# CONDOMINIUM OFFERING PLAN

# THE **122 PALMETTO** STREET CONDOMINIUM

## 122 PALMETTO STREET
## KINGS COUNTY
## BROOKLYN, NY 11211

Total amount of Offering for 8 Residential units.....**$6,743,100.00**

*Sponsor:*
122 Palmetto LLC
1767 Fulton Street
Brooklyn, NY 11233

THE DATE OF ACCEPTANCE FOR FILING THIS OFFERING PLAN IS THIS PLAN MAY NOT BE USED AFTER _____ UNLESS EXTENDED BY AMENDMENT

**SEE PAGE (ii) FOR SPECIAL RISKS TO PURCHASERS.**

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

**BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL UNITS AFTER PLAN CONSUMATION, 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 BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN. (SEE SPECIAL RISKS SECTION OF THE PLAN.)**

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## SPECIAL RISKS

**The following is a summary of certain special risk considerations in connection with the Plan but is not intended to summarize all major features of the Plan. Prospective purchasers are urged to read the following special risk factors in conjunction with the Plan for a discussion of these and other important aspects of this condominium offering.**

1) Sponsor intends to sell the units. Sponsor may not rent units prior to consummation of the offering plan. However, because Sponsor is retaining the unconditional right to rent rather than sell units after consummation of the Offering Plan, and is not limiting the conditions under which it will rent rather than sell the units and there is no commitment to sell more units than the 15% necessary to declare the plan effective (2 Units), this plan may not result in the creation of a Condominium in which a majority of the units are owned by owner-occupants or investors unrelated to the Sponsor. If Sponsor chooses to withhold additional units from sale and chooses not to rent said units, it is possible that the purchaser of one of the other units may live in a building that is not completely occupied or occupied by more than two (2) units. Purchasers may never gain control of the Board of Managers under the terms of this plan through their own occupancy. See Section XV "Rights and Obligations of Sponsor" and Section I "Introduction".

2) 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 building 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 or holder of unsold shares has not sold a substantial percentage of the apartments in the building or group of buildings, which in some cases may be as high as 70%. Moreover, some lenders will not provide financing in a building or group of buildings where an investor other than the original Sponsor has an ownership interest of 10% or more. It 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 Section XI, "Procedure to Purchase".

3) The By-laws of the Condominium do not contain a provision that provides that after the initial Sponsor control period a majority of the Board of Managers must be owner-occupants or members of owner-occupants' household who are unrelated to the Sponsor or its principals. Sponsor cannot recapture control after it relinquishes control of the Condominium Board. See Section XVII "Board of Managers".

4) Owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing (i.e., purchase as a home as opposed to as an investment). See Section I "Introduction" and Section XVI, "Control by Sponsor".

5) Sponsor has an absolute duty to construct the Premises in accordance with all applicable codes, filed plans and specifications. The Housing Merchant Implied Warranty applies to this offering but is limited. Sponsor will not be held liable for consequential damages, and Sponsor's sole obligation shall be to repair or replace any defective item of construction. Sponsor's

obligation, regardless of any limitations in the warranty or in this offering plan, is to construct the premises in accordance with all applicable codes and filed plans and specifications, and any conflict between the disclaimers and the sponsor's obligation to construct the premises in accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter. See Section XV "Rights and Obligations of Sponsor".

6) This is a new construction project. Construction is expected to be completed by March, 2023. Sponsor represents that construction permits have been obtained. Construction is a complicated process requiring the coordination of numerous tasks, contractors and suppliers, and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the accuracy of any projected completion dates set forth herein. While the Sponsor intends to complete all construction by the date of the first closing, it is possible that during the first year of Condominium operation, construction workers and related personnel will be at the Property from time to time completing construction of the Building, making adjustments and corrections and performing various tasks related to the completion of construction. During this period, various building systems, including but not limited to water and gas supply, air conditioning, heating and electricity, cooling, ventilation, telephone and cable systems, may need to be shut down temporarily. Sponsor and its designees will have the right to and may utilize building systems and may install and retain scaffolding and other equipment on and in the Building to complete construction. The Sponsor and/or the Condominium Board may refuse to permit a Unit owner to perform alterations in a Unit until such time as the Building has been completed and a permanent certificate of occupancy has been obtained. Sponsor cannot close on a Unit which does not have, at the very least, a temporary certificate of occupancy. Notwithstanding the foregoing, Sponsor shall not allow conditions at the building to fall below the warranty of habitability, as required by law. See Section II, "Description of Property and Improvements" and Section XV, "Rights and Obligations of Sponsor".

7) The Sponsor anticipates that the first closing of a unit will occur by July 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 June 30, 2024, twelve months after the projected date for the first closing. If the Plan is amended to provide for a later projected date for the first closing, purchasers will be entitled to an offer of rescission if the first closing occurs more than 12 months beyond that amended, later date.

However, if the first closing occurs before July 1, 2024, the Sponsor may schedule the closings of title to other units significantly later than such date. Unless your Purchase Agreement contains an outside closing date, the Sponsor is not obligated to schedule your closing within any specified time frame or to ensure that closing of title to your closing within any specified time frame or to ensure that closing of title to your Unit will occur by any date certain.

In the event, however, Sponsor cannot convey title to the Unit on or before eighteen (18) months from the date of the Purchase Agreement, Purchaser shall be offered a right of rescission by written notice which shall give to the Purchaser a 15 calendar day period from receipt of such notice during which Purchaser may rescind the Purchase Agreement. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER THE POSSIBILITY OF SUCH DELAYS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT.

See Section XII, "Effective Date", Section XI, "Procedure to Purchase" and Section XV, "Rights and Obligations of Sponsor".

8) The Sponsor will not make an application for any tax abatement. See Section XV, "Rights and Obligations of Sponsor", Section IV, Schedule A, "Offering Prices and Related Information" and Section XIX, "Real Estate Taxes".

9) Real estate tax estimates in Schedule A are based upon annual tax estimates for the entire property upon completion. The real estate tax estimates for each Unit were calculated on the assumption that the real estate taxes payable with respect to each Unit for the first year of Condominium operation will be allocated in proportion to each Unit's percentage interest in the Common Elements as set forth in Schedule A. Upon determination of individual tax lots and individual Residential Unit assessments, the New York City tax authorities may allocate taxes between the Residential Units in proportion to each Residential Unit's purchase price or imputed market value rather than its percentage interest in the Common Elements and, if so, Residential Units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED. PURCHASERS ARE ADVISED THAT THE NEW YORK CITY TAXING AUTHORITIES HAVE IMPLEMENTED SIGNIFICANT INCREASES IN THE TENTATIVE ASSESSED VALUATIONS FOR NEW CONSTRUCTION CONDOMINIUMS WHICH DO NOT APPEAR CONSISTENT WITH THEIR VALUATIONS IN PRIOR YEARS. SPONSOR MAKES NO REPRESENTATIONS REGARDING THE METHODOLOGY WHICH THE TAXING AUTHORITIES WILL USE IN FUTURE TAX YEARS. See Section IV, Schedule A, "Offering Prices and Related Information" and Section XIX, "Real Estate Taxes".

10) Residential Unit plans depicting layouts of Residential Units appear in Part II of the Plan. Purchasers should note that the square footage of each Unit, as reflected in Schedule A and Schedule B and the Floor Plans set forth in Part II of the Plan, is approximate within reasonable tolerances and may change due to field conditions and construction variances and tolerances and same may significantly exceed the actual usable floor area within each unit. Because dimensions listed are based on measurements from exterior walls, and may include columns, interior walls, mechanical pipe shafts, shaft ways, chases, chaseways and conduits which may be incorporated behind protruding walls or may be enclosed as freestanding columns, thereby reducing the available floor area, they do not accurately represent the interior space in the unit and same may significantly exceed the actual useable floor area and may be less than as set forth in Schedule A. Purchaser is entitled to rescission if there are material and adverse changes or variations. A decrease in area of a Unit of 5% or more could be material and trigger a right of rescission for a Purchaser. There is a rebuttable presumption that an area that is decreased by 5% or less is not material. See Section IV, "Offering Prices and Related Information," Section IX, "Changes in Prices and Units" and See Part II, "Floor Plans".

11) Yards, areaways, balconies and terraces appurtenant to certain Units, as described in Schedule A and the Floor Plans set forth in Part II of the Plan, will be Limited Common Elements available for the exclusive use of Owners of such Units. A Unit Owner who has a yard, areaway,

balcony or terrace appurtenant to his Unit shall have the exclusive use of same, subject to the right of the Condominium Board to regulate its use, and shall be responsible for all normal maintenance, repairs and replacements thereto. Unit Owners are expressly prohibited from installing paving stones or other materials over the existing surfaces of the roof deck and/or terraces without the prior written consent of the Condominium Board. Such installation must be in accordance with Law and is subject to the provisions of the Declaration and By-Laws regarding alterations. However, the costs and expenses of any structural repairs or replacements caused by the need for such structural repairs to any terrace or roof deck (unless due to damage caused by its Unit Owner), shall be charged to all Unit Owners as a Common Expense. See Section IV, "Offering Prices and Related Information" and See Part II, "Floor Plans".

12) A reserve fund is provided for in the Budget. The New York City Reserve Fund Law restricts the use of the reserve fund to capital improvements. This fund is for the repair, replacement or other capital items that may have to be obtained by the Condominium without the necessity of resorting to a special assessment to unit owners. Sponsor anticipates that the reserve fund will be sufficient to cover the cost of capital replacements within five years after the first closing. See Section V, Schedule B and Section XXI, "Reserve Fund".

13) All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. Such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event the Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds actually expended for upgrades or extras unless the Plan is abandoned by Sponsor in which case, Purchasers will receive a refund of the funds expended for extras and upgrades. The cost of extras and special work must be paid for in advance by placing the money in the escrow account. It is a special risk to purchasers who rescind their purchase agreements they will not receive back the expended money paid for such work. See Section XI, "Procedure to Purchase" and Section XIII entitled "Terms of Sale".

14) At closing, the Purchaser must pay the Sponsor's attorney fee in the amount of $2,500.00 to reimburse Sponsor for a portion of its legal fees incurred in connection with the closing of title of the Purchaser's unit. If the closing takes place at a location other than in the Sponsor's counsel's office, the Purchaser will be required to pay to Sponsor's counsel an additional fee of $500.00 or $250.00 if the closing is held remotely. If the closing is adjourned through no fault of the Sponsor, the Purchaser will be required to pay to Sponsor's Counsel an additional fee of $250.00 for each adjournment to defray the cost of scheduling, preparing for, and coordinating the new closing. If the closing venue changes to accommodate a Purchaser's request, extra costs will be added to closing costs. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion, or substitution of names on the Purchase Agreement, Purchaser shall pay Sponsor's Counsel a fee of $500.00, payable in advance, for preparation of an assignment agreement. If Purchaser's lenders require a "condo questionnaire" the Purchasers will pay Sponsor's attorney $150.00 at closing. Purchaser may be required to pay more than one fee with respect to a single unit pursuant to the preceding provisions of the paragraph. Each Purchaser shall be responsible for the payment of fees to his own attorney and the attorney for Purchaser's lender. Purchaser may be required to pay more than one fee with respect to a single unit pursuant to the preceding provisions of the paragraph. See Section XIV, "Closing Costs and Adjustments".

