each unit owner shall bear their own individual electric bill.
 - iii) The electricity consumed in the Common Elements of the building shall be separately metered and will be apportioned to each unit owner as a common expense.
 - 2) Gas:

Gas service will be provided by Nation Grid through an underground connection on Douglass Street. There will be One (1) gas meter in the building connected to an existing 1-1/4 inch gas service. The gas service for the building will be used for apartment cooking ranges and service hot water heating at two hot water heaters (of which one will be always on standby backup). All gas invoices will be will be apportioned to each unit owner as a common expense.
 - 3) Domestic Water and Sewer Service:
 - i) Water is obtained by 2 inch combined service tap to the New York City water main located on Douglass Street. The building will have (1) main water meter that will be installed on the cellar level. All water invoices will be paid as part of the common charge of the condominium. Rates for water use are set by the NYC Water Board.
 - ii) Sanitary and storm drains will connect at the Cellar Level prior to leaving the building into a six (6) inch diameter combined sewer discharging to the sewer lines located on Douglass Street. The combined sanitary/storm is connected to the combined sewer located on Douglass Street and maintained by the New York City Sewer Department. From the property line to the city sewer line, the combined sewer size is 6 inches. The Condominium will be responsible to maintain and repair the sewer within the boundary of the Condominium. There are charges for the sewer connections to the street sewers and the sewer tax will be paid as part of the common charge of the condominium.
 - 4) Telephone / Cable Television/ Internet Service:

Telephone, Internet & Television services will be available for all Units provided by Verizon, Spectrum (or alternate cable TV company). All charges for cable television service (including installation and subscription charges) will be paid by each Unit Owner, who subscribes directly to the cable TV company. In each Unit, a Cable TV outlet will be provided. Each unit owner will be responsible for arranging final connections, for obtaining a Service account, and for the cable television service for their unit.

- 5) Steam Service:
There is no steam service in the Building.

e) Sub-Soil Conditions:

- 1) No evidence of foundation movement or settling was observed. Existing rubble wall foundation mortar joints appeared to be in acceptable condition. New foundation has been sized to support the new rear extension. The existing foundations will be supporting similar loads and do not need strengthening. The site sub-surface conditions generally consist of successive layers of fill overlying sand, clay, and silt over mica schist rock. Rock is estimated beyond 100 feet below ground surface.
- 2) No evidence of water infiltration was observed. Groundwater exists at approximately 13 feet below grade.
- 3) The property is not located in a flood zone.
- 4) No hazardous material that was uncovered during the soil test and boring test and there is no E-Designation.

f) Landscaping & Enclosures

- 1) Grass Cover:
The rear yard is designated for Unit A. The rear yard will be finished with concrete pavers, grass and a wood fence. No landscape plantings will be provided.
- 2) Plantings:
Not applicable.
- 3) Trees:
One existing street tree in front of the property will be maintained by the building per NYC zoning requirements.
- 4) Fencing:
A new 6' wood fence will be provided at the rear yard.
- 5) Gates:
Existing front metal entry gate and cement knee wall extending past the property line to remain.
- 6) Garden Walls:
Not applicable.
- 7) Retaining Walls:
New cast in place rear yard retaining walls for light well with stairs leading from the cellar to rear yard grade to be provided. Finish to be exposed concrete. 10'-0" L x 25'-0" W x 6'-6" deep.
- 8) Display pools and Fountains:
Not applicable.

g) Building Size:

- 1) Total Height:
The total height of the building from average sidewalk elevation to top of front roof elevation will be 42'-0". Top of bulkhead roof elevation is 50'-6" above average sidewalk elevation.
- 2) Crawl Spaces:
Not applicable

3) Number sub-cellars and cellars:

There is one cellar.

4) Number of Floors:

The number of floors is to be (4) floors above grade and a stair and mechanical bulkhead at the roof.

5) Equipment Rooms:

Utility Rooms (gas, electric, water service, and sprinkler) are located at cellar level. Access is provided from the front of the building via existing sidewalk hatch. A mechanical room at the roof bulkhead contains the building hot water heaters. HVAC condensers are located on top of the stair bulkhead.

6) Parapet:

A 3'-6" parapet will be provided at the 4th Floor Terrace made of steel stud and EIFS finish system. The Main Roof and Stair Bulkhead will have metal guard rails at a minimum height of 3'-6" above the walking surface.

h) Structural Systems:

1) Exterior of Buildings:

i) Walls:

- a) Existing brick front façade to remain on existing rubble foundation. Existing brick front façade was found to be unengaging from the party wall. Steel angle straps have been bolted the full height of the building to secure the existing front façade back to the existing party wall.
- b) Existing brick party walls at lot the line to remain on existing rubble foundation. No evidence of structural issues or settling was observed.
- c) Existing structural rear brick wall has been partially removed for new rear enlargement. Existing structural brick rear façade was found to be unengaging from the party wall. Steel angle straps have been bolted the full height of the building to secure the existing rear façade back to the party wall.
- d) The new rear addition is poured in place concrete foundations and cellar walls to grade. Above grade are steel columns and steel beams with steel stud infill and 2" internally drained EIFS finish system by Parex. The interior side of the walls have continuous mineral wool insulation on the interior, stud framing and 5/8" gypsum wallboard finish meeting. Demising walls have an *STC rating of 45* or better. New walls to have a prescribed R value of R 7.5 Ci + R 13 per NYCECC.
- e) A new stair bulkhead is constructed of steel columns and steel beams with steel stud infill and 2" internally drained EIFS finish system by STO or similar. The interior side of the walls have continuous mineral wool insulation on the interior, stud framing and 5/8" gypsum wallboard finish meeting. Walls to have a prescribed R value of R 7.5 Ci + R 13 per NYCECC.
- f) Structural system of floors and roof: Existing wood joists were observed to be deflecting. New intermediate steel beams have been added and new wood joists have been sistered to the existing wood joists to bring floors back to level conditions. Damaged joists have been removed and replaced.

Typical floor assembly to be: finish flooring material, 5mm sound deadening mat, (2) layers 3/4" plywood, 10" wood joist, 3" mineral wool batt between joists, RC-1 resilient channel and two layers type "C" GWB providing an IIC rating of 50.

- g) Cellar slab has been benched to avoid underpinning or compromising the existing foundation. New concrete foundation footings provided at the new rear addition. A sub-grade drainage system has not been provided.
- h) Non bearing exterior walls will have a 1hr fire rating. Bearing exterior walls will have a 3hr fire rating.
- i) Local Law 10/11 does not apply as the building is under six stories.
- ii) Windows:
 - a) Front façade double hung windows by Marvin Windows to be painted aluminum clad. Glazing to be tempered and insulated.
 - b) Rear façade to be either fixed or casement windows by Marvin Windows to be painted aluminum clad. Glazing to be tempered and insulated. Windows to operate with a hand crank and be supplied with a bug screen.
 - c) The Window Manufacturer is to provide standard manufacturer's 10 year warranty on glass and frames. Operable windows are provided that meet or exceed NYC Code requirements for "Light and Air". Limit stops have been included on all windows which restrict their opening to less than 4-1/2" to meet the requirements of the NYC Department of Health.
 - d) No lot line windows exist.
- iii) Landmark Status:
Not applicable
- 2) Parapets and Copings:
Copings will be re waterproofed with new sheet applied flashing caps by Soprema Sopralene Flam 180. Parapets will be capped with metal flashing caps.
- 3) Chimneys, Flues and Caps
Existing wood burning fireplaces are not operational and have been removed. New double walled hot water gas flue to terminate at the roof level. Bathroom and kitchen vents will terminate at the roof level and will be provided with a fan.
- 4) Balconies and terraces:
 - i) Deck Finish:
4th floor terrace deck finish will be a 2' x 2' concrete paver on a plastic pedestal roof system suitable for daily use. Roofing will be bituminous roofing system Sopralene by Soprema with manufacturer's standard 15 year warranty and is intended for a pedestal paver roof system.

Balustrade:
A solid 3'-6" parapet wall above the finished walking surface will be provided at the 4th Floor Terrace made of steel stud and covered in the same EIFS finish system and metal coping cap.
 - ii) Railings:
See Balustrade above.
 - iii) Copings
See Balustrade above.

- iv) Soffits
Not applicable
- v) Exterior doors for Unit A and Unit D will be aluminum clad wood out swinging doors with double pane insulated glass, caulked where necessary, and will be painted with High Performance Organic Coating Finishes to match windows. The manufacturer is Marvin or equal. Doors and glass to be provided with manufacturers standard 10 year warranty.

5) Exterior Entrances:

- i) Exterior Doors and Frames
The singular main public entrance is located at Douglass Street. Door will be aluminum clad wood swing door with insulated tempered glass lites, cylinder lock and electrified strike connected to the building intercom. The manufacturer is Marvin or equal. Doors will have manufacturers standard 10 year warranty.
- ii) Vestibule Doors and Frames:
Not applicable
- iii) Exterior Stairs:
Rear yard stairs from grade to cellar level to be cast in place concrete.
- iv) Railings:
Railings at rear yard stairs to be painted metal.
- v) Mail Box:
Standard USPS approved metal mailboxes will be provided for all Residential Units within the Residential Lobby.
- vi) Lighting:
A LED light fixture will be provided above all exterior entrance doors. Light fixtures will be connected to a light sensor and switch.

6) Service Entrances:

Not Applicable

7) Roof and Roof Structures:

- i) Type Roofs for All Areas:
The Main Roof will be accessible via the egress stair for emergency egress, access to mechanical system and Units B and C will have individual accessory spaces as listed on the Certificate of Occupancy. All roof surfaces will be covered in a pedestal paver system suitable for daily foot traffic. Total maximum capacity for the Main Roof is no more than 20 persons.
 - a) Material:
Main Roof, stair bulkhead roof and 4th floor parapet roof will be constructed with modified bituminous roofing system Sopralene by Soprema with manufacturer's standard 15 year warranty for material and is intended for a pedestal paver roof system. Deck finish will be a 2' x 2' concrete paver on a plastic pedestal roof system suitable for daily foot traffic.
 - b) Insulation
R-30 insulation, 40 PSI extruded polystyrene Highload 40 by DOW or similar.
 - c) Surface Finish
2' x 2' concrete pavers on plastic pedestals suitable for daily foot traffic will be located

throughout at the 4th floor terrace and Main Roof.

- d) Bond Guarantee
15 year warranty for material only by the manufacturer commencing on completion of the roof.
- e) Flashing Materials
Bituminous sheet flashing Sopralene by Soprema will be used throughout with either aluminum counterflashing or metal termination bar.
- ii) Drains
 - a) All roof areas will be provided with (1) 4" cast iron roof and (1) 4" cast iron emergency overflow drain which will discharge through internal cast iron leaders into the Building storm drain system.
 - b) Gutters and leaders
See above section (a)
- iii) Skylights
 - a) Not Applicable
- iv) Bulkheads
 - a) Stairs
Bulkhead egress stairs will be new construction and will comply with applicable codes. Stair construction to be concrete metal pan with painted metal, stringers, risers, guardrails and railings. Stairs will comply with applicable sections of Fire Code Chapter 10. Bulkhead drainage consists of a cast iron scupper drain with a downspout leader that spills to the roof drainage system.
 - b) Elevator
Not Applicable
 - c) Other
New stair bulkhead is constructed of steel with light gauge steel framing infill and EIFS cladding.
- v) Metal work at roof levels
 - a) Exterior metal stairs
Not Applicable
 - b) Vertical ladders
A metal vertical ladder for access to the mechanical units at stair bulkhead roof will be provided.
 - c) Railings
A metal guardrail around roof perimeter will be provided. Pickets will be vertical to avoid ladder effect.
 - d) Hatches to roof
Not Applicable.
 - e) Other
A low metal and wood trellis fence will be provided to demark tenant and mechanical

spaces.

vi) Rooftop Facilities

No recreational facilities are provided at the roof. Rooftop access complies with 2014 NYC Fire Code Section FC 504.4.

8) Fire Escapes

i) Location:

Existing metal fire escape is to remain and is located and bolted through the front façade.

ii) Floors Covered:

Fire escape provides egress at the front of the building for the 2nd, 3rd, 4th floors down to grade.

iii) Drop Ladder:

A drop down ladder is held in place with a holding hook and travels from the 2nd floor to grade.

iv) Type:

Existing fire escape provides egress from apartment windows with stairs leading down and a drop ladder to the street.

v) Materials:

The existing fire escape is made completely from metal and is likely original to the building. Corrosion, expansion and contraction and pollutants can degrade the and corrode the metal and its fasteners and may not be noticed during a visual inspection. The fire escape was visually inspected and found to be in satisfactory condition with no visibly broken or missing anchors or components. Fire escape will be repainted and repaired where necessary.

9) Yard and Courts:

There is one rear yard for the exclusive use of Unit A. Rear yard is accessible from the cellar level via new cast in place concrete light well and stairs.

i) Paving.

The rear yard at grade will be planted with grass and have 2'x2' concrete decorative pavers inset at the stair landing. No additional planted landscaping will be provided. Access to the rear yard will be from the cellar level via a new concrete light well and stairs. Light well drainage will be connected to the building drainage through a sump pump.

ii) Drainage

The rear yard has one 4" cast iron area drain which discharges to a sump pump (SP-1) located in the cellar. This drain and pump accepts drainage from the scupper at the terrace above.

iii) Railings

Railings will be painted metal.

iv) Stairs

See section (i) above.

v) Fencing

Fencing will be new 6' tall wood fencing.

- vi) Walls
Not applicable.

10) Interior Stairs:

- i) Interior Stairs:
Stair A provides a means of egress and terminates at grade and the roof level. In addition, Stair A continues internally at Unit A down to the cellar providing private access between the 1st floor and Cellar.
- ii) Enclosure
Stairs will be enclosed in a 2hr rated GWB enclosure.
- iii) Stair Construction
Egress stair and convenience stair to be new construction and will comply with applicable codes. Stair construction to be concrete metal pan with painted metal, stringers, risers, guardrails and railings.

11) Interior Doors and Frames:

- i) Unit entrance and interior Doors and Frames:
 - a) Doors to each Residential Unit from the interior stair will be at minimum hollow metal 1- 3/4" thick Fire Proof Self Closing (F.P.S.C.) 1-1/2 hour rated, metal, *STC 35*, with metal frames and non-combustible saddles. The doors will be furnished with electronic locksets.
 - b) Interior apartment doors will be wood doors with door hardware to suite.
 - c) Doors at utility rooms to be hollow metal 1- 3/4" thick Fire Proof Self Closing (F.P.S.C.) 1-1/2 hour rated, metal, *STC 35*, with metal frames and non-combustible saddles. The doors will be furnished with manual locksets and weatherstripping.
- ii) Corridor Doors and Frames:
See above (i) Unit entrance doors.
- iii) Star hall doors and Frames:
See above (i) Unit entrance doors.
- iv) Roof Doors
Stair bulkhead door at roof to be hollow metal 1- 3/4" thick Fire Proof Self Closing (F.P.S.C.) 1-1/2 hour rated, metal, *STC 35*, with metal frames and non-combustible saddles. The doors will be furnished with manual locksets and furnished with weatherstripping.

12) Elevators:

Not applicable

13) Elevator Cabs:

Not applicable

i) Auxiliary Facilities:

No Auxiliary facilities are provided.

1) Laundry Room:

Not applicable.

2) Refuse Disposal

Trash and recycling enclosed bins will be provided at the exterior front of the building. The Condominium will be responsible to maintain and pay public sanitation fees as part of the common charge. Trash pickup is twice a week and recycling is once a week.

j) Plumbing and Drainage:

1) Domestic Water System:

There will be (1) one DEP approved 2 inch combined domestic & fire protection water service. Domestic water supply to the building from street water main will be metered. The main shutoff valve is located in the cellar, and shutoff valves are also located at the base of each riser. Domestic cold and hot water systems shall be provided with the following insulation, per NYC Energy Code:

Minimum Pipe Insulation Thickness							
Fluid Temp (°F)	Insulation Conductivity		Nominal Pipe or Tube Sizes (Inches)				
	Conductivity (Btu-In/H-ft²°F)	Mean Temp. Rating °F	<1	1 to <1-1/2	1-1/2 to <4	4 to <8	<8
105-140	0.21-0.28	100	1.0	1.0	1.5	1.5	1.5
40-60	0.21-0.27	75	0.5	0.5	1.0	1.0	1.0

2) Fire Protection System:

- The building will be provided with a complete automatic fire sprinkler system, in accordance with the NYC Building Department Code. All spaces except for spaces exempt will include sprinkler heads and piping. A Siamese connection will be located at the street facade elevation of the building at Douglass Street.
- The building will be fully sprinklered with an automatic wet sprinkler system. There will be a combined 2" fire/domestic incoming water service (with a 2-inch domestic water take-off after house control valve) from Douglass St.
- Sprinkler heads (Wet type, Fully Automatic System with hydraulically calculated head coverage throughout the building)
- Siamese connection (2-1/2" single inlet and 3" single outlet, at Douglass Street side)

3) Water Storage Tanks and enclosure:

Not applicable.

4) Water Pressure:

- The Hydrant flow test provided by NYC DEP dated 10/25/2017 indicates a static pressure of 57 PSI with a residual pressure of 56 PSI with 500 GPM flowing.

5) Sanitary Sewage System:

- Permit as required for DEP Site connection proposal for a new 6- inch combined sewer.
- Sewer piping materials shall be E.H.C.I. pipe hub & spigot ASTM 74; sanitary waste gravity discharge to street combined sewer, sized as required.
- Sewer will be discharged into New York City sewer system.

6) Permits required:

Backflow Prevention NYC DEP Cross Connection Control Unit Approval #19080491, 09/03/2019.

7) Storm Drainage System:

- Catch basins: Storm drainage will be collected via roof and terrace drains and discharged to the combined sewer and into the street main.

- ii) Yard and roof drains: Storm drainage system shall be installed as designed and as required per New York City Building Code.
- iii) Piping: All areas above grade will flow by gravity.
- iv) Ejector or sump pumps All leaders will be cast iron with No-hub fittings.
- v) Pump Schedule:

Pump Schedule		
Tag	Location	Manufacturer/Model (or equal)
Duplex Sewage Ejector SE-1	Underground Cellar	Federal Pump Corp/VSA-4F-75-4
Duplex Storm Sump Pump Sp-1	Underground	Federal Pump Corp/2P-1/2-4

k) Heating:

- 1) Each residential unit will be heated and air-conditioned by ceiling mounted AC units with associated air distribution ductwork. Groups of AC units will be connected together to a central variable refrigerant flow (VRF/VRV) system that includes a roof mounted condensing unit. Each apartment will have dedicated condensing units. Each apartment will have separate thermostats for the living room and individual bedrooms.
 - i) The air conditioning systems are designed to provide 72 °F maximum indoor temperature in heating mode and 75 °F minimum indoor temperature for cooling mode to comply with the NYC Energy Code. This shall be accomplished with outdoor design NYC design conditions of 12.6° for heating and 89.3 DB and 73 WB for cooling. A year round heating and cooling system consisting of Daikin VRV-IVS mini-split (or equal) type heat pump system with roof mounted condenser units for each residential apartment unit. The apartment air handlers have ducted & non-ducted air distribution inside apartments. Refrigerant water pipes will be constructed of copper and insulated. Piping will consist of a 2-pipe system. Units inside the apartments will have the ability to either provide heating or cooling, but cannot provide heating and cooling at the same time. Each electric heat pump unit will be provided with its own heating and cooling thermostat and function per the sequence of operation outlined. The thermostat will have the ability to control the fan and mode of operation automatically based on room conditions. All exterior metals, including fasteners, must be corrosion resistant. Units will have a 10-year extended warranty for compressors/parts on all VRF/VRV equipment.
 - ii) The ducts will be insulated to a minimum of 1.5" fiberglass maximum 0.28 K-factor for supply and return ductwork and 2" on outside air ductwork. Refrigerant piping shall be insulated with 1.5" neoprene maximum 0.27 K-factor insulation and condenser drain piping will be insulated with 1.0" neoprene maximum 0.27 K-factor insulation.
 - iii) Every unit has its own condenser, which is located at bulkhead roof. Condensers are Daikin (or equal). In addition to being located on the roof of the bulkhead, condensers are mounted on dunnage.
 - iv) Stairs and residential lobby are unconditioned but heat will be provided by Electrical baseboard heaters.

v) Hot Water Heater Schedule:

Storage type Gas Hot Water Heater Schedule (or equal)		
Tag	Location	Manufacturer/Model
HWHT-1 (2 Quantity – 1 Working and 1 standby)	Roof Mechanical Room	A.O. Smith BTH-150(A)

- 2) Number of Boilers:
Not applicable.

- 3) Manufacture and age of Boilers:
Not applicable.
 - 4) Manufacture and age of burners:
Not applicable.
 - 5) Type of Controls:
Not applicable.
 - 6) Radiators:
Not applicable.
 - 7) Fuel:
Not applicable.
 - 8) Location of oil tank:
Not applicable.
 - 9) Capacity of oil tank:
Not applicable.
- l) Gas Supply:**
- 1) Type:
Natural Gas is supplied by a 1-1/4" carbon steel gas service (1055 CFH) and distributed to the apartment branch lines and Roof Mechanical Room.
 - 2) Meters:
One building gas meter located at the Cellar.
 - 3) Piping:
See section (1) above.
- m) Air Conditioning:**
- 1) See Section K Heating above for air conditioning.
- n) Ventilation:**
- 1) Bathrooms are provided with common exhaust fan at the NYC code required intermittent rate of 50 CFM/toilet. The main vertical exhaust risers exhaust air to the roof level exhaust fan. Fan will have duct mounted static pressure sensor with VFD drive on each main roof exhaust fan. Each bathroom will have ceiling mounted fan with air flow 50 CFM
 - 2) Kitchens at apartments A,B & C have 100 cfm exhaust which exhaust air to the roof level exhaust fan. Apartment D has a recirculating hood/microwave.
 - 3) Residential units are also ventilated via operable windows.
 - 4) Cellar air conditioning units are provided with mechanical ventilation that is ducted from a outside air intake louver located at the first floor.
- o) Electrical System:**
- 1) Service from main service switchgear:
Electrical System: Electrical service will be provided into cellar main electric room. Service from Con Edison shall be sized as per building's electrical loads in accordance with the New York City Electrical Code. Service to the building will be 600A, 120/208 volt, 3-phase, 4 wire and distributed to residential and base building distribution systems via power and lighting panels. Wire size is determined by ConEdison. Dedicated service and electrical equipment for Residential and base building distribution

systems are sized based on their respective loads. loads per NYC Electrical code and 2011 National Electric Code. All electrical wiring shall be copper.

2) Service to individual Units:

Main electrical room consolidating residential and common area electrical equipment is located at the cellar level of the building. Local distribution equipment for Residential units is situated in their respective spaces. Power for residential units is distributed from meter banks and disconnect switches in main electrical room.

3) Compartment switch gear:

Service to Individual Residential Units from meter banks include dedicated feeders that run to each Residential Unit and terminates at the apartment panel boards. Residential Unit feeders sized as required by load and voltage drop. Each residential unit feeder is protected by individual overcurrent protective device at the meter bank location and consist of 125A 2-pole single phase disconnect switch.

4) Unit service:

- i) The residential panel board will be rated to comply with the New York City Electrical Code, and takes into account all equipment provided in Residential Units such as washing machines, clothes dryers, dishwashers, microwaves, electrical ranges, air conditioning equipment, etc. Each apartment is provided with a 42-pole panel, with an average of 9 spare circuits.
- ii) Common Areas: Power and Lighting panels will be provided to distribute electricity to the loads in all common areas and to be circuited from the dedicated electrical house meter. Individual branch circuit protection will be sized and rated based on the connected loads and requirements of the code, which shall include lighting, receptacles, air conditioning and heating etc.
- iii) Smoke Detectors: Protection type smoke alarms and combination CO detector, hard wired, with battery backup, 120 Volt provided in each apartment. Maintenance of safety and warning devices is the responsibility of the unit owner.
- iv) Telephone, Intercom, Security Systems, and Data Transmission:
Audio/video door phone access system will be provided to access the residential lobby. Each apartment will be supplied with multifunctional communicator, which works as an indoor monitor, provide audio and video communication with door phones.
- v) Wiring will be installed in each Residential Unit to enable the Unit Owner to obtain telephone and cable television service at the Unit Owner's Expense.
- vi) No backup power or emergency power is provided.
- vii) No security system or hardware will be provided for the building or individual units.

5) Adequacy:

- i) Each apartment is provided with a 42-pole panel, with an average of 9 spare circuits.
- ii) Typical light fixtures used throughout the apartment will be recessed 15W LED fixtures by Elco Lighting.
- iii) Outlets will be provided for all appliances. Approximately 20 convenience outlets are provided at each apartment.

p) Intercommunication and/or door signal systems, security closed circuit TV:

- 1) An Audio/video building access system by ButterflyMX will be provided at the main entry door. The system will allow apartment owners to remotely provide entry for guests into the building from their cellphone. System has a two-year hardware warranty. Building will be responsible for annual subscription and internet fees.
- q) Public Area (Interior/ Exterior) Lighting:
Lighting in building stairs, cellar corridor and first floor lobby will be either surface mounted LED or fluorescent fixtures with battery pack emergency ballasts as required and will meet applicable codes.
- r) Parking Area:
Not applicable.
- s) Swimming Pools:
Not applicable.
- t) Tennis Courts, playgrounds and recreation facilities:
Not applicable.
- u) Permits and Certificates:
All required permits have or will be issued. Recurring inspections to be done after Building completion include: Sprinkler & Standpipe. FDNY resource permits.
- v) Violations:
There are municipal violations against the building. Sponsor will cure any outstanding violations prior to closing.
- w) Unit Information:

- 1) Unit Designations: The residential units for the Building are as follows:

Unit #	Floor	Unit Type
A	Cellar and 1 st Floors	2 Bedroom / 2.5 Bath: Kitchen, Living Room, Bedroom A, Bathroom A (Master Bathroom), Bedroom B, Bathroom B, Cellar Ordinary Use, Cellar Half Restroom, Outdoor Rear Yard
B	2 nd Floor	3 Bedroom / 2 Bath: Kitchen, Living Room, Bedroom A, Bathroom A (Master Bathroom), Bedroom B, Bathroom B, Bedroom C
C	3 rd Floor	3 Bedroom / 2 Bath: Kitchen, Living Room, Bedroom A, Bathroom A (Master Bathroom), Bedroom B, Bathroom B, Bedroom C
D	4 th Floor	2 Bedroom / 2 Bath: Kitchen, Living Room, Bedroom A, Bathroom A (Master Bathroom), Bedroom B, Bathroom B, Terrace
B & C	Roof	Outdoor Rooftop Space

- i) Typical Unit Finishes: Subject to Sponsor's right to make substitutions as set forth herein and/or in the Offering Plan, the Residential Units will be provided with the following finishes:

Room	Floor	Walls	Ceiling	Other
Living / Dining Room	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	
Kitchen	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	Kitchen cabinets to be painted wood and plywood with Quartz Countertops
Hallway	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	
Bedroom A	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	
Bedroom B	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	
Bedroom C	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	
Closets	¾" engineering oak wood floor with clear poly. finish and 5mm acoustic underlayment	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	Millwork Shelving
Bathroom A	Tile	Tile and Painted GWB	Primer and Finish Coat Paint on GWB	Wall Hung Vanity and Sink
Bathroom B	Tile	Tile and Painted GWB	Primer and Finish Coat Paint on GWB	Wall Hung Vanity and Sink
Half Bath	Tile	Tile and Painted GWB	Primer and Finish Coat Paint on GWB	Wall Hung Vanity and Sink
Apartment A Cellar Space	Tile	Primer and Finish Coat Paint on GWB	Primer and Finish Coat Paint on GWB	

- ii) Bathrooms to be minimum 7'-6" clear. Corridors and closets will have approximately 8'-0" clear ceiling height. Bedrooms to be approximately 8'-0" clear ceiling height. Approximate heights are expected to be:

Cellar: 10'-8" (floor to floor) and minimum average 9'-0" clear height at living room.
1st Floor: 10'-3" (floor to floor) and minimum average 8'-0" clear height at living room.
2nd Floor: 9'-10" (floor to floor) and minimum average 8'-0" clear height at living room.
3rd Floor: 9'-10" (floor to floor) and minimum average 8'-0" clear height at living room.
4th Floor: 9'-7" (floor to floor) and minimum average 8'-0" clear height at living room.

2) Bathroom Fixtures:

Subject to Sponsor's right to make substitutions as set forth herein and/or in the Offering Plan, the Residential Units will be equipped with the following (or comparable of equal or better value) fixtures.

Item	Description	Room	Manufacturer	Model No.	Size
	Faucet	Bathroom A	Brizio	Odin T6587LF	na
	Vanity & Sink	Bathroom A	Duravit	L-Cube	48"
	Toilet	Bathroom A	Toto	CT437FG#01	na
	Shower Controls	Bathroom A	Brizio	Odin T75575, 88875	na

Item	Description	Room	Manufacturer	Model No.	Size
	Faucet	Bathroom B	Brizio	Odin T6587LF	na
	Vanity & Sink	Bathroom A	Duravit	L-Cube	24"
	Toilet	Bathroom B	Toto	CT437FG#01	na
	Tub Controls	Bathroom B	Brizio	Odin T60275	na
	Tub	Bathroom B	Hydro Systems	LAC6030ATOS	na

Item	Description	Room	Manufacturer	Model No.	Size
	Faucet	Bathroom B	Brizio	Odin T6587LF	na
	Vanity & Sink	Bathroom A	Duravit	L-Cube	24"
	Toilet	Bathroom C	Toto	CT437FG#01	na

3) Typical Kitchen Fixtures and Appliances:

Subject to Sponsor's right to make substitutions as set forth herein and/or in the Offering Plan, the

Residential Units will be equipped with the following (or comparable of equal or better value) fixtures and appliances:

Item	Description	Room	Manufacturer	Model No.	Size
	Fridge	Unit A,B,C,D	Liebherr	HCB1581	30"
	Dishwasher	Unit A,B,C,D	Miele	G5056SCVi	24"
	Gas Stovetop	Unit A,B,C,D	Miele	KM360G	30"
	Elec. Wall Oven	Unit A,B,C,D	Miele	H6680BP	30"
	Hood	Unit A,B,C	Miele	DA1280	30"
	Hood/Microwave	Unit D	Fisher Paykel	CMOH30SS2Y	30"
	Elec. Washer	Unit A,B,C,D	Miele	WXD160WCS	24"
	Elec. Dryer	Unit A,B,C,D	Miele	TXD160WP	24"
	Sink and Faucet	Unit A,B,C,D	Brizio 63075 LF Elkay EFU211510	-	na
	Ice Maker	Unit A	XO	XOUIIM15650P	15"
	Wine Cooler	Unit A	XO	XOU24WDZGSR	24"

x) Finish Schedule of Spaces other than Units

Room	Floor	Walls	Ceiling	Other
Cellar Level Utility Rooms	Concrete	Painted GWB and CMU	Painted GWB	
Ground Floor Lobby	Tile	Painted GWB	Painted GWB	
Stair A	Tile with concrete metal pan stairs	Painted GWB	Painted GWB	Painted Metal Railings and Guardrail

y) Safety and Warning Devices:

- 1) A code compliant life safety system will be provided. The system will consist of the following:
Residential Unit Smoke/Carbon Monoxide Detection System: Each Residential Unit will contain a combination smoke/carbon monoxide detector located in the vicinity of the bedrooms as required by code. The detector will be wired to a 120-volt local power supply and will be self-contained with its own sounding device.

z) Additional Information Dimensions of Units:

- 1) Reference Plans

aa) NA

bb) Further Development:

Not Applicable.

cc) Asbestos

- 1) Asbestos testing was performed prior to construction by a NYC approved asbestos testing agency.

- 2) Asbestos was found to be present in plaster finishes and flooring materials which have been removed.
- 3) Asbestos was removed by a NYC approved abatement company and an ACP21 was filed.

dd) Lead Based Paint:

- 1) No lead based paint will be used in the construction of the project. Any existing lead based paint has been encapsulated behind GWB furring.

Greybar Architecture PLLC

Nicholas M. Wilder

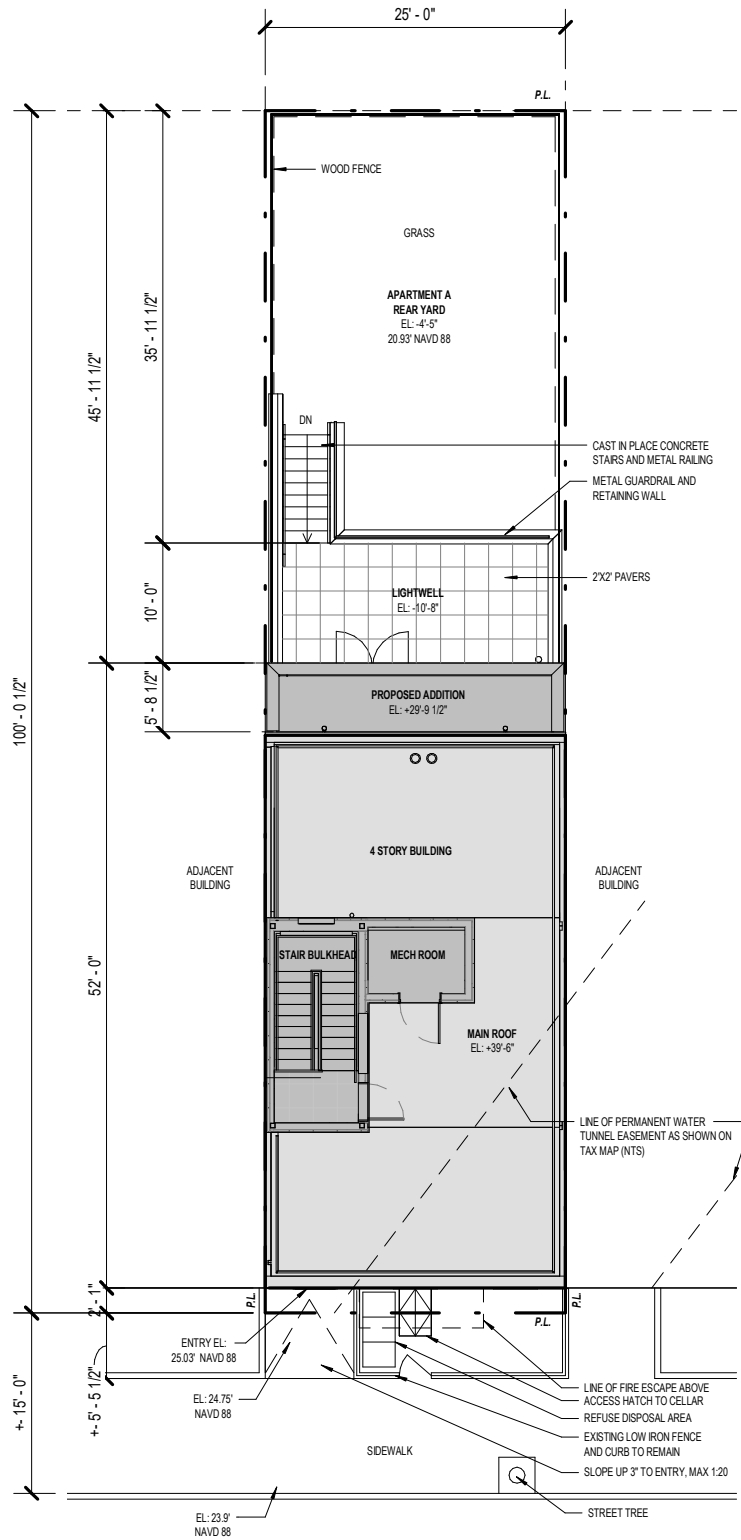
Nicholas M. Wilder



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FLOOR PLANS OF UNITS

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PROJECT: 85 DOUGLASS STREET
BROOKLYN, NY 11231

GREYBAR ARCHITECTURE PLLC

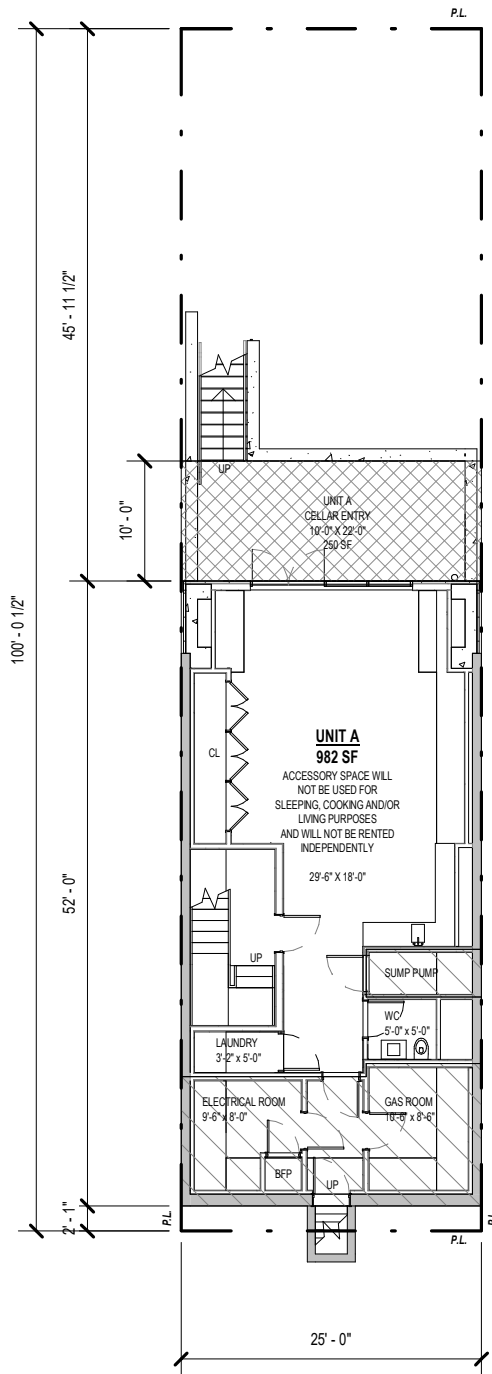
AG PLANS SITE PLAN

AG-1

Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



CELLAR	
TOTAL FLOOR AREA	1,298 SF
UNIT A FLOOR AREA	982 SF
COMMON FLOOR AREA	316 SF
L.C.E.	250 SF

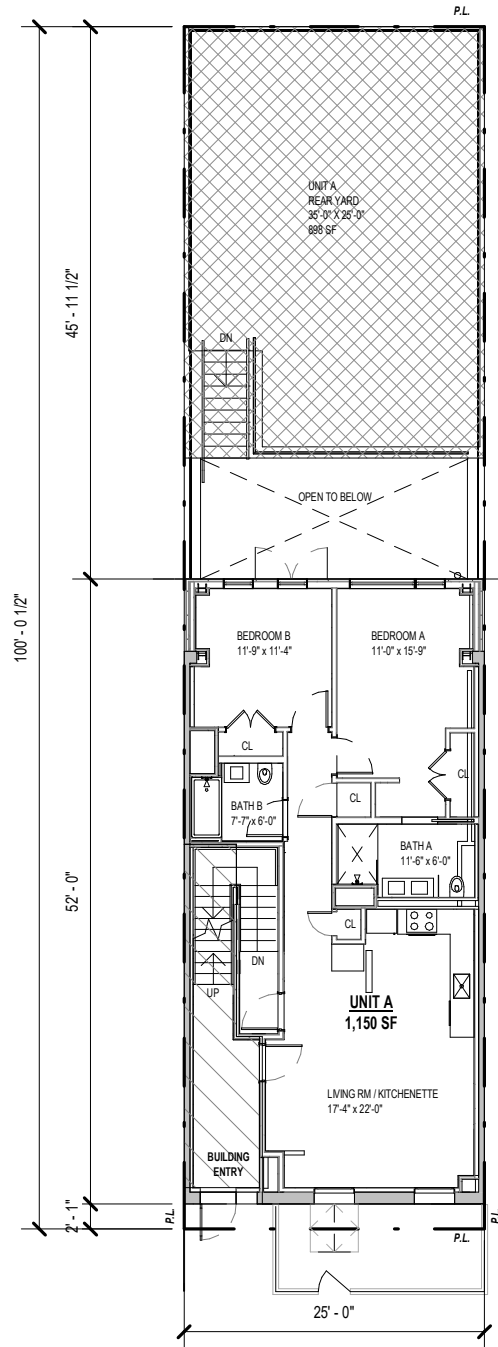
LEGEND:	
RESIDENTIAL UNIT	
COMMON ELEMENT	
LIMITED COMMON ELEMNTS	



PROJECT: 85 DOUGLASS STREET BROOKLYN, NY 11231	AG PLANS	AG-2
GREYBAR ARCHITECTURE PLLC	CELLAR PLAN N.T.S.	Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



1ST FLOOR	
TOTAL FLOOR AREA	1,298 SF
UNIT A FLOOR AREA	1,150 SF
COMMON FLOOR AREA	148 SF
L.C.E. (REAR YARD)	898 SF

UNIT A CELLAR & 1ST FLOOR	
TOTAL FLOOR AREA	2,132 SF
TOTAL L.C.E.	1,148 SF

LEGEND:

	RESIDENTIAL UNIT
	COMMON ELEMENT
	LIMITED COMMON ELEMENTS



DOUGLASS STREET

PROJECT: 85 DOUGLASS STREET
BROOKLYN, NY 11231

GREYBAR ARCHITECTURE PLLC

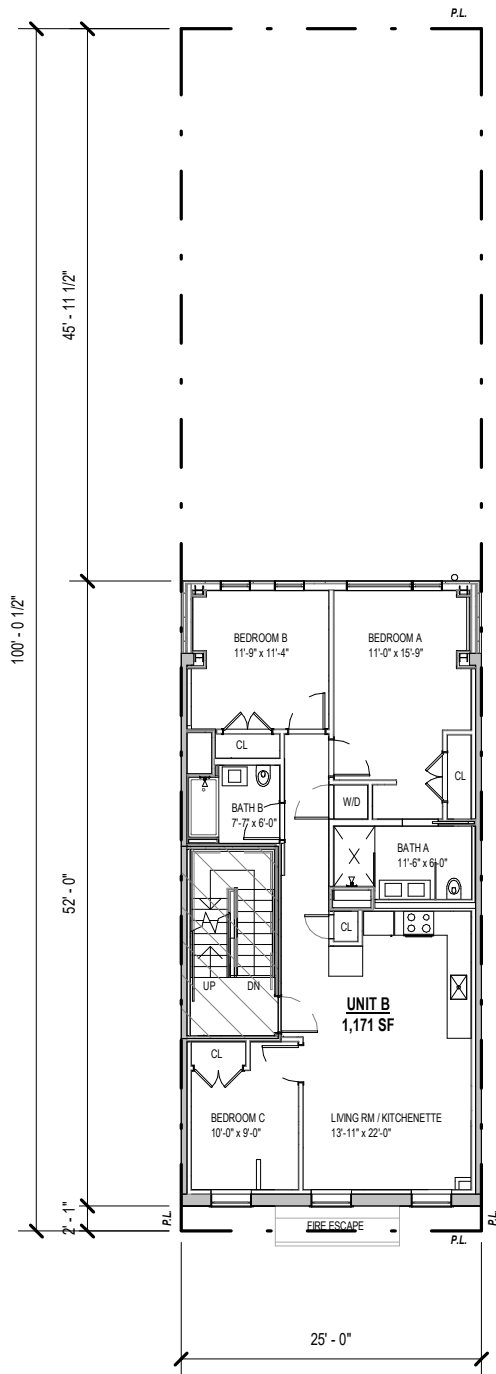
AG PLANS
FIRST FLOOR PLAN
N.T.S.

AG-3

Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



2ND FLOOR	
TOTAL FLOOR AREA	1,298 SF
UNIT B FLOOR AREA	1,171 SF
COMMON FLOOR AREA	127 SF
L.C.E.	0 SF
UNIT B ROOF DECK	
L.C.E.	450 SF

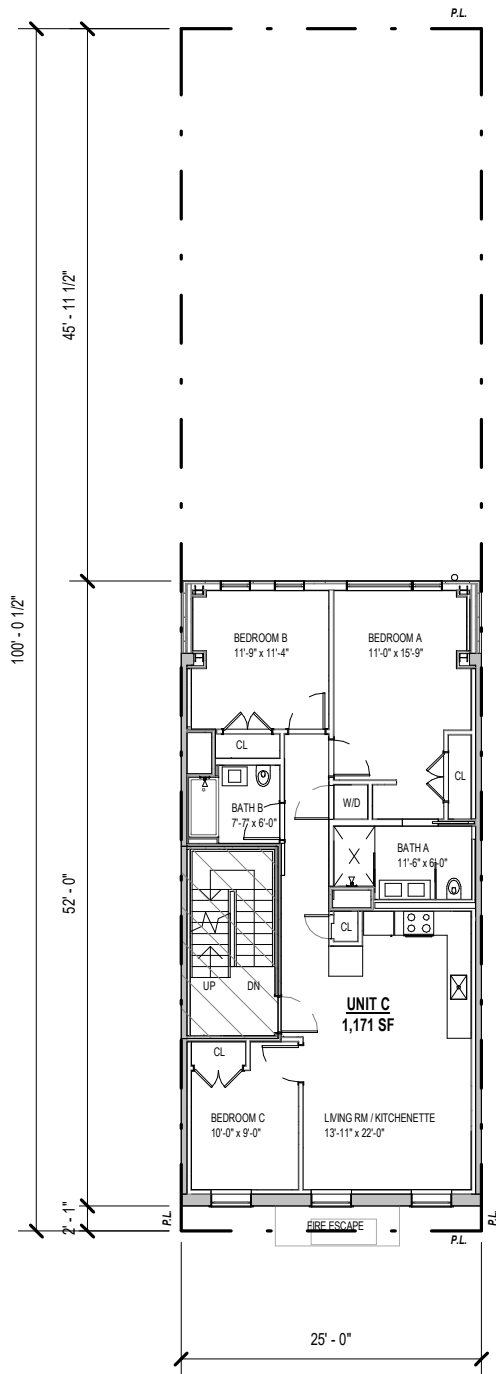
LEGEND:	
	RESIDENTIAL UNIT
	COMMON ELEMENT
	LIMITED COMMON ELEMNTS



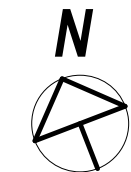
PROJECT: 85 DOUGLASS STREET BROOKLYN, NY 11231 GREYBAR ARCHITECTURE PLLC	AG PLANS SECOND FLOOR PLAN N.T.S.	AG-4
		Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



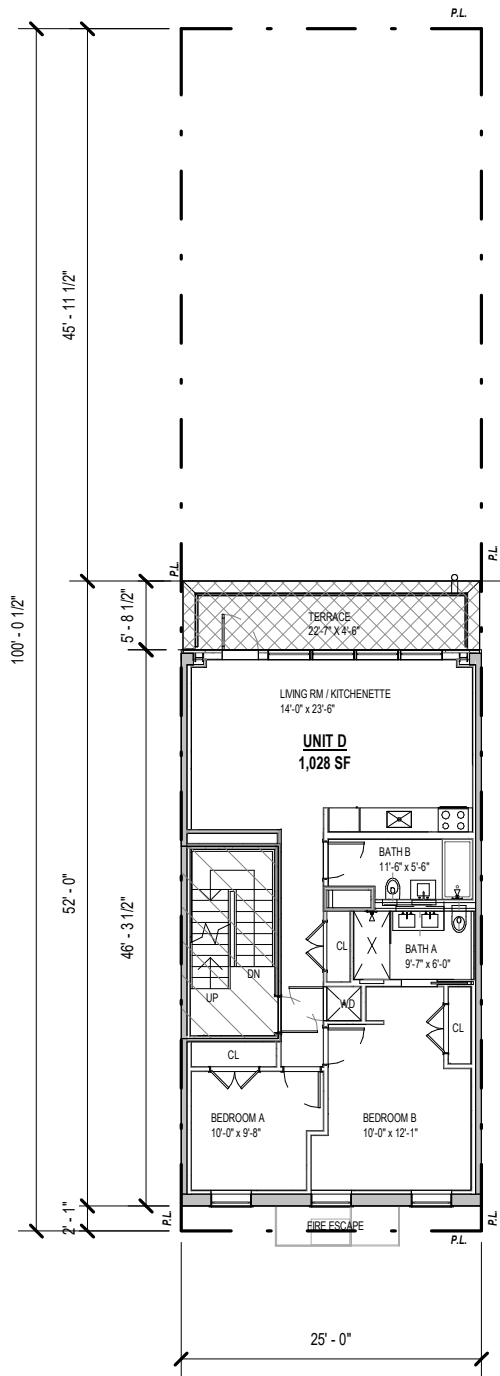
LEGEND:
RESIDENTIAL UNIT
COMMON ELEMENT
LIMITED COMMON ELEMNTS



PROJECT: 85 DOUGLASS STREET BROOKLYN, NY 11231	AG PLANS THIRD FLOOR PLAN N.T.S.	AG-5
		Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



4TH FLOOR	
TOTAL FLOOR AREA	1,150 SF
UNIT C FLOOR AREA	1,028 SF
COMMON FLOOR AREA	122 SF
L.C.E.	140 SF

LEGEND:	
	RESIDENTIAL UNIT
	COMMON ELEMENT
	LIMITED COMMON ELEMNTS



PROJECT: 85 DOUGLASS STREET
BROOKLYN, NY 11231

GREYBAR ARCHITECTURE PLLC

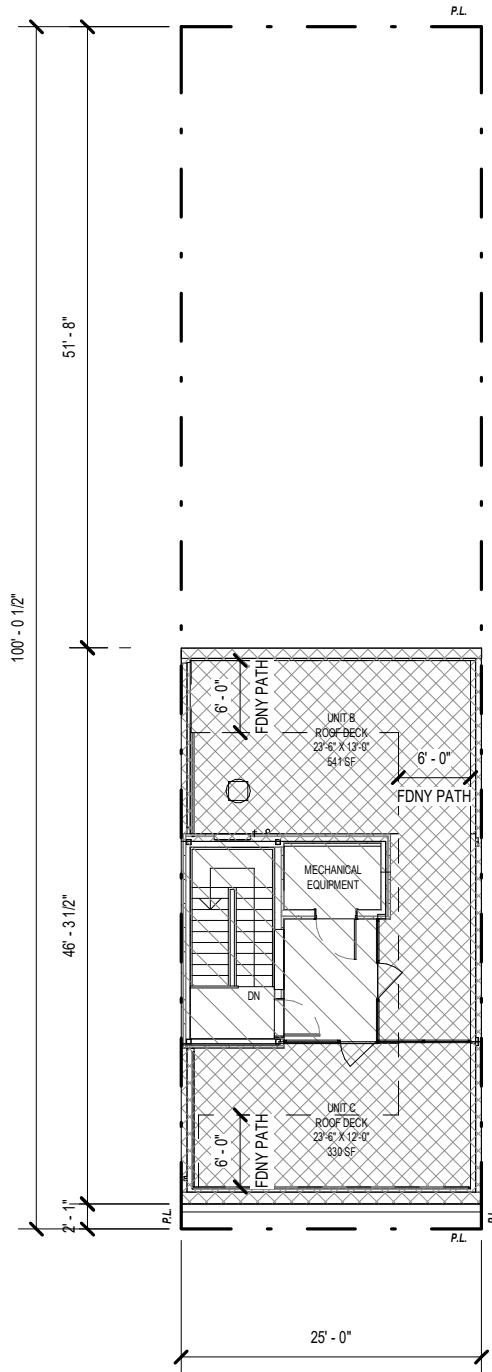
AG PLANS
FOURTH FLOOR PLAN
N.T.S.

AG-6

Date: 7/11/2022

THIS FLOOR PLAN IS BASED ON CONSTRUCTION DRAWINGS AND IS SUBJECT TO CONSTRUCTION VARIANCES AND TOLERANCES. THE SQUARE FOOTAGE ON THIS PLAN EXCEEDS THE USABLE FLOOR AREA. MINOR INACCURACIES IN SQUARE FOOTAGE AND LAYOUT AND ROOM DIMENSIONS AS SHOWN ON THIS FLOOR PLAN WILL NOT EXCUSE A PURCHASER FROM COMPLETING THE PURCHASE OF A UNIT WITHOUT ABATEMENT IN PRICE OR RECOURSE AGAINST THE SPONSOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES TO A UNIT IN ACCORDANCE WITH THE OFFERING PLAN.

AREAS ARE TAKEN FROM THE CENTERLINE OF UNIT DEMISING WALLS TO THE EXTERIOR WALLS



ROOF	
TOTAL FLOOR AREA	1,150 SF
COMMON ELEMENT	279 SF
UNIT B L.C.E	541 SF
UNIT C L.C.E	330 SF

LEGEND:

	RESIDENTIAL UNIT
	COMMON ELEMENT
	LIMITED COMMON ELEMNTS

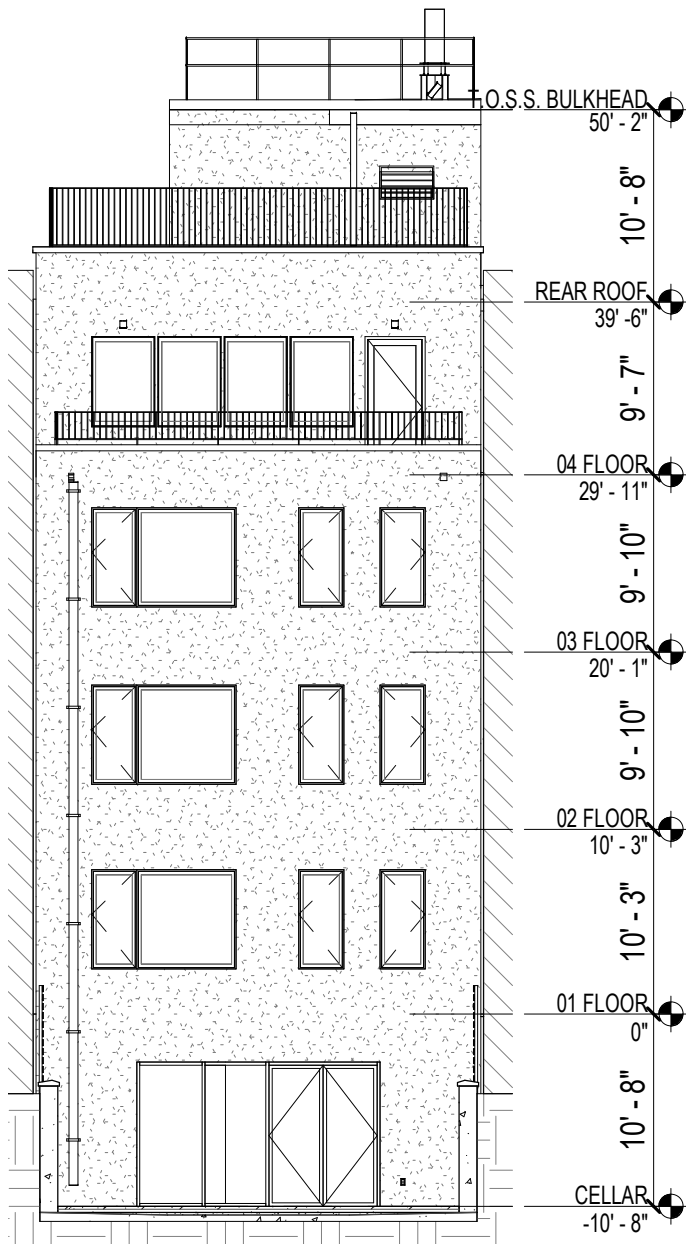
PROJECT: 85 DOUGLASS STREET
BROOKLYN, NY 11231

GREYBAR ARCHITECTURE PLLC

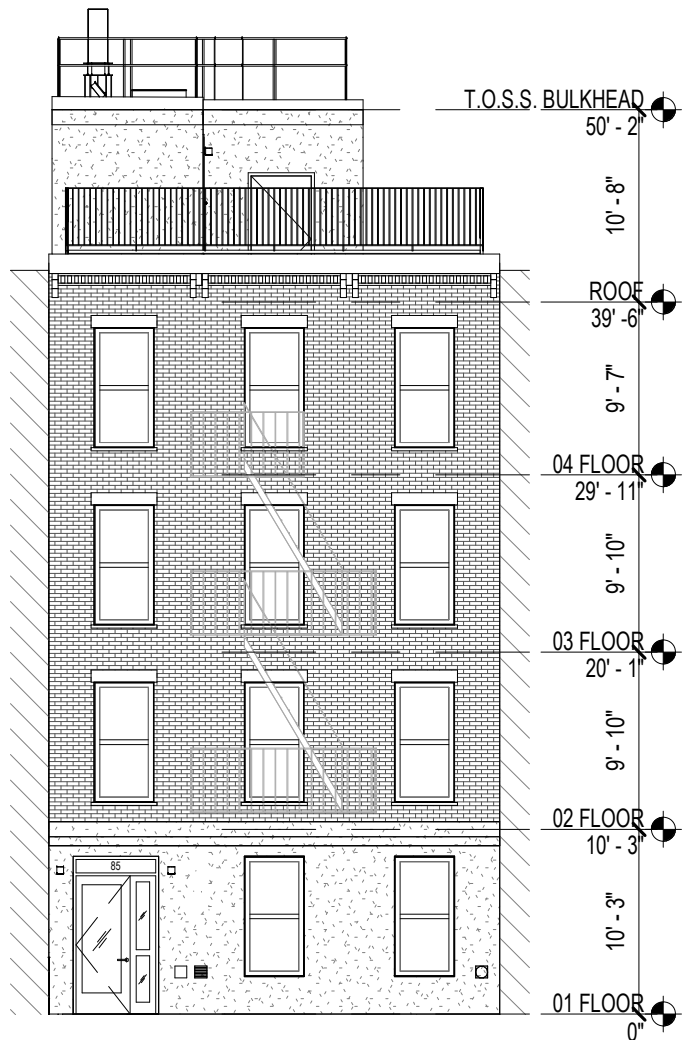
AG PLANS
ROOF PLAN
N.T.S.

AG-7

Date: 7/11/2022



ELEVATION NORTH



ELEVATION SOUTH

PROJECT: 85 DOUGLASS STREET
BROOKLYN, NY 11231

GREYBAR ARCHITECTURE PLLC

AG PLANS
ELEVATIONS
N.T.S.

AG-8

Date: 7/11/2022

VIOLATIONS REPORT

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All New York Title Agency, Inc.

Title Number: **ANY2020-5242AG**

Page 1

MUNICIPAL, DEPARTMENTAL AND OTHER INFORMATIONAL SEARCHES

Any searches or returns reported herein are furnished **FOR INFORMATION ONLY**. They will not be insured and the company assumes no liability for the accuracy thereof. They will not be continued to the date of closing.

THE FOLLOWING MUNICIPAL SEARCHES HAVE BEEN ORDERED FOR THIS REPORT AND ARE ATTACHED HERewith UNLESS OTHERWISE INDICATED:

- [X] Certificate of Occupancy**
- [X] Housing and Building Violation Report**
- [X] Fire Department Report**
- [X] Street Report**
- [X] Emergency Repair Lien Report**
- [X] Highway Department Report**
- [X] Air Resources Report**
- [X] Fuel Oil Report**
- [X] Landmark Search**
- [X] Bankruptcy Search**
- [X] Financing Statement (UCC) Report - State**
- [X] Flood Search**

CENTRAL VIOLATIONS BUREAU

In New York City, since about July 1, 1961, only the Fire Department, The Department of Health, the Department of Air Pollution Control and the Department of Water Supply, Gas and Electricity have been reporting violations issued by them affecting multiple dwellings to the Central Violations Bureau established pursuant to Section 328 of the Multiple Dwelling Law. In its report to its search for violations the Department of Buildings includes such violations affecting multiple dwellings filed by the aforesaid departments in the central bureau.



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CERTIFICATE OF OCCUPANCY

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

BLOCK: **409**

LOT: **56**

NO CERTIFICATE OF OCCUPANCY ISSUED ACCORDING TO THE BUILDING DEPARTMENT INDEX RECORDS. THE FOLLOWING INFORMATION HAS BEEN FOUND.

OLD BUILDING ERECTED PRIOR TO ENFORCEMENT OF CERTIFICATE OF OCCUPANCY REGULATIONS.

The Department of Finance Records indicate that this building was built in 1920.

ALT #10848/1922*

ALT #13211/1928*

ALT #602/1930*

ALT #6604/1936*

***The Department of Buildings personnel were unable to locate information related to the status of this permit.**

HOUSING DEPARTMENT PHYSICAL INSPECTION DATED 01/05/1923 SHOWS PREMISES OCCUPIED AS SEVEN APARTMENTS.

ALT #321661493

APPROVED 08/02/2022

NOT SIGNED OFF

RENOVATION OF EXISTING SEVEN FAMILY, HORIZONTAL ENLARGEMENT INCLUDING PARTIAL DEMO WHICH AFFECTS BUILDING ENVELOPE PROPOSED.

PLEASE NOTE: CURRENT HOUSING DEPARTMENT RECORDS SHOW BUILDING OCCUPIED AS SEVEN APARTMENTS.

It is the policy of the Department of Buildings that for all plans and uses approved prior to January 1938, the Department did not and does not require a certificate of occupancy.

EFFECTIVE 09/18/2001 RESTRICTIONS ON ACCESS TO CERTAIN RECORDS HAVE BEEN PUT IN PLACE BY THE INVESTIGATIONS & DISCIPLINE UNIT OF THE DEPARTMENT OF BUILDINGS. THESE RECORDS ARE NOW BEING SEARCHED BY THE CITY PERSONNEL AND WE CANNOT ASSURE THE ACCURACY OF THAT RESEARCH.

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

S.J. CARROLL JR. INC. DOES HEREBY STATE THAT THE RECORDS OF THE ABOVE CITY AGENCY WAS EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS THE TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN ON THE ABOVE NOTED DATE. THIS REPORT IS FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER. REPORT MAY NOT INCLUDE MINOR APPLICATIONS THAT DO NOT REQUIRE A NEW CERTIFICATE OF OCCUPANCY.



Researching Property Records of NYC Agencies • Since 1975

HOUSING & BUILDING

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

A SEARCH OF THE RECORDS OF THE DEPARTMENT OF BUILDINGS, AND THE RENT AND HOUSING MAINTENANCE DEPARTMENT OF THE CITY OF NEW YORK WAS MADE ON THE ABOVE DATE. THE FOLLOWING VIOLATIONS WERE REPORTED PENDING. THIS DATA IS AS OF 07/16/2022.

BUILDING DEPARTMENT: **VIOLATIONS ATTACHED PAGES (3)**

RENT & HOUSING MAINTENANCE: **VIOLATIONS ATTACHED PAGES (1)**

CLASSIFICATION

MULTIPLE DWELLING: **OLD LAW TENEMENT**

NOT A MULTIPLE DWELLING:

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

S.J. CARROLL JR. INC. DOES HEREBY STATE THAT THE RECORDS OF THE ABOVE CITY AGENCY WAS EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN ON THE ABOVE NOTED DATE. THIS REPORT IS FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER.

Boiler Violation Civil Penalty Reference Chart for Low Pressure & High Pressure

VIOLATION ISSUE DATE	INSPECTION CYCLE	MANDATORY INSPECTION PERIOD	FULL CIVIL PENALTY (per inspection year)
During 1993	1992	January 1, 1992 – December 31, 1992	\$500 or \$1,500*
During 1994	1993	January 1, 1993 – December 31, 1993	\$500 or \$1,500*
August 29, 1995	1994	January 1, 1994 – December 31, 1994	\$500 or \$1,500*
February 10, 1997	1995	January 1, 1995 – December 31, 1995	\$500 or \$1,500*
September 16, 1997	1996	January 1, 1996 – December 31, 1996	\$500 or \$1,500*
May 4, 1998	1997	January 1, 1997 – December 31, 1997	\$500 or \$1,500*
March 16, 1999	1998	January 1, 1998 – December 31, 1998	\$500 or \$1,500*
February 7, 2000	1999	January 1, 1999 – December 31, 1999	\$500 or \$1,500*
February 27, 2001	2000	January 1, 2000 – December 31, 2000	\$500 or \$1,500*
March 26, 2002	2001	January 1, 2001 – December 31, 2001	\$500 or \$1,500*
March 19, 2003	2002	January 1, 2002 – December 31, 2002	\$500 or \$1,500*
February 13, 2004	2003	January 1, 2003 – December 31, 2003	\$500 or \$1,500*
January 31, 2005	2004	January 1, 2004 – December 31, 2004	\$500 or \$1,500*
January 6, 2006	2005	January 1, 2005 – December 31, 2005	\$500 or \$1,500*
January 17, 2007	2006	January 1, 2006 – December 31, 2006	\$500 or \$1,500*
January 1, 2008	2007	January 1, 2007 – December 31, 2007	\$500 or \$1,500*
January 1, 2009	2008	January 1, 2008 – December 31, 2008	\$500 or \$1,500*
December 31, 2009	2009	January 1, 2009 – November 15, 2009	\$500 or \$1,500*
December 13, 2011	2010	November 16, 2009 – November 15, 2010	\$1,000 per boiler violation**
March 1, 2013	2011	November 16, 2010 – November 15, 2011	\$1,000 per boiler violation**
May 15, 2014	2012	November 16, 2011 – December 31, 2012	\$1,000 per boiler violation**
March 3, 2015	2013	January 1, 2013 – December 31, 2013	\$1,000 per boiler violation**
October 1, 2015	2014	January 1, 2014 – December 31, 2014	\$1,000 per boiler violation**
December 16, 2016 (High-Pressure Only)	2014	January 1, 2014 – December 31, 2014	\$1,000 per boiler violation (per device)
February 24, 2017 (Low-Pressure) June 23, 2017 (High-Pressure)	2015	January 1, 2015 – December 31, 2015	\$1,000 per boiler violation**
April 6, 2018 (Low-Pressure) June 22, 2018 (High-Pressure)	2016	January 1, 2016 – December 31, 2016	\$1,000 per boiler violation (per device)
November 8, 2019 or January 17, 2020 (Low-Pressure) [High-Pressure Pending]	2017	January 1, 2017 – December 31, 2017	\$1,000 per boiler violation** (per device)

* per building per inspection year NOT per device

** per device

- **Property with six (6) stories or less** – \$500 per building, per inspection cycle; due for violations issued between 1992 and 2009
- **Property with seven (7) stories or more** – \$1,500 per building, per inspection cycle; due for violations issued between 1992 and 2009
- **Payment of Multiple Violations** – submit one certified check, official bank check, or money order per address



☒ [CLICK HERE TO SIGN UP FOR BUILDINGS NEWS](#)

NYC Department of Buildings

DOB Violation Display for 051514LBLVIO09725

Premises: 85 DOUGLASS STREET BROOKLYN

BIN: 3006584 Block: 409 Lot: 56

Issue Date: 05/15/2014

Violation Category: V - DOB VIOLATION - ACTIVE

Violation Type: LBLVIO - LOW PRESSURE BOILER

Violation Number: 09725

Device No.: 00069569 - 01-RESIDENTIAL

OATH/ECB No.:

Infraction Codes:

Description: VIOLATION ISSUED FOR FAILURE TO FILE ANNUAL BOILER 2012 INSPECTION REPORT

Click [here](#) to view the Civil Penalty Chart.

Disposition:

Code:

Date:

Inspector:

Comments:

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.



 [CLICK HERE TO SIGN UP FOR BUILDINGS NEWS](#)

NYC Department of Buildings

DOB Violation Display for 040618LBLVIO09447

Premises: 85 DOUGLASS STREET BROOKLYN

BIN: 3006584 Block: 409 Lot: 56

Issue Date: 04/06/2018

Violation Category: V - DOB VIOLATION - ACTIVE

Violation Type: LBLVIO - LOW PRESSURE BOILER

Violation Number: 09447

Device No.: 00069569 - 01-RESIDENTIAL

OATH/ECB No.:

Infraction Codes:

Description: VIOLATION ISSUED FOR FAILURE TO FILE ANNUAL BOILER 2016 INSPECTION REPORT

Click [here](#) to view the Civil Penalty Chart.

Disposition:

Code:

Date:

Inspector:

Comments:

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.

Services The selected address: **85 DOUGLASS STREET, Brooklyn 11231**This building has filed records with the New York State Division of Housing and Community Renewal at least one time from 1993 to the present year and may contain one or more regulated apartments.

HPD#	Range	Block	Lot	CD	CensusTract	Stories	A Units	B Units	Ownership	Registration#	Class
234205	Active	85-85	00409	0056	6 6900	4	7	0	PVT	307603	A

Other Units
[Property
Owner
Registration
Information](#)
Charges
[Complaint
Status](#)
[Complaint
History](#)
[Litigation/Case
Status](#)
[Tenant
Harassment
Report](#)
[All Open
Violations](#)
[prior year
Open Viol.'s](#)
[Ecercertification](#)
[Overdue Lead](#)
[Paint Viol.
Correction](#)
[Vacate Orders](#)
[I-Card
Images](#)
[PROS Online](#)
[Bed Bugs](#)
[Map](#)
Building Registration Summary ReportFind Apartment#

Owner	Last Reg Dt Reg Expire Dt	Organization	Last Nm	First Nm	House No	Street Nm	Apt	City	State	Zip
Head Officer	09/16/2022 09/01/2023		WEISSMAN	SETH	233	BROADWAY	1470	New York	NY	10279
Corporation	09/16/2022 09/01/2023	USD 85 DOUGLASS LLC			233	BROADWAY	1470	New York	NY	10279
Managing Agent	09/16/2022 09/01/2023	USC MANAGEMENT LLC	COLON	PAMELA	233	BROADWAY	1470	New York	NY	10279
Partner/Member	09/16/2022 09/01/2023		WEISSMAN	SETH	233	BROADWAY	1470	NEW YORK	NY	10279

Open Violations - ALL DATES

There are 2 Violations. Arranged by category: A class: 2 B class: 0 C class: 0 I class: 0

For Definitions of the columns indicated below, select glossary under the Services option (located at the upper right).

To sort the columns, click on their underlined headers below in the blue area.