15) Transfer taxes are generally a seller's obligation. However, Sponsor is transferring this obligation to Purchaser pursuant to this offering plan. New York State has made modifications to the New York State Transfer Tax and the New York State Mansion Tax rates under certain circumstances, for transfers in New York City. Tax is computed at a rate of $2.00 for each $500.00, or fractional part thereof, of consideration. An additional tax of 1% of the sale price (Mansion Tax) applies to residences where consideration is $1 million or more. Beginning on July 1, 2019, certain conveyances of real property or interests therein, located in New York City (other than a conveyance made pursuant to a binding written contract entered into on or before April 1, 2019) are also subject to the following New York State taxes: (1) A tax of $1.25 for each $500.00, or fractional part thereof, when the consideration for the entire conveyance of residential real property is $3 million or more ("additional base tax"); (2) An additional base tax of $1.25 for each $500.00, or fractional part thereof, when the consideration for the entire conveyance of property other than residential real property is $2 million or more and (3) A supplemental tax on the conveyance of residential real property, or interest therein, where the consideration is $2 million or more. The tax rate is an incremental rate between .25% and 2.9% based on the purchase price. Under the Purchase Agreement and the Offering Plan, Purchasers are required to pay these taxes as a closing cost, if applicable. In computing the total consideration for purposes of determining the total transfer taxes due, the transfer taxes (NYC and NYS) must be added to the purchase price and then recalculate the tax due. Purchaser must pay the New York State transfer tax and the New York City transfer tax in the amount of 1.0% if the price is less than $500,000.00 and 1.425% of the purchase price if the price is greater than $500,000.00, and any title company fees, RPT filing fees, and/or ACRIS fees, associated with the preparation and/or recording of the transfer tax documents. New York State Tax Law Section 1404(a) has been amended effective as of July 1, 2021. This amendment applies to transactions dated on or after July 1, 2021 other than conveyances that are made pursuant to binding written contracts entered on or before April 1, 2021, provided that the date of execution of such contract is confirmed by independent evidence, such as the recording of the contract, payment of a deposit or other facts and circumstances as determined by the commissioner of taxation and finance. Under the revised law, if the conveyance is of residential real property and the grantee pays the NYS transfer tax, the NYS transfer tax is no longer included as a part of the taxable consideration, and the ultimate NYS transfer tax to be paid by the grantee is no longer "grossed up." The requirement to "gross up" the taxable consideration has now been eliminated when calculating New York State Real Estate Transfer Tax (RETT) and Mansion Taxes on the conveyancing of a one to three family residential dwelling, an individual residential condominium and an individual residential cooperative unit, or interests therein, when the contract of sale places the burden of such transfer tax upon the grantee. Grossing up for purposes of calculating NYCRPT are not subject to this amendment to the New York State Tax Law. See Section XIV, "Closing Costs and Adjustments".

16) If the purchase price of a Unit is $1,000,000.00 or more, the Purchaser shall also be obligated to pay the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," currently one (1%) percent of the purchase price, which by law is the primary obligation of the Purchaser. See Section XIV, "Closing Costs and Adjustments".

17) If Purchaser obtains a mortgage loan for the purchase of the Unit (the "Purchase Money Mortgage"), the Purchaser will pay to Sponsor a sum equal to the partial mortgage tax credit to

which Purchaser may be entitled pursuant to Section 339-ee(2) of the Condominium Act, which sum will be paid as a reimbursement for the mortgage recording tax previously paid by Sponsor in connection with any existing mortgage(s). Alternatively, Sponsor may require, in its sole discretion, that a Purchaser who is financing the purchase of said Unit with a Purchase Money Mortgage, shall, if such lender agrees, cause the lender making such loan to accept from the Sponsor an assignment of a portion of any mortgage securing the Property in an amount up to the Purchase Money Mortgage as determined by Sponsor. Upon such assignment, that portion of the Purchase Money Mortgage assigned by Sponsor's lender's mortgage, will be exempt from mortgage recording tax under Section 255 of the Real Property Tax Law. Sponsor shall be solely entitled to the benefits of such exemption and accordingly, Purchaser must pay to Sponsor an amount equal to the mortgage recording tax which would have otherwise been due in connection with the recording of the Purchase Money Mortgage. If Purchaser or Purchaser's lender does not agree to the assignment, Purchaser shall pay the entire mortgage recording tax and Sponsor will not receive any benefits it is otherwise entitled to. See Section XIV, "Closing Costs and Adjustments".

18) New York City Local Law 7 of 2004 requires the installation of carbon monoxide detectors by owners of multiple dwellings, including owners of units in residential condominiums. Sponsor will provide carbon monoxide detectors in each Unit in accordance with New York City Local Law 7 of 2004. Each Unit Owner will be responsible to keep and maintain the carbon monoxide detectors in good repair and to replace any carbon monoxide detectors which were stolen, removed, found missing or rendered inoperable. Sponsor makes no representations whether Unit Owners will comply with the foregoing obligations. For further details see Part I of the Plan under Section II, "Description of Property and Improvements".

19) No bond or other security has been furnished to secure the performance of Sponsor's obligations. Sponsor does represent that it has the financial resources to meet its obligations under this Plan and with respect to Unsold Units. Sponsor will utilize its own funds in order to fund its financial obligations to the Condominium. Sponsor will promptly amend the Offering Plan and the Purchasers will be offered rescissions if the Sponsor cannot perform its obligations. See Section XV, "Rights and Obligations of the Sponsor".

20) Sponsor may control the Condominium Board during the Sponsor Control Period until the earlier of (a) five years from the First Closing or (b) the closing of 75% of the Units to Purchasers under this Plan. Until Sponsor relinquishes control, the Sponsor has the right to appoint a majority of the Members of the Board and therefore control such Board unless the Sponsor voluntarily relinquishes such right prior to the expiration of such period. During the period that Sponsor controls the Condominium Board, Sponsor will have control of maintenance, facilities and services to be provided to Unit Owners and will determine the Common Charges to be paid by all Unit Owners and such charges will be consistent with Schedule B. Notwithstanding, during the Sponsor Control Period, all services and repairs provided to the Condominium will be kept consistent with the disclosures in Schedule B or for repair or replacement necessary for the preservation or safety of the Building or for the safety of occupants of the Building or required to avoid the suspension of any necessary service to the Building. After the Sponsor Control Period, Sponsor may continue to control the Condominium Board if it owns enough units and therefore has sufficient votes to elect a majority of the members of the Board, which may include itself. Sponsor cannot control

the Condominium Board after it relinquishes control; however, it may cast all of its vote. See Section XVII, "Board of Managers".

Until Sponsor and Sponsor-designees convey title to all Units but in no event later than five years after the First Unit Closing, Sponsor has the right to veto any action of the Board of Managers to (i) make any addition, alteration, improvement at or to or change in or to Common Elements, any Unit or the Buildings, (ii) hire or replace any employee, (iii) enter into, modify or terminate prior to the end of the term any management, service or maintenance contract, (iv) borrow money on behalf of the Condominium, or (v) amend the By-laws. Sponsor may not veto any expenses described in Schedule "B" or over expenses required: (a) to comply with applicable laws or regulations; (b) to remedy any notice of violation; or (c) to remedy any work order by an insurer. Sponsor may exercise veto power over expenses other than those previously described, if the plan so provides, 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. (See the Section XVI entitled "Control By Sponsor").

21) Adjustments for prepaid expenses between the Sponsor and the Board of Managers may be deducted only from the working capital fund. Net adjustments for prepaid expenses, if in favor of the Sponsor, are to be paid from the working capital fund. There will be a minimum working capital fund totaling the aggregate of 2 months of common charges regardless of the amount of adjustments. In the event that the Working Capital Fund is not sufficient to cover any adjustment in favor of the Sponsor, common charges will be increased to cover any such shortfall. See Section XXII, "Working Capital Fund".

22) The use of the Units is for single family residence and home office as permitted by law. See Part II, "By-Laws".

23) The cellar area, balconies and terraces are not to be used for habitable space as defined by the NYS Building Code or rented independently. Further, accessory rooms in the cellar, including portions of any Units, may not be used for bedrooms, dining rooms, or any other use considered a "habitable" space as defined by the New York State Building Code. Rental use or use as living or sleeping quarters may result in Environmental Control Board (ECB) violation being issued by the New York City Department of Buildings, which would be the responsibility of the unit owner to cure. Cellar space has less light and air than ordinary living space and it is more susceptible to dampness. Cellar is Accessory Use Only – Not to be used for Sleeping, Cooking and/or Living purposes and will not be rented independently. See "Schedule A" in Section IV of the Plan, Section II, "Description of Property and Improvements" and Schedule B and the Floor Plans set forth in Part II of the Plan.

24) Sponsor may abandon the plan at any time before the plan is declared effective. The Sponsor is under no obligation to declare the Plan effective until 80% of the Units (7 units) are in contract and therefore, prospective Purchasers who enter into a Purchase Agreement may ultimately have the Purchase Agreement cancelled by Sponsor in the event that Sponsor abandons the Plan. In the event that Sponsor abandons the Plan and cancels Purchase Agreements, all Purchasers will receive a refund of the Down Payment and any funds deposited for special work or upgrades within five (5) days of the filing of an amendment by Sponsor abandoning the Plan.

See Part I, Section XII “Effective Date”.

25) It is the responsibility of each Unit owner to notify the Managing Agent, or the Sponsor in the event there is no Managing Agent in place at the time of closing, in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. Except as may otherwise be provided by applicable Law, it is the responsibility of each Unit owner to maintain in proper repair (and not remove), the window guards or “stops”, if any, in all windows of the Unit which have been installed in lieu of window guards. Sponsor makes no representations whether Unit owners will comply with the foregoing obligations. See Section XVIII, "Rights and Obligations of Unit Owners".

26) The insurance policy to be procured by Sponsor for the Condominium does not include fidelity bond, rent insurance or excess liability but may be purchased for an additional premium. The policy also does not include fire and casualty losses to unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the unit or, where applicable, on limited common elements. The consequence of not obtaining such additional insurance is that in the event of any uncovered claim or damage the Board may need to assess a special assessment to the unit owners to be able to pay for the claim and or damage. Purchasers should note that it is desirable to obtain additional insurance at their own cost to cover such risks. See Schedule B in Section V entitled “Projected Budget”.

27) The Board of Managers of the Condominium does not have a right to approve or disapprove prospective purchasers. The Board does not have the right of first refusal to purchase a unit on behalf of the Condominium. See the section entitled “By-Laws” in Part II of the Plan.

28) All deposits, Down Payments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the plan, must be placed within five business days after the agreement is signed by all necessary parties, in an escrow account in the Eial Girtz PC Condominium Attorney Escrow IOLA Account, maintained at First Republic Bank, 1230 Sixth Avenue, New York, NY 10020, which account is covered by Federal Bank Deposit Insurance up to $250,000.00. If Purchasers have accounts at the same bank as Sponsor’s account that holds the escrowed funds, Purchaser’s funds at the escrow bank factor into the $250,000.00 insurance limit. See Section XI of the Plan entitled “Procedure to Purchase”.

29) The Budget for the first year of condominium operation does not include a projected expense for management. Until the Sponsor relinquishes control of the Condominium, the Board shall manage the Condominium. Thereafter, the Condominium Board may either self manage the Condominium or retain an outside management company to manage the Condominium. In the event that the Board of Managers elects to hire an independent managing agent in the future, such expense will cause an increase in the budget and individual common charges by at least 30%. See Section V, Schedule B, “Projected Budget for First Year of Condominium Operation”.

30) Prior to Closing of Title, a Purchaser is prohibited from listing the Unit for sale or rental either through a real estate broker or from advertising, or otherwise offering, promoting or publicizing the availability of the Unit for sale or rental, without Sponsor’s prior written consent. Sponsor may withhold consent for any reason or for no reason. Purchaser’s violation of this

provision will be deemed a breach under the terms of the Purchase Agreement and as a consequence, will entitle the Sponsor to cancel the Purchase Agreement and retain the Down Payment as liquidated damages. See Section XI, "Procedures to Purchase".

31) If a Purchaser defaults under the Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he or she has thirty (30) days from the mailing date of such notice within which to cure such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence", means that if Purchaser fails to make such payment when required under the Purchase Agreement, or fails to perform any of Purchaser's other obligations under the Purchase Agreement within said thirty (30) days, then Sponsor may cancel the Purchase Agreement by giving notice to Purchaser of Sponsor's cancellation of the Purchase Agreement. In the event of such a cancellation, the Sponsor may retain as liquidated damages all payments, including the Down Payment plus accrued interest, if any, made under the Purchase Agreement. See Section XI, "Procedures to Purchase".

32) At closing the Sponsor and Purchaser shall agree on a punch list containing unfinished items which Sponsor is required to complete pursuant to the offering plan. The list is to be signed by both parties, and will contain a provision in which the Sponsor agrees to complete said item within a reasonable time, not to exceed ninety (90) days, unless such delay is due to such factors as are out of the control of the Sponsor, if which case the Sponsor will complete such items as soon as possible thereafter. No escrow will be established for unfinished items. A form punch list is annexed in Part II of the Plan. See Section XI, "Procedures to Purchase".

33) At the present time and under current zoning, there are no air rights that can be sold to adjoining properties. In the event of a zoning change, the Sponsor will amend this plan to disclose the maximum amount of space or the maximum number of stories that may be added to adjoining properties from the sale of air rights from this property. In the event that Sponsor transfers air rights, the subject building cannot be expanded in the future, or, any future expansion will be limited as a result of Sponsor retaining or selling air rights. The maximum space or stories that may be added to adjoining buildings as a result of Sponsor selling air rights must be disclosed by Sponsor in an amendment to this Offering Plan prior to the plan being declared effective. Notwithstanding, additional space or stories may be added from the transfer of air rights from other properties to the adjoining properties and the Sponsor makes no representations with respect to the sale of air rights from other buildings. The expansion of adjoining buildings may affect light and air to the Condominium. Sponsor may transfer, but not use, the inchoate development rights to expand the building. However, at the present time and under current zoning, there are no air rights that can be sold. See Section XXV, "Reservation or Air and Development Rights".

34) The risk of loss from fire or other casualty remains with the Sponsor unless and until a purchaser takes actual possession of a Unit pursuant to an interim lease or legal title to the unit has been conveyed to the Purchaser. A person who takes possession prior to closing assumes the risk of losses not covered by insurance. Because a purchaser in possession may not be able to obtain insurance, insurance proceeds may be unavailable in the event there is damage to the unit and Purchaser is required to make repairs. Purchasers may not be able to obtain a mortgage commitment or financing on a damaged unit. Therefore, a Purchaser taking possession of a Unit

prior to closing should obtain insurance to cover personal property in the Unit. See Section XI, "Procedure to Purchase".

35) Each Unit will have its own hot water heater. Each unit's respective owner will be responsible for costs of maintenance and replacement of the hot water heaters subject to the Sponsor's applicable warranty. See Section II, "Description of Property and Improvements"

36) In the event that the Sponsor consents to an extension of a closing date, all adjustments as set forth in the section of the Plan entitled "Closing Costs and Adjustments" shall be made as of midnight of the date preceding the date originally set for closing (regardless as to when the closing actually happens) and further, Purchaser shall pay to Sponsor, the sum of .03% of the Purchase Price for that Unit for every day starting from the originally scheduled closing date through, and including, the day before the actual closing date (10.95% Annual Percentage Rate). This payment is intended to reimburse the Sponsor for carrying charges incurred during the extension period. If Sponsor adjourns the closing due to fault of the Purchaser, this provision shall apply to the adjourned closing date to be determined by Sponsor. The interest rate charged will not exceed NYS usury charges. See Section XI, "Procedure to Purchase" and "Purchase Agreement".

37) The obligations of a Purchaser under a Purchase Agreement are not conditioned on 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. Under New York law, when a mortgage commitment is not fulfilled through no fault of Purchaser, performance is excused. If Purchaser acts in good faith and lender revokes a commitment after the contingency period expires, performance is excused. See Section XI, "Procedure to Purchase".

38) 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 ("PCO") 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 PCOs 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 PCO. Sponsor anticipates this scenario may occur. Sponsor and its principals will undertake the responsibility for extending each TCO received prior to expiration date thereof, and ultimately for obtaining a PCO covering the entire building within such two-year period. 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 PCO 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. Unit owners are not permitted by either Sponsor or the corporate documents to undertake renovations prior to the procurement of a PCO. See Section XIII, "Terms of Sale". Buyers are advised to visit the DOB website for further recommendations when purchasing a unit in a building that does not have a PCO. A factsheet on Certificates of Occupancy is available on the DOB website at: http://www.nyc.gov/html/dob/downloads/pdf/co_factsheet.pdf. See Section XIII, "Terms of Sale" and Section XV, "Rights and Obligations of Sponsor".

39) Sponsor will provide each unit with a stackable clothes washer and electric ventless clothes dryer. Sponsor will provide a hook up for same. See Section II, "Description of Property and Improvements".

40) Sponsor is reserving the right to delay the commencement of collection of common charges for an indeterminate period. During any such delay, Sponsor shall timely pay all expenses of the Condominium, including, but not limited to, insurance premiums and any reserve fund payments. Such expenses shall not include individual Unit Owner expenses such as real estate taxes, utility charges, etc. During such delay in the collection of common charges, Sponsor shall remain obligated to update the Condominium budget, and, if Sponsor controls the Board, to provide certified financial statements for the Condominium, as required by the regulations promulgated by the Department of Law. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Upon commencement of the collection of common charges, Unit Owners will not be assessed for any items in the certified budget for the Condominium. If Sponsor elects to delay the collection of common charges, Sponsor shall disclose the anticipated period of delay in the collection of common charges in the initial post-closing amendment to the Plan. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Thereafter, Sponsor shall disclose the expiration of the delay period in the next substantive amendment to the Plan and include a copy of the notice and an affidavit of service with the submission of such amendment. See "Notes to Schedule A" in Section IV of the Plan.

41) Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York, in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. The arbitrator will be an independent third party unrelated to either party. By signing the Purchase of Sale, Purchaser waives any right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan. The Plan does not require that disputes regarding the return of contract deposits or other disposition of escrowed funds be submitted to arbitration. The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his counsel and expert witnesses. See Section XI, "Procedure to Purchase" and

Part II, "By-Laws".

42) Pursuant to the Geographic Target Order (the "Order") issued by the Director of the Financial Crimes Enforcement Network ("FinCEN"), title companies are now required to collect and report information regarding purchasers in transactions where: (1) the purchaser is a legal entity as defined in the Order; (2) the purchaser purchases residential real property located in the Boroughs of Brooklyn, Queens, Bronx, Manhattan and Staten Island; (3) the total purchase price is in in the amount of Three Hundred Thousand Dollars ($300,000.00) 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, or a money order in any form, a funds transfer, or virtual currency. This affects all residential real property closings meeting the above criteria and occurring on or after November 17, 2018 for so long as the Order remains in effect. A copy of the Order is available here:

https://www.fincen.gov/sites/default/files/shared/Real%20Estate%20GTO%20GENERIC_111518_FINAL.pdf See Section XI "Procedure to Purchase".

43) The Tax Cuts and Jobs Act of 2017 is currently in effect and significantly changes the rules pertaining to the deductibility of mortgage interest and real estate taxes. As such, purchasers are urged to consult with their tax preparer or CPA to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage on their Unit. The most relevant changes to the tax code as same would affect a purchaser are (a) the itemized deduction for real estate taxes and state and local taxes is capped at a total of $10,000.00 per year and (b) mortgage interest is only deductible up to a mortgage amount of $750,000.00. Sponsor, nor its counsel, make no representations that mortgage interest and real estate taxes will be deductible from Purchaser's income taxes. Prospective Purchasers should consult with their respective experts regarding the tax consequences of purchasing a Condominium Unit. See Section XIX, "Real Estate Taxes".

44) The Condominium will not employ any labor and janitorial services will be provided by an independent contractor. The expense of such independent janitorial services has been accounted for and is already included in the budget. See Section V, Schedule B, "Projected Budget for First Year of Condominium Operation" and Notes to Schedule B.

45) The Sponsor obtained construction financing from LYZ Corp. with an address at 97 Powerhouse Road, Suite 103, Roslyn Heights, NY 11577, in the aggregate amount of $2,200,000.00. There is no obligation by Sponsor's lender on Sponsor to sell rather than rent any Units. The lien of the Sponsor's lender will be released from each Unit upon receipt of 100% of the net available proceeds from the sale of each Unit. See Section I, "Introduction".

46) Pursuant to New York City Local Law 147, which was implemented on August 28, 2018, the owner of each building in New York City with three or more residential dwelling units must establish a written smoking policy for the building. In the context of condominiums or cooperatives, Local Law 147 defines "owner" as the board of managers or board of directors, respectively. Smoking is prohibited in the interior general common elements, the outdoor common

elements, the outdoor limited common elements and inside of the residential units. The Condominium's smoking policy is attached to the Purchase Agreement and By-Laws in Part II of the Plan. See Section XVIII, "Rights and Obligations of Unit Owners."

47) "Force Majeure" shall mean delays caused by weather, casualty, an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, pandemic, virus, COVID19 or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of Sponsor. Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed or hindered by Force Majeure. Sponsor's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused. See Section XI, "Procedure to Purchase" and "Purchase Agreement".

48) The front roof and penthouse/ bulkhead roof shall be a common element but shall remain unoccupied rooftop space. These areas shall be for maintenance access only. The roof terraces shall be finished for walking with synthetic grass sod rugs. This finish is appropriate for daily foot traffic and is acceptable by the roof manufacturer to retain the roof warranty. The common roof and the roof over the penthouse shall not be finished for walking. See Section I, "Introduction" and Section II, "Description of Property and Improvements".

49) Interior stairs and handrails within Units 1R, 1L, 4R and 4L shall be spiral type and shall be of steel construction with steel and wood treads and steel handrails. The spiral staircases pose an increased risk of falls. Stairs shall be in compliance with all applicable codes. See Section I, "Introduction" and Section II, "Description of Property and Improvements".

50) This project is designed within the requirements of all applicable federal, state, and local codes and regulations governing accessibility to the disabled including Local Law 58/87. Units 1R and 1L at the 1st floor shall be ADA accessible, however the accessory cellar with the half-bathroom part of said units shall not be ADA accessible. See Section I, "Introduction" and Section II, "Description of Property and Improvements".

**The 122 Palmetto Street Condominium**
**122 Palmetto Street**
**Brooklyn, New York 11211**

# PART I

## SECTION I. INTRODUCTION

This is an offering plan for the sale of Units in the 122 Palmetto Street Condominium. The purpose of this offering plan is to set forth all the material terms of the offer. The plan may be amended from time to time when an amendment is filed with the New York State Office of the Attorney General. Amendments will be served on all offerees as defined in 13 NYCRR 20.1(d). The Condominium is subject to and complies with the New York Condominium Act and Part 20 of Title 13, New York Code of Rules and Regulations.

The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized is Article 9-B of the Real Property Law of the State of New York, as amended, commonly known, and hereinafter referred to as the "Condominium Act." The Property will be submitted to the provisions of the Condominium Act by Sponsor's recording of the Declaration in the City Register's Office. From and after the date of recording the Declaration, Sponsor will be the owner of the Units until each is sold or conveyed. The Condominium will comply with all statutes and regulations applicable to condominiums in the State of New York.

The Sponsor hereby presents this offering plan ("Plan") for the establishment of condominium ownership of the land together with the building thereon known as and having a street address of 122 Palmetto Street, Brooklyn, New York 11211 pursuant to the terms of Article 9-B of the Real Property Law of the State of New York ("Condominium Act").

The Sponsor is 122 Palmetto LLC, a limited liability company organized under the laws of the State of New York, with an address at 1767 Fulton Street, Brooklyn, NY 11233. Sponsor acquired the property from David J. Nicholas and Verena A. James Nicholas, with an address at 122 Palmetto Street, Brooklyn, NY 11233 on August 14, 2018. The property is a proposed new building and was vacant land at the time of purchase. The construction is due to be substantially completed by March, 2023.

The Sponsor is offering eight (8) Residential Units located in one, four (4) story building with cellar, penthouse and bulkhead. The price for each of the Units is listed in the section of the Plan entitled "Schedule A - Purchase Prices and Related Information".

Sponsor is providing those appliances and equipment set forth in the Architects Report included in Part II of this Plan. The Offering Price is not conditioned on any equipment or fixture being selected.

No off-street parking spaces will be provided. There is limited alternate side of the street and metered parking.

No recreational facilities will be provided. The Common Areas are not offered for sale.

There will be no amenities provided in the building. The lack of amenities was accounted for when the budget was created and therefore there will be no change in the budget or common charges during the second year of operations.