<u>Apt</u>	<u>Reported</u>	<u>Hzrd</u>	<u>??Order</u>	<u>Violation</u>	<u>Violation Description</u>	<u>Status</u>	<u>Certify By</u>
<u>Story</u>	<u>Date</u>	<u>Class</u>	<u>no???</u>	<u>ID</u>		<u>Status</u>	<u>Date</u>
	<u>NOV</u>			<u>NOV ID</u>		<u>Date</u>	<u>Actual</u>
	<u>ISSUED</u>			<u>NOV</u>			<u>Cert. Date</u>
	<u>Date</u>			<u>Type</u>			
2022/02/24	A	1507	14923024	7714476	(a) ?? hmc:file annual bedbug report in accordance with hpd rule as described on the back of this notice of violation or as described on hpd???s website, www.nyc.gov/hpd, search bed bugs.	NOV SENT	2022/06/13
2022/02/24				Original		2022/02/24	
2021/04/08	A	1507	14185493	7206454	(a) ?? hmc:file annual bedbug report in accordance with hpd rule as described on the back of this notice of violation or as described on hpd???s website, www.nyc.gov/hpd, search bed bugs.	NOV SENT	2021/07/26
2021/04/08				Original		2021/04/08	

FIRE DEPARTMENT * CITY OF NEW YORK
BUREAU OF REVENUE MANAGEMENT
9 METROTECH CENTER
BROOKLYN, N.Y. 11201-3857

REPORT AND RECORD SEARCH REQUEST

VIA: S.J. CARROLL JR., INC.
68 JAY STREET, SUITE #518
BROOKLYN, N.Y. 11201

SEARCH #:

CHECKED BY:

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**
TITLE #: **ANY20205242AG**
SJC REF: **1011057**

DATE: **10/19/2022**
COUNTY: **KINGS**

The undersigned requests the following information:

PREMISES : **85 DOUGLASS STREET**

XXX 1. Record of existing Fire Department Violations.

___ 2. Record of Permit for: _____

___ 3. Other: _____

State applicant's interest in or relation to premise: **TITLE INSURANCE**

(THE CITY OF NEW YORK IS NOT BEING SUED, NOR IS THERE ANY INTENTION TO SUE THE CITY OF NEW YORK)

DO NOT WRITE BELOW THIS LINE

Gentlemen:

In reply to your request concerning the premises mentioned above, please be advised that as of 9 A.M on 10/19/22 our records show the following:

NO VIOLATIONS
Bureau of Fire Prevention
Fire Dept. City of N.Y.

VIOLATIONS RECORDED ABOVE ARE ONLY THOSE WHICH ARE A MATTER OF RECORD IN THE HEADQUARTERS OF THE BUREAU OF FIRE PREVENTION, AND MAY NOT INCLUDE VIOLATIONS ISSUED BY LOCAL OFFICES.



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STREET REPORT SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

BLOCK: **409**

LOT: **56**

FRONT STREET: DOUGLASS STREET
WIDTH: MAPPED AT 60' BY THE CITY OF NEW YORK
DEDICATED: LEGALLY OPENED 08/18/1836
OTHER INFO:

CROSS STREET: SMITH STREET
WIDTH: MAPPED AT 60' BY THE CITY OF NEW YORK
DEDICATED: DEDICATED 01/31/1991
OTHER INFO:

CROSS STREET:
WIDTH:
DEDICATED:
OTHER INFO:

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

S.J. CARROLL JR. INC. DOES HEREBY STATE THAT THE RECORDS OF THE ABOVE CITY AGENCY WAS EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN ON THE ABOVE NOTED DATE. THIS REPORT IS FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER.



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EMERGENCY REPAIR SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

DATE OF LAST PRINTED LIEN BOOK: 07/21/2022

RECOUPMENT UNIT:

*** Total Money Due: 0**

WORK IN PROGRESS:

XXX NO EMERGENCY REPAIRS HAVE BEEN GIVEN OUT SUBSEQUENT TO THE LAST LIEN BOOK.

THE ATTACHED EMERGENCY REPAIRS HAVE BEEN GIVEN OUT AT THE ABOVE ADDRESS.

***NOTE: THE DEPARTMENT OF HPD HAS ADVISED US THAT CERTAIN RECORDS OF THEIR OFFICE MAY BE INACCURATE. A PAYOFF LETTER MUST BE OBTAINED ON ALL PROPERTIES WHERE THERE IS MONEY OWED TO THE RECOUPMENT UNIT. HPD HAS CONFIRMED THAT PROPERTIES THAT REFLECT A ZERO BALANCE ARE ACCURATE AND THAT A PAYOFF LETTER IS NOT REQUIRED.**

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

S.J. CARROLL JR. INC. DOES HEREBY STATE THAT THE RECORDS OF THE ABOVE CITY AGENCY WERE EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN ON THE ABOVE NOTED DATE. THIS REPORT IS FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER.



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HIGHWAY SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

BLOCK: **409**

LOT: **56**

**TO : HIGHWAY DIVISION
DEPARTMENT OF TRANSPORTATION**

XXX NO VIOLATIONS

VIOLATIONS NOTED BELOW

Kindly conduct a search, of your department, for violations against the above-mentioned premises. Said search will be picked up by a representative of our company.

Note, this search was conducted at the Department of Transportation and may not include Violations on file at the County Clerks' Offices.

Sincerely,

S.J. CARROLL JR., INC.



Researching Property Records of NYC Agencies • Since 1975

AIR RESOURCES SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**
TITLE #: **ANY20205242AG**
PREMISES: **85 DOUGLASS STREET**
BLOCK: **409** LOT: **56**

DATE: **10/19/2022**
COUNTY: **KINGS**
SJC REF: **1011057**
BLDG CLASS: C1 - OVER SIX FAMILIES
WITHOUT STORES

TO: **DEPARTMENT OF AIR RESOURCES**
59-17 JUNCTION BLVD.
CORONA, N.Y. 11368

FROM: **S.J. CARROLL JR., INC.**
68 JAY STREET, SUITE #518
BROOKLYN, N.Y. 11201

Kindly conduct a search, of your department, for violations against the above mentioned premises. Said search will be picked up by a representative of our company.

Sincerely,

S.J. Carroll Jr., Inc.

(SEE ATTACHED)

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

THIS REPORT IS FOR INFORMATION PURPOSES ONLY. THIS REPORT IS COMPLETED BY EMPLOYEES OF NEW YORK CITY DEPARTMENT OF ENVIRONMENTAL PROTECTION. NO LIABILITY IS ASSUMED HEREUNDER.

Page 1 of 1

68 Jay Street - 5th Floor, Brooklyn, New York 11201 | T: 718.852.0051 | F: 718.852.0533 | sicarroll.com

10/19/2022



SJ CARROLL JR. INC
68 JAY ST
Suite 518
Brooklyn, NY 11201

RE: Title Search Inquiry

Rohit Aggarwala
Commissioner

Dear Applicant:

Letter Dated: 10/28/2022

Mark Page, Jr
Executive Director
Environmental Compliance

Please be advised, it is a violation of the New York City Administrative Code, Title 24, Air Pollution Control Code, to operate fuel-burning or process equipment as specified in the Code without a valid Registration or Certificate of Operation. If such equipment, although unknown to us exist, it is automatically in violation of the law. This applies regardless of the information provided here in.

For the requested locations: 85 DOUGLASS STREET **KINGS**

59-17 Junction Boulevard
Records - 9TH Floor
Flushing, NY 11373

The Bureau of Environmental Compliance Division of Air Engineering has searched its files regarding the above referenced premise(s) and has found that:

No Records For this Premise.

If there are any existing records or violations for the requested location, please see the attached documents.

For questions related to this finding, please contact us at catsfeedback@dep.nyc.gov or (718) 595-3855.

Number of Records Found: 0

Number of Pages Attached: 0

FIRE DEPARTMENT * CITY OF NEW YORK
BUREAU OF REVENUE MANAGEMENT
9 METROTECH CENTER
BROOKLYN, N.Y. 11201-3857

REPORT AND RECORD SEARCH REQUEST

VIA: S.J. CARROLL JR., INC.
68 JAY STREET, SUITE #518
BROOKLYN, N.Y. 11201

SEARCH #:

CHECKED BY:

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**
TITLE #: **ANY20205242AG**
SJC REF: **1011057**

DATE: **10/19/2022**
COUNTY: **KINGS**

The undersigned requests the following information:

PREMISES : **85 DOUGLASS STREET**

___ 1. Record of existing Fire Department Violations.

XXX 2. Record of Permit for **OIL**.

___ 3. Other: _____

State applicant's interest in or relation to premise: **TITLE INSURANCE**

(THE CITY OF NEW YORK IS NOT BEING SUED, NOR IS THERE ANY INTENTION TO SUE THE CITY OF NEW YORK)

DO NOT WRITE BELOW THIS LINE

Gentlemen:

In reply to your request concerning the premises mentioned above, please be advised that as of 9 A.M on JUL 22 2021 our records show the following:

Acut # 06757926

Bal due \$180.00

Permit Expired 3/31/2018

Size of Tank Two 275 Gal tank total 550 Gals

DO: 11

VIOLATIONS RECORDED ABOVE ARE ONLY THOSE WHICH ARE A MATTER OF RECORD IN THE HEADQUARTERS OF THE BUREAU OF FIRE PREVENTION, AND MAY NOT INCLUDE VIOLATIONS ISSUED BY LOCAL OFFICES.



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LANDMARK SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**

DATE: **10/19/2022**

TITLE #: **ANY20205242AG**

COUNTY: **KINGS**

PREMISES: **85 DOUGLASS STREET**

SJC REF: **1011057**

BLOCK: **409**

LOT: **56**

THE ABOVE PROPERTY IS REFLECTED IN THE RECORDS AS:

A LANDMARK PROPERTY

XXX NOT A LANDMARK PROPERTY

THIS PROPERTY IS NOT A LANDMARK PROPERTY, YET IS IN THE HISTORIC DISTRICT KNOWN AS:

(PROPERTIES THAT ARE NOT ACTUAL LANDMARKS, YET ARE LOCATED IN A HISTORIC DISTRICT, MUST ADHERE TO THE SAME RULES AND REGULATIONS AS IF THE PROPERTY WAS A LANDMARK.)

XXX _NO LANDMARK VIOLATIONS WERE FOUND

ATTACHED ARE COPIES OF LANDMARK VIOLATIONS FOUND AGAINST THE ABOVE PREMISES.

IMPORTANT NOTICE ABOUT SEARCH INFORMATION

S.J. CARROLL JR. INC. DOES HEREBY STATE THAT THE RECORDS OF THE ABOVE CITY AGENCY WAS EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN ON THE ABOVE NOTED DATE. THIS REPORT IS FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER.



Researching Property Records of NYC Agencies • Since 1975

FLOOD ZONE SEARCH

COMPANY: **ALL NEW YORK TITLE AGENCY, INC.**
TITLE #: **ANY20205242AG**
PREMISES: **85 DOUGLASS STREET**
BLOCK: **409** LOT: **56**

DATE: **10/19/2022**
COUNTY: **KINGS**
SJC REF: **1011057**

A FLOOD ZONE SEARCH HAS BEEN CONDUCTED ON THE ABOVE PROPERTY AND THE FOLLOWING INFORMATION HAS BEEN FOUND.

THIS PROPERTY IS LOCATED:

IN A FLOOD ZONE AREA.

XXX NOT IN A FLOOD ZONE AREA.

THIS PROPERTY IS:

XXX ENTITLED TO FLOOD INSURANCE.

IS NOT ENTITLED TO FLOOD INSURANCE.

PLEASE SEE ATTACHED FOR FURTHER INFORMATION.

THE ABOVE REPORT IS PROVIDED FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER.

Page 1 of 1

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FORM OF PURCHASE AGREEMENT

PURCHASE AGREEMENT

USD 85 DOUGLASS LLC, as Seller,

with

as Purchaser.

For Unit _____

at

**The 85 Douglass Street Condominium
85 Douglass Street
Brooklyn, New York 11231**

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PURCHASE AGREEMENT made as of _____, 202__ between USD 85 DOUGLASS LLC, as Seller, and _____ as Purchaser.

WITNESSETH:

- (1) The Condominium is “The 85 Douglass Street Condominium.”
- (2) The Seller is USD 85 Douglass LLC.
- (3) The Purchaser is _____.
- (4) The Purchaser’s address is _____.
- (5) The Purchaser’s social security number or tax identification number is _____.
- (6) The address of the Property is 85 Douglass Street, Brooklyn, New York 11231.
- (7) The Unit covered by this Purchase Agreement is Unit _____.
- (8) The Common Interest of the Unit is _____ %.
- (9) The use of the Unit is Residential.
- (10) The Purchase Price for the Unit is \$ _____.
- (11) The Down Payment payable herewith is \$ _____ constituting 10% of the Purchase Price plus the cost of any special work ordered by the Purchaser.
- (12) The balance of the Purchase Price (the “Balance”) is \$ _____.

1. **The Plan.** The Purchaser acknowledges having received and read the Plan at least three (3) full business days prior to the Purchaser’s signing this Agreement. Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) and agrees to be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by the Seller (including, without limitation, amendments involving any changes, modifications or updating of the estimated Common Charges, the estimated real estate taxes to be paid by the Purchaser or the section of the Plan entitled “Schedule B: Projected Budget for the First Year of Condominium Operation”). Any such amendments shall not excuse the Purchaser from performing the Purchaser’s obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the performance of the Purchaser’s obligations hereunder, nor shall they entitle the Purchaser to any offset or credit

against the Purchase Price. Any such amendments may be made by the Seller without the Purchaser's consent or approval, subject, however, to the Purchaser's right to rescind in the event of a material amendment to the Plan or the Condominium Documents which adversely affects in any material respect the Purchaser's rights hereunder or under the Plan as more specifically set forth in the Plan. The Plan is hereby incorporated in this Agreement with the same force and effect as if set forth at length herein. In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan shall govern and be binding. The Purchaser acknowledges having had a full opportunity to examine all documents and investigate all statements made herein and in the Plan.

2. **Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan, unless the context otherwise requires. The terms "closing," "closing of title" and words of similar import are used synonymously and mean the settlement of the mutual obligations of the Seller and the Purchaser under this Agreement, including the payment to the Seller of the Purchase Price and the delivery to the Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in this Agreement.

3. **Agreement to Purchase.** The Seller agrees to sell and convey, and the Purchaser agrees to purchase, the above-described Unit(s) together with the above-stated Common Interest appurtenant thereto (singly or collectively the "Unit" or the "Unit") for the Purchase Price stated above, upon and subject to the terms and conditions set forth in this Agreement.

4. **Payment of the Purchase Price.**

(a) The Purchaser shall deliver herewith, to the Seller, the Purchaser's check made payable to the order of "Belkin Burden Goldman, LLP, as Escrow Agent for USD 85 Douglass LLC/[Name of Purchaser]" in the amount of the above-stated Down Payment, subject to collection. The Balance shall be paid by the Purchaser to (or as designated by) the Seller at the Closing.

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

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

5. **No Financing Contingency.** THE OBLIGATIONS OF PURCHASER HEREUNDER

ARE NOT CONTINGENT ON FINANCING.

6. **Closing Date and Place.**

(a) The closing of title shall occur at the office of the Escrow Agent, on the date and at the time as the Seller shall designate to the Purchaser on not less than thirty (30) days prior written notice. The Seller shall have the right, from time to time, to adjourn such date and time for closing on written notice to the Purchaser. If the closing of title is adjourned, the Seller shall fix a new date and time for closing and shall give the Purchaser not less than five (5) business days' prior written notice of the new scheduled date and time for closing. The date scheduled for the closing of title by the Seller as same may be adjourned in accordance with the terms hereof shall be referred to as the "Closing Date."

(b) The closing of title shall occur only after or concurrently with compliance with the prerequisites to closing of title in the section of the Plan entitled "Closing of Title to Units and Terms of Sale" in Part I of the Plan.

7. **The Deed and Power of Attorney.**

(a) On the Closing Date, upon receipt by the Seller of all payments and documents required hereunder, the Seller shall deliver to the Purchaser (except as set forth in subparagraph (c) below) a bargain and sale deed with covenants against grantor's acts in substantially the form set forth in Part II of the Plan conveying the Unit(s) to the Purchaser as provided in the Plan, subject to the exceptions referred to in the Declaration, the By-Laws, the Plan and the Exhibits. The deed shall be executed and acknowledged by the Seller and shall be in form for recording.

(b) Except as provided in subparagraph (c) below, on the Closing Date and simultaneously with the delivery of the deed conveying the Unit(s) to the Purchaser, the Purchaser shall execute and acknowledge a Unit Owner's power of attorney to the Condominium Board prepared by the Seller and substantially in the form set forth in Part II of the Plan. The Purchaser shall pay all recording or other fees in connection with the recording of the power of attorney.

(c) The deed may be delivered by the Seller to the representative of the title company insuring the Purchaser's title (or if no such representative is present, then to the Seller's attorneys or the Purchaser's attorneys). If the deed is delivered to the Seller's attorneys, then it shall be held until picked up by the Purchaser, the Purchaser's attorneys or a representative of the title company insuring the Purchaser's title. The deed shall be marked for return to the Purchaser or the Purchaser's attorneys after recording. The power of attorney may be delivered to the Purchaser's title company, if any, for recording and shall be marked for return to the Condominium Board or its attorneys after recording.

8. **State of Title.**

(a) On the Closing Date, the Seller shall convey to the Purchaser title in fee simple to the Unit(s), free and clear of all encumbrances other than the Permitted Encumbrances set forth in the Plan. Any other liens, encumbrances or conditions shall not be an objection to title if: (i) the

instrument required to remove it from the record is delivered to the representative of the Purchaser's title insurance company (or, if none, to the Purchaser's attorneys) for recording in the proper office, together with the requisite recording or filing fees; or (ii) the Purchaser's title insurance company will insure the Purchaser against its collection or enforcement out of the Unit(s).

(b) The Seller shall give, and the Purchaser shall accept, such title as the Purchaser's title insurance company shall approve and insure, provided that the only liens, encumbrances and conditions affecting title shall be the Permitted Encumbrances set forth in Part I of the Plan. The Seller shall have no obligation to cause the Purchaser's title company, if any, to omit any exceptions to title. In the event Purchaser's title company fails or refuses to issue title insurance in accordance with the terms of this Agreement, then the Purchaser shall accept such title as any other reputable title insurance company selected by the Seller and reasonably acceptable to the Purchaser shall approve and insure, subject to the provisions herein.

9. **Closing Adjustments.**

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

(i) If all of the units in the Condominium have been separately assessed as of the Closing Date, then real estate taxes and assessments against the Unit(s) (if any) shall be adjusted on the basis of the period for which assessed;

(ii) If all of the units in the Condominium have not been separately assessed as of the Closing Date, then the product of real estate taxes and assessments against the Property (if any) shall be apportioned on the basis of the period for which assessed multiplied by the Common Interest appurtenant to the Unit(s) divided by the aggregate of the Common Interests of all Units at the Property as set forth more fully in the "Footnotes to Schedule A" in Part I of the Plan;

(iii) Common Charges for the month in which title closes;

(iv) Accrued rent and any other charges pursuant to the Interim Lease, if any, covering the Unit(s); and

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

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

(c) In the event a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically understood that such credit shall inure to the

benefit of the Seller. Accordingly, at the closing of title, the Purchaser shall be required to pay the full amount of the mortgage recording tax chargeable on the entire amount of mortgage financing the Purchaser has elected to obtain in connection with the purchase of the Unit(s), and the Seller shall be reimbursed to the extent of any mortgage tax credit allowed.

(d) If the Purchaser fails to close on the Closing Date originally specified by the Seller for any reason, then the Purchaser will: (i) pay (in addition to all other closing costs) a late fee equal to 0.04% multiplied by the unpaid balance of the Purchase Price for each day's delay, beginning with the date originally scheduled for the Closing to and including the day immediately preceding the actual Closing Date, (ii) reimburse Sponsor for the Unit(s)'s carrying charges (that is, Common Charges and real estate taxes) during the period of delay and (iii) pay the service fees of Sponsor's attorneys of \$500 for each default letter sent to such Purchaser and \$500 for each notice sent to the Purchaser to reschedule the closing. The provisions of this paragraph shall not be applicable if, through no fault of the Purchaser, the Seller postpones the Closing Date except to the extent that thereafter the Purchaser postpones the closing for any reason or is in default.

(e) Any errors or omissions in computing apportionments at closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

(f) The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided herein.

10. **Closing Costs.** The Purchaser, in addition to the legal fees of the Purchaser's attorneys as set forth in Part I of the Plan, and the amount of any net adjustments in favor of the Seller and the other payments required under this Agreement, shall pay at the closing, any closing costs specified in the Plan including, without limitation, any processing fees, and closing fees to the Seller's attorneys, and other fees and payments, provided in the Plan.

11. **Real Property Transfer Tax.** The Purchaser shall pay all New York City and New York State real property transfer taxes, deed stamp taxes, recording and other fees in connection with this transaction and the recording of the deed. The Seller and the Purchaser shall duly execute and swear to any transfer tax return and any other form then required by Applicable Law, all of which shall be prepared by the Seller.

12. **Down Payment to be Held in Trust.**

(a) The Seller will hold all monies received by it directly or through its agents, employees or the Escrow Agent, from the Purchaser under this Agreement in trust until actually employed in connection with the closing of the transaction as described in the Plan. The Seller will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the New York State Attorney General's regulations promulgated pursuant thereto. The provisions of the Attorney General's regulations concerning escrow and trust funds, in effect on the date hereof, shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement. The Purchaser shall not be obligated to pay any legal or other expense of

the Seller in connection with the handling or disposition of the Down Payment paid by the Purchaser. However, nothing in the preceding sentence shall limit the obligation of the Purchaser to pay the fees and expenses of the Seller's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan) in connection with the purchase or closing of title to the Unit(s) to be purchased by the Purchaser hereunder or upon Purchaser's default.

The Down Payment shall be deemed to have been unconditionally tendered when it is delivered to the Seller or the Selling Agent, together with this Agreement signed by the Purchaser, without any request for a change in such form or the terms of this Agreement. The Down Payment shall be placed, within five (5) business days after the date on which the Down Payment has been unconditionally tendered, in a special escrow account of the law firm Belkin Burden Goldman, LLP (the "Escrow Agent"), whose address is 60 East 42nd Street, 16th Floor, New York, New York 10165 and whose telephone number is: (212) 867-4466. The signatories on this escrow account, who are each members of the Escrow Agent, and any one of whom is authorized to withdraw funds, are: Daniel Altman, Sherwin Belkin, Matthew Brett, Jeffrey L. Goldman, Martin Heistein, Lewis Lindenberg, Martin Meltzer, Craig Price, Kara Rakowski, Aaron Shmulewitz, David M. Skaller and Stephen Tretola. The name of the escrow account is "Belkin Burden Goldman, LLP, as Escrow Agent for USD 85 Douglass LLC/[Name of Purchaser]" (the "Escrow Account"). The Escrow Account is located at Webster Bank, Two Blue Hill Plaza, Second Floor, Pearl River, New York 10965 (the "Bank"). The Escrow Agent may from time to time, upon notice to the Seller and the Purchaser, change the depository in which the Down Payment is held to another lending institution located in New York City.

(b) The Bank is covered by Federal Bank Deposit Insurance generally to a maximum of \$250,000 (under current law) in the aggregate with respect to all funds deposited by any Person in one or more deposit accounts (including, without limitation, amounts deposited directly by such Person and deposits held in escrow for such Person by the Escrow Agent). No representation or guaranty is made by the Escrow Agent or the Seller that the Federal Deposit Insurance Corporation will insure any depositor's funds, if and when called upon to do so.

(c) The Escrow Account shall be interest-bearing (on the condition that the Purchaser shall have supplied to the Seller the Purchaser's tax identification number and an executed Form W-9) and, any interest earned on the Down Payment shall be delivered to the Purchaser at the closing of title to its Unit(s) or other termination of this Agreement except if the Purchaser has defaulted hereunder beyond any applicable grace periods, in which event the Seller shall be entitled to retain such interest together with the Down Payment. The interest rate to be earned on the Down Payment will be the rate paid from time to time by the Bank. Interest will begin to accrue when the check for a Down Payment is collected (on the condition that the Purchaser shall have supplied to the Seller the Purchaser's tax identification number and an executed Form W-9), and provided there is no charge back or debit by the Bank against the amount deposited. The Seller and the Escrow Agent shall only be liable for interest earned on the Down Payment to the extent same is received by them from the Bank. No representation is made as to the rate or amount of interest that will be earned on the Down Payment. The Purchaser must indicate his or her social security or its taxpayer identification number on this Agreement. If there is more than one Purchaser, the social security or taxpayer identification number of each Purchaser who will be receiving any interest earned on the Down Payment must be noted herein. The Purchaser's failure to provide

this information will be deemed a waiver of his, her or its right to receive interest on the Down Payment.

13. **Duties of Escrow Agent.**

(a) Within five (5) business days after this Agreement has been tendered to the Escrow Agent along with the Down Payment, the Escrow Agent shall sign this Agreement (or, alternatively, the Escrow Agreement) as escrowee and deposit the Down Payment into the Escrow Account. Within ten (10) business days of the deposit of the Down Payment in the Escrow Account, the Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the deposit of the Down Payment. Subject to the provisions of the next sentence, if the Purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to the Seller or the Selling Agent of such Down Payment, then the Purchaser may cancel such purchase and rescind this Agreement so long as such right to rescind is exercised within ninety (90) days after the Purchaser's unconditional tender and delivery of the Down Payment to the Seller or the Selling Agent. However, the Purchaser shall not be entitled either to rescind this Agreement or to receive a refund of the Down Payment where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely deposited and notice as provided above was timely mailed to the Purchaser in conformity with the Attorney General's regulations. The Purchaser acknowledges that receipt of the Down Payment by the Escrow Agent and deposit in the Escrow Account shall not be deemed acceptance of this Agreement by the Seller, which acceptance can only occur in the manner provided in Paragraph 32.

(b) The Escrow Agent shall hold the Down Payment in escrow until:

(i) the transaction shall close;

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

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

(iv) the Down Payment is paid by the Escrow Agent into a court of competent jurisdiction; or

(v) the Down Payment is paid to the Seller as provided below in this Paragraph;
or

(vi) the Down Payment is paid to the Purchaser as provided below in this Paragraph.

(c) If there is no written agreement between the Seller and the Purchaser to release the Down Payment, the Escrow Agent will not pay the Down Payment to the Seller until after ten (10) business days following the date that the Escrow Agent has given the Purchaser written notice that the Escrow Agent intends to pay the Down Payment to the Seller. Thereafter, the Down Payment

may be paid to the Seller unless the Purchaser has already made application to the Attorney General pursuant to the dispute resolution provisions of the Attorney General regulations and the Escrow Agent has received, within such ten (10) business day period, notice from the Purchaser that such application has been made.

(d) The Seller shall not object to the release of the Down Payment to the Purchaser, provided the Purchaser has not defaulted and has timely and validly rescinded this Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

(e) The Down Payment shall be delivered to the Seller at the closing unless disbursed as liquidated damages or returned to the Purchaser as herein provided. In the event the Plan is abandoned or withdrawn, the Down Payment shall be returned to the Purchaser together with interest, if any, earned thereon, except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn, the Purchaser is in default hereunder and has failed to cure such default within the applicable grace period (or if this Agreement had previously been canceled due to the Purchaser's uncured default), then the Seller shall retain, as and for liquidated damages, the Down Payment, together with any interest earned thereon (hereinafter called the "Liquidated Sum"), and any sums in excess thereof (together with any interest earned thereon) shall be returned to the Purchaser within fifteen (15) days after the date of such abandonment or withdrawal.

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

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

(h) Notices given by the Escrow Agent, the Seller, or its agents pursuant hereto shall be deemed given (i) upon delivery if personally delivered; or (ii) upon the fifth (5th) day after the date of mailing, if mailed; or (iii) on the next business day if delivered by overnight courier.

14. **Agreement Subject to Mortgage.** No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, the Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage against the Unit(s) or the Property, or any part thereof or any interest therein, heretofore or hereafter made and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with any schedule of payments or accelerated by virtue of the right of the holder of any such mortgage to make advances before they become due in accordance with the schedule of payments. The Seller shall, at its option, either satisfy such mortgages or obtain a release of the Unit from the lien of such mortgages on or prior to the Closing Date. The existence of any mortgage or mortgages encumbering the Property, or

portions thereof, other than the Unit(s) shall not constitute an objection to title or excuse the Purchaser from completing payment of the Purchase Price or performing all of its other obligations hereunder or be the basis of any claim against, or liability of, the Seller, provided that the Unit(s) is/are released from, or not subject to, the lien of any such mortgage.

15. **Events of Default.**

(a) Each of the following shall constitute an “Event of Default” hereunder:

(i) The Purchaser’s failure to pay any installment of the Purchase Price or any other payment when due as herein provided (including, without limitation, if any check made or delivered by the Purchaser hereunder is dishonored);

(ii) The Purchaser’s failure to execute and deliver to the Seller in recordable form the power of attorney, New York City and New York State real property transfer tax returns or any other documents when and as required herein to be executed and delivered by the Purchaser;

(iii) The Purchaser’s failure to pay any closing costs or other payments due and payable pursuant to this Agreement; or

(iv) The Purchaser’s failure to pay, perform or observe any of his, her or its other obligations hereunder.

(b) Upon the occurrence of an Event of Default, the Seller’s sole right shall be to cancel this Agreement by sending the Purchaser thirty (30) days’ prior written notice of its intention to do so. If the Seller elects to cancel, the Purchaser shall have thirty (30) days from the giving of the cancellation notice within which the Purchaser must cure the specified default. TIME SHALL BE OF THE ESSENCE to remedy the specified default within the thirty (30) day period. If the specified default is not timely cured, then (i) the Seller shall have the right to retain, as liquidated damages, the Liquidated Sum; (ii) the Seller shall have the right to sell the Unit(s) to others as though this Agreement had never been made; and (iii) the Purchaser shall not have any further rights against or obligations to the Seller, the Condominium, the Condominium Board or any subsequent purchaser of the Unit(s). Whether or not the Seller has canceled this Agreement as provided above, if the Seller has not collected the proceeds of any check for any payments due under this Agreement, then the Seller may take such actions at law and in equity as may be required in order to collect such payments and any and all costs of collection, including without limitation all attorneys’ fees and expenses incurred by the Seller in connection therewith.

(c) Notwithstanding the occurrence of an Event of Default, the Seller may, in its sole discretion, keep this Agreement in effect and proceed to close title without prejudicing the Seller’s right to recover from the Purchaser damages, losses, costs, expenses and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and the costs of collection).

(d) If the Purchaser is or becomes a tenant at the Property under an Interim Lease and the Purchaser shall fail to pay rent or otherwise comply with the Purchaser’s lease or tenancy

obligations (which failure results in the Purchaser's eviction from the Unit(s), by court order or voluntary removal), or the Purchaser vacates or abandons the Unit(s), then such failure, vacating or abandonment (as the case may be) shall constitute a default under this Agreement, entitling the Seller, at its sole option, to cancel this Agreement. If this Agreement is not canceled and any default under any Interim Lease, as applicable, exists as of the Closing Date, then the Seller shall not be obligated to close title with the Purchaser unless and until such default is cured, and the Seller shall have a lien on the Unit(s) as security therefor.

16. **Obligation of Tenant to Pay Rent.**

(a) A Purchaser who is or becomes a tenant or occupant of the Property must continue to pay rent under its Interim Lease, and the Purchaser specifically waives any right of offset with respect to such rent. In no event shall the Purchaser be released or excused from paying and performing the Purchaser's lease or tenancy obligations, and nothing contained in this Agreement shall limit or be deemed to limit any rights or remedies at law or in equity or under the Purchaser's Interim Lease which the Seller, or any other party, may have by reason of a default under the Purchaser's Interim Lease, including, without limitation, the Seller's right to collect from the Purchaser all damages, losses, costs, expenses, and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and costs of collection) due to the Purchaser's failure to pay rent or otherwise comply with the Purchaser's lease or tenancy obligations. The right is reserved to the Seller to apply any rent security against rent arrearages or other default and in addition to sue any tenant to the extent such rent security is insufficient.

(b) In no event shall either the Purchaser's failure to pay rent as due or the pendency of eviction proceedings or vacating or abandonment of the Unit(s) give the Purchaser any rights to any extension under this Agreement.

17. **Termination of Interim Leases of Tenant Purchasers.** If the Purchaser is, or shall become, a tenant under an Interim Lease for the Unit(s) being purchased, the Purchaser agrees that the Interim Lease shall be terminated and canceled upon closing of the title to the Unit on the Closing Date. The Seller shall have no obligation to close title with any Purchaser who is a tenant under an Interim Lease unless all rent and other charges due under such Purchaser's Interim Lease have been paid through the Closing Date.

18. **Agreement Subject to Plan Being Declared Effective.** The performance by the Seller of its obligations under this Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned at any time prior to its becoming effective as provided in the Plan and thereafter upon certain terms and conditions as provided in the Plan. If the Plan is abandoned or does not become effective or if after being declared effective the Plan shall not be consummated for any reason, then this Agreement shall be deemed canceled and the Plan terminated on the date specified in a notice thereof by the Seller to the Purchaser. Within five (5) days thereafter the Purchaser shall receive a refund in full of all moneys paid by it hereunder with interest earned thereon, if any (except as provided in Paragraph 15 hereof), and, upon such refund neither party shall have any further rights, obligations, or liability to or against the other or the Condominium under this Agreement and the Plan.

19. **Seller's Inability to Convey Title.** If the Seller is unable to deliver title to the Unit(s) to the Purchaser subject to the Permitted Exceptions set forth in the Plan in accordance with the provisions of this Agreement and the Plan, the Seller shall not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability. If the Seller elects to attempt to cure such inability then it shall be entitled to an adjournment of the Closing Date for a reasonable period of time within which to complete such cure. However, the Seller may notify the Purchaser at any time of its refusal either to cure or to continue to cure, as the case may be, such inability and if the Purchaser is then not in default hereunder beyond any applicable grace period, then the Purchaser's sole right and remedy shall be either: (a) to take title to the Unit(s) subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against the Seller for damages or otherwise); or (b) to terminate this Agreement. If the Purchaser so elects to terminate this Agreement, the Seller shall, within fifteen (15) days after receipt of notice of termination from the Purchaser, return to the Purchaser all sums deposited by the Purchaser hereunder, together with interest earned thereon, if any, and upon making such payment, this Agreement shall be terminated and neither party shall have any further rights, obligations or liability to or against the other under this Agreement and the Plan. The foregoing option must be exercised by notice of the Purchaser in writing to the Seller within ten (10) days after the giving of the Seller's notice of refusal to cure such inability. If the Purchaser fails to give such notice to the Seller within said ten (10) day period, with TIME BEING OF THE ESSENCE, it shall be conclusively deemed that the Purchaser has elected to acquire title to the Unit(s) subject to such inability as aforesaid.

20. **Sale subject to existing tenancy; rights and duties of non-occupant Purchasers.**

Intentionally deleted.

21. **Fixtures, Appliances and Personal Property.**

(a) At closing, the Unit(s) will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air-conditioning units (if any), hardware and other fixtures and equipment that Seller is obligated to install pursuant to the Plan. The Unit(s) is/are being sold otherwise unfurnished.