There are restrictions on unit owner's usage of terraces, balconies, areaways and rear yard spaces as described in Section IV, "Offering Prices and Related Information", the Schedule A contained herein and Part II, "Floor Plans". Terraces, balconies, areaways and rear yard spaces are allocated to certain units as described in the sections mentioned below. Unit 1R shall have the exclusive use of an areaway and rear yard as a limited common element. Unit 1L shall have the exclusive use of a rear yard as a limited common element. Units 3R and 3L shall have the exclusive use of a balcony as a limited common element. Units 4R and 4L shall have the exclusive use of a balcony and roof terrace as a limited common element. All limited common elements are subject to the right of the Condominium Board to regulate its use, and shall be responsible for all normal maintenance, repairs and replacements thereto. The use of the terraces, balconies, areaways and rear yard spaces are limited to recreational use. No structures may be erected in these areas without the consent of the Board. Any Unit Owner who owns a unit that does not have a terraces, balconies, areaways and rear yard spaces appurtenant to his Unit shall be restricted from using those areas.

These spaces are as described in the Schedule A and Part II "Floor Plans".

Sponsor will endeavor in good faith to sell rather than rent the Units. The plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least two (2) units which represents at least fifteen (15%) percent of the units offered under the plan. However, Sponsor is retaining the unconditional right to rent rather than sell the Units after plan consummation. As a result, 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 Board of Managers under the terms of this plan. If Sponsor makes a bulk sale of all or some of its unsold Units, the transferee successor Sponsor shall be bound by the representations and terms in this paragraph.

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 building 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 or holder of unsold shares has not sold a substantial percentage of the apartments in the building or group of buildings, which in some cases may be as high as 70%. Moreover, some lenders will not provide financing in a building or group of buildings where an investor other than the original sponsor has an ownership interest of 10% or more. It 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.

The Sponsor obtained construction financing from LYZ Corp. with an address at 97 Powerhouse Road, Suite 103, Roslyn Heights, NY 11577 in the aggregate amount of

$2,200,000.00. There is no obligation by Sponsor's lender on Sponsor to sell rather than rent any Units. The lien of the Sponsor's lender will be released from each Unit at the first Unit upon receipt of 100% of the net available proceeds from the sale of each Unit.

In the event that the Sponsor rents Units and subsequently sells the Units, such Units that have been previously rented will be sold in the condition contemplated in this Offering Plan (renovated and new). However, Sponsor may not rent any Units prior to plan consummation.

Sponsor and its principal(s) are obligated to procure the certificate of occupancy. Sponsor will obtain a temporary certificate of occupancy ("TCO") or final permanent certificate of occupancy ("PCO"), which shall cover each Unit, prior to the closing of title for each Unit. In the event that a final certificate of occupancy has not been obtained by such closing (provided that a temporary certificate of occupancy has been issued), Sponsor and its principals are obligated to keep the TCO current until the PCO is procured.

The basic aspects of Condominium ownership include the following:

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

The Limited Common Elements of the Condominium appurtenant to each unit are as follows:

| | |
|---|---|
| 1R | Areaway (70 sf); Rear yard (355 sf) |
| 1L | Rear yard (348 sf) |
| 2R | ----- |
| 2L | ----- |
| 3R | Balcony (19 sf) |
| 3L | Balcony (19 sf) |
| 4R | Balcony (19 sf); Roof terrace (146 sf) |
| 4L | Balcony (19 sf); Roof terrace (146 sf) |

All other areas of the building which are not located within a Unit are general common areas.

There shall be a front yard a rear yard and two areaways. The front yard and front areaway shall be allocated as a common element to the building.

The front roof and penthouse/ bulkhead roof shall be a common element but shall remain unoccupied rooftop space. These areas shall be for maintenance access only. The roof terraces shall be finished for walking with synthetic grass sod rugs. This finish is appropriate for daily foot traffic and is acceptable by the roof manufacturer to retain the roof warranty. The common roof

and the roof over the penthouse shall not be finished for walking. The floor plans in part II of the Plan set forth the size and location of each of these areas.

Interior stairs and handrails within Units 1R, 1L, 4R and 4L shall be spiral type and shall be of steel construction with steel and wood treads and steel handrails. Stairs shall be in compliance with all applicable codes.

This project is designed within the requirements of all applicable federal, state, and local codes and regulations governing accessibility to the disabled including Local Law 58/87. Units 1R and 1L at the 1st floor shall be ADA accessible, however the accessory cellar with the half-bathroom part of said units shall not be ADA accessible.

The undivided interest in the Common Elements, expressed as a percentage, (the "Common Interest") has been determined upon the basis of each Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative values to other Units in the Condominium. These allocations have been made pursuant to the Condominium Act.

Each Unit Owner is obligated to comply with the declaration, the By-Laws, rules and regulations of the Condominium and any other requirement of the Condominium Board. A Unit Owner may decorate the interior of such Unit Owner's Unit in any way desired except as otherwise provided herein, subject to compliance with the By-Laws, the Rules and Regulations, and Law, and will be solely responsible for the cost of Maintenance and interior repairs to such Unit Owner's Unit after Closing. Each Unit owner is responsible for maintenance and repairs and for casualty and liability insurance for his Unit, as distinguished from the obligations of the Board of Managers with respect to the Common Elements and Limited Common Elements.

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

After the Units are separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for the payment of, nor will such Unit Owner's Unit be subjected to any lien arising from the nonpayment of, real estate taxes on other Units. Refer to the opinion of Eial Girtz, Esq., counsel to Sponsor, set forth herein, for a discussion regarding the deductibility for federal, New York State, and New York City income tax purposes, of real estate taxes and the interest paid on a mortgage, if any, on a Unit.

The Condominium Board will be responsible for deciding all matters affecting the Building. Unit Owners will have the right to vote for members of the Condominium Board.

Sponsor will control the Condominium Board during the Initial Control Period. Refer to the Sections of the Plan entitled "Control by Sponsor" and "Board of Managers" in Part I of the Plan for further details.

As more particularly set forth in the By-Laws, the Condominium Board will determine the amount of Common Expenses. On a monthly basis or at such other times as the Condominium Board determines, the Condominium Board will assess Unit Owners for Common Charges to meet Common Expenses. Such charges will be assessed against Unit Owners in proportion to their respective Common Interests except as otherwise determined by the Condominium Board or in accordance with the Condominium Act.

Generally, the cost of operating the Common Elements will be borne by the Unit Owners in proportion to their respective Common Interests except as otherwise may be provided in Schedule B "Projected Budget for First Year of Condominium Operation" in Part I of the Plan or in accordance with the terms of the By-Laws. Unit Owners must pay common charges in accordance with the New York Condominium Act, Real Property Section 339-(i) and (m).

The cost of improvements, repairs, replacements, alterations and additions to the Building will be determined by the Condominium Board and assessed against all Unit Owners in proportion to their respective Common Interests. The estimated Common Charges for each Unit for the first year of Condominium operation are set forth in Schedule B. Purchasers should note, that in view of the current energy situation, and the fact that energy costs have fluctuated greatly, it is not possible to predict with any certainty whether the budgeted amount for energy costs will be sufficient to pay for the actual costs incurred in the first year of Condominium operation. See Schedule B-1 for further details.

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

The Condominium Board does not have the right to approve or disapprove purchasers and the Condominium Board does not have a right of first refusal to purchase or lease a Unit in the event that an Owner desires to sell or lease same. There are no restrictions on use, resale, or leasing of the units in this plan. There is no limit on the number of owners who may purchase for investment rather than for personal occupancy and there may always be a substantial percentage of owners who are nonresident. There are no limitations on who may purchase Units. Under the New York Real Property Law, a condominium unit may be owned by an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity which is permitted to take title pursuant to New York law. Notwithstanding the foregoing, after plan consummation and the sale of at least one (1) unit, Sponsor is not obligated to offer or sell any Units and may, if it chooses, withhold one or more Units for future sale. If Sponsor chooses to withhold additional units from sale and chooses not to rent said units, it is possible that the purchaser of one of the other units may live in a building that is not completely occupied or occupied by more than one (1) unit. Sponsor hereby reserves the right at any time and from time

to time for any reason whatsoever, without the consent of the Condominium Board, any Unit Owner, or mortgagee, to refuse to approve and execute a Purchase Agreement for any Unit; provided, however, that, in either event, Sponsor shall not discriminate against any person because of race, creed, color, sex, disability, marital status, age, ancestry, national origin or other ground proscribed by law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both Purchaser and Sponsor, has been exchanged and Sponsor has collected the funds constituting Purchaser's required Down Payment thereunder (see the Section entitled "Procedure to Purchase" for more details). Sponsor will not accept an offer of purchase from an individual younger than eighteen (18) years of age or an incompetent under law.

Sponsor may not rent any unit in the condominium prior to consummation of the offering plan.

The Sponsor has not entered into any contracts or agreements and no funds, deposits or advances have been accepted or received from any Purchasers whatsoever as of the date the Plan is accepted for filing.

THE PRICES STATED HEREIN ARE NOT SUBJECT TO APPROVAL BY THE OFFICE OF THE ATTORNEY GENERAL OR ANY OTHER GOVERNMENT AGENCY.

The offering plan delivered to the prospective purchasers contains all of the material terms of the transaction. Copies of the plan, all documents referred to in the plan and all Exhibits submitted to the Office of the Attorney General in connection with the filing of the plan will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the office of the Selling Agent or Sponsor. The Offering Plan and all Exhibits are also available for inspection without charge, and copying at an additional charge, at the NYS Department of Law, 28 Liberty Street, New York, NY 10005.

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

## DEFINITIONS

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

"Appurtenant Interest" refers to with respect to any unit, the undivided interest of the owner thereof, in and to: (i) the Common Elements; (ii) any other units owned or leased by the Board of Managers or its designee on behalf of the Unit Owners; (iii) any proceeds of the leases or sale of any Units; and (iv) any other asset of the Condominium.

"Board of Managers" refers to the governing board of the Condominium that represents the Unit Owners and manages the Condominium pursuant to the provisions of the By-Laws and the offering plan.

"Building" refers to the structures and improvements including above and below grade segments, known as 122 Palmetto Street, Brooklyn, New York 11211, in which the Units of the Condominium are located.

"Building Department" shall mean the Department of Building of The City of New York or any successor agency.

"Building Plans" shall mean the application filed with the Department of Buildings for the construction of the buildings and approved by the Building Department of the City of New York under application number 321940254.

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

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

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

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

"Common Charges" refer to assessments payable by the Unit Owners to the Condominium Board for the purpose of meeting the cost of the Common Expenses.

"Common Elements" refers to the Land and all portions of the Building other than the Units, including but not limited to the foundation, footings, columns, girders, concrete floor slabs and ceilings, water coils, tempering valves, ducts, vents, passages, hallways, stairways, stairwells, entrances, mail boxes, meter room, sprinkler room, sprinklers, dryer exhaust ducts, steam lines supply and return for heating and air conditioning, circuits and circuit breakers, water lines, gas piping, roof, roof terrace, any equipment on the roof, general illumination and security fixtures,

and any other equipment or facilities in the Building which serve or benefit or are necessary or convenient for the existence, maintenance or safety of the building and Unit Owners. Also, included are the Limited Common Elements as more particularly described in this section and the Declaration.

"Common Expenses" refers to the costs and expenses incurred or projected in connection with the Maintenance of and to the Common Elements and the Limited Common Elements or in connection with any services or facilities exclusively benefitting the Building and the Unit Owners, including but not limited to routine maintenance, water and sewer charges, and property taxes.

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

"Condominium" refers to the 122 Palmetto Street Condominium.

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

"Condominium Board" refers to the Board of Managers of the Condominium.

"Condominium Documents" shall mean the Declaration, the By-Laws and the Rules and Regulations.

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

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

"Down Payment" refers to the money that a person desiring to purchase a Unit must deposit with Sponsor's attorney at the time a Purchase Agreement is executed by said purchaser.

"Effective Date" shall mean the date upon which sponsor has declared the plan effective pursuant to the provisions of the General Business Law.

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

"Equal or Better Quality" shall mean comparable or better quality as recognized by industry standards for performance, efficiency, longevity, and/or classifications, as applicable.

"Facilities" shall mean all personal property and fixtures now or hereafter existing, in, on, or under the Land or the Building and either 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 systems, 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, coils, vents, sensors, shut off valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, siamese connections, hoses, plumbing fixtures, lighting fixtures, other fixtures, bulbs, signs, antenna, telephones, intercom equipment, playground equipment, 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" shall mean the spouse, children (natural and adopted), stepchildren, grandchildren, siblings, nieces, nephews, parents, parents- in- law, and grandparents of a Unit Owner who reside in such Unit Owner's unit.