(b) Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to the Purchaser are only approximations of the Unit(s)' dimensions and arrangement, and the Purchaser should not rely thereon.

(c) There shall be no modifications or extras unless agreed to in writing by both the Purchaser and the Seller. All modifications, alterations and additions to the Unit(s) must be approved by the Seller in writing and, if approved, shall be performed by the Seller at the Purchaser's expense (payable in the manner to be set forth in an addendum to this Agreement or in a separate agreement).

22. **Acceptance of Condition of Property and Unit(s).**

(a) The Purchaser acknowledges having read, or having had ample opportunity to read, the Plan, including but not limited to the Description of Property and Building Condition set forth in Part II of the Plan, which sets forth a description of the contemplated condition of the Property, the Building, the Unit(s), and any inclusions therein. The Purchaser understands that the Seller has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit(s) or any inclusions therein, except as set forth in the Plan.

Notwithstanding anything to the contrary, the New York State Housing Merchant Implied Warranty Law (Article 36-B of the General Business Law) (the “Warranty Law”) DOES apply to this offering, since the renovation of the Property will have created a multi-unit residential structure of five stories or less. A copy of such statute is set forth in Part II of this Plan, and prospective Purchasers are urged to familiarize themselves with its provisions. Other than as required by the Warranty Law, Sponsor will have no obligations to make repairs or improvements, except as expressly set forth in this Plan. Except as may be expressly set forth in this Plan, Sponsor may not—and does not seek to—disclaim responsibility under the Warranty Law.

(b) Notwithstanding anything to the contrary, however, Sponsor is obligated to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, and any conflict between any disclaimers and Sponsor’s obligation to construct the Property in accordance with all Applicable Laws, and in accordance with filed plans and specifications, shall be resolved in favor of the latter.

(c) Purchaser shall be given a reasonable opportunity to examine the Unit(s) prior to closing and is advised to make a careful examination at such time.

23. **Lead-Based Paint and/or Lead-Based Paint Hazards.** Buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included in Part II of this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for, lead paint.

24. **Security Deposit.** If the Purchaser is or hereafter becomes a tenant of the Unit(s), the Purchaser’s unapplied rent security deposit, if any, shall be refunded to the Purchaser, together with any interest earned thereon, within thirty (30) days following the closing, provided that the Purchaser is not in default under the Purchaser’s Interim Lease or this Agreement.

25. **Damage to the Unit(s).**

(a) The Purchaser shall not be entitled to occupy the Unit(s) until the deed is delivered to the Purchaser at closing, unless the Seller, in its discretion, grants possession of the Unit(s) to Purchaser under an Interim Lease as provided in the Plan. If the Purchaser is given possession of the Unit(s) prior to closing under an Interim Lease, then the Purchaser shall assume the risk of loss

and the obligation to repair and shall be solely responsible for any damage to, or loss or other condition in, the Unit(s) resulting from casualty, the Purchaser's use and occupancy or from the acts or negligence of the Purchaser's guests, contractors, subcontractors, licensees, agents, employees or other invitees or otherwise and the Seller shall not be obligated to make any repairs to the Unit(s) or its installations. If the Purchaser is obligated to repair the damage, then the Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance of the Purchase Price and accepting delivery of the deed. Notwithstanding the foregoing, until closing, the Seller shall remain responsible to make those repairs required of it as landlord under any Interim Lease and, after closing, the Condominium Board shall be responsible to make those repairs required of it under the Condominium Documents.

(b) Except as provided in subparagraph (a), all other risk of loss prior to closing shall be assumed by the Seller, but without any obligation or liability of the Seller to repair the damage or restore the Unit(s). If the Seller or (in the event the Declaration is filed) the Unit Owners elect, pursuant to the Condominium Documents, to repair or replace the loss or damage, in the event of a fire or other casualty, this Agreement shall continue in full force and effect, the Purchaser shall not have the right to reject title to the Unit(s) or to receive a credit against, or abatement of, the Purchase Price, and Seller shall be entitled to a reasonable period of time to complete (or to permit the Condominium Board to complete) such repairs or replacements. The Purchaser shall not be required to pay the Balance of the Purchase Price unless and until: (i) the Unit(s) has/have been substantially repaired to as near as reasonably possible its/their condition immediately prior to the casualty, and (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall belong entirely to the Seller (subject to the rights, if any, of the Condominium Board or of other Unit Owners in the event the Declaration is filed) and if such proceeds are paid to the Purchaser, the Purchaser shall promptly upon receipt turn them over to the Seller.

(c) In the event the Seller notifies the Purchaser that it does not elect to repair or restore the Unit(s) or (in the event the Declaration is filed) if the Unit Owners do not resolve to make such repairs or restore the Unit(s) pursuant to the Condominium Documents, this Agreement will be deemed canceled and of no further force or effect and the Seller will instruct the Escrow Agent to return to the Purchaser all sums deposited hereunder (with interest, if any, earned thereon) whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if the Purchaser is then in default hereunder (beyond any applicable grace period), the Seller will retain the Liquidated Sum pursuant to Paragraph 15 above.

(d) The Purchaser expressly waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this Paragraph 25 shall govern and control in lieu thereof.

26. **No Representations.** Except as set forth in the Plan, the Seller has not made, does not make and is unwilling to make any representations as to the condition, income, expenses, tenants, use, operation or any other matter or thing affecting or relating to the Property or title thereto or the transactions contemplated hereby. The Purchaser acknowledges and represents that, except as expressly set forth in the Plan or in this Agreement, the Seller has not made and the Purchaser has not relied upon any representations, warranties, statements or estimates of any nature whatsoever,

whether written or oral, made by or on behalf of the Seller, whether consisting of or contained in any architect's plans, sales plans, selling brochures, advertisements or otherwise, including, but not limited to, any relating to: (a) the description or physical condition of the Property or the Unit(s), or the size or the dimensions of the Unit(s), or any other physical characteristics thereof; (b) the services to be provided to Unit Owners; (c) the estimated Common Charges allocable to the Unit(s); (d) the right to any income tax deduction for any real estate taxes or mortgage interest paid by the Purchaser; (e) the current or future real estate tax liability, assessment or valuation of the Property or the Unit(s); (f) the potential qualification of the Property or the Unit(s) for any and all benefits conferred by federal, state or municipal laws, whether for subsidies, special real estate tax treatment, insurance, mortgages, or any other benefits, whether similar or dissimilar to those enumerated; (g) the compliance of the Unit(s) or the Property, in its current or any future state, with applicable zoning ordinances and the ability to obtain a variance in respect to any non-compliance, if any, with said zoning ordinances; (h) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Unit(s) or the Property from any source, including but not limited to the state, city or federal government or any institutional lender; (i) the current or future use of the Unit(s) or the Property; (j) the current or future condition and operating state of any and all machinery or equipment in the Unit(s) or on the Property and the current or future structural and physical condition of the Unit(s), the Building or any other improvements to the Property or their suitability for rehabilitation or renovation; (k) the state of title to the Unit(s); and (l) the presence or absence of violations of Applicable Law; the Purchaser having relied solely on its own judgment and investigation in deciding to enter into this Agreement and purchase the Unit(s). No person has been authorized to make any representations on behalf of the Seller except as herein or in the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. The Purchaser agrees that the Seller and its agents and contractors will have no liability to the Purchaser nor shall the Purchaser be relieved of any of its obligations hereunder if there is a minor error or inaccuracy in the layout or dimensions of the Unit(s) or of the Common Elements or any Limited Common Elements, if any, of the Condominium as shown on the Floor Plans.

27. **Broker.** The Purchaser represents to the Seller that the Purchaser has not dealt with any broker in connection with this transaction other than the Selling Agent, if any, and other than

. The Purchaser agrees that should any claim be made against the Seller for commissions by anyone other than the aforesaid Selling Agent (if any) and broker (if any) that may be set forth above, based on alleged dealings with the Purchaser or the Purchaser's representatives, the Purchaser shall: (i) give testimony to such effect in any case, action or proceeding by any such broker, and (ii) indemnify and hold the Seller harmless from and against any and all liabilities, claims, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) arising out of or in connection with any claim for commissions or other compensation with respect to this transaction or with respect to the Purchaser.

28. **Assignment.** The Seller may assign this Agreement without limitation. The Purchaser shall not assign this Agreement without the prior written consent of the Seller except as otherwise expressly provided in the Plan.

(a) If the Seller consents to an assignment of this Agreement by the Purchaser, then

any such consent shall be conditioned on the following:

(i) The assignee executing and delivering to the Seller, within five (5) days after the making of such assignment, an assumption of this Agreement in form and substance satisfactory to the Seller;

(ii) The Purchaser executing and delivering to the Seller a guarantee of the assignee's obligations under this Agreement and any instruments or agreements made pursuant to the provisions of this Agreement on or before or in connection with the closing hereunder, in form and substance satisfactory to the Seller;

(iii) The Purchaser and the assignee completing, executing and delivering any transfer tax returns required by Applicable Law to be filed in connection with such assignment and paying any transfer taxes due thereon at the closing hereunder; and

(iv) The Purchaser paying such additional fees as are specified in the Plan in connection with an assignment of this Agreement.

(b) Notwithstanding any such consent or assignment, the Purchaser shall not be released from any liability under this Agreement.

29. **Purchaser's Representations.** The Purchaser represents to the Seller and the Condominium as follows:

(a) If the Purchaser is an individual, the Purchaser is over 18 years of age.

(b) If the Purchaser is an entity, it is legally authorized to acquire the Unit(s).

(c) The Purchaser is not purchasing as an accommodation to, or for the account or benefit of, the Seller or its principals.

30. **Possession of Unit(s) and the Purchaser's Work.** Except pursuant to an Interim Lease, the Purchaser shall not be entitled to have access to the Unit(s) prior to the closing of title thereto without obtaining the Seller's prior written consent. Unless otherwise agreed in writing by the Seller, such access shall be for the limited purpose of inspection and taking measurements. If the Purchaser is permitted such access, the Purchaser shall release the Seller from any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from any injuries sustained by any person or damage to any property resulting from such access, to the extent that such injury does not result from the negligence of the Seller, any Selling Agent, or any of their respective agents, employees, contractors or representatives. In addition, the Purchaser shall indemnify and hold the Seller and its agents, employees, contractors and representatives harmless from and against any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from such access, including, without limitation, reasonable attorneys' fees and expenses.

31. **Liability of the Seller.**

Intentionally deleted.

32. **Acceptance of the Purchase Agreement.** The submission to the Seller of this Agreement shall not constitute a binding obligation on either the Purchaser or the Seller. No such binding obligation will arise until this Agreement is executed by both the Purchaser and the Seller (or the Seller's duly authorized agent) and one fully-executed copy has been delivered to the Purchaser and two fully-executed copies have been delivered to the Seller. If, within twenty (20) days after the Seller receives this Agreement signed by the Purchaser, a copy of this Agreement signed by the Seller or its authorized agent is not sent or delivered to the Purchaser, then it will be deemed rejected and of no force or effect, and all monies paid by the Purchaser shall be refunded, without interest, within ten (10) days thereafter. Upon such refund being made, neither party will have any further rights, obligations or liabilities hereunder with respect to the other or any other party connected with the Plan. This Agreement may not be rejected due to the Purchaser's sex, race, creed, color, national origin, ancestry, sexual orientation, occupation or other ground proscribed by Applicable Law. Subject to the foregoing, the Seller has the right, without incurring any liability, to reject this Agreement without cause or explanation to the Purchaser.

33. **Notices.** Notices hereunder shall be in writing and shall be either: (i) personally delivered (with receipt acknowledged), or (ii) mailed by registered or certified mail, return receipt requested, or (iii) sent by overnight courier (with receipt acknowledged), or (iv) sent by facsimile transmission, if available, provided and so long as a copy of such notice is sent the same day by any of the methods set forth in clauses (i), (ii) or (iii), to the parties as follows: to the Purchaser, at the address and facsimile number (if any) first stated in this Agreement, and to the Seller at the address set forth above with a copy in like manner to Belkin Burden Goldman, LLP, 60 East 42nd Street, 16th Floor, New York, New York 10165, Attention: Lloyd Reisman, Esq. (Fax No.: 212-297-1859, email: LREISMAN@BBGLLP.COM). Any of the parties noted in this Paragraph may change his, her or its address and/or facsimile numbers for purposes of this Paragraph by giving notice thereof to the other parties in the manner provided above. Belkin Burden Goldman, LLP may give notices on behalf of the Seller. Notices shall be deemed given on the same day if personally delivered or sent by facsimile transmission, the next business day if sent by overnight courier or five (5) days after mailing if sent by registered or certified mail, return receipt requested. Notwithstanding the foregoing, no notice of change of address shall be deemed given until actually received.

34. **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.

35. **Survival of the Seller's and the Purchaser's Obligations.** All of the obligations of the Seller under this Agreement shall be deemed satisfied upon delivery of the deed to the Unit(s) and the closing of title hereunder and no obligations of the Seller shall survive delivery of the deed except as otherwise expressly provided in this Agreement or the Plan. Except where the context otherwise requires, all the representations, warranties, and obligations of the Purchaser under this Agreement shall survive delivery of the deed and the closing of title hereunder, whether or not specifically so stated in any particular provision.

36. **Further Assurances.** The Purchaser shall execute, acknowledge and deliver to the Seller

such instruments, and take such other actions, in addition to the instruments and actions specifically provided for herein, as the Seller may reasonably request in order to effectuate the provisions of this Agreement or any transaction contemplated herein or to confirm any of the obligations of the Purchaser hereunder or any right to be created or transferred hereunder or pursuant to any such transaction.

37. **Severability.** If any provision of this Agreement or the Plan is held by a Court of competent jurisdiction to be invalid or unenforceable either as against any person or under certain circumstances, the remainder of this Agreement or the Plan and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by Applicable Law.

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

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

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

41. **No Recordation.** This Agreement shall not be recorded by the Purchaser without the Seller's prior written consent. Any purported recordation thereof by the Purchaser shall be void and constitute an Event of Default by the Purchaser hereunder.

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

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

the term is used unless the context otherwise requires. The term “including” shall be deemed to mean “including without limitation” whether or not so stated in the text.

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

45. **Successors and Assigns.** Without limiting the provisions of Paragraph 28, the provisions of this Agreement shall bind the Purchaser and its heirs, legal representatives, successors and assigns, and shall inure to the benefit of the Purchaser’s heirs, legal representatives and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

46. **No Oral Changes.** This Agreement cannot be changed or terminated orally. Any changes or additional provisions must be set forth in a rider attached hereto at the time of execution hereof, in a separate written agreement signed by the parties.

47. **Smoking.** Smoking (including hookahs, “vapes,” “e-cigs” and similar devices) is prohibited in all indoor areas of the Building (including all Units) and in all outdoor areas of the Building (including all yards and terraces).

[SIGNATURE PAGE FOLLOWS]

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

USD 85 DOUGLASS LLC

PURCHASER(S):

By: _____

ESCROWEE
BELKIN BURDEN GOLDMAN, LLP

By:

THIS PAGE INTENTIONALLY LEFT BLANK

PRE-CONTRACT SIGNING INSPECTION AGREEMENT

“Date”: _____, 20__.

“Party or Parties”: “I” am the Party signing below as “Prospective Purchaser” of the subject Unit.

My address for notices and telephone numbers are:

[Street]

[City]

[State]

[Zip code]

[Home Telephone]

[Business Telephone]

“You” are the Party signing below as the “Prospective Seller” of the subject Unit.

Your address for notices and telephone number are:

USD 85 Douglass LLC
c/o Urban Standard Capital
233 Broadway, Suite 1470
New York, New York 10279

[Business Telephone]

“Unit”: Unit ____

“Building”: The 85 Douglass Street Condominium
85 Douglass Street
Brooklyn, New York 11231

1. **Definitions**

1.1 The meanings stated for the words within quotation marks on the first page and elsewhere in this Agreement apply wherever these words appear in this Agreement.

2. **Election for Risk Assessment or Inspection**

2.1 I have elected to conduct a risk assessment or inspection (collectively, “Test/Inspection”) for the presence of lead-based paint and/or lead-based paint hazards in accordance with my rights under applicable Federal regulations (“Regulations”).

2.2 I understand that I am to conduct the Test/Inspection within 10 full calendar days after I receive this Agreement signed by, or on behalf of, you. Thereafter, all of my rights under this Agreement to conduct the Test/Inspection will end and I will be deemed conclusively to have waived my rights under the mentioned Regulations to conduct a Test/Inspection.

2.3 Promptly after being received by me, I will give you, without any kind of fee or charge, a written report of the results of the Test/Inspection, including a copy of a report (if any) issued by my “Consultant” (as defined in Provision “3.1” below) and a copy of the laboratory or other report (if any) analyzing samples (if any) taken during the Test/Inspection.

3. **Access**

3.1 In order to conduct the Test/Inspection, I and my contractor, engineer or other consultant (collectively, “Consultant”) will be given reasonable access to the Unit and public areas of the Building in accordance with this Agreement.

3.2 The Test/Inspection will be held at a mutually convenient time and date.

3.2.1 Unless otherwise agreed, the Test/Inspection will occur between 9:00 a.m. and 5:00 p.m. on a day (“business day”) that is not a Saturday, Sunday or legal holiday of the State of New York or the United States government.

3.2.2 I will give you (or, if you designate someone to represent you) your designated representative at least two (2) full business days’ advance notice of my proposed date of the Test/Inspection.

3.3 I and my Consultant will conduct the Test/Inspection in a reasonable manner so as not to disturb or interfere with the use, operation, security or occupancy of the Building or the units therein.

3.4 Unless waived in writing by you (in your sole and absolute discretion), you or your designated representative (as applicable) will have the right to accompany me and my Consultant (if any) during the Test/Inspection and the Test/Inspection will not be made without you or such representative (as applicable) being present.

4. **Liability for Damages, Injuries and Litigation**

4.1 I will be liable, and reimburse you upon demand, for any damages (to the Unit or elsewhere), injuries and all claims and lawsuits (collectively “litigation”) caused by me or my Consultant while conducting the Inspection.

4.2 My liability and obligation for reimbursement include:

4.2.1 all reasonable costs and expenses you pay or incur to restore the applicable damaged area to the condition existing immediately before the Inspection;

4.2.2 all judgments, awards, losses, damages, penalties and fines resulting from such damages or injuries; and

4.2.3 all “reasonable litigation costs and expenses” (that is, reasonable legal fees and disbursements, court costs and all related litigation expenses) to defend any such litigation against you as well as to enforce your rights to collect monies I may owe you under this Agreement.

4.3 You will have the exclusive right:

4.3.1 to repair the damage to and make all repair decisions (including the selection of all materials, suppliers and manufacturers, as well as all contractors, professionals and workers engaged to perform the work); and

4.3.2 to defend, conduct and control the litigation and to make all litigation decisions (including the selection of the attorneys).

5. **No Invasive Test/Inspection**

5.1 I and my Consultant (if any) will not perform an “Invasive Test/Inspection” (defined below) without first obtaining your written approval.

5.2 You are not obligated to give such approval. If you elect to approve, then any such approval is conditioned upon my escrowing with your attorneys, under a separate agreement to be entered into, a mutually agreeable amount to secure my liability for damages under Provisions “4.1” and “4.2” above.

5.3 An “Invasive Test/Inspection” is any kind of probe, penetration or disturbance of a painted or covered surface.

6. **No Obligation to Buy or Sell the Unit**

6.1 This is NOT a reservation, option, commitment or agreement for the purchase or

sale of the Unit and you are not in any way bound or obligated to sell the Unit to me.

6.2 You are NOT obligated to reserve or withhold the Unit from sale for me and are free to offer and contract to sell the Unit to others without any kind whatsoever of recourse by me against you.

6.3 You are NOT obligated to abate, contain, remove or make any corrections in the event of the existence of lead-based paint or lead-based paint hazards.

6.4 This Agreement is NOT a lien against the Unit.

6.5 I will not record this Agreement and I will violate a substantial obligation to you if I try to record this Agreement. In the event of such violation, I will be liable, and will reimburse you upon demand, for all damages, losses, costs and expenses (including all reasonable litigation costs and expenses) you may pay or incur as a result of such violation as well as to enforce your rights and to collect monies due you under this Provision "6."

6.6 My agreements, obligations and liabilities under these Provisions are binding, enforceable and independent, and are NOT conditional upon my entering into a purchase agreement for the Unit.

7. **Notices**

7.1 Unless otherwise expressly provided elsewhere in this Agreement, any notice, request, consent, election, waiver, designation, demand or other communication (collectively, "notice") to be given or made to or by the Parties in connection with this Agreement must be in writing and either:

7.1.1 delivered by hand, telecopier (with electronic confirmation followed by mail confirmation given within one business day thereafter) or overnight delivery by Federal Express or other recognized carrier guaranteeing the next day delivery; or

7.1.2 sent by certified or registered mail, return receipt requested, postage prepaid.

7.2 Each notice to a Party will be addressed to the Party at its address given in the preamble on the first (signature) page.

7.3 A copy of each notice shall be sent simultaneously and in like manner to the person and address (if any) specified by a Party in a notice to the other Party.

7.4 Each Party may, by notice to the other, change the address to which future notices are to be sent or change or add a person to whom a notice or a copy of a notice is to be sent.

7.5 Unless otherwise provided elsewhere in this Agreement, each notice shall be considered to be given on:

7.5.1 the date delivered by hand or sent by telecopier (unless it is not a business day or is not received before 5:30 p.m., in which case the notice shall be considered given on the first business day after being so delivered or sent); or

7.5.2 the next business day after being given to a recognized carrier for overnight delivery; or

7.5.3 the second full business day following the date of mailing in the City and State of New York; or

7.5.4 the third full business day following the date of mailing outside the City and State of New York.

7.5.5 However, a notice of a change of address or person pursuant to Provision “7.4,” shall not be deemed given until received.

7.6 A notice that is mailed shall be deposited into a branch office or an official mail depository maintained by the United States Postal Service.

7.7 Failure to accept a notice is deemed receipt of it and does not invalidate the notice or excuse the performance of an obligation.

8. No Negative Construction Against Drafting Party

8.1 The Parties agree that the normal rules of construction to resolve ambiguities against the Party whose counsel drafted this Agreement shall not be followed in the interpretation of this Agreement. Consequently, no negative inference or interpretation shall be made by a court in enforcing the Provisions of this Agreement against the Party whose attorney drafted this Agreement.

9. Governing Law; Venue; and Service of Lawsuits

9.1 Venue and Service

9.1.1 Any lawsuit or proceeding arising out of this Agreement:

9.1.1.1 must be brought in the Supreme Court of the State of New York;

9.1.1.2 must be brought in the County in which the Unit or Prospective Seller is located; and

9.1.1.3 may be commenced by serving the summons and/or complaint by certified or registered mail (return receipt requested), postage prepaid, deposited in an official mail

depository maintained by the U.S. Postal Service, and sent to the Party at the Party's address for notices set forth in Provision "7.2" or any other address of which the Party has given notice in accordance with Provision "7.4."

10. **Invalid Provisions Severed**

10.1 The invalidity or unenforceability of all or part of a Provision of this Agreement shall not affect the validity of the other Provisions of the unaffected other parts of such Provision, which shall be enforced to the fullest extent permitted by law.

11. **Binding Effect; Seal and Notarization Not Required; Successors; Assignment Prohibited**

11.1 This Agreement binds, benefits and is enforceable by and against each Party and each Party's successors. A reference in this Agreement to a Party includes such Party's successors.

11.2 This Agreement is effective, binding and enforceable without the seal of a corporate Party or the acknowledgment or notarization of a signature.

11.3 I may not assign this Agreement or my rights or interests under this Agreement and any purported assignment thereof shall be null and void and shall constitute a substantial violation of this Agreement by me.

12. **Merger**

12.1 All prior or contemporaneous statements, representations, promises, negotiations, discussions, projections, opinions, estimates, understanding and agreements of any kind whatsoever not set forth herein, whether oral or written, are merged in, and superseded by, this Agreement and have no effect unless they are expressly contained in this Agreement.

13. **Changes and Waivers**

13.1 A Provision of this Agreement may be changed or waived only in a writing signed by the Party to be charged.

13.2 The failure to enforce or insist on strict performance of any Provision will not mean or infer that the Provision has been waived or that the right to enforce or insist thereafter on strict performance of that or any other Provision has been waived. A waiver of any breach or violation of any Provision is not, and shall not be construed as, a waiver of any other or subsequent breach or violation thereof.

14. **Broker**

14.1 I represent to you that I have not dealt with any broker, agent or salesperson (collectively, "broker") in connection with this Unit other than the broker (if any) identified on the

signature page hereof.

14.2 I agree that such broker (if any) is NOT entitled to receive from you, and you are NOT liable or obligated to pay to any such broker, any fee, commission or compensation in connection with this Agreement. I also agree that your obligations (if any) to any such broker is to be governed by a separate brokerage agreement if you elect (at your sole and absolute option and discretion) to enter into such agreement with the broker.

14.3 I agree to indemnify and hold you harmless, and to promptly upon demand reimburse you, for all losses, damages, costs and expenses (including all reasonable litigation costs and expenses) you may pay or incur as a result of representation and agreements in this Provision "14."

15. **Table of Contents and Captions; References; and Grammar**

15.1 The Table of Contents and captions used herein are for convenience only and do not control or affect the meaning or interpretation of any Provision.

15.2 All references in this Agreement to a Provision, paragraph, clause or page refers to the Provisions, paragraphs, clauses and pages of this Agreement.

15.3 The use of the singular includes the plural and the use of any gender or tense (past, present or future) includes any other gender or tense whenever required by the sense of this Agreement.

We evidence our agreement to be bound by the foregoing provisions of this Agreement by signing this Agreement below.

PROSPECTIVE SELLER:

USD 85 DOUGLASS LLC

By: _____

PROSPECTIVE PURCHASER:

Signature

NO FEE, COMMISSION OR
COMPENSATION IS EARNED, DUE OR
PAYABLE TO THE UNDERSIGNED
BROKER IN CONNECTION WITH THIS
AGREEMENT:

Name of Broker

By: _____

Name:

Title:

Dated:

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FORM OF ESCROW AGREEMENT GOVERNING DEPOSITS

ESCROW AGREEMENT

AGREEMENT made this ____ day of _____, 202__, by and among _____ ("PURCHASER"), USD 85 DOUGLASS LLC, having an address c/o Urban Standard Capital, 233 Broadway, #1470, New York, New York 10279 (the "SPONSOR") as Sponsor of the offering plan described below, and BELKIN BURDEN GOLDMAN, LLP, having an address at 60 East 42nd Street, 16th Floor, New York, New York 10165 ("ESCROW AGENT"), as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan (as same may be amended, the "PLAN") filed with the New York State Department of Law to convert to condominium ownership the premises located at 85 Douglass Street, Brooklyn, New York (the "PREMISES"); and

WHEREAS, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR and PURCHASER desire that ESCROW AGENT act as escrow agent for deposits by purchasers on account of the purchase price of condominium units in the Premises (collectively "UNITS" and each a "UNIT") under the Plan, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. **ESTABLISHMENT OF THE ESCROW ACCOUNT.**

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by Purchaser on account of the purchase price of the Units under the Plan (the "DEPOSIT"). The escrow account has been opened with Webster Bank (the "BANK"), at its branch located at Two Blue Hill Plaza, Second Floor, Pearl River, New York 10965. The account number is ____ (the "ESCROW ACCOUNT").

1.2 The master name of the Escrow Account is "Belkin Burden Goldman, LLP as Escrow Agent for USD 85 DOUGLASS LLC/85 Douglass Street Conversion."

1.3 ESCROW AGENT has designated the following attorneys to serve as signatories: Daniel Altman, Sherwin Belkin, Matthew Brett, Jeffrey L. Goldman, Martin Heistein, Lewis Lindenberg, Martin Meltzer, Craig Price, Kara Rakowski, Aaron Shmulewitz, David M. Skaller and Stephen Tretola. All designated signatories are admitted to practice law in the State of New York. All of the signatories on the Escrow Account have an address at 60 East 42nd Street, 16th Floor, New York, New York 10165 and a telephone number of (212) 867-4466.

1.4 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 or release of the Deposit from escrow.

1.5 Neither ESCROW AGENT nor any authorized signatories on the Escrow Account are the Sponsor, Selling Agent, Managing Agent (as those terms are defined in the Plan), or any principal thereof, or have any beneficial interest in any of the foregoing.

1.6 The Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497. The Escrow Account shall be an interest-bearing account. The interest rate to be earned on the Deposits will be the rate paid from time to time by the Bank for the same type of account as the escrow account. Interest will begin to accrue when the check for a Deposit is collected, and provided there is no charge back or debit by the Bank against the amount deposited.

1.7 The ESCROW AGENT may from time to time, upon notice to the SPONSOR and all purchasers who have made Deposits with ESCROW AGENT, change the depository in which the DEPOSITS are held to another lending institution in New York City without the necessity of amending the Plan.

2. **DEPOSITS INTO THE ESCROW ACCOUNT.**

2.1 All Deposits received by ESCROW AGENT from PURCHASER, on account of the purchase price thereunder, prior to closing of such Unit, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payer, shall be deposited in the Escrow Account. All instruments to be deposited into the Escrow Account shall be made payable to, or endorsed by the purchaser to the order of "Belkin Burden Goldman, LLP, as Escrow Agent for USD 85 DOUGLASS LLC/85 Douglass Street Conversion." Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to the PURCHASER promptly after receipt by ESCROW AGENT of such instrument following any attempts to deposit it; but, in any event, following such unsuccessful attempts to deposit it, ESCROW AGENT shall mail or otherwise send such instrument to the PURCHASER within five business days of such receipt of such instrument by ESCROW AGENT. In the event of such return of such instrument, then such instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 For purposes of this Section 2.2, an unconditional tender and delivery of a Deposit shall be deemed to have been made if a Deposit is delivered together with a purchase agreement in the form agreed to by SPONSOR without any request for a change in such form or the terms of such purchase agreement. Within 10 business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of a Deposit required to be submitted by PURCHASER on account of the purchase of a Unit under the Plan, together with the purchase agreement for the purchase of such Unit, ESCROW AGENT shall notify PURCHASER of the deposit of such funds in the Bank, provide the account number, and disclose the initial interest rate. Subject to the provisions of the next sentence, if PURCHASER does not receive notice of

such deposit within fifteen (15) business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of such Deposit, then PURCHASER may cancel the purchase and rescind PURCHASER'S purchase agreement so long as such right to rescind is exercised within ninety (90) days after PURCHASER'S unconditional tender and delivery of such Deposit to SPONSOR or the Selling Agent, if any, or PURCHASER may send complaints to the New York State Department of Law (the "ATTORNEY GENERAL"). However, PURCHASER shall not be entitled either to rescind PURCHASER'S purchase agreement or to receive a refund of PURCHASER'S Deposit where proof satisfactory to the Attorney General is submitted establishing that such Deposit was timely deposited and notice as provided above was timely mailed to PURCHASER in accordance with all regulations of the Attorney General.

3. **RELEASE OF FUNDS.**

3.1 ESCROW AGENT shall not release the Deposit of a defaulting purchaser to SPONSOR until after consummation of the Plan. SPONSOR shall promptly, after consummation of the Plan, amend the Plan to disclose that consummation of the Plan has occurred. "Consummation of the Plan" shall mean the first closing of title for the sale of a Unit under the Plan and in accordance with its requirements. Consummation of the Plan shall not relieve SPONSOR or ESCROW AGENT of its fiduciary obligations to PURCHASER pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold PURCHASER'S Deposit in escrow until: (a) the transaction with PURCHASER shall close, or (b) otherwise directed in one or more writings signed (whether on the same or separate counterparts) by each of SPONSOR and PURCHASER, or (c) a final, non-appealable judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit.

3.3 SPONSOR shall not object to the release of the Deposit to: a) PURCHASER, provided PURCHASER has not defaulted and has timely and validly rescinded PURCHASER'S purchase agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; or b) PURCHASER after an Amendment abandoning the Plan is accepted for filing by the New York State Department of Law.

3.4 If there is no written agreement between SPONSOR and PURCHASER to release the Deposit paid by PURCHASER, ESCROW AGENT shall not pay such Deposit to SPONSOR until after 30 days following the date that ESCROW AGENT has given PURCHASER written notice that ESCROW AGENT intends to pay to SPONSOR such Deposit. If the ESCROW AGENT has not received notice of objection to the release of the funds at the expiration of the 30 day period, the funds shall be released and ESCROW AGENT shall provide further written notice to both parties informing them of said release. If the ESCROW AGENT receives a written notice from either party objecting to the release of the escrowed funds within said 30 day period, the ESCROW AGENT shall continue to hold said funds until otherwise directed pursuant to Paragraph 3.2 hereinabove.

4. **RECORD KEEPING.**

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

4.2 In the event that ESCROW AGENT shall dissolve as a law firm, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Attorney General of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL RIGHTS AND OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the Escrow Account under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship, pursuant to this Agreement, shall exist between ESCROW AGENT and PURCHASER who has paid Deposits which are held by ESCROW AGENT, and ESCROW AGENT acknowledges its fiduciary and statutory obligations pursuant to GBL §§352(e)(2-b) and 352(h).

5.3 ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein. If there is any conflict or inconsistency between the provisions of this Agreement and either the Plan or any Purchase Agreement (as defined in the Plan), the provisions of this Agreement shall be controlling.

5.4 If conflicting demands are made or notices are served upon ESCROW AGENT with respect to this Agreement, or if ESCROW AGENT shall hold a good faith belief that the rights of a claimant to any Deposit are not absolutely clear, the signatories hereto agree that ESCROW AGENT may refuse to comply with any such claim or demand and, except as hereinafter set forth in this Agreement, may withhold and stop all further proceedings in the performance of this Agreement so long as such disagreement shall continue. In so doing, ESCROW AGENT shall not be or become liable for damages or interest to any of the signatories hereto or to any other person for its failure to comply with such conflicting or adverse demands or notices. ESCROW AGENT may continue to so refrain and so refuse to act until (i) the rights of the adverse claimants have been finally adjudicated in a court having and assuming jurisdiction of the parties and/or the Deposit, as the case may be, or (ii) all differences, with respect to any Deposit, shall have been resolved by mutual agreement of SPONSOR and the purchaser who paid such Deposit, and ESCROW AGENT shall have been notified thereof in writing signed by both of said parties. In the alternative, ESCROW AGENT may, but shall not be obligated to, file a suit in interpleader for a declaratory judgment for the purpose of having the respective rights of the claimants adjudicated, and/or may deposit any Deposit with a court of competent jurisdiction, in which event SPONSOR agrees to pay all costs, expenses and attorneys' fees incurred by ESCROW AGENT in connection therewith. In the event that ESCROW AGENT shall deposit any Deposit

with such court, the ESCROW AGENT shall be fully released and discharged from any and all further duties and obligations hereunder with respect to such Deposit.

5.5 ESCROW AGENT shall not be responsible for any interest on any Deposit except for such as is actually received by ESCROW AGENT.

5.6 SPONSOR hereby agrees to indemnify ESCROW AGENT from, and to hold it harmless against, any loss, liability or expense (including, without limitation, attorneys' fees and expenses) incurred without gross negligence, willful default, or bad faith on the part of ESCROW AGENT, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim or liability.

5.7 In any action or proceeding, ESCROW AGENT may represent SPONSOR, even if such action or proceeding relates to or involves any Deposit, at the same time as ESCROW AGENT is holding such Deposit pursuant to this Agreement.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver to ESCROW AGENT each Deposit on account of the sale of a unit under the Plan which has been received by SPONSOR or such agents prior to closing of the sale of such Unit within one business day of receipt thereof.

6.2 SPONSOR agrees that it shall not interfere with ESCROW Agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.

6.3 SPONSOR shall obtain or cause the selling agent under the Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from PURCHASER and deliver such form to ESCROW AGENT together with the Deposit and Purchase Agreement.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

1. Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Plan with the Attorney General providing for a successor ESCROW AGENT. PURCHASER shall be deemed to have consented to such cancellation; or

2. The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment to the Plan with the Attorney General providing for a successor

ESCROW AGENT and giving notice to PURCHASER of the identity of the successor escrow agent, the Bank in the State of New York where the Deposit is being held and the account number therefor; or

3. All Deposits held by ESCROW AGENT have been paid by ESCROW AGENT from the Escrow Account as provided in this Agreement.

ESCROW AGENT shall not be responsible for any delay between either (i) any such cancellation by SPONSOR of the designation of ESCROW AGENT, or (ii) the resignation of ESCROW AGENT, and, in either such case, the date on which an amendment to the Plan appointing a successor ESCROW AGENT has been filed by the Attorney General and notice thereof has been given to ESCROW AGENT. Once any such cancellation of the designation of ESCROW AGENT has been given to ESCROW AGENT, or once ESCROW AGENT has given to SPONSOR notice of resignation as ESCROW AGENT, then in either case ESCROW AGENT shall not be obligated to accept thereafter any new Deposits in the Escrow Account.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 (a) or (b) above, ESCROW AGENT shall deliver any and all Deposits held by it in escrow to the new successor ESCROW AGENT set forth in such amendment to the Plan, provided ESCROW AGENT has received a copy of such amendment.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR, ESCROW AGENT and PURCHASER and their respective successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that any compensation to ESCROW AGENT shall not be paid from the Deposits nor from any interest accruing thereon (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) and that compensation to ESCROW AGENT, if any, shall not be deducted from the Deposits (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) by any financial institution under any circumstance. SPONSOR shall reimburse to ESCROW AGENT any fees or charges incurred in connection with the establishment and maintenance of the escrow account.

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this

Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

13. NOTICES.

13.1 All notices and communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or sent by regular, certified or registered mail, with or without return receipt requested, postage prepaid, addressed as follows:

To SPONSOR: c/o Urban Standard Capital
233 Broadway, #1470
New York, New York 10279

To ESCROW AGENT: BELKIN BURDEN GOLDMAN, LLP
60 East 42nd Street, 16th Floor
New York, New York 10165
Attn: Lloyd F. Reisman, Esq.

or at such other address as any of the above may have furnished, as the address of such party, to the other parties in a notice given in accordance with the provisions of this Section. All notices sent in accordance with this Section shall be deemed given upon personal delivery or five days after the date of mailing, as the case may be.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

BELKIN BURDEN GOLDMAN, LLP

By: _____
Aaron Shmulewitz, Member

SPONSOR:

USD 85 DOUGLASS LLC

By: _____

PURCHASER:

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FORM OF UNIT OWNER POWER OF ATTORNEY

UNIT OWNER'S POWER OF ATTORNEY

THE 85 DOUGLASS STREET CONDOMINIUM

All terms used in this Unit Owner's Power of Attorney that are used (a) in the declaration (the "Declaration") establishing a plan for condominium ownership of the premises known as and by the street number 85 Douglass Street, Brooklyn, New York (the "Property") under Article 9-B of the Real Property Law of the State of New York, dated _____, 202 , and recorded in the Office of the Register of the City of New York, Kings County on _____, 202 , as CRFN No.

_, or (b) in the by-laws of the Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned _____, (having an office) (residing) at 85 Douglass Street, Brooklyn, New York 11231, the owner of the Condominium Unit (the "Undersigned's Unit") known as Unit No.

in The 85 Douglass Street Condominium (the "Condominium"), known by the street address as 85 Douglass Street, Brooklyn, New York and consisting of the real property and improvements thereon as more particularly described on Schedule A annexed hereto and made a part hereof, such Unit being also designated as Tax Lot___ in Block 409 of the Borough of Brooklyn on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans, do(es) hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with the Unit Owners' respective Common Interests, subject to the provisions of the By-Laws then in effect: (1)(a) to acquire or lease any Unit, together with its Appurtenant Interests, from any Unit Owner so desiring to sell, convey, transfer, assign or lease, including without limitation pursuant to the right of first refusal set forth in the By-Laws, (b) to acquire any Unit, together with its Appurtenant Interests, whose owner elects to surrender such Unit pursuant to the terms of the By-Laws, and (c) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, on such terms and, with respect to any transfer pursuant to the terms of subdivision 1(a) or 1(c) of this paragraph at such price or at such rental, as the case may be, as such attorneys-in-fact deem proper, and thereafter to convey, sell, lease, mortgage or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, on such terms as such attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in such premises which the undersigned could do if the undersigned were personally present, (2) to file, prosecute, negotiate and settle, on behalf of all Unit Owners, appropriate tax certiorari proceedings so as to reduce the assessed valuations of, and/or real estate taxes due with regard to, all Units in the Condominium, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority,

applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements, that the Condominium Board deems necessary or appropriate.

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

The undersigned do(es) hereby irrevocably nominate, constitute and appoint USD 85 Douglass LLC (the "Sponsor"), as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, By-Laws and the Rules and Regulations of the Condominium, or any of such documents, when such amendment: (i) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Sponsor or its designee in accordance with the Declaration, or (ii) will be required by (A) an Institutional Lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (B) any governmental agency having regulatory jurisdiction over the Condominium, or (C) any title insurance company selected by Sponsor to insure title to any Unit; provided, however, that any amendment made pursuant to the terms of subdivisions (i) or (ii) of this paragraph will not (x) change the Common Interest of the Undersigned's Unit, (y) require a material, physical modification to the Undersigned's Unit, or (z) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivisions (x) or (y) of this paragraph) or the holder of such mortgage (in the event described in (z) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph will remain in full force and effect until such time as Sponsor or its designee will cease to own any of the Units in the Condominium.

IN WITNESS WHEREOF, the undersigned has/have executed this Unit Owner's Power of Attorney as of _____, 202 .

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

On this day of , 202 before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to in the within instrument, and acknowledged to me that he/she they executed the same in his/her/their capacity, and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Notary Public

UNIT _____

**THE 85 DOUGLASS STREET CONDOMINIUM
85 DOUGLASS STREET
BROOKLYN, NEW YORK 11231**

**BLOCK 409
LOT
RECORD AND RETURN TO:**

**MATTHEW ADAM PROPERTIES, INC.
375 Pearl Street
New York, NY 10038**

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FORM OF CONDOMINIUM UNIT DEED

**CONDOMINIUM UNIT DEED
THE 85 DOUGLASS STREET CONDOMINIUM**

This INDENTURE, made as of _____, 202 , by and between USD 85 DOUGLASS LLC, a limited liability company organized and existing under the laws of the State of New York (the “Grantor”), having an office c/o Urban Standard Capital, 233 Broadway, Suite 1470, New York, New York 10279, and _____ (singly, jointly or collectively the “Grantee”) (having an office) (residing at)

WITNESSETH:

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

The condominium unit known as Unit No. _____ the “Unit”) in the building at 85 Douglass Street, Brooklyn, New York 11231 (the “Building”), in the Borough of Brooklyn, County of Kings, City and State of New York, known as The 85 Douglass Street Condominium (the “Condominium”), such Unit being designated and described as Unit No. _____ in a certain declaration dated _____ made by the Grantor pursuant to Article 9-B of the Real Property Law of the State of New York, as amended (the “Condominium Act”), establishing a plan for condominium ownership of the Building and the land upon which the Building is situate as more particularly described on Schedule A annexed hereto and made a part hereof (the “Land”), which declaration was recorded in the Kings County Office of the Register of the City of New York, on the _____ day of _____, 20 , as CRFN No. _____, as same may have been subsequently amended (collectively, the “Declaration”). The Building and the Land are referred to herein as the “Property.” This Unit is also designated as Tax Lot _____ in Block 409 of the Borough of Brooklyn, County of Kings on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the Building, certified by _____, on the _____ day of _____, 202 , and filed with the Real Property Assessment Department of the City of New York on the _____ day of _____, 202 , as Condominium Plan No. _____ and also filed in the Kings County Office of the Register of the City of New York on the _____ day of _____, 202 , as Condominium Map No. _____.

TOGETHER with an undivided _____ % interest in the Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

TOGETHER with and subject to the rights, obligations, easements, restrictions and other provisions of the Declaration and of the By-Laws (including the Rules and Regulations) (as such terms are defined in the Declaration) of the Condominium, as such Declaration and By-Laws may be amended from time to time by instruments recorded in the Kings County Office of the Register

of the City of New York, all of which rights, obligations, easements, restrictions and other provisions, shall constitute covenants running with the land and shall bind any and all persons having at any time any interest or estate in the Unit, as though recited and stipulated at length herein; and subject to any other matters of record as of the date hereof;

TO HAVE AND TO HOLD THE SAME UNTO the Grantee, and the heirs or successors and assigns of the Grantee, forever.

If any provision of the Declaration or the By-Laws is ruled by a Court of competent jurisdiction to be invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Declaration will control.

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

The Grantor covenants that the Grantor has not done or suffered anything to be done whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws).

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

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws of The 85 Douglass Street Condominium, recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof as the same may be amended from time to time by instruments recorded in the Kings County Office of the Register of the City of New York, and further agrees to comply with any Rules and Regulation adopted in accordance with the provisions of said By-Laws. The Grantee specifically accepts and ratifies those provisions of the Declaration which direct that any tax exemption and tax abatement benefits granted the Property be apportioned among all Units in proportion to their respective Common Interests. The Grantee covenants on behalf of the Grantee, and on behalf of the heirs, successors and assigns of the Grantee, that no suit shall be maintained by the Grantee or the heirs, successors or assigns of the Grantee against the City of New York, the Grantor herein or the Condominium in which the Grantee or the heirs, successors or assigns of the Grantee allege that any apportionment of such benefits made in accordance with the provisions of the Declaration is contrary to law. This covenant by the Grantee is made in favor of all other Unit Owners, the Condominium Board, the Condominium, the Grantor and the City of New York.

UNIT
THE 85 DOUGLASS STREET CONDOMINIUM
85 DOUGLASS STREET
BROOKLYN, NEW YORK 11231

BLOCK 409
LOT

RECORD AND RETURN TO:

FORM OF DECLARATION OF CONDOMINIUM

DECLARATION

Establishing a Plan of Condominium Ownership

for the Premises known as

THE 85 DOUGLASS STREET CONDOMINIUM

located at

**85 Douglass Street
in the Borough of Brooklyn
County of Kings
City and State of New York**

**Pursuant to Article 9-B of the
Real Property Law of the State of New York**

DECLARANT:

**USD 85 DOUGLASS LLC
c/o Urban Standard Capital
233 Broadway, Suite 1470
New York, New York 10279**

BLOCK: 409

**LOTS: _____ through and including _____
(Formerly known as Lot 56)**

DATE OF DECLARATION: _____, 202

Record and Return to:

**LLOYD REISMAN, ESQ.
BELKIN BURDEN GOLDMAN, LLP
60 East 42nd Street, 16th Floor
New York, New York 10165**

Attorneys for Declarant

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Declaration establishing a plan of Condominium ownership for The 85 Douglass Street Condominium at the Premises located at 85 Douglass Street, Brooklyn, New York 11231, in the Borough of Brooklyn, County of Kings, City and State of New York, pursuant to Article 9-B of the Real Property Law of the State of New York.

USD 85 Douglass LLC, a limited liability company organized and existing under the laws of the State of New York, having an address c/o Urban Standard Capital, 233 Broadway, Suite 1470, New York, New York 10279 (the "Declarant"), does hereby declare:

1. Submission of Property. The Declarant hereby submits the land more particularly described on Schedule A attached hereto and made a part hereof (the "Land"), together with the building (the "Building") and improvements thereon erected, and the fixtures therein located (which Land, Building, improvements and fixtures are collectively referred to as the "Property"), owned by the Declarant in fee simple absolute, to the provisions of Article 9-B of the Real Property Law of the State of New York, more particularly known as the "Condominium Act" (the "Act").

2. Description of the Land. The Land is located in the Borough of Brooklyn, County of Kings, City and State of New York, and bears the street number 85 Douglass Street, Brooklyn, New York. The Land is also designated as Block 409, Lot 56 and consists of approximately 2,500 square feet (.0574 acres).

3. Description of the Building. The Building will consist of four stories and a cellar. Units shall be contained from the cellar through fourth stories. The Building will be classified as Class Old Code 1939 Class 3 Non Fireproof. The footings and foundation walls consist of existing brick bearing walls on their existing rubble wall foundations, with new concrete foundation footings provided at the new rear addition. The exterior walls will consist of brick walls, with the rear addition constructed of structural steel columns, beams and steel joist infill. The Building will contain four residential units (each a "Unit" and collectively the "Units"). The owners of the Units are hereinafter referred to as the "Unit Owners."

4. Description of Units. Annexed hereto as Schedule B and made a part hereof is a schedule of the following information for each Unit: Unit designation; designation of tax lot number; designation of location in Building or Property; statement of approximate area in square feet; percentage of ownership interest in the Common Elements of the Condominium; and statement of Common Element(s) to which the Unit has immediate access. The information above-described is shown on floor plans of the Building, certified by Greybar Architecture PLLC dated

(the "Floor Plans"), which are intended to be recorded in the Office of the Register of the City of New York, County of Kings, simultaneously with the recordation of this Declaration. The location of the Building is shown on the site plan intended to be recorded in the Office of the Register of the City of New York, County of Kings, as part of this Declaration.

For the purposes of this Declaration, a Unit shall be defined as defined in section 339-e of the Act, and shall be more particularly described as follows: consisting of the area enclosed horizontally by the exterior side of the walls that enclose such Unit, and the area enclosed vertically, from the top of the concrete floor to the underside of the concrete ceiling of such Unit.

Each Unit shall be deemed to include all plumbing, HVAC fixtures and equipment, electrical fixtures, appliances and equipment contained in such Unit, or which service such Unit alone, any appliances attached to any such fixtures located within such Unit which service such Unit alone. Doors and windows contained in a Unit which open from the Unit shall be deemed part of the Unit. Notwithstanding anything to the contrary, no Unit shall be deemed to include any structural or supporting column or any pipe, wire, conduit, beam or other similar structure, element or Facility (as defined below) a portion of which is present in, adjacent to, or passes through, whether visibly or not, the Unit if such column, pipe, wire, conduit, beam or similar structure, element or Facility is utilized for, or services or benefits, any other part of the Property, including, without limitation, any other Unit or the Common Elements.

5. Common Elements. (a) The “Common Elements” of the Condominium consist of the entire Property including the Land and all parts of the Building and improvements thereon other than the Units. The Common Elements include, but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building, and all Facilities (as defined below), for the common use of all Units or all Unit Owners, or which are necessary or convenient for the existence, maintenance and safety of the Property. The Common Elements include any Limited Common Elements (as defined below). Without limiting the foregoing, the Common Elements shall include the following:

- (i) The Land, including, without limitation, the portions of the Land on which the Building is erected, all walks, paved areas, and all other improved and unimproved areas not within the Units, together with all easements, rights and privileges appurtenant thereto;
- (ii) All roofs, chimneys, concrete floors, foundations, columns, girders, beams, supports, joists, footings and subfloors;
- (iii) Those portions of the exterior walls and insulation (if any) beyond the exposed interior face of the exterior walls, and those portions of the walls and partitions separating each Unit from the other Units, corridors, vestibules, lobbies and stairs located beyond the unexposed face of the drywalls enclosing such Unit;
- (iv) Corridors, hallways, elevators, lobbies, storage and utility rooms and areas, and the entrances to and exits from the Building;
- (v) The “Facilities,” which shall be defined as all central and appurtenant installations for utilities and other services which benefit the entire Building, including but not limited to: conduits for plumbing, electricity, gas, or other energy-producing fuels, water, sewage, drainage, waste piping, trash compaction and removal; equipment or facilities for telephone, telegraph and television (whether broadcast, cable or satellite-receptive); central air-conditioning, heat and ventilation, if any; and all pipes, wires, vents, conduits, flues, ducts, elevators, cables, machinery, equipment, apparatus, systems, mechanisms, devices, motors, pumps, controls, generators, valves, outlets, risers, switches, fixtures, meters and other things used in connection with any of the foregoing, whether located in common areas or in a Unit;

- (vi) All boiler, meter, utility, steam, storage or staff rooms, (including all steam and other equipment that may be located therein), flues, and meters located therein or servicing same;
- (vii) Lighting fixtures illuminating the exterior portions of the Land or Building;
- (viii) Entrance courtyard gates and fences surrounding the Property, if any;
- (ix) All other apparatus and installations existing in the Building for common use or necessary, convenient and appropriate to the existence, maintenance or safety of the Building or the Units.

The “Limited Common Elements” of the Condominium are defined as those portions of the Building that are to be used by the Unit Owners of one or more specified Units to the exclusion of all other Unit Owners. The terraces that are appurtenant to each of Unit #2 and Unit #PH, respectively, the exclusive use of each of which is reserved for the respective Unit Owners of such respective Units, shall be deemed Limited Common Elements appurtenant to those Units, respectively.

6. Use of Building and Units. The Units shall be used for residential purposes. Notwithstanding the foregoing: (i) the Declarant or its designee expressly reserves the right to maintain a general or sales office in any Unit owned by it and to use such Unit as a model or for other promotional purposes, and (ii) each Unit may also be used for any lawful purpose permitted by applicable law, and the Certificate of Occupancy of the Building, including but not limited to as a professional office, subject to and in accordance with applicable law. The Building shall be used solely for the purposes for which the Units may be used.

7. Person to Receive Service. Process in any action brought against the Condominium shall be served upon it by service upon the Department of State of the State of New York. The address to which the Department of State shall mail any process served upon it is The Condominium, c/o Lloyd Reisman, Esq., Belkin Burden Goldman, LLP, 60 East 42nd Street, 16th Floor, New York, New York 10165, or at such other address as the Condominium shall maintain.

8. Amendment of Declaration.

(a) This Declaration may be amended with the approval of not less than SEVENTY FIVE PERCENT (75%) in number and in aggregate Common Interest of all Unit Owners cast in person or by valid proxy at a meeting duly held in accordance with the provisions of the By-Laws of the Condominium or, in lieu of such meeting, any amendment may be approved in a writing signed by not less than SEVENTY FIVE PERCENT (75%) in number and in aggregate Common Interest of all Unit Owners. However, the Common Interest appurtenant to each Unit as set forth on Schedule B to this Declaration shall not be changed in any way without the prior written consent of all Unit Owners affected thereby. Notwithstanding anything to the contrary, for so long as the Declarant or its designee shall own a Unit, this Declaration may not be amended in a manner which would adversely affect the interests of the Declarant or its designee without the written consent of

the Declarant or its designee.

(b) The Declarant or its designee shall have the express right, without vote or consent of Unit Owners, the Board of Managers, or the holders of mortgages against Units, if any, to execute or to cause to be executed, and to record as required by law, an amendment or amendments to this Declaration, together with such other plans, maps and other documents and instruments necessary to effect such recordation, to reflect any changes in Units and the reapportionment of Common Interests resulting therefrom, made by the Declarant or its designee in accordance with Paragraph 15 hereof, including, without limitation, the final location, dimensions or size of any Unit.

(c) The provisions of this Paragraph 8 may not be altered, amended or deleted in any manner, in whole or in part, without the prior written consent of the Declarant or its designee, as long as the Declarant or its designee shall own any Unit.

9. Determination of Percentage Interests in Common Elements. The respective percentage interest of each Unit in the Common Elements of the Condominium (the Unit's "Common Interest") has been determined on the basis of such Unit's floor space as measured in square footage, taking into account, however, the location of such Unit within the Building, its overall layout and dimensions, the availability of Common Elements for exclusive or shared use by the Unit Owners, and additional similar factors of value and desirability relative to the other Unit.

Pursuant to section 339-m of the Act, the Board of Managers of the Condominium may specially allocate and apportion the profits and expenses of the Condominium, and the Common Charges payable with regard to the Units, based on special or exclusive use or availability or exclusive control of particular Units or Common Areas by particular Unit Owners, such that the Common Charges payable with regard to a Unit will be more or less than would have been otherwise derived based on the Common Interest percentage of such Unit.

10. Encroachments.

(a) In the event that any Common Element, or portion, component or element thereof, shall encroach upon any Unit, or if any Unit, or portion thereof, shall encroach upon any other Unit or upon any Common Element, due to the subsequent settling or shifting thereof, or due to repair, restoration or rehabilitation work performed or caused to be performed by the Condominium, a valid easement for such encroachment and the maintenance thereof shall be created and exist until the earlier to occur of: (i) the removal of such encroachment; (ii) the destruction or demolition of the Buildings; or (iii) the termination of the Condominium pursuant to the terms hereof.

(b) In the event that the Building, a Unit or any Common Element shall be partially or totally destroyed by fire, explosion or other casualty or act of God, or as a result of condemnation or eminent domain proceedings, and then rebuilt, any encroachment arising by virtue of such destruction and rebuilding shall be permitted to exist and a valid easement for such encroachment and the maintenance thereof shall be created and exist until the occurrence of the earliest to occur of the events delineated in subparagraph (a) hereof.

11. Easements.

(a) Each Unit Owner shall have an easement to use all pipes, wires, ducts, cables, conduits, public utility lines, Facilities, and other Common Elements located in any other Unit and serving or benefiting the Building or his/her Unit. Each Unit shall be subject to an easement in favor of every other Unit Owner to use the pipes, wires, ducts, cables, conduits, public utility lines, Facilities, and other Common Elements located in such Unit and serving or benefiting the Building or any other Unit. The Board of Managers shall have a right of access to every Unit and all Common Elements appurtenant thereto to inspect the same, remove violations therefrom, and to maintain, repair, service or replace the Common Elements located therein or elsewhere in the Building.

(b) Any utility company or public benefit corporation which shall provide utilities or other services to the Property, or in favor of which there exists or shall exist a public utility easement, and the employees and agents of such entity, shall have the right of reasonable access to the Property, the Building, the Common Elements and every Unit, in furtherance of any easement accorded hereunder, provided that such access shall not unduly interfere with the permitted use of the Property, the Building, the Common Elements or any Unit affected thereby.

(c) The Declarant or its designee shall have an easement to use such portions of the Property as it may deem appropriate in connection with the sale of Units, including but not limited to the right to erect and install flagpoles, signs, banners and other means of advertising the availability of Units for sale in the Building.

12. Power of Attorney. As a condition of acquiring title to a Unit, the prospective owner thereof shall grant to the Board of Managers an irrevocable power of attorney, coupled with an interest, to, inter alia, acquire title to or to lease any Unit, the owner whereof desires to surrender, sell or lease such Unit, or which may be the subject of a foreclosure proceeding or other judicial sale, in the name of such Board of Managers or its designee, or is acquired or leased pursuant to a right of first refusal, on behalf of all Unit Owners, and subsequently to hold, convey, sell, assign, lease, mortgage or otherwise deal with any Unit so acquired or to sublease any Unit so leased by the Board of Managers.

13. Acquisition of Units by Board of Managers. In the event that any Unit Owner shall surrender his Unit, together with: (i) the undivided Common Interest appurtenant thereto; and (ii) the interest of such Unit Owner in any other assets of the Condominium (hereinafter collectively referred to as the "Appurtenant Interests"), pursuant to section 339-x of the Act; or in the event that the Board of Managers shall purchase from any Unit Owner who has elected to sell such Unit, such Unit together with the Appurtenant Interests pursuant to the By-Laws; or in the event that the Board of Managers shall purchase at a foreclosure or other judicial sale, a Unit, together with the Appurtenant Interests, then and in such events title to such Unit, together with its Appurtenant Interests, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners, in proportion to their respective Common Interests. The lease to any Unit leased by the Board of Managers, or its designee, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners, in proportion to their respective Common Interests.

14. Units Subject to Declaration, By-Laws and Rules and Regulations. This Declaration, and the By-Laws and Rules and Regulations of the Condominium, as such documents may be amended from time to time, shall bind all present and future Unit Owners, tenants, subtenants and occupants of the Units. The acceptance of a deed or conveyance for, the execution of a lease, sublease or occupancy agreement related to, or the commencement of occupancy in, a Unit shall constitute acceptance of this Declaration and the By-Laws and the Rules and Regulations, as such documents may be amended from time to time, and all such provisions shall be deemed to be covenants running with the Land and shall bind any person at any time having any interest or estate in such Unit, as if such provisions were incorporated in every deed, conveyance, lease, sublease or agreement therefor.

15. Alterations to Units. The Declarant or its designee with regard to any unsold Unit owned by the Declarant or its designee shall have the right, unless prohibited by the Act, without the vote or consent of the Board of Managers, the other Unit Owners, or the holders of mortgages on other Units, to: (i) make alterations or improvements in, to and upon any such unsold Unit; (ii) change the layout or number of rooms in, or otherwise reconfigure, any such unsold Unit; (iii) change the size or number of any contiguous unsold Units owned by the Declarant or its designee by subdividing or combining any such Units, and altering the boundary walls or lines between any such Units or otherwise; and (iv) reapportion among any such affected unsold Units their respective Common Interests to reflect their altered conditions, provided, however, that in all events such alterations or changes shall be done in compliance with all applicable laws, ordinances, rules and regulations, and the Board of Managers and the Unit Owners shall be held harmless from any liability resulting therefrom. The Common Elements appurtenant to each Unit shall have a permanent nature and shall not be altered or changed without the prior consent of all Unit Owners affected thereby. Such alterations or changes, if made, shall be disclosed in an amendment to the Offering Plan, and contract vendees, if any, pursuant to Purchase Agreements entered into with the Sponsor or its designee adversely affected by such alterations or changes shall be afforded the right to rescind their Purchase Agreements and receive a refund of any deposits theretofore made. The provisions of this Paragraph may not be changed, altered, amended or deleted without the prior written consent of the Declarant or its designee.

16. Termination. The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawal from the provisions of the Act of the Property if authorized by the affirmative vote of Unit Owners owning not less than EIGHTY PERCENT (80%) in number and in aggregate Common Interest of all Units. In the event that withdrawal is so authorized, the Property shall be subject to an action in partition by any Unit Owner or any holder of a recorded lien against any Unit as if that portion of the Property were owned in common, in which event: the net proceeds, if any, of any sale shall be divided between the Unit Owners in accordance with their respective Common Interests, provided, however, that no payment shall be made to any Unit Owner until there has first been paid out of its share of such net proceeds the amount of any liens against its Unit, in the order of priority of filing of such liens, and such liens shall have been satisfied.

17. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect the validity, enforceability or effect of the remaining provisions of this Declaration and,

in such event, the invalid provision shall be deemed severed from this Declaration and of no force and effect, and the remaining provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein. In the event that any provision necessary to cause this Declaration to be sufficient to submit the Property to the provisions of the Act is missing from this Declaration, then such provision shall be deemed to be included herein as if fully set forth herein, for the purpose of submitting the Property to the provisions of the Act.

18. 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 have occurred.

19. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way limit or restrict the scope of this Declaration or the intent of any provision hereof.

20. Gender. The use of the masculine gender throughout this Declaration shall be deemed to refer to the feminine gender, and the use of the singular shall be deemed to refer to the plural, and vice-versa, whenever the context shall so require.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed as of
, 202 .

USD 85 Douglass LLC, Declarant

By: _____

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

On this day of , 202 before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to in the within instrument, and acknowledged to me that he/she they executed the same in his/her/their capacity, and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Notary Public

SCHEDULE A--DESCRIPTION OF LAND

SCHEDULE B--INFORMATION REGARDING UNITS

UNIT	TAX LOT	BUILDING LOCATION	SQUARE FOOTAGE	COMMON INTEREST	COMMON ELEMENTS IMMEDIATELY ACCESSIBLE
A		Cellar & 1 st Floor	2,132*	36.8494%	
B		2 nd Floor	1,171*	22.5306%	
C		3 rd Floor	1,171*	21.9601%	
D		4 th Floor	1,028*	18.6599%	
				100.0000%	

In addition to the foregoing: (i) Unit A will have the exclusive use of the rear yard comprising 1,148 square feet; (ii) Unit B will have exclusive use of the rear rooftop terrace comprising 450 square feet; (iii) Unit C will have exclusive use of the front rooftop terrace comprising 320 square feet; and (iv) Unit D will have exclusive use of the fourth floor terrace comprising 140 square feet. Each of the foregoing is a Limited Common Element.

FORM OF CONDOMINIUM BYLAWS

EXHIBIT C

BY-LAWS OF

THE 85 DOUGLASS STREET CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The premises located at 85 Douglass Street in the Borough of Brooklyn, County of Kings, City and State of New York, has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration recorded simultaneously herewith in the Office of the Register of the City of New York, County of Kings. The following terms shall, for the purposes of these By-Laws, have the definitions ascribed to them in the Declaration: "Unit," "Building," "Common Elements," "Common Interests," "Declarant" (sometimes referred to herein as "Sponsor"), "Land," "Limited Common Elements," "Property," "Unit" and "Unit Owners."

Section 2. Applicability. The provisions of these By-Laws shall be applicable to the Condominium, the Units therein and the Unit Owners thereof, and to the respective use and occupancy thereof. These By-Laws, the Rules and Regulations (attached hereto as Schedule A and made a part hereof), and the Declaration, as each may be amended from time to time, shall bind and govern all present and future Unit Owners, mortgagees, tenants, subtenants and occupants of Units, and their employees, agents and servants, and any other person who may use the facilities of the Property, Land, Building or Condominium in any manner. The acceptance of a deed or other conveyance of a Unit, or the entering into of a lease, sublease or occupancy agreement relative to a Unit, or the commencement of occupancy of a Unit, shall constitute a binding acceptance by such grantee, tenant, subtenant or occupant of the provisions of these By-Laws, the Rules and Regulations, and the Declaration.

Section 3. Office. The offices of the Condominium and the Board of Managers thereof shall be located at the Property, or at such other place as shall be specified.

ARTICLE II

BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by a Board of Managers. The first Board of Managers shall consist of three persons designated by the Sponsor who shall hold office and exercise all powers and duties of the Board of Managers specified herein until the first meeting of Unit Owners called to elect managers. The Managers on the first Board of Managers need not be Unit Owners; however, on all subsequent Boards, all

Managers (except for Managers designated or appointed by the Sponsor) shall be Unit Owners, the spouses or domestic partners of joint-name Unit Owners, the principals (or their designees) of business-entity Unit Owners, or the grantors or beneficiaries of Unit Owners that are trusts.

Upon the earlier to occur of: (i) the fifth anniversary of the first Unit closing, or (ii) the closing of title to Units having an aggregate Common Interest exceeding FIFTY PERCENT (50%), the then-existing Board of Managers shall resign and a new Board of Managers shall be elected at the first meeting of Unit Owners so that each Unit (including the Sponsor with regard to any unsold Units) shall be entitled to hold one seat on the Board of Managers. The number of Managers to be elected commencing with the first meeting of Unit Owners shall be four (4), not more than two of whom shall be designated by the Sponsor. In addition to all designation rights granted herein, the Sponsor and its designee shall always have the additional right to vote the Common Interests appurtenant to Units owned by them.

Section 2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

- (a) operation, care, upkeep and maintenance of the Condominium, the Common Elements and any Limited Common Elements.
- (b) determination of the Common Charges and Common Expenses required for the operation and maintenance of the Condominium.
- (c) collection from the Unit Owners of the Common Charges and Special Assessments of the Condominium.
- (d) employment and dismissal of the personnel necessary for the maintenance and operation of the Condominium.
- (e) adoption and amendment of the Rules and Regulations governing the operation and use of the Condominium.
- (f) opening and maintaining bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (g) purchasing, leasing or otherwise acquiring in the name of the Board of Managers, or its designee, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Unit Owners to the Board of Managers.
- (h) purchasing of Units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, on behalf of all Unit Owners.
- (i) acquiring in the name of the Board of Managers, or its designee, on behalf of all

Unit Owners, rights and interests in real and personal property for use in connection with the ownership and operation of the Condominium, as described in the Declaration and these By-Laws.

- (j) selling, leasing, mortgaging, or otherwise dealing with Units acquired, and subleasing Units leased, by the Board of Managers or its designee, on behalf of all Unit Owners.
- (k) organizing corporations to act on behalf, or as designees, of the Board of Managers.
- (l) obtaining insurance for the Condominium or any component thereof, including the Units, pursuant to the provisions of Article V, Section 2 hereof.
- (m) making repairs, additions and improvements to or alterations of the Property and making of repairs to and restoration of the Property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (n) borrowing money on behalf of the Condominium when required in connection with its operation, care, upkeep and maintenance, provided, however, that: (1) no borrowing in excess of \$100,000 in the aggregate shall occur without the prior consent of a majority of Unit Owners, in number and in aggregate Common Interest, and (2) no lien to secure repayment of any sum borrowed may be created against any Unit or its Common Interest without the consent of the Unit Owner of such Unit. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority herein is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof equal to his Common Interest shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit owned by such Unit Owner.
- (o) levying and collecting fines against Unit Owners for violations of the Rules and Regulations governing the operation and use of the Condominium.
- (p) adjusting and settling claims under insurance policies obtained pursuant to Article V, Section 2 hereof and executing and delivering releases upon settlement of such claims on behalf of all Unit Owners.
- (q) filing, prosecuting, negotiating and settling, on behalf of all Unit Owners, tax certiorari petitions and appeals for the purpose of reducing the assessed valuations of, and/or the real estate taxes due with regard to, all Units.
- (r) notwithstanding anything to the contrary in these By-Laws, as long as the Sponsor or any designee shall own a Unit, but in no event for a period in excess of two years from the closing of title to the first Unit, the Board of Managers may not, without the prior written consent of the Sponsor or its designee:

- (1) make any addition, alteration or improvement to the Common Elements or to any Unit;
- (2) assess any Common Charge for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund except that the Sponsor will consent to replacements to the Reserve Fund provided for in Schedule B of the Offering Plan for the Condominium;
- (3) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are insufficient);
- (4) amend the Declaration or these By-Laws so as to increase the number of Managers or in any other way adversely affect the Sponsor or its designee; or
- (5) interfere with: the offer and sale or leasing of Units; operation of general or sales and leasing offices on the Property; or actions necessary for construction, renovation, repair or correction on the Property, as deemed necessary by the Sponsor.

The Sponsor or its designee shall have the right to withhold its consent to any of the foregoing actions, for any reason or for no reason. However, notwithstanding the provisions of this subsection, the Sponsor or its designee shall not withhold its consent to the making of capital repairs to the Common Elements or assessment of any Common Charge for expenses required in order to comply with law.

Section 3. Managing Agent. The Board of Managers may employ a Managing Agent (including an entity organized or controlled by the Sponsor or its designee) for the Condominium at a compensation established by the Board of Managers to perform such duties and services as the Board of Managers shall authorize. The Board of Managers may delegate to such Managing Agent all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (b), (e), (g), (h), (i), (j), (k), (n) and (p) of Section 2 hereof.