"Filing Date" shall mean the date a letter is issued by the Department of Law accepting the Plan or an amendment to the Plan, as the case may be, for filing.

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

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

"Force Majeure" shall mean delays caused by weather, casualty, an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, pandemic, virus, COVID19 or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of Sponsor.

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

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

"General Common Expenses" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration, and operation of, and any alteration, addition, or improvement to, the general operating reserve fund for working capital, for replacements with respect to the General Common Elements.

"Initial Control Period" shall mean the period ending on the earlier of: (i) the closing title with Purchasers under the Plan to Residential Units having at least 75% of the aggregate Common Interest appertaining to all Residential Units, or (ii) 5 years after the First Closing.

"Institutional Lender" shall mean (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust, mortgage trust, or a group of lenders which shall include one of the foregoing, or (ii) a federal state, municipal, teacher's or union employee, welfare, pension or retirement fund or system, or (iii) Sponsor.

"Institutional Mortgage" shall mean 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" shall mean 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 $500,000,000.00 or more, from time to time appointed to serve as such by the Condominium Board.

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

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

"Limited Common Elements" refers to those Common Elements which serve or benefit exclusively one or more but not all the Units and/or the Unit Owners, including but not limited to Storage Units, balconies, decks, sundecks, roof decks, patios, porches, terraces, yards, rear yards, courtyards, and/or gardens, if any.

"Majority of Residential Unit Owners" shall mean those Residential Unit Owners having more than 50% of the total authorized votes of all Residential 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 Residential Unit Owners at which a quorum is present.

"Majority of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners having voting rights (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" refers to the managing agent or manager of the Building, if any, at the time in question.

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

"Permitted Mortgage" shall mean a first mortgage permitted to be placed upon a Unit pursuant to the provisions of the By-Laws.

"Permitted Mortgagee" shall mean any holder of a Permitted Mortgage at the time in question.

"Person" shall mean any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity.

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

"Plan and Specifications" shall mean the plans and specifications for the construction of the building which (to the extent required by law) have been or will be filed with the Department of Building and which may from time to time be amended in accordance with the provisions of the Plan.

"Presentation Date" refers to the date on which this Plan or an amendment thereto, as the case may be, is personally delivered following acceptance of this Plan or an amendment thereto for filing by the Department of Law.

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

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

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

"Register's Office" shall mean the Kings County Office of the Register of the City of New York.

"Residential Common Elements" shall mean those portions of the Common Elements which are available for common use by all Residential Unit Owners.

"Residential Common Expenses" shall mean all costs and expenses to be incurred generally by the Residential Unit Owners pursuant to the Declaration and/or By-Laws in connection with ( i) the repair, maintenance, replacement, restoration, and operation of, and any alteration, addition, or improvement to, the Residential Common Elements and/or the Limited Residential Common Elements; or (ii) the establishment and/ or maintenance of an operating reserve fund for working capital, for replacements with respect to the Residential Common Elements and/or Limited Residential Common Elements.

"Residential Unit" shall mean any space designated as a Residential Unit in the Declaration together with its Common Interest and Residential Common Interest. All such Residential Units, are collectively, referred to as the "Residential Units".

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

"Sales Office" shall mean the sales office for the Sponsor or Selling Agent, at a location to be designated by either Sponsor or Selling Agent from time to time.

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

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

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

"Sponsor" refers to 122 Palmetto LLC, a limited liability company organized under the laws of the State of New York, and its successors and assigns.

"Sponsor Control Period" refers to the period defined as Initial Control Period.

"Unit" refers to a space designated as a Unit in the Declaration, consisting, generally, of a specific residence, together with an appurtenant proportionate undivided interest in the General Common Elements. All of such Units are collectively referred to as "Units."

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

"Unsold Unit" shall mean any unit owned or retained, by way of lease or any other agreement by which management and/or financial responsibility is retained, by the Sponsor at the time in question. All such Unsold Units are, collectively, referred to as "Unsold Units".

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

## SECTION II. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The property is located on Palmetto Street, between Evergreen Avenue and Central Avenue in the Bushwick section of Brooklyn. The lot is 25' x 100' with an approximate area of 2,500 square feet, frontage along Palmetto Street. The property is zoned R6 which is a general residence zone. The property is a proposed new building and was vacant land at the time of purchase. The anticipated completion date is in March, 2023.

The property being renovated consists of one building, comprised of a cellar, four (4) full floors, penthouse and bulkhead, classified as Cellar, First Floor, Second Floor, Third Floor Fourth Floor, Penthouse and Bulkhead. The property will contain eight (8) residential dwelling units. Units 1L and 1R will be located on the Cellar and First Floor, Units 2L and 2R will be located on the Second Floor, Units 3L and 3R will be located on the Third Floor and Units 4L and 4R will be located on the Fourth Floor and Penthouse. The cellar area, balconies or terraces are not to be used for habitable space as defined by the NYS Building Code. Cellar space has less light and air than ordinary living space and it is more susceptible to dampness. If the NYS Building Code is violated by a Unit Owner, the entire building may be issued a violation, which may be accompanied by a monetary fine. Cellar is Accessory Use Only – Not to be used for Sleeping, Cooking and/or Living purposes and will not be rented independently.

The Floor Plans in Part II of the Plan set forth the size and location of common available for use by all unit owners, and limited common areas, allocated spaces to particular units and owned exclusively by the owners of those units.

The Limited Common Elements of the Condominium appurtenant to each unit are as follows:

| | |
|---|---|
| 1R | Areaway (70 sf); Rear yard (355 sf) |
| 1L | Rear yard (348 sf) |
| 2R | ----- |
| 2L | ----- |
| 3R | Balcony (19 sf) |
| 3L | Balcony (19 sf) |
| 4R | Balcony (19 sf); Roof terrace (146 sf) |
| 4L | Balcony (19 sf); Roof terrace (146 sf) |

The front roof and penthouse/ bulkhead roof shall be a common element but shall remain unoccupied rooftop space. These areas shall be for maintenance access only. The rear roof terraces shall be finished for walking with synthetic grass sod rugs. This finish is appropriate for daily foot traffic and is acceptable by the roof manufacturer to retain the roof warranty. The common roof and the roof over the penthouse shall not be finished for walking.

Interior stairs and handrails within Units 1R, 1L, 4R and 4L shall be spiral type and shall be of steel construction with steel and wood treads and steel handrails. Stairs shall be in compliance with all applicable codes.

This project is designed within the requirements of all applicable federal, state, and local codes and regulations governing accessibility to the disabled including Local Law 58/87. Units 1R and 1L at the 1st floor shall be ADA accessible, however the accessory cellar with the half-bathroom part of said units shall not be ADA accessible.

The Sponsor retained Demerara Engineering, PLLC, of 37-24 24th Street, Suite 231, Long Island City, NY 11101, as architect in connection with preparation of the Description of Property and Specifications included in Part II of this offering plan.

The Sponsor also retained Flavio C. Barros of CB Engineering PC, 44-02 11th Street, Suite 609, Long Island City, NY 11101, as architect in connection with preparation of the Building Plans.

Sponsor represents that an application has been filed with the Department of Buildings for the construction of the building and the Building Plans have been approved by the Building Department of the City of New York under application number 321940254 and permits issued on March 24, 2021.

Except as described in Part II "Description of Property and Specifications", Sponsor makes no representations or guaranties regarding the condition of the Property. This property is subject to the Housing Merchant Implied Warranty.

Each Unit will contain a stove, microwave, dishwasher, and refrigerator.

Each unit will be wired for cable, internet and telephone service.

All Units shall have a designated laundry closet. Each Unit will contain a hook-up for a washer and dryer. Sponsor will provide each unit with a stackable clothes washer and electric ventless clothes dryer.

The building will not contain an elevator.

There is no handicap parking requirement applicable to this property.

Hot water will be provided by one electric hot water heater located within each Unit.

All charges for electricity consumed or used in the Common Areas, telephone lines for fire alarm and intercom system and water and sewer will be billed to the Unit owners as part of the Common Charges and will be paid to the appropriate authority by the Board or its agent.

The building will be secured by buzzers and electric door releases, and each unit will be equipped with an intercom system. The Sponsor makes no representations, guarantees or warranties that the security systems will prevent injury or loss to personal property.

The Condominium property consists of an urban street environment. No off-street parking will be provided. There is limited alternate side of the street parking. The Condominium is located

on a public road owned and maintained by the City of New York. No new roads are to be constructed by the Sponsor.

The property will be improved and the Units constructed in accordance with all applicable zoning and building laws, codes and requirements, in particular, the zoning and building codes of the City of New York including the 2008 NYC Building Code and the New York City Zoning Resolution.

Construction is a complicated process requiring the coordination of numerous tasks, contractors and suppliers, and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the accuracy of any projected completion dates set forth herein. While the sponsor intends to complete all construction by the date of the first closing, it is possible that during the first year of Condominium operation, construction workers and related personnel will be at the Property from time to time completing construction of the Building, making adjustments and corrections and performing various tasks related to the completion of construction. During this period, various building systems, including but not limited to water and gas supply, air conditioning, heating and electricity, cooling, ventilation, telephone and cable systems, may need to be shut down temporarily. Sponsor and its designees will have the right to and may utilize building systems and may install and retain scaffolding and other equipment on and in the Building to complete construction. The Sponsor and/or the Condominium Board may refuse to permit a Unit owner to perform alterations in a Unit until such time as the Building has been completed and a permanent certificate of occupancy has been obtained. Notwithstanding the foregoing, Sponsor shall not allow conditions at the building to fall below the warranty of habitability, as required by law.

New York City Local Law 7 of 2004 requires the installation of carbon monoxide detectors by owners of multiple dwellings, including owners of Units in residential Condominiums. Sponsor intends to provide carbon monoxide detectors in each Unit in accordance with New York City Local Law 7 of 2004. Each Unit Owner will be responsible to keep and maintain the carbon monoxide detectors in good repair and to replace any carbon monoxide detectors which were stolen, removed, found missing or rendered inoperable. Sponsor makes no representations whether Unit Owners will comply with the foregoing obligations. For further details see Part I of the Plan under Section XIII, “Rights and Obligations of Sponsor”.

It is expected that the Units will be ready for occupancy on or about July 1, 2023.

All Units offered in the Plan are vacant. There has been no test market in connection with this offering and therefore, no money has been taken from any prospective purchasers of unsold units nor has any agreement or contract been entered into with any prospective Purchasers.

Purchasers are advised that a cable television system and high-speed internet service provided by independent third parties will be available for the use of the Unit Owners. The charges for primary connections and subsequent monthly fees related to the service will be determined by, and payable directly to the cable or internet company by individual Unit Owners. Additional cable services (e.g., HBO or Showtime) may also be available from the cable company for an additional charge on the same basis.

## SECTION III. LOCATION AND AREA INFORMATION

The Condominium is located at 122 Palmetto Street, Brooklyn, New York 11211 in the Clinton Hill section of Brooklyn in a highly developed urban area.

1. Transportation

Local transportation is provided by the New York City Transit Authority by means of buses and subways to local shopping areas and medical facilities. The J and M subway train station is located approximately within nine (9) blocks from the Condominium on Halsey Street and Broadway and on Knickerbocker Avenue and Myrtle Avenue.

2. Shopping

Shopping, including banks, specialty food stores, stationery and grocery stores and restaurants are available in the commercial strips on Central Avenue and Evergreen Avenue. The Atlantic Terminal Mall is located approximately 3.3 miles away from the Condominium.

3. Recreational and Religious facilities

The Washington Irving Branch of the Brooklyn Public Library, at 360 Irving Avenue, Brooklyn, NY 11237, is approximately 0.5 mile away from the condominium. Well known recreation facilities, including parks and playgrounds are available at Bushwick Playground, Eleanor Roosevelt Playground, Pulaski Playground, Raymond Bush Playground, Irving Square Park, Saratoga Park, Beaver Noll Park and Hope Ballfield. The Brooklyn Museum is located approximately 4.4 miles from the Condominium and The Bedford-Stuyvesant Museum of African Art is located approximately 2.6 miles from the Condominium. In addition, numerous houses of worship and schools including Bushwick Ascend Lower School, Brighter Choice Community School, Excellence Boys Charter School Elementary Academy, PS274, IS347, All City Leadership Secondary School and PS116 are all located near and surrounding the Condominium all within reasonable walking and driving distances.

4. Health Care

The Wyckoff Heights Medical Center located at 374 Stockholm Street, Brooklyn, NY 11237 is approximately 1.1 miles from the condominium. There are several medical centers in the immediate neighborhood of the Condominium.

5. Post Office

A Post Office is located at 1369 Broadway, Brooklyn, NY 11221, approximately 0.6 mile away from the Condominium.

6. Services provided by the City of New York:

**Police protection**
NYPD 83rd Precinct
480 Knickerbocker Avenue
Brooklyn, NY 11237
(718) 574-1605
(Approximately 0.6 mile away)

**Fire protection**
FDNY Engine 277 & Ladder 112
112 Knickerbocker Avenue
Brooklyn, New York 11221
(718) 999-2000
(Approximately 0.4 mile away)

Snow removal and garbage pickup is provided by the NYC Sanitation Department, water and sewer services is provided by the NYC DEP, and road maintenance is provided by the NYC Department of Transportation.

7. Utilities

Electricity is provided by Con Edison and/or National Grid, private utilities. The estimated cost of these services is shown in Schedule B.

8. Miscellaneous

A building permit has been obtained from the building department of the City of New York. The site has no landmark designation.

In the opinion of the Sponsor, there are no uses presently in existence or proposed in adjacent or nearby buildings or land which a reasonable purchaser would find objectionable or obnoxious.

The building site is located in the Borough of Brooklyn, County of Kings, City and State of New York, Tax Block 3350 and designated as Tax Lot 141 in an R6 Residential Zone as designated on Map 2a of the 1961 Zoning Resolution. This zone permits general Residential and accessory uses. Adjoining areas are not undeveloped.

Sponsor or its principals are not developing any projects adjacent to the Condominium or within a block away. Sponsor will amend this offering plan within 30 days if any change in this information becomes known to Sponsor.

## SECTION IV. SCHEDULE A

## SECTION IV. SCHEDULE A

## OFFERING PRICES AND RELATED INFORMATION
## THE 122 PALMETTO STREET CONDOMINIUM
## FIRST YEAR OF CONDOMINIUM OPERATION:
## JULY 1, 2023 TO JUNE 30, 2024
## EIGHT (8) RESIDENTIAL UNITS

| Unit No. | Bedrooms per Unit | Bathroom(s) per Unit | 1/2 Bathroom(s) per Unit | Offering Price | Square footage | Cellar Space square footage | Percent of Common Interest | Limited Common Element square feet | Annual Common Charges | Monthly Common Charges | Annual Real Estate Taxes | Monthly Real Estate Taxes | Total Monthly Carrying Charges |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (note 1) | | | (note 2) | (note 3) | | (note 4) | (note 5) | (note 6) | (note 7) | (note 8) | (note 9) | |
| 1R | 1 | 1 | 1 | $ 1,034,550.00 | 686.00 | 466.00 | 15.2180% | 425.00 | $3,880.74 | $323.40 | $16,760.80 | $1,396.73 | $1,720.13 |
| 1L | 1 | 1 | 1 | $ 1,080,150.00 | 691.00 | 433.00 | 16.0820% | 348.00 | $4,101.07 | $341.76 | $17,712.39 | $1,476.03 | $1,817.79 |
| 2R | 1 | 1 | 0 | $ 712,500.00 | 750.00 | 0.00 | 10.4250% | - | $2,658.48 | $221.54 | $11,481.89 | $956.82 | $1,178.36 |
| 2L | 1 | 1 | 0 | $ 712,500.00 | 750.00 | 0.00 | 10.4250% | - | $2,658.48 | $221.54 | $11,481.89 | $956.82 | $1,178.36 |
| 3R | 1 | 1 | 0 | $ 712,500.00 | 750.00 | 0.00 | 10.4250% | 19.00 | $2,658.48 | $221.54 | $11,481.89 | $956.82 | $1,178.36 |
| 3L | 1 | 1 | 0 | $ 712,500.00 | 750.00 | 0.00 | 10.4250% | 19.00 | $2,658.48 | $221.54 | $11,481.89 | $956.82 | $1,178.36 |
| 4R | 2 | 1 | 0 | $ 889,200.00 | 936.00 | 0.00 | 13.5000% | 165.00 | $3,442.64 | $286.89 | $14,868.63 | $1,239.05 | $1,525.94 |
| 4L | 2 | 1 | 0 | $ 889,200.00 | 936.00 | 0.00 | 13.5000% | 165.00 | $3,442.64 | $286.89 | $14,868.63 | $1,239.05 | $1,525.94 |
| TOTAL | | | | $ 6,743,100.00 | 6,249.00 | 899.00 | 100.0000% | 1,141.00 | $25,501.00 | $2,125.08 | $110,138.00 | $9,178.17 | $11,303.25 |

**Limited common areas**

**1R Areaway (70 sf); Rear yard (355 sf)**
**1L Rear yard (348 sf)**
**2R -----**
**2L -----**
**3R Balcony (19 sf)**
**3L Balcony (19 sf)**
**4R Balcony (19 sf); Roof terrace (146 sf)**
**4L Balcony (19 sf); Roof terrace (146 sf)**

The areaway, storage and terrace are not to be used for habitable space as defined by the NYS Building Code.

Sponsor anticipates that construction will be completed during the first year of operation. Real estate tax estimates are based upon annual tax estimates for the entire property upon completion. Based on the opinion of Sponsor's expert, the current tax rate for residential condominiums is 12.267%. The sponsor's tax assessment expert has estimated the assessed value for the building when completed at $897,837.00. At current rates, the completed projected post construction tax levy for the entire property calculates to $110,138.00. Construction of the building is due to be substantially completed by March, 2023. Real estate taxes are expected to be reassessed for the 2023-2024 tax year.

## NOTES TO SCHEDULE A

1. A half bathroom has only a sink and a toilet. A full bathroom has, in addition to a sink and toilet, a tub or shower. A bedroom is a room, other than a living room or kitchen, which may be used for living purposes (i.e., sleeping). The number of rooms is calculated by Sponsor's architect pursuant to industry standards for new construction condominiums counting the total number of bedrooms in each Unit. Although each Unit contains a living room and kitchen, for purposes of this column, kitchens and living rooms are not included. This method does not necessarily conform to the zoning room count or methods utilized by the Real Estate Board of New York. Some Units have use of limited common elements allocated to their respective Unit. Floor Plans are included in the Plan in Part II.

2. In addition to the purchase price listed here, purchasers should expect to pay the closing costs set forth in Section XIV, "Closing Costs and Adjustments". No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sale prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated unit purchase. See Section IX, "Changes in Prices and "Units".

3. Residential Unit plans depicting layouts of Residential Units in this Schedule A appear in Part II of the Plan. Purchasers should note that the square footage of each Unit as reflected in Schedule A and Schedule B and the Floor Plans set forth in Part II of the Plan is approximate within reasonable tolerances but may change due to field conditions and construction variances and tolerances. Because dimensions listed are based on measurements from exterior walls, they do not accurately represent the interior space in the unit and significantly exceeds the actual useable floor area and be significantly less than as set forth in Schedule A. Purchaser is entitled to rescission if there are material and adverse changes or variations. Floor area may include columns, interior walls, mechanical pipe shafts, shaft ways, chases, chaseways and conduits which may be incorporated behind protruding walls or may be enclosed as freestanding columns, thereby reducing the available floor area. Each Unit will consist of the area measured horizontally from the exterior face of the perimeter wall to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, and other mechanical equipment spaces or any common elements; or to the exterior face of the opposite perimeter walls.

The foregoing is set forth in the Floor Plans in Part II of the Plan.

The roof, balconies or terraces and cellar areas, if any, are not to be used for residential purposes (bedroom or living area). Fines and/or violations being levied against the entire building in the event of a violation of this rule.

4. Percentage of Common Interest is based on Real Property Law 339-i(1)(iv) which provides that the common areas of each unit have been allocated based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular unit.

5. Limited Common Elements refers to the square footage of those Common Elements which serve or benefit exclusively one or more but not all the Units and/or the Unit Owners, including but not limited to attics, balconies, decks, sundecks, roof decks, patios, porches, terraces, yards, rear yards, courtyards, cellar space and/or gardens, if any. Limited common elements are uninhabitable space that may not be legally used as a bedroom or living room and doing so may result in a building code violation being issued against the Building.

6. Common Charges have been estimated by the Sponsor and include water and sewer charges, fire and liability insurance for the building and Common Elements, and maintenance and operation of the Common Elements. Common Charges are collected in order to fund the Condominium Budget shown in Schedule B and corresponding notes. Common Charges are collected monthly. Common Charges exclude repair and decoration to the inside of a home and electricity for each Unit and insurance for personal belongings. See Schedule B-1 for estimated water, gas and electric costs for each Unit.

There is no separate water or sewer rental charges by the Condominium as they are included in the Common Charges.

The Sponsor is not offering or procuring mortgage financing. If a Purchaser obtains financing, Purchaser's debt service will be an additional monthly expense.

7. This figure is the monthly Common Charges for each unit calculated by dividing the annual Common Charges by twelve.

Sponsor is reserving the right to delay the commencement of collection of common charges for an indeterminate period. During any such delay, Sponsor shall timely pay all expenses of the Condominium, including, but not limited to, insurance premiums and any reserve fund payments. Such expenses shall not include individual Unit Owner expenses such as real estate taxes, utility charges, etc. During such delay in the collection of common charges, Sponsor shall remain obligated to update the Condominium budget, and, if Sponsor controls the board, to provide certified financial statements for the Condominium, as required by the regulations promulgated by the Department of Law. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Upon commencement of the collection of common charges, Unit Owners will not be assessed for any items in the certified budget for the Condominium. If Sponsor elects to delay the collection of common charges, Sponsor shall disclose the anticipated period of delay in the collection of common charges in the initial post-closing amendment to the Plan. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Thereafter, Sponsor shall disclose the expiration of the delay period in the next substantive amendment to the Plan and include a copy of the notice and an affidavit of service with the submission of such amendment.

8. This figure is the estimated real estate tax shown annually. After the Condominium is divided into individual tax lots, each Unit will be taxed as a separate tax lot and each Unit Owner will be responsible only for the real estate tax of his or her Unit and not for any lien arising out of

the non-payment of real estate taxes by other Units. Real estate tax estimates are based upon annual tax estimates for the entire property upon completion as estimated by RE Tax Service, LLC, Sponsor's specialist, by letter dated July 6, 2022 (attached in Part II). Real estate taxes for the Units will be assessed by the New York City Department of Finance. Sponsor anticipates that construction will be completed during the first year of operation. Based on the opinion of Sponsor's expert, the current tax rate for residential condominiums is 12.267%. The sponsor's tax assessment expert has estimated the assessed value for the building when completed at $897,837.00. At current rates, the completed projected post construction tax levy for the entire property calculates to $110,138.00. Construction of the building is due to be substantially completed by August, 2022. Real estate taxes are expected to be reassessed for the 2023-2024 tax year. The real estate tax estimates for each Unit were calculated on the assumption that the real estate taxes payable with respect to each Unit for the first year of Condominium operation will be allocated in proportion to each Unit's percentage interest in the Common Elements as set forth in Schedule A. Upon determination of individual tax lots and individual residential unit assessments, the New York City tax authorities may allocate taxes between the residential units in proportion to each residential unit's purchase price or imputed market value rather than its percentage interest in the Common Elements and, if so, residential units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A. See Section XIX, entitled Real Estate Taxes.