Section 4. Removal. Any Manager (other than a Manager designated or elected by the Sponsor or its designee) may be removed for cause by the affirmative vote of Unit Owners whose aggregate Common Interest exceeds FIFTY PERCENT (50%), and may be removed without cause by the affirmative vote of Unit Owners whose aggregate Common Interest exceeds SIXTY SEVEN PERCENT (67%), of the total Common Interest. A successor shall then be elected by the Unit Owner that was represented by such Manager. A Manager designated or elected by the Sponsor or its designee may be removed only by the Sponsor or its designee, and the vacancy thus created shall be filled only by the Sponsor or its designee. No Manager not designated by the Sponsor or its designee shall continue to serve on the Board if he shall cease to be an Unit Owner, spouse or domestic partner of a joint-name Unit Owner, principal (or his designee) of a business-entity Unit Owner, or the grantor or beneficiary of an Unit Owner that is a trust.

Section 5. Vacancies. A vacancy in the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Unit Owners shall be filled by the Unit Owner that was represented by such Manager.

Section 6. Organization meeting. The first meeting of the Board of Managers following each annual meeting of the Unit Owners shall be held immediately thereafter, at such time and place as shall be fixed by the Unit Owners. At the meeting at which the Board of Managers shall have been elected, no notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, providing a majority of the whole Board of Managers shall be present.

Section 7. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by the Managers, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each Manager, by mail, telegraph, telefax, email, or telephone, at least three business days prior to the day specified for such meeting.

Section 8. Special Meetings. Special meetings of the Board of Managers may be called by the President on three business days' notice to each Manager, given by mail, telegraph, telefax, email, or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Managers.

Section 9. Waiver of Notice. Any Manager may at any time waive in writing notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him/her of the time and place thereof. Any one or more Managers may participate in a meeting of the Board by means of a conference telephone, email, or similar communications equipment allowing all persons participating in the meeting to hear or otherwise communicate with each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorum. At all meetings of the Board of Managers, the presence of a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the Managers present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Any action required or permitted to be taken by 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 proceedings of the Board.

Section 11. Fidelity Bonds. If they deem it advisable, the Board of Managers shall obtain fidelity bonds in sufficient amounts for all officers and employees of the Condominium and of any Managing Agent handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 12. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 13. Liability of the Board of Managers. The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each member of the Board of Managers against all liability arising from their acts as, or by reason of the fact that such person was, a member of the Board of Managers. It is intended that the members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as its Common Interest bears to the aggregate Common Interest of the Condominium. Every agreement made by the Board of Managers or by the Managing Agent on behalf of the Condominium shall be made with the understanding that the members of the Board of Managers, or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners) and that any liability of a Unit Owner thereunder shall be limited to such proportion of the total liability thereunder as its Common Interest bears to the aggregate Common Interest of the Condominium.

Section 14. Committees. The Board of Managers may by resolution create such committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein. The President of the Condominium shall appoint the members of such committees, provided, however, that the Sponsor or its designee shall have the right to designate a member of any committee so created, for as long as the Sponsor or its designee shall have the right to designate a Manager.

ARTICLE III

UNIT OWNERS

Section 1. Annual Meetings. Not later than 30 days after the closing of title to Units having an aggregate common interest of FIFTY PERCENT (50%), but in no event later than the fifth anniversary of the first Unit closing, the Sponsor shall call a special meeting of the Unit Owners for the purpose of electing the Board of Managers of the Condominium. At such meeting, the members of the existing Board of Managers shall resign, and a new Board shall be elected so that each Unit (including the Sponsor with regard to any unsold Units) shall be entitled to hold one seat on the Board of Managers. Thereafter, annual meetings shall be held in or about June of each succeeding year, at which meetings there shall be elected the Board of Managers further pursuant to Article II, Section 1 of these By-Laws. At such meetings, the Unit Owners may also transact

such business of the Condominium as shall properly come before them.

Section 2. Place of Meetings. Meetings of Unit Owners shall be held at the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3. Special Meetings. The President shall call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers, or upon a petition signed and presented to the Secretary by Unit Owners owning not less than THIRTY FIVE PERCENT (35%) of the aggregate Common Interest of the Condominium. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners, at least ten but not more than forty days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the Building or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present, or for any other valid reason, the Unit Owner(s) present at such meeting, either in person or by proxy, may adjourn the meeting to such other time and date as shall be suitable.

Section 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Managers and Managing Agent.
- (f) Reports of committees.
- (g) Appointment of inspectors of election.
- (h) Election of members of the Board of Managers (when so required).
- (i) Unfinished business.
- (j) New business.

Section 7. Title to Units. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, limited liability company, or other business entity, or in the name of a trust or other fiduciary, or a non-profit organization. The term "Unit Owner" as used in these By-Laws shall include any person, group of persons, association or entity taking title as set forth in this section. This provision shall not constitute consent to any activity not permitted under existing certificates of occupancy, zoning requirements or other applicable law or regulation.

Section 8. Voting. The aggregate votes of the Condominium shall be 1,000,000. The Unit Owner of each Unit (including the Sponsor or its designee, with regard to Units owned by the Sponsor or its designee), or some person designated by such Unit Owner to act as proxy on its behalf and who need not be an Owner, shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the Unit Owner so designating. Any such Unit Owner may also be present at any such meeting of the Unit Owners. The Unit Owner of each Unit (including the Sponsor or its designee, with regard to Units owned by the Sponsor or its designee) shall be entitled to cast one vote for each .0001% of Common Interest attributable to the Unit owned by it on all matters put to a vote at all meetings of Unit Owners, including when voting for the election of members of the Board of Managers. Nothing herein shall be construed so as to grant to any Unit Owner the right to cumulate its votes in favor of any one or more members to be elected at any election of Managers. If Units are owned by more than one person as joint tenants, tenants by the entirety or as tenants in common, or by a partnership, corporation, limited liability company or other entity, the persons, or the persons comprising the entity, owning said Unit shall agree among themselves and cast unified votes for such Unit. A fiduciary shall be the voting member with respect to any Unit in a fiduciary capacity. Any Unit owned by the Board of Managers or its designee shall not be entitled to vote.

Section 9. Majority of Unit Owners. As used in this Article, the term “majority of Unit Owners” (or words of similar import) shall mean those Unit Owners having greater than FIFTY PERCENT (50%) of the total authorized votes of all Unit Owners, present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of this Article.

Section 10. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning not less than FORTY PERCENT (40%) in aggregate Common Interest shall constitute a quorum at all meetings of the Unit Owners.

Section 11. Majority Vote. The vote of a majority of Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where, in the Declaration or these By-Laws or by law, a higher percentage vote is required.

Section 12. Action Without Meeting. Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if the number of Unit Owners required by the Declaration, these By-Laws or applicable law consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the Condominium.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may also appoint an assistant treasurer, an assistant secretary,

and such other officers as in its judgment may be advisable. The President and Vice President, but no other officers, need be members of the Board of Managers.

Section 2. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Managers at the organization meeting of each new Board of Managers, and shall hold office at the pleasure of the Board of Managers or until their successors are elected.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his/her successor may be elected at any regular meeting, or special meeting called for that purpose, of the Board of Managers.

Section 4. President. The President shall be the chief executive officer of the Condominium, shall preside at all meetings of the Unit Owners and the Board of Managers, and shall have all 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 members of committees.

Section 5. Vice President. The Vice President shall take the place of the President and perform such duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Managers or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and the Board of Managers, shall have charge of such books and papers as the Board of Managers may direct; and shall, in general, perform all the duties incident to the office of the secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities, shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for the preparation of all required financial data, for the deposit of all monies and other valuable effects in the name of the Board of Managers, in such depositories as may from time to time be designated by the Board of Managers, and shall, in general, perform all duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any officer of the Condominium, or by such other person, as may be designated by the Board of Managers from time to time.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

Section 10. Liability of Officers. The officers of the Condominium shall have the same rights and liabilities as the members of the Board of Managers under Article II, Section 13 hereof.

ARTICLE V

OPERATION OF THE CONDOMINIUM

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Managers shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate and assess such Common Charges and Expenses among the Unit Owners according to their respective Common Interests. Notwithstanding the foregoing or anything else to the contrary in these By-Laws, pursuant to section 339-m of the Act, the Board of Managers of the Condominium may specially allocate and apportion the profits and expenses of the Condominium, and the Common Charges payable with regard to the Units, based on special or exclusive use or availability or exclusive control of particular Units or Common Areas by particular Unit Owners, such that the Common Charges payable with regard to a Unit will be more or less than would have been otherwise derived based on the Common Interest percentage of such Unit.

The Common Expenses shall include all costs necessary to maintain the Property, including but not limited to the salaries and fringe benefits for any employees of the Condominium, the cost of common sewer charges, supplies, and insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 2 hereof. The Common Expenses shall also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for a Reserve Fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Managers, or its designee, on behalf of all Unit Owners, of any Unit whose Unit Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale, together with such amounts as may be necessary to maintain such Units adequately. The Board of Managers shall also, where necessary, impose assessments or additional Common Charges in order to meet any unanticipated Common Expense. The Board of Managers shall advise the Unit Owners promptly in writing of the amount of Common Charges and Common Expenses payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such Common Charges and Expenses are based to the Unit Owners (and any mortgagee, if required).

The Sponsor or its designee shall be responsible for the Common Charges assessed against any Unit owned by it, from the date of the closing of the conveyance of title to any Unit, until the closing of the conveyance of title to such Unit to any person or entity other than the Sponsor or its designee.

Section 2. Insurance. The Board of Managers shall be required to obtain and maintain, to

the extent obtainable, the following insurance, subject to the prior written consent of the Mortgage Representative:

(1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Property (including all of the Units, Common Elements, and the fixtures and facilities appurtenant thereto, but excluding furniture, furnishings, floors, floor ceiling and wall coverings, equipment and other personal property and improvements supplied or installed by Unit Owners), together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interests may appear, in an amount to be determined by the Board of Managers but in no event to be less than 80% of the full replacement cost of the Buildings, as approved by a fire insurance company or qualified insurance broker; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit, subject, however, to the loss payment provisions in favor of the Board of Managers and any Insurance Trustee, as herein provided;

(2) workers' compensation insurance, if the Condominium shall have employees;

(3) if deemed advisable, a fidelity bond or bonds in sufficient amounts, to protect fully the interests of the Condominium, on the Managers and officers of the Condominium, and any Managing Agent, including any person handling or responsible for funds of the Condominium;

(4) disability benefits insurance if the Condominium shall have employees; and

(5) such other insurance as the Board of Managers may determine to be advisable.

All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if \$100,000 or more), and that the total proceeds thereof, if \$100,000 or less, shall be payable to the Board of Managers and if more than \$100,000 shall be payable to the Insurance Trustee, if any.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and the individual Unit Owners as well as the Condominium shall be primary insureds to the extent as their interests shall also appear. They shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insureds, including any mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten days prior to the expiration of the then current policies.

The Board of Managers shall, if deemed advisable, also obtain and maintain, to the extent

obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the Managing Agent, and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

Section 3. Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building as a result of fire or other casualty, if 75% or more of the Building is destroyed or substantially damaged and within sixty (60) days at least SEVENTY FIVE PERCENT (75%) in aggregate Common Interest of all Unit Owners duly resolve to proceed with repair or restoration, the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged Units, but not including floors or any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, equipment or improvements installed in the Units by Unit Owners or their predecessors), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments for distribution to the contractors engaged in such repairs and restoration. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess the Unit Owners for such deficit as part of the Common Charges.

If 75% or more of the Building is destroyed or substantially damaged and at least SEVENTY FIVE PERCENT (75%) in aggregate Common Interest of all the Unit Owners do not within sixty (60) days resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among the Unit Owners in proportion to their respective Common Interests, after first payment out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in order of the priority of such liens.

In the event that the insurance proceeds are insufficient to cover the cost of repairs and restoration, the deficit will be shared by the Unit Owners in proportion to their respective Common Interests.

Whenever in this Section the words “promptly repair” are used it shall mean repairs are to begin not more than sixty (60) days from the date the Insurance Trustee notified the Board of Managers that it shall hold proceeds of insurance funds sufficient to pay the estimated costs of such work.

Section 4. Payment of Common Charges. The Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of this Article at such time or times as the Board of Managers shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against its Unit subsequent to a sale, transfer or other conveyance by it (made in accordance with the provisions of Article VII hereof) of such Unit, together with the Appurtenant Interests, as defined in Article VII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that its Unit is free and clear of liens and encumbrances other than permissible mortgages and the statutory lien for unpaid Common Charges, convey its Unit, together with the Appurtenant Interests, to the Board of Managers, or its designee, on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the acquisition by it of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Charges assessed prior to the initial date of the auction for such foreclosure sale.

Section 5. Collection of Common Charges. The Board of Managers shall assess Common Charges against the Unit Owners from time to time at least annually and shall take prompt action to collect any Common Charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.

Section 6. Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the maximum legal rate on such Common Charges from the due date thereof, together with such late charges as the Board of Managers may impose from time to time, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges. The Board of Managers shall have the right and duty to attempt to recover such Common Charges, together with interest and late charges thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof. A Unit Owner in default in payment of Common Charges shall not be permitted to vote at any regular or special meeting of Unit Owners, or be eligible, or have any person affiliated therewith be eligible, to serve on the Board of Managers or as an officer of the Condominium.

Section 7. Actions for Unpaid Common Charges. In any action brought by the Board of Managers to collect (or to foreclose a lien on a Unit) because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the Board of Managers shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant thereto), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid

Common Charges shall be maintainable without foreclosing or waiving the lien securing the same. In any such action brought by the Board of Managers to recover a money judgment for unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the Board of Managers shall be entitled to the appointment of a receiver to collect the same.

Section 8. Statement of Common Charges. The Board of Managers, or the Managing Agent, shall promptly provide a Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit.

Section 9. Maintenance and Repairs.

(a) All maintenance of and repairs to any Unit or any Limited Common Element appurtenant thereto, ordinary or extraordinary, and to the doors (except painting the exterior side of Unit entrance doors), windows (except painting the exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures (except Common Elements) and air conditioning units within the Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, excepting to the extent that the same shall be structural in nature, or shall arise from the negligence, misuse or neglect of the Condominium, its agent, employee, contractor or invitee, in either of which case such expense shall be charged solely to the Board.

(b) All maintenance, repairs and replacements to the Common Elements, except with regard to non-structural components of any Limited Common Element, and all painting and decorating of the exterior side of Unit entrance doors and windows, shall be made by the Board of Managers and shall be charged to all Unit Owners as a Common Expense, excepting to the extent that the same arise from the negligence, misuse or neglect of a Unit Owner, its tenant, guest, licensee, employee, invitee or relative, in which case such expense shall be charged solely to such Unit Owner.

Section 10. Restrictions on Use of Units. In order to provide for congenial occupancy of the Property and for the protection of the value of the Units, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used for residential purposes, and such other lawful purposes as may be permitted under applicable zoning laws, codes, ordinances and regulations, and the certificate of occupancy for the Building.

(b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

(c) No immoral, improper, offensive or unlawful use shall be made of a Unit, the Property or any part thereof, and all valid laws, zoning ordinances and applicable regulations shall be observed. Violations of laws, orders, rules or regulations relating to any portion of the Property shall be eliminated, by and at the sole expense of the Unit Owner, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(d) No portion of a Unit or Common Element appurtenant thereto (in contrast to the entire Unit including any Limited Common Elements appurtenant thereto pursuant to Article VII hereof) may be leased, and no transient may be accommodated therein.

Section 11. Additions, Alterations or Improvements by Board of Managers. Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements (but not ordinary maintenance) costing in excess of \$50,000 in any calendar year, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess the Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements to the Common Elements costing \$50,000 or less in any calendar year may be made by the Board of Managers without the approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Section 12. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to a Unit without the prior written consent thereto of the Board of Managers, which consent will not be unreasonably withheld. No Unit Owner shall make any addition, alteration or improvement in or to any Limited Common Element without the prior written consent thereto of the Board of Managers.

In the event the Board of Managers grants its consent to any structural addition, alteration or improvement to be made by an Unit Owner, the consent shall provide that any such work shall be at such Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or administrative laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage, and workers' compensation insurances (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration, addition or improvement, or due to improper design or construction of the structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with any request by an Unit Owner for approval of such work.

The provisions of this Section, which require the consent of the Board of Managers in connection with a structural addition, alteration or improvement, shall not apply to any Unit owned by the Sponsor or its designee, or to any Unit owned by a mortgagee, or to any Unit owned by the Board of Managers.

Section 13. Use of Common Elements and Facilities. A Unit Owner shall not place or cause to be placed in the lobby, public halls, stairways or other Common Elements, common areas

or common facilities, any furniture, packages or objects of any kind. The public halls and stairways shall be used for no purpose other than normal transit through them.

Section 14. Right of Access. A Unit Owner shall grant a right of access to its Unit, to the Board of Managers, the Managing Agent and any other person authorized by the Board of Managers or the Managing Agent, for the purpose of making inspections or for the purpose of correcting any condition originating in the Unit and threatening another Unit or a Common Element, or for the purpose of curing any violation of the provisions of these By-Laws, the Rules and Regulations promulgated hereunder, or the Declaration, or for the purpose of performing installations, alterations or repairs to the mechanical or other Common Elements in the Unit or elsewhere in the Building, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section, any costs for repairs shall be borne in accordance with the provisions of Section 9 of this Article.

Section 15. Rules of Conduct. Rules and Regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. Copies of such Rules and Regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial Rules and Regulations, which shall be effective until amended by the Board of Managers, are annexed hereto as Schedule A and made a part hereof.

Section 16. Water Charges and Sewer Rents. Water shall be supplied to all Units and the Common Elements through one or more building meters, and the Board of Managers shall pay, as a Common Expense, all charges for water consumed on the Property and in the Units, together with all sewer rents for the Property, promptly after the bills for the same shall have been rendered. Notwithstanding anything herein to the contrary, the Board of Managers shall have the right to install separate water meters for each of the Units to measure water consumption therein. In the event that water meters are, or shall be, installed for the Units, the Unit Owner(s) thereof shall be obligated to pay all charges for consumption, and any taxes related thereto, directly to the New York City government agency with jurisdiction thereover. In the event of a proposed sale of a Unit by the Owner thereof, the Board of Managers on request of the selling Unit Owner shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the Property as of the date of closing of title to such Unit promptly after such charges shall have been billed.

Section 17. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each Unit through a separate meter, or, at the option of the Board of Managers, through a master meter and a submeter for each Unit, and each Unit Owner shall be required to pay the bills for electricity consumed in his Unit. The electricity serving the Common Elements shall be separately metered, and the Board of Managers shall pay all bills for electricity consumed in such portions of the Common Elements, as a Common Expense.

ARTICLE VI

MORTGAGES

Section 1. Notice to Board of Managers. A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of its mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers; the Board of Managers shall maintain such information in a book entitled "Mortgages of Units." The failure by a Unit Owner to so notify, or to file with, the Board of Managers shall not affect the validity or lien of any such mortgage.

Section 2. Notice of Unpaid Common Charges. The Board of Managers shall promptly notify any such mortgagee that has requested same in writing of such Unit Owner's default, including non-payment of Common Charges, in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, or in any order of the Board of Managers issued with respect thereto.

Section 3. Notice of Default. The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each first mortgagee of record of such Unit that shall have requested same in writing. In the event that such notice of default sets forth a date by which any such noticed default shall be required to be cured, such first mortgagee shall have the right to cure such default within such period, but in no event less than thirty (30) days from the date of such notice.

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times.

ARTICLE VII

SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales and Leases. An Unit Owner who receives a bona fide offer for the sale of its Unit together with: (i) the undivided interest of the Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium, as defined in the Declaration, (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of its Unit (such offer of sale or lease hereinafter called an "Outside Offer"), which it intends to accept, shall give written notice, sent by certified mail, return receipt requested, to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction, and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Board of Managers or its designee, on behalf of the Unit Owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of all other Unit Owners, that such offering Unit Owner believes the Outside Offer to be bona fide in all respects. Within twenty (20)

days after receipt of such notice from the offering Unit Owner, together with all such financial and other and further information as the Board of Managers may reasonably require, the Board of Managers, on behalf of all other Unit Owners, may elect, by written notice sent to such offering Unit Owner by certified mail, return receipt requested within five (5) days after the expiration of such twenty (20) day period, to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, (or to cause the same to be purchased or leased, as the case may be, by its designee) on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner.

In the event that the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, either in the name of the Board of Managers on behalf of all other Unit Owners, or in the name of a designee, title shall close or a lease shall be executed in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the offering Unit Owner, if such Unit together with the Appurtenant Interests is to be sold, shall convey the same to the Board of Managers on behalf of all other Unit Owners, or its designee, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all documentary stamps affixed, and shall pay all other transfer taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers on behalf of all other Unit Owners, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers or its designee, as tenant, covering such Unit, for the rental and term contained in such Outside Offer.

In the event that the Board of Managers shall decline, or shall fail to notify the offering Unit Owner of its decision to accept, such offer within the time periods set forth above, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within a further thirty (30) days after the expiration of the periods set forth above to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such Outside Offer. Any such deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as may be amended from time to time. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned, without the prior written consent of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior written consent of the Board of Managers, and that the Board of Managers shall have the power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease shall be the then current form of Condominium Unit lease promulgated by the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers. In the event that the offering Unit Owner shall not, within such additional thirty (30) day period, contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell or lease its Unit within such thirty (30) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests,

or to lease such Unit, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required again to comply with the terms and provisions of this Section.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Board of Managers.

Section 2. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to its Unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such Interests, without including all such Interests, shall be deemed and taken to include the Interest or Interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such Interest or Interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 3. Release of Right of First Refusal. The right of first refusal contained in Section 1 of this Article may be released or waived by the Board of Managers on behalf of all Unit Owners in which event the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased, free and clear of the provisions of such Section.

Section 4. Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by or on behalf of the Board of Managers, stating that the provisions of Section 1 of this Article have been met by the offering Unit Owner, or have been duly waived by the Board of Managers on behalf of all other Unit Owners, and that the rights of the Board of Managers thereunder have terminated, shall be conclusive in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to an Unit Owner who has complied with the provisions of Section 1 of this Article or in respect to whom the provisions of such Section have been waived.

Section 5. Waiver of Right of Partition. In the event that a Unit shall be acquired by the Board of Managers on behalf of all other Unit Owners, or its designee, the Board of Managers or such designee shall be deemed to have waived all rights of partition with respect to such Unit.

Section 6. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease its Unit unless and until it shall have paid in full to the Board of Managers all unpaid Common Charges and other amounts theretofore assessed by the Board of Managers against such Unit and until it shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

Section 7. Exceptions. The provisions of Section 1 of this Article shall not apply with respect to: (i) any Unit owned by the Sponsor or its designee, (ii) any sale, conveyance or lease of an Unit without consideration to the spouse, domestic partner, children or parents of an individual Unit Owner, or without consideration to an Affiliate of any non-individual Unit Owner, or (iii) the acquisition or sale of any Unit, together with the Appurtenant Interests, by a first mortgagee of

record (or its designee) which shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of this Section shall apply with respect to any purchaser of such Unit from such mortgagee.

Section 8. Gifts and Devises. Any Unit Owner shall be free to convey or transfer his Unit by gift (i.e., without consideration), or to devise his Unit by will, or to pass the same by intestacy, without restriction.

ARTICLE VIII

CONDEMNATION

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers. The Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds pursuant to Section 3 of Article V hereof.

ARTICLE IX

RECORDS

Section 1. Records and Audits. The Board of Managers, or the Managing Agent, shall keep detailed records of the actions of the Board of Managers and the Managing Agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. In addition, an annual report of the receipts and expenditures of the Condominium, certified by an independent public accountant, shall be rendered by the Board of Managers to all Unit Owners, and to each holder of a mortgage thereon requesting same.

ARTICLE X

NOTICES

Section 1. Definition. Any notice required to be given hereunder or under the provisions of the Declaration shall be in writing, personally delivered to the recipient thereof, or sent certified mail, return receipt requested, to the recipient at the Condominium or at such other address as shall have been theretofore furnished by the recipient; a copy of any notice of default shall also be sent by certified mail to a first mortgagee of record for such Unit, which shall have the right to cause such default to be cured within the applicable time period, but in no event less than thirty (30) days from the date of such notice. Unless otherwise stated, notice shall be deemed to be effective upon receipt, if personally delivered, or on the fourth business day following mailing, if mailed.

Section 2. Waiver of Notice. Whenever any notice is required to be given hereunder or under the provisions of the Declaration, a written waiver thereof, signed by the person(s) entitled to receive such notice, whether before or after the time stated therein, shall be deemed a waiver thereof.

ARTICLE XI

MISCELLANEOUS

Section 1. Invalidity. The invalidity of any provision of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 2. Captions. The captions herein are inserted only as a matter of convenience for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the neuter, and the use of the singular shall be deemed to include the plural, and vice-versa, whenever the context shall so require.

Section 4. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 5. Insurance Trustee. The Insurance Trustee shall be such bank, trust company, or savings and loan association in the State of New York, as may be designated by the Board of Managers. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense of the Condominium.

Section 6. Definition of "Mortgagee." As used in these By-Laws, the term "mortgagee" or "holder of first mortgage" shall mean a first mortgagee of record against a Unit.

Section 7. Definition of "Mortgage Representative." The Mortgage Representative, if any, shall be a first mortgagee of record with regard to a Unit that may be elected or designated by all first mortgagees of record against with regard to the Units. Whenever the approval of all first mortgagees of record is required under these By-laws or the Declaration, the decision of the Mortgage Representative shall be binding upon all first mortgagees of record.

Section 8. Non-Default. Neither the Condominium nor the Board of Managers shall take any action, or fail to take any action, which taking or failure, as the case may be, shall constitute an event of default under a first mortgage of record against any Unit.

ARTICLE XII

AMENDMENTS TO THE BY-LAWS

Section 1. Amendment to By-Laws. Amendments to these By-Laws shall be effective only if approved by the vote of not less than SEVENTY FIVE PERCENT (75%) in number and in aggregate Common Interest of all Unit Owners cast in person or by valid proxy at a meeting duly held in accordance with the provisions hereof or, in lieu of such meeting, any amendment may be approved in a writing signed by not less than SEVENTY FIVE PERCENT (75%) in number and in aggregate Common Interest of all Unit Owners.

For so long as the Sponsor or its designee shall own a Unit, these By-Laws may not be amended in a manner which would adversely affect the interests of the Sponsor or its designee without the written consent of the Sponsor or its designee.

ARTICLE XIII

CONFLICTS

Section 1. Conflicts. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or with the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

SCHEDULE A
RULES AND REGULATIONS OF
THE 85 DOUGLASS STREET CONDOMINIUM

- 1) No "For Sale," "For Rent" or "For Lease" signs or other window displays or advertising shall be maintained or permitted on any part of the Property or in any Unit therein, nor shall any Unit be used or rented for transient, hotel or motel purposes. This Rule shall not apply to any Unit owned by the Sponsor or its designee.
- 2) No exterior windows or doors of any Unit or any portions of the Common Elements shall be painted or decorated by any Unit Owner or in any manner without prior written consent of the Board of Managers. This Rule shall not apply to any Unit owned by the Sponsor or its designee.
- 3) No furniture, equipment, or other personal articles shall be placed in entrances, stairways, or other Common Elements.
- 4) No Unit Owner shall make or permit any noise or objectionable odor that will unreasonably disturb or annoy the other occupants of the Building or do or permit anything to be done therein which will unreasonably interfere with the rights, comfort, or convenience of other Unit Owners.
- 5) Each Unit Owner shall keep its Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substances.
- 6) No exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used on or about the Building or Common Elements without the prior consent of the Board of Managers. This Rule shall not apply to any Unit owned by the Sponsor or its designee.
- 7) No sign, item or other thing shall be projected out of any window of any Unit without the prior consent of the Board of Managers. This Rule shall not apply to any Unit owned by the Sponsor or its designee.
- 8) All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles, in accordance with all applicable recycling laws and requirements, intended for such purpose only at such times and in such manner as the Board of Managers may direct. Any fine, penalty or expense incurred by, or imposed on, the Board of Managers arising from the non-compliance with any recycling law shall be paid by the Unit Owner whose actions gave rise thereto.
- 9) Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed; nor shall any sweepings, rubbish, rags, paper, ashes, or any other article be thrown into the same. Any damages resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

- 10) No Unit Owner shall engage any employee of the Condominium for any private business of the Unit Owner without the prior written consent of the Board of Managers.
- 11) No bird or animal shall be kept or harbored in the Building without the prior written consent of the Board of Managers in each instance. This Rule shall not apply to any Unit owned by the Sponsor or its designee. Any consent granted therefor may be revoked by the Board of Managers if such bird or animal shall constitute a nuisance, or shall unreasonably disturb other residents of the Building.
- 12) No radio or television aerial, satellite dish, or other signal-receptive device shall be attached to or hung from the exterior of the Building without the written consent of the Board of Managers, except that the foregoing restriction shall not apply to any Unit owned by the Sponsor or its designee. The Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Units.
- 13) The agents of the Board of Managers, and any contractor or workman authorized by them, may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of the Declaration, By-Laws, or these Rules and Regulations.
- 14) The Board of Managers may retain a passkey to each Unit. No Unit Owner shall alter any lock on any door leading into a Unit without the prior consent of the Board of Managers. If such consent is given, the Unit Owner shall provide the Board of Managers with a key for their use.
- 15) No Unit Owner, and no visitor, guest, patient, employee or any client of a Unit Owner, shall be allowed in any common area on the roof or in the basement or any sub-basement of the Building, without the express permission of the Board of Managers.
- 16) All damage to the Building or Common Elements caused by the moving or carrying of any article therein shall be paid for by the Unit Owner responsible for the presence of such article.
- 17) No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus which are part of the Common Elements and not part of the Unit Owner's Unit.
- 18) No Unit Owner or other person shall use or permit to be brought into the Building any flammable oils or fluids such as gasoline, kerosene, naphtha, benzene, or other explosives or articles deemed hazardous to life, limb, or property without in each case obtaining the written consent of the Board of Managers.
- 19) Any damage to the Building or Common Elements caused by a Unit Owner, its guests, visitors, clients, patients or employees shall be repaired at the expense of such Unit Owner.
- 20) No Unit shall be used or occupied in such a manner as to obstruct or interfere with the enjoyment of occupants or owners of adjoining Units; nor shall any immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.

21) No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements not designated as such be used for storage purposes by a Unit Owner; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

22) These Rules and Regulations may be amended or revoked at any time by the Board of Managers, pursuant to the By-Laws.

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FORM OF INTERIM LEASE AGREEMENT

INTERIM LEASE AGREEMENT

Agreement made as of _____, between USD 85 Douglass LLC, with offices c/o Urban Standard Capital, 233 Broadway, Suite 1470, New York, New York 10279 (the “Seller”) and _____, currently residing at _____ (the “Purchaser” or “Occupant”).

WITNESSETH:

WHEREAS, Seller and Purchaser have entered into a certain Contract of Sale (the “Contract”), dated _____, relating to the sale by Seller to Purchaser of condominium Unit # _____ (the “Apartment”) in the building known as 85 Douglass Street, Brooklyn, New York (the “Premises”); and

WHEREAS, Seller and Purchaser agree that Occupant will be allowed to obtain possession of the Apartment during the period commencing on but not before and expiring on the date that the Purchaser takes title to the Apartment, but in no event later than thirty days from the termination of the Contract as may be defined in the Contract (the “Occupancy Period”).

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Seller, Purchaser and Occupant hereby agree as follows:

1. Seller hereby grants a license to Occupant to obtain early possession of the Apartment and to keep such of Occupant’s personal property (the “Personal Property”) as has been agreed upon in the Apartment during the term of this license. The within license shall terminate on the closing of title to the premises pursuant to the Contract or upon Purchaser’s uncured default under or other termination of the Contract.

2. Occupancy of the Apartment shall be at Purchaser’s sole risk. Purchaser hereby indemnifies Seller against any and all claims, present and future, asserted against Seller, arising out of or in connection with the terms of this License Agreement, including, without limitation, any claims arising out of or in connection with any damage, theft or loss that may occur to the Premises or the Apartment.

3. During the Occupancy Period, Purchaser shall pay to Seller the sum of \$ _____ per month, in consideration of the Seller allowing the Occupant to obtain possession of the Apartment, which amount shall be in addition to the entire purchase price under the Contract, and not in lieu of any portion of the purchase price. During the Occupancy Period, Purchaser shall also pay or cause to be paid all charges for heat, gas, electricity, light, cable television, telephone or any communication or utility service used in or rendered or supplied to the Apartment and shall indemnify Seller and save her harmless against any liability or damages on such account. The Seller shall be responsible for common charges and real estate taxes, both to the extent then applicable.

4. Purchaser shall indemnify and hold Seller harmless from any and all claims, liabilities, damages, judgments, losses and other costs and expenses of every kind and nature (including, without limitation, reasonable attorneys' fees) that may arise out of or in connection with any damage or injury to any person or property relating to (i) Occupant's use and occupancy of the Apartment during the terms of this License Agreement; (ii) the removal of the Personal Property from the Apartment, whether caused by Seller pursuant to the provisions of Paragraph 6 hereof, or by Purchaser; or (iii) the storage of the Personal Property, if caused by Seller, pursuant to the provisions of Paragraph 6 hereof.

5. Unless the Occupancy is terminated by reason of the closing of title, Purchaser shall, at its sole cost and expense, remove all furniture and furnishings from the Apartment (except as may otherwise be set forth in the Contract) on or before the last day of the Occupancy Period, leave the Apartment in a broom-clean condition and vacant, deliver the Apartment to Seller in the same condition as exists on the date hereof and repair any damage caused to the Apartment as a result of such occupancy or in vacating therefrom.

6. Unless the Occupancy is terminated by reason of the closing of title, if Occupant shall fail to vacate the Apartment and to remove the Personal Property from the Apartment prior to or within thirty days of the expiration of the Occupancy Period:

a. Purchaser and Occupant agree and consent to the entry of a judgment of eviction and the forthwith issuance of a warrant of dispossession, in accordance with, and subject to, applicable law;

b. Seller shall have the right to call any licensed reputable moving and storage company (the "Moving Company") to move the Personal Property out of the Apartment and to place the Personal Property in storage in New York City at Purchaser's sole cost and expense; and

c. Purchaser shall pay to Seller the additional sum of \$250 per diem as liquidated damages for each day after the expiration of the Occupancy Period that Purchaser remains in possession.

7. Seller represents and warrants that, as of the Closing Date, no person or entity other than Purchaser shall have any right of tenancy in or right to occupy or use all or part of this Apartment, and Purchaser hereby agrees that he/she will not grant any such right during the Occupancy Period. The representation contained herein shall survive the closing.

8. As security for Purchaser's compliance with the terms of this Agreement, Purchaser has deposited the amount of \$[] (not more than two months' rent) with Seller as a security deposit, to be held in a non-interest bearing account, to be used in the event that Purchaser shall breach the lease terms hereof.