The Plan provides that each Unit Owner will hold title to his Unit and an undivided interest in the Common Elements in fee simple absolute. Pursuant to New York Real Property Law Section 339-y, each Unit will be assessed and taxed separately for real estate tax purposes and, therefore, no Unit Owner will be liable for the payment of real estate taxes on any Units other than his own. Each Unit Owner may individually place an institutional or purchase money mortgage on his specific Unit in accordance with the By-Laws, and thereby incur direct liability for mortgage interest or finance charges attributable thereto. The Tax Cuts and Jobs Act of 2017 is currently in effect and significantly changes the rules pertaining to the deductibility of mortgage interest and real estate taxes. As such, Purchasers are urges to consult with their tax preparer or CPA to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage on their Unit. The most relevant changes to the tax code as same would affect a purchaser are (a) the itemized deduction for real estate taxes and state and local taxes is capped at a total of $10,000.00 per year and (b) mortgage interest is only deductible up to a mortgage amount of $750,000.00. Sponsor, nor its counsel, make no representations that mortgage interest and real estate taxes will be deductible from Purchaser's income taxes. Due to the recent changes in the tax law referenced above, Purchasers are urges to consult with their tax preparer or CPA to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage on their Unit. No guarantee is given by Sponsor or its attorney that a Unit Owner will be entitled to an income tax deduction. Purchasers should note that any tax deduction, if applicable, may vary in future years due to changes in the interest rate on the Unit Owner's mortgage or from changes in the allocation of constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration in real estate tax benefits, assessed value, tax rate or the method used in assessing the Unit. See Section XIX, entitled Real Estate Taxes.

SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED. SPONSOR MAKES NO REPRESENTATIONS REGARDING THE METHODOLOGY WHICH THE TAXING AUTHORITIES WILL USE IN FUTURE TAX YEARS. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED. PURCHASERS ARE ADVISED THAT THE NEW YORK CITY TAXING AUTHORITIES HAVE IMPLEMENTED SIGNIFICANT INCREASES IN THE TENTATIVE ASSESSED VALUATIONS FOR NEW CONSTRUCTION CONDOMINIUMS WHICH DO NOT APPEAR CONSISTENT WITH THEIR VALUATIONS IN PRIOR YEARS. SPONSOR MAKES NO REPRESENTATIONS REGARDING THE METHODOLOGY WHICH THE TAXING AUTHORITIES WILL USE IN FUTURE TAX YEARS.

9. These figures are the estimated annual real estate tax for each unit divided by twelve to yield the monthly amount.

10. These figures are the total of the monthly real estate taxes added to the monthly common charge.

## SECTION V. - SCHEDULE B
## PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION
## THE 122 PALMETTO STREET CONDOMINIUM

Eight (8) Residential Units to begin July 1, 2023 through June 30, 2024

PROJECTED INCOME

Common Charges……..……..…….$25,501.00

EXPENSES

Labor (see note 1)..... $0.00

Utilities
Gas (see note 2)..... $0.00
Electric (see note 3)..... $2,190.00

Water Charges and Sewer Rents (see note 4) ..... $6,861.00

Repair, Maintenance and Supplies (see note 5) ..... $1,200.00

Service Contracts (see note 6)..... $6,000.00

Insurance (see note 7) ..... $3,500.00

Management Fees (see note 8)..... $0.00

Office Expenses (see note 9)..... $50.00

Legal Fees and Audit Fees (see note 10) ..... $1,900.00

Contingency Fund (see note 11)..... $1,200.00

Reserve Fund (see note 12)..... $2,600.00

TOTAL..... $25,501.00

In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the plan to include a revised budget. See explanatory notes. If the amended budget exceeds this budget by 25% or more, the Sponsor will offer all purchasers the right to rescind the purchase agreement. Purchasers in contract shall have fifteen (15) days after the date of presentation of the notice to purchasers to exercise the right to rescind the Purchase Agreement, whether or not Sponsor offers to guarantee the previous budget projection. If a Purchaser rescinds their Purchase Agreement based on the foregoing, their deposits will be returned within a reasonable time period. Funds paid by Purchasers for special work or upgrades will not be returned to Purchasers who rescind their purchase agreement under this provision to the extent that it has been expended. 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.

## NOTES TO SCHEDULE B

1. The Condominium will not employ any labor. Refer to Note 6 for a discussion relating to the maintenance and upkeep of the Common Areas of the Condominium.

2. The Common Areas and Individual Units will not utilize gas service.

3. For electric service to the Common Elements which will cover the cost of lighting and other electrical items as well as common area heating, based on the opinion of Demerara Engineering, PLLC, dated June 13, 2021, Common Areas will require approximately 6,636 KHW per year at a cost of approximately $.30/KWH for a total annual cost of $2,190.00. This figure includes a 10% allowance for inflation, plus the cost of all applicable state and local taxes and may rise or fall depending on usage and energy source prices. Units are individually metered for electric consumption within each Unit. Projections are based on industry standards. See Schedule B-1 for estimates of individual Unit electric costs.

4. Water and sewer service to the individual units, based on the opinion of Demerara Engineering, PLLC, dated June 13, 2021, is based on the estimated water rate of $4.10 per hundred cubic foot and sewer rate of $6.51 per hundred cubic foot multiplied by the estimated annual usage of 587.92 HCF, for a total annual cost of $6,861.00. This figure may rise or fall depending on usage and water source prices. This figure is based on usage of 161.07 cubic feet of water per day and 58,791.95 cubic feet of water annually. Projections are based on industry standards.

5. This item covers cleaning supplies and equipment as well as minor repairs to the common areas that will not be covered by the janitorial services discussed below. It is anticipated that such services will be performed by independent contractors on an "as needed" basis.

6. This item will cover the cost of any service contracts including the cost of janitorial services, and the fire alarm monitor. Sponsor anticipates that the cost of janitorial services to clean and maintain the Condominium common areas will be approximately $300.00 per month ($3,600.00 for the year) and that such service will be performed by an independent contractor. The cost of internet for the fire alarm monitor is approximately $200.00 per month ($2,400.00 for the year). Each Unit Owner will be responsible for his own refuse removal and keeping the common areas clear of personal items and debris. Additional part time help may be supplied on an "ad hoc" basis as determined by the Board of Managers. Sponsor anticipates that one non-union part time independent contractor will be hired to maintain the common areas. The Sponsor does not anticipate that any other service contracts will be required at the building. Unit Owners will pay monthly service fees for cable, phone and internet that will service each Unit individually. The figures set forth herein are based on Sponsor's experience.

7. This figure is based on an estimate received from Ideal Coverages Inc., dated May 2, 2022 for an all risk replacement cost property insurance policy with the following coverages the annual premium will be $3,500.00:

a. Building limits: $2,000,000.00
b. Liability per occurrence: $1,000,000.00

c. General aggregate: $2,000,000.00
d. Officers and Directors coverage: $1,000,000.00
e. Deductible: $2,500.00

The insurance policy provides: that each owner is an additional insured party, there will be no cancellation of the policy 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, a waiver of pro-rata reduction if unit owners obtain additional coverage. In the event of a partial or total loss, this policy will cover the replacement of the building without causing the Condominium to become a co-insurer. The insurance coverage does meet the requirements of most lenders including the requirement of Sponsor's lender. This quote does not include Fidelity bond, rent insurance and excess but all may be purchased for an additional premium.

Purchaser's should note that it is desirable to obtain additional insurance at their own cost to cover such risks as, fire and casualty losses to unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the unit or, where applicable, on limited common elements. The consequence of not having such additional insurance is that in the event of any uncovered claim or damage the Board may need to assess a special assessment to the unit owners to be able to pay for the claim and or damage. In the event that additional insurance coverage is required by the Federal Housing Administration in order for it to insure or guarantee a mortgage on a Unit, the Sponsor shall obtain such additional insurance so as to comply with any such requirements.

8. The Board of Managers will manage the Condominium and will be responsible for the collection of common charges, payment of common expenses and maintaining the common areas of the Building. Once the Sponsor no longer owns any units, the Condominium Board may either self-manage the Condominium or retain an outside management company to manage the Condominium. Typically, the cost of a management company is approximately 4-6% of the gross common charges with a minimum of approximately $600.00 per month. And so, the common charges would increase by at least 30% if a management company was retained.

9. To provide office supplies, photocopying, postage and other miscellaneous office expenses.

10. Pursuant to the proposal provided by Mozes Guttman, Certified Public Accountant, 2 Skillman Street #217, Brooklyn, NY 11205, dated June 13, 2022, the fee to provide an unaudited financial statement for the Condominium is estimated to be $1,400.00. While the Sponsor controls the Board of Managers, financial statements must be audited. The cost of an audited financial statement is approximately $1,400.00. The Sponsor's budget expert estimates an amount of $500.00 for legal fees for contract review, common charge collection requirements and other miscellaneous legal services. The attorney for the condominium will be determined at a later date when legal services are required. This estimate does not include the cost of litigation, if any, that might arise during this initial period.

11. This amount will be placed on deposit in order to provide for any unanticipated expenses or increases in the projected expenses of the Condominium.

12. This amount will be placed on deposit in order to provide for major capital repairs or replacement items likely to be needed within the first five years of Condominium operation. Sponsor anticipates that the reserve fund will be sufficient to cover the cost of capital replacements within five years after the first closing. The difference between the reserve fund and the contingency fund is that the reserve fund is to be used only for capital expenditures (such as roof replacement or other major repairs) while the contingency fund may be used for day to day items required to operate the condominium. See Section XXI, "Reserve Fund."

The Sponsor anticipates that the first closing of a unit will occur by July 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 June 30, 2024, twelve months after the projected date for the first closing. If the Plan is amended to provide for a later projected date for the first closing, purchasers will be entitled to an offer of rescission if the first closing occurs more than 12 months beyond that amended, later date.

However, if the first closing occurs before June 30, 2024, the Sponsor may schedule the closings of title to other units significantly later than such date. Unless your Purchase Agreement contains an outside closing date, the Sponsor is not obligated to schedule your closing within any specified time frame or to ensure that closing of title to your closing within any specified time frame or to ensure that closing of title to your Unit will occur by any date certain. In the event, however, Sponsor cannot convey title to the Unit on or before eighteen (18) months from the date of the Purchase Agreement, Purchaser shall be offered a right of rescission by written notice which shall give to the Purchaser a 15-calendar day period from receipt of such notice during which Purchaser may rescind the Purchase Agreement.

In the event of a rescission, Purchaser is entitled to a refund of all deposited funds, except for funds already expended for upgrades and extras. However, if the first closing occurs on or before June 30, 2024, the closing of subsequent units may be substantially delayed beyond such date (if a temporary certificate of occupancy has not been issued for such units or for the floor on which such units are located) then, in such case, provided that the Sponsor is diligently pursuing completion of construction and issuance of a certificate occupancy and is otherwise in compliance with its obligations under the plan, a Purchaser will not be entitled to a right of rescission or to make claims against the Sponsor for damages or losses as a result of such delays and will not be excused from paying the full purchase price for the Unit. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER THE POSSIBILITY OF SUCH DELAYS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT.

## SECTION VI. SCHEDULE B-1
## ENERGY COSTS FOR UNITS DURING
## FIRST YEAR OF CONDOMINIUM OPERATIONS
## JULY 1, 2023 THROUGH JUNE 30, 2024

ELECTRICITY (COOKING, HOT WATER, HEATING, AIR CONDITIONING, CLOTHES DRYER AND APPLIANCES)
Total Price Per KWH = $0.30

| Unit Number | Estimated Electric Cost (year) | Estimated Electric Cost (Month) | Estimated Total KWH |
|---|---|---|---|
| 1R | $4,984.00 | $415.00 | 15,103 |
| 1L | $4,979.00 | $415.00 | 15,088 |
| 2R | $4,021.00 | $335.00 | 12,185 |
| 2L | $4,021.00 | $335.00 | 12,185 |
| 3R | $4,021.00 | $335.00 | 12,185 |
| 3L | $4,021.00 | $335.00 | 12,185 |
| 4R | $4,630.00 | $386.00 | 14,030 |
| 4L | $4,630.00 | $386.00 | 14,030 |

### NOTES TO SCHEDULE B-I

1. Each Unit Owner will be responsible for the cost of electricity supplied to his Unit. Charges for each unit will be payable directly to the utility company by each Unit Owner.

2. The building uses electricity for cooking, hot water, cooling, heating, clothes dryer and all other power needs. Estimate costs for electricity vary based on the location and area of the units as well as usage. These rates have been determined by the current and prevailing rates of electricity as determined by Con Edison and account for an inflation factor of 10% and applicable sales taxes. The rates for electricity above are based on a cost of $.30 per kilowatt for electric usage.