9. At closing of title, or if Occupant vacates the Apartment and removes the Personal Property from the Apartment prior to or at the expiration of the term of the Occupancy Period and no damage for injury has been caused hereby, Purchaser shall be entitled to receive a refund of the security deposited pursuant to paragraph 8 hereof.

10. Simultaneously with the execution of this Agreement, Purchaser shall pay the use and occupancy from _____ through _____ (\$ _____) together with first month's use and occupancy (\$ _____), an administrative fee due to Seller or its designee and (\$ _____), and Seller's attorney's fee in the sum of \$ _____ payable to Belkin Burden Goldman, LLP, for the preparation of this Agreement.

11. Any uncured default by the Purchaser under the Contract will constitute a default under this Agreement entitling Seller, at its option to terminate this Agreement as set forth above. An uncured default by the Purchaser under this Agreement will constitute a default under the Contract. However: (i) Seller must make a written demand for payment after default at least thirty (30) days before forfeiture of the deposit under the Contract may be declared, and (ii) before Seller may utilize a default under this Agreement to declare a default under the Contract, Seller must either obtain An an order of eviction or other judgment or order from a court or agency of competent jurisdiction against Purchaser, unless Purchaser has already vacated the Apartment.

12. This Agreement shall not be binding on Seller until it has executed this Agreement.

13. Seller's receipt of payments under this Agreement shall not limit in any way any moneys (for penalties for late closing, or otherwise) to which Seller may be entitled to under the Contract.

14. Purchaser has been given an opportunity to inspect the Unit prior to occupancy under this License Agreement. Said inspection is in lieu of the right to an inspection granted under the Contract. Purchaser specifically waives Purchaser's right to a pre-closing inspection under said Paragraph and agrees to accept the premises in its condition at the time of Purchaser's occupancy.

15. Purchaser shall have the right to perform the following work between the date of occupancy and closing: _____

16. All of the foregoing work shall be at Purchaser's sole cost and expense, during the Occupancy Period. Purchaser shall, prior to the commencement of any work, supply Seller with insurance certificates from any contractor or sub-contractor performing said work, naming Seller, its related entities, the Condominium, and the managing agent as insureds. Said certificates shall be received by Seller prior to the commencement of any work. Purchaser further agrees that the work to be performed will be during the hours of 9:00 AM-4:00 PM, on non-holidays, Monday through Friday. Purchaser shall be responsible to make sure that contractors properly prepare the Unit to as to minimize the debris and/or and odor that may enter the common areas or other units. Purchaser shall be responsible for any damage to or the cleaning of common areas as a result of this work. Purchaser shall, prior to the commencement of work, deposit with Seller the sum of \$ _____ prior to the commencement of the work as security for damages which may arise to the common areas as a result of Purchaser's work.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

USD 85 Douglass LLC

By:

Purchaser/Occupant

Purchaser/Occupant

AGREED TO WITH RESPECT TO
ESCROW PROVISIONS ONLY:

BELKIN BURDEN GOLDMAN, LLP

By:

CERTIFICATIONS

CERTIFICATION OF SPONSOR AND PRINCIPAL

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CERTIFICATION BY SPONSOR AND PRINCIPAL

THE 85 DOUGLASS STREET CONDOMINIUM

85 DOUGLASS STREET, BROOKLYN, NEW YORK

I/we are the Sponsor and the principal of Sponsor of the condominium offering plan for the captioned property.

I/we understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

I/we have read the entire offering plan. I/we have investigated the facts set forth in the offering plan and the underlying facts. I/we have exercised due diligence to form a basis for this certification. I/we jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we:
 - (1) knew the truth;
 - (2) with reasonable effort could have known the truth;
 - (3) made no reasonable effort to ascertain the truth; or
 - (4) did not have knowledge concerning the representation or statement made.

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

Dated: November 8, 2022

SPONSOR: USD 85 DOUGLASS LLC

BY: 

Name: SETH WEISSMAN

Title: Principal

PRINCIPAL OF SPONSOR:



SETH WEISSMAN

Sworn to before me this
8 day of November, 2022



Notary Public



CERTIFICATION OF SPONSOR'S ARCHITECT

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**GREYBAR ARCHITECTURE PLLC
593 VANDERBILT AVENUE, SUITE 333
BROOKLYN, NEW YORK 11238**

**CERTIFICATION OF SPONSOR'S ENGINEER OR ARCHITECT
PURSUANT TO 13 NYCRR SECTION 20.4**

Real Estate Finance Bureau
New York State Department of Law
28 Liberty Street
New York, New York 10005

Re: 85 Douglass Street, Brooklyn, New York

The undersigned, an architect registered in New York State, hereby certifies as follows:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the renovation of the property (the "Report"). I/We visually inspected the property numerous times, including but not limited to on November 3, 2022, examined the building plans and specifications that were prepared by Greybar Architecture PLLC dated November 22, 2021 and approved by the New York City Department of Buildings on December 28 2021, and prepared the Report dated November 9, 2022, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I/We understand that I am/we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the Report.

I/We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I/We certify that the Report:

- (1) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of the renovation, provided that the renovation is in accordance with the plans and specifications that I/we examined;
- (2) in my/our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of the renovation, provided that the renovation is in accordance with the plans and specifications that I/we examined;
- (3) does not omit any material fact;
- (4) does not contain any untrue statement of a material fact;
- (5) does not contain any fraud, deception, concealment, or suppression;
- (6) does not contain any promise or representation as to the future which is beyond

reasonable expectation or unwarranted by existing circumstances;

(7) does not contain any representation or statement which is false, where I/we:

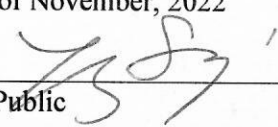
- (1) knew the truth;
- (2) with reasonable effort could have known the truth;
- (3) made no reasonable effort to ascertain the truth; or
- (4) did not have knowledge concerning the representation or statement made.

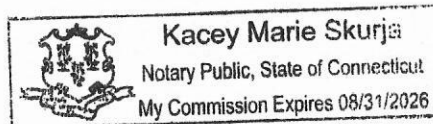
It is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

I/We further certify that I am/we are not owned or controlled by and have no beneficial interest in the sponsor and that my/our compensation for preparing the Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.


Nicholas Wilder

Sworn to before me this 9
day of November, 2022


Notary Public



CERTIFICATION OF EXPERT ON ADEQUACY OF BUDGET

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**MATTHEW ADAM PROPERTIES, INC.
375 PEARL STREET
NEW YORK, NEW YORK 10038**

THE 85 DOUGLASS STREET CONDOMINIUM

85 DOUGLASS STREET, BROOKLYN, NEW YORK

CERTIFICATION BY EXPERT ON ADEQUACY OF BUDGET

The sponsor of the condominium offering plan for the captioned property retained this firm to prepare Schedule B containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes ownership, operation and management of various forms of real property in New York City and elsewhere for more than 30 years; during that period, we have managed not less than 50 residential buildings.

I/We understand that I/we am/are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to Schedule B.

I/We have reviewed Schedule B and have 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. I/We also have relied on my/our experience in owning, operating and managing residential buildings.

I/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.

I/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;
- (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

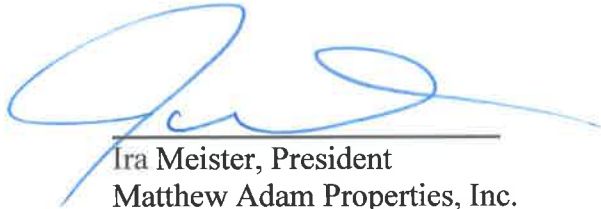
beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I/we:

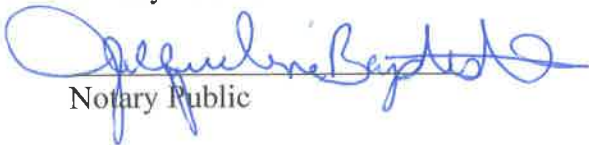
- (1) knew the truth;
- (2) with reasonable effort could have known the truth;
- (3) made no reasonable effort to ascertain the truth; or
- (4) did not have knowledge concerning the representation or statement made.

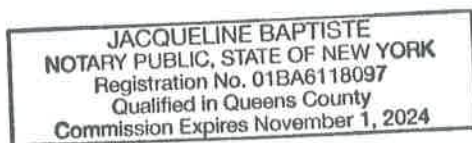
I/We further certify that I am/we are not owned or controlled (or employed) by the sponsor. I/We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

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


Ira Meister, President
Matthew Adam Properties, Inc.

Sworn to before me this
9th day of November 2022


Notary Public



APPLICABLE LAWS

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GENERAL BUSINESS LAW SECTION 352-eeee

* S 352-eeee. Conversions to cooperative or condominium ownership in the city of New York. 1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological

conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further that an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the

conversion of the building or group of buildings or development to cooperative or 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 inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter

provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the

plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers, at which time the cooperative corporation or the condominium association shall assume responsibility for the provision of all services and facilities required by law on a non-discriminatory basis.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The

attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the city of New York.

General Business Law Section 777

As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.
2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law , local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law , and the building code of the city of New York, as defined in title twenty-seven of the administrative code of the city of New York.
3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.
4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unliveable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.
5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.
6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.
7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:
 - a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;
 - b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and
 - c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.
8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

§ 777-a. Housing merchant implied warranty

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects due to a failure by the builder to have installed such systems in a skillful manner; and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

§ 777-b. Exclusion or modification of warranties

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

- c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;
 - d. a statement of the products or parts covered by the limited warranty;
 - e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:
 - i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and
 - ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.
 - f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;
 - g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;
 - h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;
 - i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.
5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law .
- b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.
- c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

**LOCAL LAWS
OF
THE CITY OF NEW YORK
FOR THE YEAR 2004**

No. 1

Introduced by Council Members Perkins, Lopez, Quinn, Reed, Boyland, Rivera, Brewer, Jackson, Liu, Yassky, Barron, Reyna, Clarke, Sanders Jr., Recchia Jr., Vann, Katz, Gerson, Gioia, Baez, DeBlasio, Serrano, Foster, Monserrate, Jennings Jr., Seabrook, Addabbo Jr., Moskowitz, Koppell, Martinez, Gonzalez, Espada Jr., Gentile, Avella, Comrie Jr., Weprin, Nelson, James, the Speaker (Council Member Miller) and the Public Advocate (Ms. Gotbaum).

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to childhood lead poisoning prevention, including the avoidance and remediation of lead-based paint hazards in housing and day care facilities, the repeal of local law number 38 for the year 1999 and the repeal of subdivision h of section 27-2013 and section 27-2126 of such code.

Be it enacted by the Council as follows:

Section 1. This local law shall be known and may be cited as the New York City Childhood Lead Poisoning Prevention Act of 2003.

§2. Local law number 38 for the year 1999 is hereby REPEALED.

§3. Local Law number 1 for the year 1982 is hereby REPEALED.

§4. Local law number 50 for the year 1972 is hereby REPEALED.

§5. Subchapter 2 of chapter 2 of title 27 of the administrative code of the city of New York is amended by adding a new article 14 to read as follows:

Article 14

Lead Poisoning Prevention and Control

§27-2056.1 *Statement of Findings and Purposes.*

§27-2056.2 *Definitions.*

§27-2056.3 *Owners' Responsibility to Remediate.*

§27-2056.4 *Owners' Responsibility to Notify Occupants and Investigate.*

§27-2056.5 *Presumption.*

§27-2056.6 *Violation in a Dwelling Unit.*

§27-2056.7 *Audit and Inspection by Department following Commissioner's order to abate.*

§27-2056.8 *Violation in a Dwelling Unit Upon Turnover.*

§27-2056.9 *Department Inspections.*

§27-2056.10 *Department Implementation and Enforcement.*

§27-2056.11 *Work Practices.*

§27-2056.12 *Reporting.*

§27-2056.13 *Transmittal of Violations to the Department of Health and Mental Hygiene.*

§27-2056.14 *Request to the Department from the Department of Health and Mental Hygiene to Execute an Order Pursuant to § 17-147 of the Administrative Code.*

§27-2056.15 *Waiver of Benefit Void.*

§27-2056.16 *Exemption for Emergency Conditions.*

§27-2056.17 *Record Keeping Requirements.*

§27-2056.18 *Application of this article based on age of child.*

§27-2056.1 *Statement of findings and purposes. The council finds that lead poisoning from paint containing lead is a preventable childhood disease and a public health crisis. The council further finds that the hazard in*

dwelling that may occur from paint containing lead is subject to many factors, such as the age of a building and its maintenance. The Council also finds and declares that City government must focus on primary prevention as the essential tool to combat childhood lead poisoning and to achieve the goal of preventing children from suffering the adverse health and other effects of exposure to lead-based paint. The pursuit of primary prevention, which means eliminating lead hazards before children are exposed, has been recommended by the United States Centers for Disease Control and Prevention and promoted by leading experts in the field as a critical course of action to protect the health of young children. The Council, therefore, declares that resources must be directed to primary prevention, including identifying children who are most at risk.

The council recognizes that it cannot legislate a single maintenance standard for all dwellings to eliminate this hazard. Instead, the council by enacting this article makes it the responsibility of every owner of a multiple dwelling to investigate dwelling units for lead-based paint hazards and to address such hazards on a case-by-case basis as the conditions may warrant, taking such actions as are necessary to prevent a child from becoming lead poisoned. Having established this responsibility, the council finds that sufficient information exists to guide owners in making determinations about the existence of lead-based paint hazards. See, e.g., United States environmental protection agency, "Identification of Dangerous Levels of Lead; Final Rule" Federal Register, Vol. 66, No. 4 (January 5, 2001); United States department of housing and urban development, "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (June 1995, revised 1997).

The New York city department of health and mental hygiene has reported for the year 2001 that among children tested, 5,638 were newly identified with elevated blood lead levels of 10 micrograms per deciliter or above. The New York city department of health and mental hygiene has reported for the year 2001 that among children tested, 653 were newly identified at or above the department's environmental intervention blood lead level, which is a blood lead level equal to or exceeding 20 micrograms per deciliter in a single test or two reported blood lead levels between 15 and 19 micrograms per deciliter at least three months apart, and has also reported an overall incidence of 931 children tested with blood lead levels equal to or exceeding 20 micrograms per deciliter. When a child is identified with environmental intervention blood lead levels, the city is obligated to investigate potential sources of the lead poisoning, incurring the expense of an environmental investigation and often times also incurring the expense of medical treatment and remedial education, if necessary. The council finds that these blood lead levels among New York city children constitute a severe health crisis and has established as its goal the elimination of childhood lead poisoning by the year 2010.

In addition, the department of health and mental hygiene has reported for the year 2001 that only 29% of children in New York city are tested both at age one and age two for the disease of lead poisoning even though the testing of all children at age one and age two is mandatory under state law. The council finds that improved screening among these children is critical since children at these ages are at greatest risk for lead poisoning. The council declares that it is reasonable and necessary to increase the rate of blood-lead testing. This local law requires the department of health and mental hygiene to report to the council on progress toward increasing screening rates and reducing the incidence rates of children newly identified with elevated blood lead levels.

The council further finds that the administration and enforcement of the City's lead poisoning prevention programs can be better coordinated. While it is intended that the department of housing preservation and development remain the agency responsible for the implementation and enforcement of this article, it is also intended that the department of health and mental hygiene shall have a significant role in the promulgation and interpretation of rules and in the development of necessary procedures pursuant to this article.

§27-2056.2 Definitions. Whenever used in this article the following terms shall have the following meanings:

(1) "Chewable surface" shall mean a protruding interior window sill in a dwelling unit in a multiple dwelling where a child of applicable age resides and which is readily accessible to such child. "Chewable surface" shall also mean any other type of interior edge or protrusion in a dwelling unit in a multiple dwelling, such as a rail or stair, where there is evidence that such other edge or protrusion has been chewed or where an occupant has notified the owner that a child of applicable age who resides in that multiple dwelling has mouthed or chewed such edge or protrusion.

(2) "Common area" shall mean a portion of a multiple dwelling that is not within a dwelling unit and is regularly used by occupants for access to and egress from any dwelling unit within such multiple dwelling.

(3) "Deteriorated subsurface" shall mean an unstable or unsound painted subsurface, an indication of which can be observed through a visual inspection, including, but not limited to, rotted or decayed wood, or wood or plaster that has been subject to moisture or disturbance.

(4) "Friction Surface" shall mean any painted surface that touches or is in contact with another surface, such that the two surfaces are capable of relative motion and abrade, scrape, or bind when in relative motion. Friction surfaces shall include, but not be limited to, window frames and jambs, doors, and hinges.

(5) "Impact Surface" shall mean any interior painted surface that shows evidence, such as marking, denting, or chipping, that it is subject to damage by repeated sudden force, such as certain parts of door frames, moldings, or baseboards.

(6) "Lead-based paint hazard" shall mean any condition in a dwelling or dwelling unit that causes exposure to lead from lead-contaminated dust, from lead-based paint that is peeling, or from lead-based paint that is present on chewable surfaces, deteriorated subsurfaces, friction surfaces, or impact surfaces that would result in adverse human health effects.

(7) "Lead-based paint" shall mean paint or other similar surface coating material containing 1.0 milligrams of lead per square centimeter or greater, as determined by laboratory analysis, or by an x-ray fluorescence analyzer. If an x-ray fluorescence analyzer is used, readings shall be corrected for substrate bias when necessary as specified by the performance characteristic sheets released by the United States environmental protection agency and the United States department of housing and urban development for the specific x-ray fluorescence analyzer used. X-ray fluorescence readings shall be classified as positive, negative or inconclusive in accordance with the United States department of housing and urban development "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (June 1995, revised 1997) and the performance characteristic sheets released by the United States environmental protection agency and the United States department of housing and urban development for the specific x-ray fluorescence analyzer used. X-ray fluorescence readings that fall within the inconclusive zone, as determined by the performance characteristic sheets, shall be confirmed by laboratory analysis of paint chips, results shall be reported in milligrams of lead per square centimeter and the measure of such laboratory analysis shall be definitive. If laboratory analysis is used to determine lead content, results shall be reported in milligrams of lead per square centimeter. Where the surface area of a paint chip sample cannot be accurately measured or if an accurately measured paint chip sample cannot be removed, a laboratory analysis may be reported in percent by weight. In such case, lead-based paint shall mean any paint or other similar surface-coating material containing more than 0.5% of metallic lead, based on the non-volatile content of the paint or other similar surface-coating material.

(8) "Lead-contaminated dust" shall mean dust containing lead at a mass per area concentration of 40 or more micrograms per square foot on a floor, 250 or more micrograms per square foot on window sills, and 400 or more micrograms per square foot on window wells, or such more stringent standards as may be adopted by the department of health and mental hygiene.

(9) "Lead-contaminated dust clearance test" shall mean a test for lead-contaminated dust on floors, window wells, and window sills in a dwelling, that is made in accordance with section 27-2056.11 of this article.

(10) "Peeling" shall mean that the paint or other surface-coating material is curling, cracking, scaling, flaking, blistering, chipping, chalking or loose in any manner, such that a space or pocket of air is behind a portion thereof or such that the paint is not completely adhered to the underlying surface.

(11) "Remediation" or "Remediate" shall mean the reduction or elimination of a lead-based paint hazard through the wet scraping and repainting, removal, encapsulation, enclosure, or replacement of lead-based paint, or other method approved by the commissioner of health and mental hygiene.

(12) "Rule" or "rules" shall mean a rule or rules promulgated pursuant to section 1043 of the New York city charter.

(13) "Turnover" shall mean the occupancy of a dwelling unit subsequent to the termination of a tenancy and the vacatur by a prior tenant of such dwelling unit.

(14) "Underlying defect" shall mean a physical condition in a dwelling or dwelling unit that is causing or has caused paint to peel or a painted surface to deteriorate or fail, such as a structural or plumbing failure that allows water to intrude into a dwelling or dwelling unit.

(15) "Window" shall mean the non-glass parts of a window, including but not limited to any window sash, window well, window jamb, window sill, or window molding.

§27-2056.3 Owners' Responsibility to Remediate. The existence of a lead-based paint hazard in any multiple dwelling where a child of applicable age resides is hereby declared to constitute a condition dangerous to life and health. An owner shall take action to prevent the reasonably foreseeable occurrence of such a condition and shall expeditiously remediate such condition and any underlying defect, when such underlying defect exists, consistent with the work practices established pursuant to section 27-2056.11 of this article, except where lead-contaminated

dust is present in such multiple dwelling and the department of health and mental hygiene has made a determination pursuant to paragraph six of subdivision c of section 27-2056.10 of this article.

§27-2056.4. Owners' Responsibility to Notify Occupants and to Investigate. a. In any dwelling unit in a multiple dwelling erected prior to January first, nineteen hundred sixty where a child of applicable age resides, and in any dwelling unit in a multiple dwelling erected on or after January first, nineteen hundred sixty and before January first, nineteen hundred seventy-eight where a child of applicable age resides and the owner has actual knowledge of the presence of lead-based paint, and in common areas of such multiple dwellings, the owner shall cause an investigation to be made for peeling paint, chewable surfaces, deteriorated subsurfaces, friction surfaces and impact surfaces. Such investigation shall be undertaken at least once a year and more often if necessary, such as when, in the exercise of reasonable care, an owner knows or should have known of a condition that is reasonably foreseeable to cause a lead-based paint hazard, or an occupant makes a complaint concerning a condition that is likely to cause a lead-based paint hazard or requests an inspection, or the department issues a notice of violation or orders the correction of a violation that is likely to cause a lead-based paint hazard. The owner shall ascertain whether a child resides therein pursuant to the requirements of this section.

b. No occupant in a dwelling unit in such multiple dwelling shall refuse or unreasonably fail to provide accurate and truthful information regarding the residency of a child of applicable age therein, nor shall an occupant refuse access to the owner at a reasonable time and upon reasonable prior notice to any part of the dwelling unit for the purpose of investigation and repair of lead-based paint hazards.

c. All leases offered to tenants or prospective tenants in such multiple dwellings must contain a notice, conspicuously set forth therein, which advises tenants of the obligations of the owner and tenant as set forth in this section. Such notice must be in a manner approved by the department, the content of which shall, at a minimum, be in English and Spanish. The owner of such multiple dwelling shall provide the occupant of such multiple dwelling with the pamphlet described in subdivision b of section 17-179 of this code.

d. (1) The owner of such a multiple dwelling shall provide to an occupant of a dwelling unit at the signing of a lease, including a renewal lease, if any, or upon any agreement to lease, or at the commencement of occupancy if there is no lease, a notice in English and Spanish, the form and content of which shall be approved by the department of health and mental hygiene, inquiring whether a child of applicable age resides or will reside therein. If there is a lease, such notice shall be included in such lease or be attached as a rider to such lease. Such notice shall be completed by the occupant at the time of such signing of a lease, including a renewal lease, if any, or such agreement to lease, or at such commencement of occupancy.

(2) Where an occupant has responded to the notice provided by the owner pursuant to paragraph one of subdivision d of this section by indicating that no child of applicable age resides therein, during the period between the date of such response and the delivery of the notice provided by the owner pursuant to subdivision e of this section during the immediately following year the occupant shall have the responsibility to inform the owner of any child of applicable age that comes to reside therein during such period. In the event such occupant fails to inform the owner of such child as required by this paragraph, and the owner does not otherwise have actual knowledge that such child is residing in the dwelling unit, the presumption provided for in section 27-2056.5 of this article shall not apply in any action to recover damages for personal injury caused by contact with or exposure to lead-based paint or lead-contaminated dust.

e. (1) Each year, an owner of a multiple dwelling erected prior to January first, nineteen hundred sixty shall, no earlier than January first and no later than January sixteenth, except as provided for in subparagraph iii of paragraph two of this subdivision, present to the occupant of each dwelling unit in such multiple dwelling a notice inquiring as to whether a child of applicable age resides therein. Such notice, the form and content of which shall be approved by the department of health and mental hygiene, shall be presented as provided for in paragraph two of this subdivision, and shall be in English and Spanish.

(2) The owner may present the notice required by paragraph one of this subdivision by delivering said notice by any one of the following methods:

(i) by first class mail, addressed to the occupant of the dwelling unit;
(ii) by hand delivery to the occupant of the dwelling unit;
(iii) by enclosure with the January rent bill, if such rent bill is delivered after December fifteenth but no later than January sixteenth; or

(iv) by delivering said notice in conjunction with the annual notice required pursuant to section 17-123 of this code and the rules of the department of health and mental hygiene pertaining to the installation of window guards.

(3) (i) Upon receipt of such notice the occupant shall have the responsibility to deliver by February fifteenth of that year, a written response to the owner indicating whether or not a child of applicable age resides therein. If, subsequent to delivery of such notice, the owner does not receive such written response by February fifteenth, and does not otherwise have actual knowledge as to whether a child of applicable age resides therein, then the owner shall at reasonable times and upon reasonable notice inspect that occupant's dwelling unit to ascertain the residency of a child of applicable age and, when necessary, conduct an investigation in order to make that determination. Where, between February sixteenth and March first of that year, the owner has made reasonable attempts to gain access to a dwelling unit to determine if a child of applicable age resides in that dwelling unit and was unable to gain access, the owner shall notify the department of health and mental hygiene of that circumstance.

(ii) Where an occupant has responded to the notice provided by the owner pursuant to subparagraph (i) of this paragraph by indicating that no child of applicable age resides therein, during the period between the date of such response and the delivery of the notice provided by the owner pursuant to this subdivision during the immediately following year the occupant shall have the responsibility to inform the owner of any child of applicable age that comes to reside therein during such period. In the event such occupant fails to inform the owner of such child as required by this paragraph, and the owner does not otherwise have actual knowledge that such child is residing in the dwelling unit, the presumption provided for in section 27-2056.5 of this article shall not apply in any action to recover damages for personal injury caused by contact with or exposure to lead-based paint or lead contaminated dust.

(4) For calendar year two thousand four, an owner shall be deemed to have satisfied the provisions of paragraphs one through three of this subdivision if such owner delivers or has already delivered to each dwelling unit where a child under six years of age resides a notice identical or substantially similar to that required to have been delivered in calendar year two thousand three, (i) in the same manner as was required in calendar year two thousand three, and (ii) during the same periods of time in calendar year two thousand four as such notice was required to have been delivered during calendar year two thousand three.

f. The owner shall inform the occupant in writing of the results of an investigation undertaken pursuant to this section and shall provide a copy of any such report received or generated by an investigation. The owner shall retain a copy of each investigation report, for ten years from the date of such report and such report shall be made available to the department on request and shall be transferred by the owner to the owner's successor in title.

g. Any owner who violates the provisions of this section, or the rules promulgated hereunder, shall be guilty of a misdemeanor punishable by a fine of up to five hundred dollars or imprisonment for up to six months or both. In addition, any violation of this section shall subject the owner to a civil penalty of not more than one thousand five hundred dollars per violation.

h. The department may, at its discretion, perform sample audits to determine compliance with the requirements of this section.

§27-2056.5 Presumption. a. In any multiple dwelling erected prior to January 1, 1960, it shall be presumed that the paint or other similar surface-coating material in any dwelling unit where a child of applicable age resides or in the common areas is lead-based paint. The presumption established by this section may be rebutted by the owner of the dwelling or dwelling unit by submitting to the department a sworn written statement by the owner supported by lead-based paint testing or sampling results, a sworn written statement by the person who performed the testing if performed by an employee or agent of the owner, and such other proof as the department may require. Testing performed to rebut the presumption may only be performed by a person who has been certified as an inspector or risk assessor in accordance with subparts L and Q of part 745 of title 40 of the code of federal regulations or any successor regulations. The determination as to whether such proof is adequate to rebut the presumption established by this section shall be made by the department.

b. The owner of a dwelling or a dwelling unit may apply to the department to have such dwelling or dwelling unit exempted from the presumption contained in subdivision a of this section when either (i) an inspection for lead-based paint in such dwelling or dwelling unit, performed in accordance with section 745.227 of title 40 of the code of federal regulations, or any successor regulation, has determined that there is no lead-based paint present in such dwelling or dwelling unit, or (ii) substantial alterations have been made to such dwelling or dwelling unit and such alterations have resulted in the removal or permanent covering of all lead-based paint in that dwelling or dwelling unit. The department shall by rule determine the requirements needed to qualify for such an exemption. Sections 27-2056.4, 27-2056.8 and 27-2056.9 of this article shall not apply to any dwelling or dwelling unit that has been granted an exemption by the department.

§27-2056.6 Violation in a Dwelling Unit. The existence of lead-based paint in any dwelling unit in a multiple dwelling where a child of applicable age resides shall constitute a class C immediately hazardous violation if such paint is peeling or is on a deteriorated subsurface.

§27-2056.7 Audit and inspection by department following commissioner's order to abate. a. When the department of health and mental hygiene issues a commissioner's order to abate pursuant to section 173.13 of the New York city health code or a successor rule that addresses lead-based paint hazards in a specific dwelling unit in a multiple dwelling, the department, within fifteen days of such order, shall notify the owner of the multiple dwelling where the dwelling unit is located that the owner shall, within forty-five days of the department's notice, provide to the department all records required to be maintained under this article. Upon the department's receipt of those records and a determination that there may exist uncorrected lead-based paint hazards in dwelling units where a child of applicable age resides, the department within ten days shall attempt to inspect such units to determine whether there are any violations of section 27-2056.6 of this article.

b. If the owner does not provide to the department the records as mandated by subdivision a of this section, the department shall within forty-five days of such failure attempt to inspect dwelling units where a child of applicable age resides to determine whether there are any violations of section 27-2056.6 of this article in such units.

c. The department is not required to undertake the procedures specified in this section in a particular multiple dwelling if it has done so in such building during the prior twelve month period.

d. Any owner who fails to comply with the provisions of this section in accordance with the rules of the department shall be liable for a class C immediately hazardous violation, and a civil penalty in an amount not to exceed one thousand dollars.

§27-2056.8 Violation in a Dwelling Unit Upon Turnover a. Upon turnover of any dwelling unit in a multiple dwelling erected prior to January 1, 1960 or a dwelling unit in a private dwelling erected prior to January 1, 1960 where each dwelling unit is to be occupied by persons other than the owner or the owner's family, the owner shall within such dwelling unit have the responsibility to:

- (1) remediate all lead-based paint hazards and any underlying defects, when such underlying defects exist;*
- (2) make all bare floors, window sills, and window wells in the dwelling unit smooth and cleanable;*
- (3) provide for the removal or permanent covering of all lead-based paint on all friction surfaces on all doors and door frames; and*
- (4) provide for the removal or permanent covering of all lead-based paint on all friction surfaces on all windows, or provide for the installation of replacement window channels or slides on all lead-based painted friction surfaces on all windows.*

b. All work performed pursuant to this section shall be performed pursuant to the safe work practices promulgated pursuant to section 27-2056.11(a)(3) of this article.

c. Any owner who fails to comply with the provisions of subdivision a of this section, or the rules of the department of health and mental hygiene or the department promulgated pursuant to section 27-2056.11(a)(3) shall be liable for a class C immediately hazardous violation.

§27-2056.9 Department Inspections. a. When entering a dwelling unit in a multiple dwelling constructed prior to January 1, 1960 for the purpose of investigating the existence of any violation of this code, the department shall make diligent efforts to ascertain whether a child of applicable age resides therein and shall request from the occupant an acknowledgement as to whether such a child resides in the dwelling unit. Whenever a child of applicable age resides in a dwelling unit, the department shall immediately perform a room-by-room inspection of the dwelling unit and record for each room in a report of such inspection whether the paint or other similar surface-coating material in each room is peeling or intact. For each room where peeling paint is found, the department shall also inspect for evidence of an underlying defect and shall indicate on the inspection report the peeling paint's location within the room, the condition of the subsurface below it, and the location of any underlying defect. When performing such inspection, the department need only inspect those portions of the dwelling unit where furniture or other furnishings do not obstruct the view of a surface, except when there is visible evidence that causes the department to believe that the obstructed surface has peeling paint. Where, upon conducting an inspection, the department determines the existence of a condition constituting a violation of this article, the department shall serve a notice of violation within ten additional days.

b. In any dwelling unit in a multiple dwelling erected prior to January 1, 1960 where a child of applicable age resides, the department shall conduct an inspection pursuant to subdivision a of this section no later than ten days after the department's receipt of a complaint describing peeling paint, or a deteriorated subsurface or underlying defect in the dwelling unit. The department shall make diligent efforts to ascertain whether a child of applicable

age resides therein. Where the department attempts to perform an inspection of a dwelling unit within the time period required by this subdivision but is unable to gain access, the department shall be required to make a reasonable attempt to gain access to such dwelling unit within five days of such attempt. If the department is unable to gain access to that dwelling unit during this additional time period, the department shall provide written notice to the occupant of such dwelling unit that no further attempts at access shall be made unless a new complaint is submitted.

c. Each inspector who performs an inspection pursuant to subdivision b of this section shall use an x-ray fluorescence analyzer during the course of that inspection to determine whether lead-based paint is present in such dwelling unit except that, for reasons beyond the control of the department, such x-ray fluorescence analysis is unable to be performed during such inspection, the department shall rely on the presumption set forth in subdivision a of section 27-2056.5 of this article. Where peeling paint is found during an inspection of a dwelling unit performed pursuant to subdivision a of this section, the department shall within ten days thereafter perform another inspection of such dwelling unit using an x-ray fluorescence analyzer to determine whether lead-based paint is present in such dwelling unit. Where, upon conducting an inspection, the department determines the existence of a condition constituting a violation of this article, the department shall serve a notice of violation within ten additional days.

d. The pamphlet developed by the department of health and mental hygiene pursuant to section 17-179 of this code shall be left at the premises of the dwelling unit at the time of an inspection made by the department pursuant to this section.

e. The department shall develop a pamphlet listing the work practices to be established pursuant to section 27-2056.11 of this article. Such pamphlet shall be delivered by the department in conjunction with all notices of violation issued pursuant to paragraph one of subdivision l of section 27-2115 of this code. Failure to include such pamphlet with such notices of violation shall not render null and void the service of such notices of violation. Such pamphlet shall also be made available to any member of the public upon request.

f. Notwithstanding any other provision of law, failure by the department or the department of health and mental hygiene to comply with any time period provided in this article or section 27-2115 of this chapter relating to responsibilities of the department and the department of health and mental hygiene, shall not render null and void any notice of violation issued by the department or the department of health and mental hygiene pursuant to such article or section, and shall not provide a basis for defense or mitigation of an owner's liability for civil penalties for violation of such article.

§27-2056.10 Department Implementation and Enforcement. a. The department shall provide appropriate training for lead-based paint inspection and supervisory personnel. Department personnel who conduct a visual inspection pursuant to this article shall receive training which at a minimum, shall be the training approved by the United States department of housing and urban development for performance of visual inspections. Department personnel who perform lead-based paint inspections using XRF machines shall receive training required by the United States environmental protection agency pursuant to section 745.226(b) of title 40 of the code of federal regulations or successor regulations. Training of all inspection and supervisory personnel shall also include background information pertaining to applicable state and local lead-based paint laws and guidance on identifying violations in a multiple dwelling, and require that the individual has successfully demonstrated knowledge of the requirements of this article. The department shall provide for the continuing education of inspection and supervisory personnel.

b. The department, with the approval of the department of health and mental hygiene, shall promulgate a comprehensive written procedure to guide department personnel in implementing and enforcing this article. Where feasible, such procedures shall establish a uniform method for the department of health and mental hygiene and the department, following the method implemented by the department of health and mental hygiene, to describe violations and identify their location in a dwelling or dwelling unit. Such procedures shall include a methodology and a form to be used by department personnel when conducting an inspection to carry out and record an inspection pursuant to section 27-2056.9 of this article.

c. The department shall promulgate rules for the implementation and enforcement of this article and to effect compliance with all applicable provisions of this article, rules promulgated thereunder, and all applicable city, state or federal laws, rules or regulations. Such rules shall be subject to the approval of the department of health and mental hygiene prior to their promulgation and shall include, but not be limited to, establishing:

(1) uniform specifications and procedures to govern testing, including a standardized format for reporting such testing results, whenever paint or a similar surface-coating material is tested for its lead content, whether by or on behalf of an owner or an agency of the city of New York;

(2) procedures by which an owner shall comply with section 27-2056.4 of this article, including the form and content of the annual notice;

(3) procedures by which an owner shall submit rebuttal documentation to the department pursuant to 27-2056.5 of this article;

(4) procedures by which an owner may apply to the department to postpone the date by which a violation shall be corrected pursuant to subdivision l of section 27-2115 of this code, including, but not limited to, the stabilization of the paint which is the subject of the violation where an owner requests a second postponement of time to correct a violation in accordance with subdivision l of section 27-2115 of this code; and

(5) procedures to implement and to enforce compliance with paragraph two of subdivision l of section 27-2115 of this code, which shall include, but not be limited to, the requirement that an owner certify to:

(i) the correction of a violation of this article of the code, and

(ii) compliance with the rules promulgated by the department pursuant to section 27-2056.11 of this code; and

(6) procedures to be established by the department of health and mental hygiene to order or provide for the expeditious cleanup and removal of lead-contaminated dust when the department of health and mental hygiene determines that there is lead-contaminated dust in a dwelling unit where a child of applicable age resides, such child has an elevated blood level, and the department of health and mental hygiene determines that the source of that lead-contaminated dust is not a condition of the dwelling in which such dwelling unit is located.

§27-2056.11 Work Practices.

a. The department shall promulgate rules, with the approval of the department of health and mental hygiene, establishing work practices to which an owner shall be subject in each of the following circumstances:

(1) where an owner is performing work in order to comply with a notice of violation or order to correct issued by the department pursuant to this article, which shall be no less stringent than the safety standards required by the commissioner of health and mental hygiene whenever such commissioner shall order the abatement of lead-based paint hazards pursuant to section 173.13 of the health code or a successor rule. Such rules shall provide for temporary relocation provided by the owner of the occupants of a dwelling or dwelling unit to appropriate housing when work cannot be performed safely. Such rules shall provide that all such work be performed only by firms which have received certification to perform lead abatement under the regulations issued by the United States environmental protection agency at subpart L of part 745 of title 40 of the code of federal regulations, or any successor regulations.

(2) where an owner, other than in response to an order to correct or notice of violation issued by the department or the department of health and mental hygiene, is performing work that will disturb lead-based paint or paint of unknown lead content in a dwelling unit where a child of applicable age resides or in the common area of the multiple dwelling in which such dwelling unit is located, where such multiple dwelling was erected prior to January first, nineteen hundred sixty, or where the owner has actual knowledge of the presence of lead-based paint and such multiple dwelling was erected on or after January first, nineteen hundred sixty and before January first, nineteen hundred seventy-eight.

(i) Except as provided in subparagraph (ii) of this paragraph, such rules shall incorporate work practices that are no less protective of public health than those set forth in subdivisions d and e of section 173.14 of the health code and those parts of subdivision b of such section applicable thereto or a successor rule, and shall include a requirement that lead-contaminated dust clearance testing be performed at the completion of such work. Such rules shall require that such work be performed by a person who has, at a minimum, successfully completed a course on lead-safe work practices given by or on behalf of the department or, by the United States environmental protection agency or an entity authorized by it to give such course, or by the United States department of housing and urban development or an entity authorized by it to give such course. Such rules shall require temporary relocation provided by the owner of the occupants of a dwelling or dwelling unit to appropriate housing when work cannot be performed safely.

(ii) Where such work will disturb more than one hundred square feet of lead-based paint or paint of unknown lead content in a room in a multiple dwelling, or will involve the removal of two or more windows with lead-based paint or paint of unknown lead content, such rules shall incorporate work practices that are no less protective of public health than those set forth in subdivisions d and e of section 173.14 of the health code and those parts of subdivision b of such section applicable thereto, or a successor rule, and shall include a requirement that lead-

contaminated dust clearance testing be performed at the completion of such work. Such rules shall also require temporary relocation provided by the owner of the occupants of a dwelling or dwelling unit to appropriate housing when work cannot be performed safely. Such rules shall require, in addition, that all such work be performed only by firms which have received certification to perform lead abatement under the regulations issued by the United States environmental protection agency at subpart L of part 745 of title 40 of the code of federal regulations for the abatement of lead hazards, or any successor regulations. Such rules shall also provide that not less than ten days prior to the commencement of such work the owner of the premises, or the firm, shall file with the department of health and mental hygiene a notice of commencement so that the department of health and mental hygiene may, at its discretion, perform sample audits of such notices to determine that the firms performing the work are properly certified. Such notice shall be signed by the owner or by a representative of the firm, and shall be in a form satisfactory to or prescribed by the department of health and mental hygiene, and shall set forth at a minimum the following information:

- (a) The address of the multiple dwelling and the specific location of the work within the multiple dwelling.
- (b) The name, address and telephone number of the owner of the multiple dwelling in which the work is to be performed.
- (c) The name, address and telephone number of the firm which will be responsible for performing the work.
- (d) The date and time of commencement of the work, working or shift hours, and the expected date of completion; and
- (e) Identification of the surfaces and structures, and surface area, subject to the work.

The rules shall also provide that any changes in the information contained in the notice shall be filed with the department of health and mental hygiene prior to commencement of work, or if work has already commenced, within twenty-four hours of any change. The rules shall provide that a copy of the notice of commencement shall be posted at the work site.

(iii) The provisions of this paragraph shall not apply where such work disturbs surfaces of less than (a) two square feet of peeling lead-based paint per room or (b) ten percent of the total surface area of peeling paint on a type of component with a small surface area, such as a window sill or door frame.

(3) where an owner is performing work on turnover pursuant to 27-2056.8 of this article. Such rules shall include, but not be limited to, requiring lead-contaminated dust clearance tests at the completion of such work.

b. No person shall perform a lead-contaminated dust clearance test pursuant to this section unless such person is a third-party, who is independent of the owner and any individual or firm that performs the work, and has successfully completed a course approved or administered by the department of health and mental hygiene or by the United States environmental protection agency or the United States department of housing and urban development and obtained a certificate or other document issued by or acceptable to the department of health and mental hygiene.

c. The department, with the approval of the department of health and mental hygiene, shall promulgate rules requiring that all lead-contaminated dust clearance tests submitted to a laboratory for analysis include a sworn certification that such test was performed in compliance with all applicable rules and regulations and shall include any additional information that the department shall determine is necessary for the administration and enforcement of this section.

d. Where an owner is performing work pursuant to paragraph (1) of subdivision a of this section, all lead-contaminated dust clearance test results shall be filed with the department, and a copy shall be provided by the owner to the occupant of the dwelling unit. Where an owner is performing work pursuant to paragraphs (2) and (3) of subdivision a of this section, a copy of all lead-contaminated dust clearance test results shall be provided to the occupant of the dwelling unit. Copies of lead-contaminated dust clearance test results provided to the occupant of the dwelling unit pursuant to this subparagraph shall be in a form satisfactory to or prescribed by the department of health and mental hygiene that provides a sufficiently clear explanation of the meaning of such results.

§27-2056.12 Reporting. a. Within four months after the close of the first fiscal year after which this article takes effect and for every fiscal year thereafter, the commissioner shall provide to the council a written report on the department's implementation of this article during the preceding year. Such report shall include, at a minimum, an analysis of the department's program, a detailed statement of revenue and expenditures and statistical section designed to provide a detailed explanation of the department's enforcement including, but not limited to, the following:

(1) the number of complaints for peeling paint in pre-1960 dwelling units where a child of applicable age resides, disaggregated by city or non-city ownership of the building which is the subject of the complaint;

(2) the number of inspections by the department pursuant to this article, disaggregated by the city or non-city ownership of the building where the inspection occurred;

(3) the number of violations issued by the department pursuant to this article;

(4) the number of violations issued pursuant to this article that were certified as corrected by the owner, the number of such certifications that did not result in the removal of such violations, and the number of civil actions brought by the department against such owners; and

(5) the number of jobs performed in which violations issued pursuant to this article were corrected by the department, the total amount spent by the department to correct the conditions that resulted in the violations, and the average amount spent per dwelling unit to correct such conditions; and

(6) a statistical profile with geographic indexing, such as by community district, council district, and/or zip code, of multiple dwellings in which violations are placed, indicating the ages of the multiple dwellings and other factors relevant to the prevalence of lead-based paint hazards, which may include the prior lead poisoning of a child in the multiple dwelling, outstanding violations, and emergency repair charges.

b. The department of health and mental hygiene shall prepare a report on progress toward increasing screening rates and reducing the incidence rates of children newly identified with elevated blood lead levels. This report shall be utilized by the department in its implementation of this article. Such report shall be submitted to the council within nine months after the close of each calendar year.

c. The department shall maintain a central register of all department orders to correct a violation under this article. Such register shall indicate, if applicable, the date of the complaint, address of the premises, and the date of each inspection and reinspection.

§27-2056.13 *Transmittal of Violations to the Department of Health and Mental Hygiene.* The department shall send a notice which shall be addressed to the dwelling unit in the multiple dwelling, when a dwelling unit is identified, for which a violation of this article was issued. Such notice shall include a telephone number for the department of health and mental hygiene. The department shall also refer to the department of health and mental hygiene the address of the unit in the multiple dwelling for which such violation was issued, the name of the complainant, if any, and the complainant's telephone number, if available. The department of health and mental hygiene, pursuant to section 17-179 of this code, shall refer to appropriate medical providers any person who requests assistance in blood lead screening, testing, diagnosis or treatment, and upon the request of a parent or guardian, arrange for blood lead screening of any child who requires screening and whose parent or guardian is unable to obtain a lead test because the child is uninsured or the child's insurance does not cover such screening.

§27-2056.14 *Inspections by Department of Health and Mental Hygiene and Removal of Health Code Violations by Department of Housing Preservation and Development.* Whenever a report has been made to the department of health and mental hygiene of a person under eighteen years of age with an elevated blood lead level of fifteen micrograms per deciliter or higher residing in any dwelling unit, the department of health and mental hygiene shall conduct such investigation as may be necessary to identify potential sources of the elevated blood lead level, including but not limited to, an inspection of the dwelling unit where such person resides. If the department of health and mental hygiene issues an order to correct any violation, the department of health and mental hygiene shall notify the department of each dwelling unit in a dwelling for which the department of health and mental hygiene has issued an order to correct a violation. Where the owner of the dwelling or relevant dwelling unit within such dwelling fails to comply with an order of the department of health and mental hygiene to correct a violation placed by the department of health and mental hygiene, the department of health and mental hygiene shall certify such conditions to the department of housing preservation and development. The certification procedure shall be completed within sixteen days of the report of the elevated blood lead level. The conditions so certified shall be corrected within eighteen days of certification to the department.

§27-2056.15 *Waiver of Benefit Void.* a. No owner may seek to have an occupant of a dwelling unit waive the benefit or protection of any provision of this article. Any agreement by the occupant of a dwelling unit purporting to waive the benefit or protection of any provision of this article is void. Any owner who violates this section, or the rules promulgated hereunder, shall be guilty of a misdemeanor punishable by a fine of up to five hundred dollars or imprisonment for up to six months or both. In addition, any owner who violates this section shall be liable for a civil penalty of not more than five hundred dollars per violation.

b. Notwithstanding any other provision of this article, nothing herein shall be construed to alter existing or future agreements which allocate responsibility for compliance with the provisions of this article between a tenant shareholder and a cooperative corporation or between the owner of a condominium unit and the board of managers of such condominium.

c. The provisions of this article, other than section 27-2056.14, shall not apply to a dwelling unit in a multiple dwelling where (i) title to such multiple dwelling is held by a cooperative housing corporation or such dwelling unit is owned as a condominium unit, and (ii) such dwelling unit is occupied by the shareholder of record on the proprietary lease for such dwelling unit or the owner of record of such condominium unit, as is applicable, or the shareholder's or record owner's family.

§27-2056.16 *Exemption for Emergency Conditions.* For emergency actions immediately necessary to safeguard against imminent danger to human life, health or safety or to protect property from further major damage, such as when a property has been damaged by a natural disaster, fire, structural collapse, cascading water, lack of utilities or other emergency conditions, occupants shall be protected from exposure to lead in dust and debris generated by such emergency actions to the extent practicable and the requirements of this article shall not apply. This exemption applies only to repairs immediately necessary to respond to the emergency. The requirements of this article shall apply to any work undertaken subsequent to or above and beyond such emergency actions.

§27-2056.17 *Record Keeping Requirements.* The owner of any multiple dwelling or dwelling that performs any work pursuant to this article shall retain all records relating to such work for a period of no less than ten years from the completion date of such work. The owner shall make any such records required to be retained by this section available to the department upon the department's request, and shall transfer such records to the owner's successor in title.

§27-2056.18 *Application of this article based on age of child.* For the purposes of this article, the term "applicable age" shall mean "under seven years of age" for at least one calendar year from the effective date of this section. Upon the expiration of such one year period, in accordance with the procedures by which the health code is amended, the board of health may determine whether or not the provisions of this article should apply to children of age six, and based on this determination, may redefine "applicable age" for the purposes of some or all of the provisions of this article to mean "under six years of age," but no lower.

§6. Section 27-2115 of the administrative code of the city of New York is amended by adding a new subdivision l to read as follows:

(l)(1) Notwithstanding any other provision of law, when the department serves a notice of violation to correct and certify a condition that constitutes a violation of article fourteen of subchapter two of this chapter, the notice of violation shall specify the date by which the violation shall be corrected, which shall be twenty-one days after service of the notice of violation, and the procedure by which the owner, for good cause shown pursuant to this subdivision, may request a postponement. The notice of violation shall further specify that the violation shall be corrected in accordance with the work practices established in accordance with section 27-2056.11 of this code. The notice of violation shall be served by personal delivery to a person in charge of the premises or to the person last registered with the department as the owner or agent, or by registered or certified mail, return receipt requested, or by certified mail with proof of delivery, to the person in charge of the premises or to the person last registered with the department as the owner or agent; provided that where a managing agent has registered with the department, such notice of violation shall be served on the managing agent. Service of the notice of violation shall be deemed completed three days from the date of mailing. Notification, in a form to be determined by the department, of the issuance of such violation shall be sent simultaneously by regular mail to the occupant at the dwelling unit that is the subject of such notice of violation. The department may postpone the date by which a violation shall be corrected upon a showing, made within the time set for correction in the notice, that prompt action to correct the violation has been taken but that full correction cannot be completed within the time provided because of serious technical difficulties, inability to obtain necessary materials, funds or labor, inability to gain access to the dwelling unit wherein the violation exists, or such other portion of the building as may be necessary to make the required repair. Such postponement shall not exceed fourteen days from the date of correction set forth in the notice of violation. The department may require such other conditions as are deemed necessary to insure correction of the violations within the time set for the postponement. The department may grant one additional postponement of no more than fourteen days for the reasons authorized by this section so long as the paint or other condition which is the subject of the violation has been stabilized. The department is also authorized to promulgate rules establishing criteria for a postponement of the time to correct for a longer period of time where such postponement is requested because of one or more substantial capital improvements will be made that will, when completed, significantly reduce the presence of lead-based paint in such multiple dwelling or dwelling unit including, but not limited to, a requirement that the paint which is the subject of the violation is stabilized. The department shall provide to the owner and the occupant a written statement signed and dated by the person making

such decision setting forth the reasons for each postponement of the date by which a violation shall be corrected or the reason for the denial of such application for a postponement. Said written statement shall be part of the records of the department.

(2) Notwithstanding any other provision of law, the notice of violation shall direct that the correction of each violation cited therein shall be certified to the department. Such certification shall be made in writing, under oath by the registered owner, a registered officer or director of a corporate owner or by the registered managing agent. Such certification shall include a statement that the violation was corrected in compliance with paragraph one of subdivision a of section 27-2056.11 of this code and shall include a copy of the lead-contaminated dust clearance test results. All certifications shall be delivered to the department and acknowledgment of receipt therefor obtained or shall be mailed to the department by certified or registered mail, return receipt requested, no later than five days after the date set for correction, and shall include the date when each violation was corrected. Such certification of correction shall be supported by a sworn statement by the person who performed the work if performed by an employee or agent of the owner. A copy of such certification shall be mailed to the complainant by the department not more than twelve full calendar days from the date of receipt of such certification by the department. Failure to file such certification shall establish a prima facie case that such violation has not been corrected.

(3) Whenever the department shall issue a notice of violation to correct a condition that constitutes a violation of section 27-2056.6 of article fourteen of subchapter two of this chapter, the department shall within fourteen days after the date set for the correction of such violation conduct a final inspection to verify that the violation has been corrected. Where, upon conducting an inspection, the department determines that a violation has not been corrected, the department shall correct such violation within forty-five additional days of such inspection or in such shorter time as is practicable.

(4) Notwithstanding any other provision of law, the department shall not remove a violation from its records nor shall it be deemed that such violation has been corrected unless the records of the department contain written verification that the department has conducted a final inspection of the premises and that such inspection verifies that the violation has been corrected, and copies of lead-contaminated dust clearance test results whenever such tests are required by applicable law, rule or regulation. A copy of the report of the final inspection of a dwelling unit and the status of the violation shall be mailed or delivered to the occupant and the owner.

(5) Notwithstanding any other provision of law, a person making a false certification of correction of a violation issued pursuant to article 14 of subchapter 2 of this chapter, in addition to any other civil penalty, shall be subject to a civil penalty of not less than one thousand dollars nor more than three thousand dollars for each false certification made, recoverable by the department in a civil action brought in a court of competent jurisdiction. If the person making such false certification is an employee of the owner then such owner shall be responsible for such civil penalty. In addition, any such person making a false certification of correction shall be guilty of a misdemeanor punishable by a fine of up to one thousand dollars or imprisonment for up to one year or both.

(6) Notwithstanding any other provision of law, a person who violates article fourteen of subchapter two of this chapter by failing to correct such violation in accordance with paragraph one of subdivision a of section 27-2056.11 of this code shall be subject to a civil penalty of two hundred fifty dollars per day for each violation to a maximum of ten thousand dollars from the initial date set for correction in the notice of violation until the date the violation is corrected and certified to the department, and in addition to any civil penalty shall, whenever appropriate, be punished under the provisions of article three of subchapter five of this code. There shall be a presumption that the condition constituting a violation continues after the service of the notice of violation. The owner shall be responsible for the correction of all violations noticed pursuant to article fourteen of subchapter two of this chapter, but in an action for civil penalties pursuant to this subdivision may in defense or mitigation of such owner's liability for civil penalties show:

(i) That the condition which constitutes the violation did not exist at the time the violation was placed; or

(ii) That he or she began to correct the condition which constitutes the violation promptly upon discovering it but that full correction could not be completed expeditiously because of serious technical difficulties, inability to obtain necessary materials, funds or labor, or inability to gain access to the dwelling unit wherein the violation exists, or such other portion of the building as might be necessary to make the repair, provided that a postponement was granted pursuant to this subdivision; or

(iii) That he or she was unable to obtain a permit or license necessary to correct the violation, provided that diligent and prompt application was made therefor; or

(iv) That the violation giving rise to the action was caused by the act of negligence, neglect or abuse of another not in the employ or subject to the direction of the owner, except that the owner shall be precluded from showing in

defense or mitigation of such owner's liability for civil penalties evidence of any acts occurring, undertaken, or performed by any predecessor in title prior to the owner taking control of the premises. Where the aforesaid allegations are made by way of mitigation of penalties, the owner shall show, by competent proof, pertinent financial data and efforts made to obtain necessary materials, funds or labor or to gain access, or to obtain a permit or license and such other evidence as the court may require.

If the court finds that sufficient mitigating circumstances exist, it may remit all or part of any penalties arising from the violations, but may condition such remission upon a correction of the violation within a time period fixed by the court.

(7) Notwithstanding any other provision of law, failure by the department to comply with any time period provided in this section relating to responsibilities of the department shall not render null and void any notice of violation issued by the department or the department of health and mental hygiene pursuant to such article or section, and shall not provide a basis for defense or mitigation of an owner's liability for civil penalties for violation of such article

§7. Title 17 of the administrative code of the city of New York is amended by adding new sections 17-179, 17-180, 17-181, 17-185, and 17-186, to read as follows:

§17-179 Department Screening, Diagnosis, and Treatment. a. The department shall refer to appropriate medical providers any person who requests assistance in blood lead screening, testing, diagnosis or treatment, and upon the request of a parent or guardian, arrange for blood lead screening of any child who requires screening and whose parent or guardian is unable to obtain a lead test because the child is uninsured or the child's insurance does not cover such screening.

b. The department shall develop a pamphlet explaining the hazards associated with lead-based paint and describing the procedures to be used in order for a violation of sections 27-2056.6 and 27-2056.7 of this code to be corrected. The pamphlet shall include appropriate telephone numbers to obtain lead poisoning screening, diagnosis and treatment information and to report unsafe lead-based paint work practices. Such pamphlet shall be made available in accordance with section 27-2056.9 of this code. Such pamphlet shall also be made available to any member of the public upon request.

§17-180 Training of Department Personnel. The department, in conjunction with the department of housing preservation and development, shall provide training for lead-based paint inspection and supervisory personnel. No department personnel shall conduct an inspection for lead-based paint pursuant to the health code unless that individual has received such training. At a minimum, such training shall (1) be equivalent to the training required under regulations issued by the United States environmental protection agency for the certification of lead-based paint inspectors and supervisors, (2) include background information pertaining to applicable state and local lead-based paint laws and guidance on identifying violations in a multiple dwelling, and (3) require that the individual has successfully demonstrated knowledge of the responsibilities of a certified inspector or certified supervisor, as the case may be, and the requirements of sections 173.13 and 173.14 of the health code or successor rules. The department shall provide for the continuing education of inspection and supervisory personnel.

§17-181 Lead-based paint; dry scraping and dry sanding prohibited. The dry scraping or dry sanding of lead-based paint or paint of unknown lead content in any dwelling, day care center or school is hereby declared to constitute a public nuisance and a condition dangerous to life and health. For the purpose of this section, dry scraping and dry sanding shall mean the removal of paint or similar surface-coating material by scraping or sanding without using water misting to reduce dust levels or other method approved by the department. The department shall promulgate such additional rules as necessary for the enforcement of this section.

§17-185 Inspection by the Department of Unsafe Work Practices. The department shall promulgate rules requiring the department to respond to complaints regarding unsafe lead-based paint work practices.

§17-186 Lead poisoning prevention in children. a. The department shall develop a brochure which, at a minimum, advises all appropriate medical providers of their obligations to screen and test children for lead poisoning according to all relevant federal, state and local laws, rules and regulations. Such pamphlet shall be distributed to all appropriate medical providers on an annual basis, starting on September 15, 2004.

b. The department shall develop a pamphlet regarding lead poisoning prevention in children. Such pamphlet shall, at a minimum, be printed in English and Spanish and shall include, at a minimum: (i) the manner in which children are most likely poisoned by lead; (ii) the effects of lead poisoning on a child's health; (iii) the intervals at which a child is required by New York state law to be tested for blood lead levels; (iv) the appropriate telephone numbers to obtain lead poisoning screening, diagnosis and treatment information; (v) the steps a parent or

guardian may take to protect his or her child from lead poisoning; and (vi) the requirement of landlords to inspect and repair lead-based paint hazards.

c. At a minimum, the department shall distribute the pamphlet produced pursuant to paragraph b of this section with each birth certificate furnished to the parent or guardian of a child pursuant to section 17-168 of this title. Such pamphlet shall also be made available to any member of the public upon request.

§8. Subdivision 1 of subsection a of section § 11-243 of the administrative code of the city of New York is amended to read as follows:

1. "Alteration" and "improvement": a physical change in an existing dwelling other than painting, ordinary repairs, normal replacement of maintenance items, [except that painting or repairs designated to eliminate the lead-based paint poisoning hazard shall be eligible for tax exemption and tax abatement under this section and] provided, however, that ordinary repairs and normal replacement of maintenance items, as defined by [regulations] rules adopted by the department of housing preservation and development pursuant to subdivision m of this section, shall be eligible for tax exemption and tax abatement under this section provided that repairs and maintenance items:

(1) were started and completed within a twelve-month period,

(2) were made to any common area of the dwelling premises concurrently with a major capital improvement thereto, as defined by [regulations] rules adopted by the department of housing preservation and development pursuant to subdivision m of this section, and

(3) require the issuance of a permit for at least one item thereof by any city agency, and

(4) the amount of money expended thereon shall not exceed two times the amount expended on the major capital improvement performed concurrently therewith.

"Alteration" and "improvement" shall also mean "an abatement" of lead-based paint hazards, as defined in part 745 of title forty of the code of federal regulations or any successor regulations, and shall include an "inspection" and "risk assessment" for lead-based paint hazards, as defined in such part, in a dwelling unit occupied by a child of applicable age, as established in accordance with section 27-2056.18 of this code, regardless of whether a child is or has been lead poisoned but shall not include any work performed to comply with a notice of violation issued for a violation of article fourteen of subchapter two of chapter .

§9. Title 17 of the administrative code of the city of New York is amended by adding a new chapter nine to read as follows:

Chapter 9

Lead-Based Paint in Day Care Facilities

Subchapter 1

Definitions

§17-900 Definitions.

Subchapter 2

Remediation of Lead-Based Paint Hazards in Day Care Facilities

§17-910 Presumption.

§17-911 Remediation.

§17-912 Department Rules.

§17-913 Annual Inspection.

Subchapter 1

Definitions

§17-900 Definitions. For the purpose of this chapter the following terms shall have the following meanings:

1. "Chewable surface" shall mean a protruding interior window sill in a day care facility that is readily accessible to a child of applicable age. "Chewable surface" shall also mean any other type of interior edge or protrusion in a day care facility, such as a rail or stair, where there is evidence that such other edge or protrusion has been chewed or where the operator of such day care facility has observed that a child under six years of age has mouthed or chewed such edge or protrusion.

2. "Day care facility" shall mean any facility used to provide day care service.

3. "Day care service" shall mean any service which, during all or part of the day, regularly gives care to seven or more children under six years of age, not all of common parentage, which operates more than five hours per week for more than one month a year. Day care service shall not mean a kindergarten or higher grade in a facility operated by the board of education.

4. "Deteriorated subsurface" shall mean an unstable or unsound painted subsurface, an indication of which can be observed through a visual inspection, including but not limited to, rotted or decayed wood, or wood or

plaster that has been subject to moisture or disturbance.

5. "Friction Surface" shall mean any painted surface that touches or is in contact with another surface, such that the two surfaces are capable of relative motion, and abrade, scrape or bind when in motion. Friction surfaces shall include, but not be limited to, window frames and jambs, doors, and hinges.

6. "Impact Surface" shall mean any interior painted surface that shows evidence, such as marking, denting, or chipping, that it is subject to damage by repeated sudden force, such as certain parts of door frames, moldings, or baseboards.

7. "Lead-based paint" shall mean paint or other similar surface-coating material containing 1.0 milligrams of lead per square centimeter or greater, as determined by laboratory analysis, or by an x-ray fluorescence analyzer. If an x-ray fluorescence analyzer is used, readings shall be corrected for substrate bias when necessary as specified by the performance characteristic sheets released by the United States environmental protection agency and the United States department of housing and urban development for the specific x-ray fluorescence analyzer used. X-ray fluorescence readings shall be classified as positive, negative or inconclusive in accordance with the United States department of housing and urban development "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (June 1995, revised 1997) and the PCS released by the United States environmental protection agency and the United States department of housing and urban development for the specific x-ray fluorescence analyzer used. X-ray fluorescence readings that fall within the inconclusive zone, as determined by the performance characteristic sheets, shall be confirmed by laboratory analysis of paint chips, results shall be reported in milligrams of lead per square centimeter and the measure of such laboratory analysis shall be definitive. If laboratory analysis is used to determine lead content, results shall be reported in milligrams of lead per square centimeter. Where the surface area of a paint chip sample cannot be accurately measured or if an accurately measured paint chip sample cannot be removed, laboratory analysis may be reported in percent by weight. In such case, lead-based paint shall mean any paint or other similar surface-coating material containing more than 0.5% of metallic lead, based on the non-volatile content of the paint or other similar surface-coating material.

8. "Lead-based paint hazard" shall mean any condition that causes exposure to lead from lead-contaminated dust, from lead-based paint that is peeling, or from lead-based paint that is present on chewable surfaces, deteriorated subsurfaces, friction surfaces, or impact surfaces that would result in adverse human health effects.

9. "Lead-contaminated dust" shall mean dust containing lead at 40 or more micrograms per square foot on a floor, 250 or more micrograms per square foot on window sills, and 400 or more micrograms per square foot on window wells, or such more stringent standards as may be adopted by the New York City board of health.

10. "Operator of such day care facility" shall mean any person who provides day care service and the owner of the premises where such day care facility is located. "Person" shall mean an individual, corporation, partnership, association or other for-profit or not-for-profit entity.

11. "Peeling" shall mean that the paint or other surface-coating material is curling, cracking, scaling, flaking, blistering, chipping, chalking, or loose in any manner, such that a space or pocket of air is behind a portion thereof or such that the paint is not completely adhered to the underlying surface.

12. "Remediation" or "Remediate" shall mean the reduction or elimination of a lead-based paint hazard through the wet scraping and repainting, removal, encapsulation, enclosure, or replacement of lead based paint, or other method approved by the commissioner of health and mental hygiene.

Subchapter 2

Remediation of Lead-Based Paint Hazards in Day Care Facilities

§17-910 Presumption. a. All paint or similar surface-coating material on the interior of any day care facility in a structure erected prior to January 1, 1978, shall be presumed to be lead-based paint.

b. The presumption established by this section may be rebutted by the operator or owner of the day care facility by submitting to the department a sworn written statement by the operator or owner of the day care facility supported by lead-based paint testing or sampling results, a sworn written statement by the person who performed the testing if performed by an employee or agent of the operator or owner of the day care facility, and such other proof as the department may require. Testing performed to rebut the presumption may only be performed by a person who has been certified as an inspector or risk assessor in accordance with subparts L and Q of part 745 of title 40 of the code of federal regulations or successor regulations. The determination as to whether such proof is adequate to rebut the presumption established by this section shall be made by the department.

§17-911 Remediation. a. There shall be no peeling lead-based paint in any portion of any day care facility.

b. *Lead based paint or paint of unknown lead content that is peeling, or which is present on chewable surfaces, deteriorated subsurfaces, friction surfaces, or impact surfaces shall be immediately remediated in a manner authorized by the department.*

c. *Any equipment that is painted shall be painted with lead-free paint.*

d. *Whenever a condition prohibited by this section is found to exist, the department shall immediately serve an order on the operator or owner of such day care facility to remediate the condition. In the event such order is not complied with within forty-five days of service thereof, the department shall immediately request an agency of the city of New York to execute such order pursuant to the provisions of section 17-147 of this code. The agency shall execute the order within forty-five days of the department's request. The city of New York shall be entitled to enforce its rights for reimbursement of expenses incurred thereby, including as credits toward lease payments.*

e. *When lead-based paint hazards are remediated pursuant to this section such work shall be performed in compliance with work practices established by the department pursuant to section 17-912 of this subchapter.*

§17-912 Department rules. The department shall promulgate such rules as may be necessary for the implementation of this chapter. Such rules shall incorporate work practices that are no less protective of public health than those set forth in section 173.14 (d) and (e) and those parts of subdivision b of the health code applicable thereto or a successor rule, and shall include a requirement that lead-contaminated dust clearance testing be performed at the completion of such work. Such rules shall require that such work be performed by a person who has, at a minimum, successfully completed a course on lead-safe work practices given by or on behalf of the department or, by the United States environmental protection agency or an entity authorized by it to give such course, or by the United States department of housing and urban development or an entity authorized by it to give such course. Such rules shall not apply where such work disturbs surfaces of less than (a) two square feet of peeling lead-based paint per room or (b) ten percent of the total surface area of peeling paint on a type of component with a small surface area, such as a window sill or door frame.-

§17-913 Annual Survey. The operator of a day care facility shall conduct a survey of such facility annually, and more often if necessary, to determine the physical condition of surface-coating material throughout each such facility and shall provide a copy of the survey results to the department.

§10. All actions taken by the departments of housing preservation and development and health and mental hygiene pursuant to local law 38 of 1999 and local law 1 of 1982 shall be deemed valid to the extent that all violations written, and fines or penalties assessed, as well as any costs for repairs of such violations shall remain valid and enforceable, provided, however, that any such violations which remain uncorrected on the effective date of this local law shall be repaired using the work practices established pursuant to section 27-2056.11(a)(1) as added by section 5 of this local law, and the rules promulgated thereunder, and certified to the department of housing preservation and development in accordance with section 27-2056.10(c)(5) and subdivision (l) of section 27-2115 of the administrative code of the city of New York, as added by section five of this local law, and the rules promulgated thereunder pursuant to this local law.

§11. If any sentence, paragraph, section or part of this local law shall be adjudged invalid by a court of competent jurisdiction such judgment shall not impair or invalidate the remainder thereof but shall be confined to that part.

§12. Paragraph 4 of subdivision e of section 27-2056.4 of the administrative code of the city of New York, as added by section 5 of this local law, shall take effect immediately, and all other provisions of this local law shall take effect one hundred eighty days after its enactment, except that the commissioners of health and mental hygiene and housing preservation and development shall promulgate all rules and take all other actions necessary to implement this local law, other than paragraph 4 of subdivision e of section 27-2056.4, on or before the date upon which it shall take effect.

THE CITY OF NEW YORK, OFFICE OF THE CITY CLERK, s.s.:

I hereby certify that the foregoing is a true copy of a local law of the City of New York, passed by the Council on December 15, 2003, disapproved by the Mayor on December 17, 2003 and repassed by the Council Members on February 4, 2004 and said law is adopted notwithstanding the objection of the Mayor.

VICTOR L. ROBLES, City Clerk, Clerk of the Council

CERTIFICATION PURSUANT TO MUNICIPAL HOME RULE LAW §27

Pursuant to the provisions of Municipal Home Rule Law §27, I hereby certify that the enclosed Local Law (Local Law 1 of 2004, Council Int. No. 101-A) contains the correct text and:

Received the following vote at the meeting of the New York City Council on December 15, 2003: 44 for, 5 against, 1 not voting.

Was disapproved by the Mayor on December 17, 2003.

Was returned to the City Clerk on December 19, 2003.

Was reconsidered by the Council on February 4, 2004 and received the following vote of the Council members at a meeting of the Council on February 4, 2004: 44 for, 5 against, 1 not voting.

JEFFREY D. FRIEDLANDER, Acting Corporation Counsel