3. The estimated costs are subject to changes by Con Edison.

4. In view of the fact that these averages may include the use of energy by persons of varying needs, occupying dissimilar types of dwelling units, constructed of different materials at different times, with different standards of comfort or with families of different sizes, the amount of energy used by the purchaser may vary substantially from the average estimates herein provided. In addition, the effect of inflation, and other factors may raise the cost of electricity and/or gas substantially higher than the current or projected rate. Certain factors beyond Sponsor's control may substantially affect the cost of heating and cooling after the purchase of a unit or in subsequent years.

5. Although the Sponsor is under obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially affect the cost of heating and cooling after the purchase of a unit or in subsequent years. Sponsor represents, however, that it has followed the

plans and specifications provided by the manufacturer of the heating, hot water and air conditioning units together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost Sponsor represents that it has not been induced to select the heating system described herein on the basis of any financial inducement other than the comparative advertising and price of the system made to it by the manufacturer or distributor of the system or by the supplier of energy to be used in connection therewith or by any of their agents or employees.

6. The projections herein are based on the letter of Sponsor's engineer, Demerara Engineering PLLC, dated June 13, 2021. Projections are based on industry standards.

## SECTION VII.

## COMMERCIAL UNIT

There will be no commercial units in the Condominium.

## SECTION VIII.

## COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(I)

Each unit shall have appurtenant thereto a common interest as expressed in the declaration. Such interest shall be based on floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular unit pursuant to Real Property Law Sec. 339-i(1)(iv). See the letter attached.

Complete Condo Service Inc.
Licensed Real Estate Broker
610 Broadway
Brooklyn, N.Y. 11206
Tel. (718) 875-9100 Fax. (718) 228-7090

**8/22/2022**

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i (1) (iv)

RE: 122 Palmetto Street, Brooklyn, New York

Dear Sirs:

You have requested an opinion from us with regards to your allocation of common interest to units in your proposed condominium 122 Palmetto Street, Brooklyn, New York, with Section 339-i (1) (iv) of the New York Real Property Law. You have informed us that common interest is allocated based on floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for shared or exclusive use, and the overall dimensions of the particular Unit. Based on our review of the foregoing factors, we have concluded that the proposed allocation of common interest to individual units is in compliance with Section 339-i (l) (iv) of the New York Real Property Law.

I have been a licensed real estate broker for in excess of Five years and have managed approximately Ten buildings in this area with extensive experience in the sale, management, and rental of cooperative and condominium units in Kings County. We have previously participated in the preparation of individual unit value appraisals for the purpose of inclusion in offering plans for the sales thereof. We are not, in any way, associated with you or any other participant in the project, and have no beneficial interest in your business, or in profitability of the project. This is an opinion only as to the relative value of each unit in relation to the value of the project as a whole; is strictly based on the information provided to us in such reasonable inquiries as to the validity thereof as we deemed appropriate under the circumstances; and, is not intended as a guarantee of the actual value of any individual unit. We consent to the inclusion of this letter in your offering plan.

Sincerely

SIMON NEUSTEIN
Licensed Real Estate Broker

## SECTION IX. CHANGES IN PRICES AND UNITS

Sponsor reserves the right to change the Purchase Price, the manner of payment thereof and any other term of sale of any Unit, at any time and from time to time, both before and after the recording of the Declaration, without any prior notice and without the prior consent of the Managing Agent, if any, the Board of Directors, if any, and Unit Owner, any mortgagee or any other party.

The offering prices set forth in Schedule A may be changed only by a duly filed amendment to the plan when the change in price is an across the board increase or decrease affecting one or more lines of units or unit models, or is to be advertised, or is a price increase for an individual purchaser. Prices and specified terms of sale are negotiable and the Sponsor may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in Schedule A without filing an amendment.

No change will be made in the size or number of units and/or their respective percentages of Common Interest, and no material change will be made in the size or quality of Common Elements, except by amendment to the plan and, when applicable, to the Declaration.

Sponsor reserves the right to change the unit size, layout, or percentage of Common Interest, at any time and from time to time, both before and after the recording of the Declaration, without any prior notice and without the prior consent of the Managing Agent, if any, the Board of Directors, if any, and Unit Owner, any mortgagee or any other party. However, unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of Common Interest if a purchase agreement has been executed and delivered to the Sponsor for that unit and the purchase agreement is in effect. A decrease in area of five-percent (5%) or less could be material and trigger a right of rescission but there is a rebuttable presumption that an area that is diminished by five-percent (5%) or less is not material.

Unless all Purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of Common Elements.

## SECTION X. INTERIM LEASES

Sponsor reserves the right to rent or lease vacant units to Purchasers and non-Purchasers at any time after consummation of the offering plan and after the First Closing. Once a purchase agreement is executed for a vacant residential unit, that unit may only be leased to the Purchaser for that particular Unit pursuant to a lease (also referred to as "Interim Lease") on the terms set forth in this section of the Plan. A form Interim Lease is included in Part II of this Plan.

No rental protection laws are applicable to interim lessees. Specifically, Units subject to Interim Leases are not and will not be "rent controlled" or "Rent Stabilized" and will not be subject to the New York City Rent Law or the Emergency Tenant Protection Act of 1974, the New York City Rent Stabilization Law or the New York City Rent Stabilization Code, as such laws and regulations are currently in effect.

An Interim Lease shall be prepared on a form that will be available for inspection at the office of the Sponsor and shall contain a default provision as described below. The rent payable under the Interim Lease shall be negotiated by the parties. The term of such Interim Lease shall expire at the earlier of (i) the date of the closing of title for the unit covered by such interim lease, (ii) the date fixed in the Interim Lease as the expiration of the term, or (iii) the date upon which the Interim Lease is terminated at the option of the Sponsor by reason of a default of the Purchaser-tenant under the Interim Lease or a casualty or condemnation affecting the Unit or (iv) the date upon which the Interim Lease is terminated by the Purchaser-tenant or Sponsor as provided below.

An uncured default under the purchase agreement shall be deemed a default under the Interim Lease and an uncured default under the Interim Lease shall be considered a default under the purchase agreement and will permit Sponsor to cancel the purchase agreement in accordance with its terms. The Purchaser-tenant will be required to vacate the Unit occupied under the Interim Lease within thirty (30) days after notice is sent of Sponsor's intent to cancel the Purchase Agreement, provided that the Purchaser-tenant fails to cure any such default within the applicable grace period, if any, with TIME BEING OF THE ESSENCE. Before a default under the Interim Lease may be declared a default under the purchase agreement, either (i) the 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. Sponsor must make a written demand for payment after default at least 30 days before forfeiture of the deposit may be declared.

If the Purchaser-tenant should exercise any right to terminate or rescind the purchase agreement or Interim Lease, such termination or rescission will be contingent upon the Purchaser-tenant surrendering possession of the Unit and leaving same in broom clean condition and vacant within thirty (30) days after the election to terminate or rescind is made. All rent due must be paid through the date of the surrender of possession. The Purchaser-tenant shall be liable for any damage caused to the Unit and for any other liability under the purchase agreement and the Interim Lease.

In no event will any portion of the rental paid under an Interim Lease be credited toward the Purchase Price of the Unit subject to the Interim Lease. Any inconsistencies between the

Interim Lease and the Plan, terms of the Plan shall control.

Prior to the first closing, the entire building will be insured by the Sponsor and after the first closing, the entire building will be insured by the Condominium. A person who takes possession prior to closing assumes the risk of losses not covered by insurance. Because a purchaser in possession may not be able to obtain insurance, insurance proceeds may be unavailable in the event there is damage to the unit and Purchaser is required to make repairs. Purchasers may not be able to obtain a mortgage commitment or financing on a damaged unit.

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.

## SECTION XI. PROCEDURE TO PURCHASE

1. Purchaser Agreement; Down Payment

Any person may accept Sponsor's offer to sell a Unit by entering into a Purchase Agreement with the Sponsor. The agreement provides that the Purchaser will purchase from the Sponsor a designated unit in the Condominium described in the Declaration creating such Condominium. A copy of the form purchase agreement is contained in Part II of the Offering Plan. Purchaser will be afforded a minimum of three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement. Any conflict between the offering plan and the purchase agreement shall be resolved in favor of the offering plan.

Upon signing the purchase agreement, the purchaser shall make a Down Payment in an amount to be negotiated by the Purchaser and the Sponsor but of not less than $5,000.00 and not more than 10% of the total price of the unit plus the cost of special work ordered by the Purchaser, if any.

Within ten (10) days after a purchaser delivers an executed purchase agreement together with the required deposit, the Sponsor must either accept the purchase agreement and return a fully executed counterpart to the purchaser or reject the purchase agreement and refund the full deposit previously tendered. In the event the Sponsor does not return the purchase agreement timely, purchaser may extend his offer or demand the return of the deposit. However, if Sponsor does not countersign the Purchase Agreement within 10 days of its receipt, same shall be considered rejected by Sponsor and the deposit will be immediately returned to the Purchaser. This time period may be extended by Sponsor and Purchaser provided that both parties agree to such extension in writing.

The amount of the deposit, or Down Payment may be negotiated for each sale. There may be increases in the deposit for special work ordered by the purchaser as is to be itemized in the purchase agreement. All money, including any amounts for upgrades will be returned, if the plan is abandoned or if a Purchase Agreement is rescinded.

Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed or hindered by Force Majeure. Sponsor’s time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused.

2. Escrow Funds Provision

Eial Girtz PC, with an address at 11 Grace Avenue, Suite 309, Great Neck, New York 11021, telephone number (516) 466-6911, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Eial Girtz. 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, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Agent has established the escrow account at First Republic Bank located at 1230 Sixth Avenue, New York, NY 10020, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Eial Girtz P.C., Attorney Escrow Account/Condo ("Escrow Account"). The Escrow Account is an IOLA account and is federally insured by the FDIC up to the maximum amount of $250,000.00 per deposit. Any deposits in excess of $250,000.00 will not be insured, unless Escrow Agent has established multiple accounts on behalf of Purchaser at various institutions. If purchaser's have accounts at the same bank as sponsor's account that holds escrowed funds, purchaser funds at the escrow bank factor into the $250,000.00 insurance limit.

All Deposits received by Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed by the Purchaser to the order of Eial Girtz PC, as Escrow Agent.

The Escrow Account is an IOLA account. There shall be no interest paid to Purchasers on Deposits made into the Escrow Account as the interest earned on IOLA accounts is paid into the New York State IOLA fund in order to fund their various programs. 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 Purchase Agreement is attached hereto in Part II of the Plan. The Escrow Agreement is attached hereto as Exhibit "A" of the Purchase Agreement in Part II of the Plan. The Escrow Agreement must be executed by the Sponsor, Purchaser, and Escrow Agent.

Within five (5) business days after the Purchase Agreement has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Purchase Agreement and place the Deposit into the Escrow Account. Within (10) business days of the placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, conforming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account and released in accordance to the terms of the Purchase Agreement.

The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, at 28 Liberty Street, New York, NY 10005. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit 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.

All Deposits, except for advances made for upgrades, extras, or custom work received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and

may not be comingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h.

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

The Escrow Agent shall release the Deposit if so directed:

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

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and 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 Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit 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 Deposit contained in the Escrow Account with the clerk of the county where the [unit/building] is located and shall give written notice to both parties of such deposit.

The Sponsor shall not object to the release of the Deposit to:

(a) A Purchaser who timely rescinds in accordance with an offer of rescission contained in 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.

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

Nothing contained herein shall diminish or impair the Sponsor’s statutory obligation to each purchaser pursuant to GBL Section 352-h to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such purchaser.

Consummation of the plan does not relieve sponsor of its obligations pursuant to GBL section 352-h. Funds from any escrow account remain the property of the purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of the Sponsor or the Escrow Agent upon any bankruptcy, incapacity or death.

The Sponsor must comply with Section 71-a(3) of the NYS Lien Law, which states that the initial advance pursuant to a contract of sale which by its terms provides for or is incidental to a contract providing for the construction on the subject real property of residential condominium unit or any structure designed solely for residential occupancy of not more than two families living separately, on property to be purchased shall, at the vendee's option, be deposited within five business days thereafter by the recipient in an interest bearing escrow account in a bank, trust company, savings bank, state or federal savings and loan association, located in this state. Such deposit, together with the interest accumulated thereon, shall remain the property of the vendee except as otherwise provided herein. The recipient shall advise the vendee in writing of the name of the depository where the funds have been placed within ten business days after such deposit has been made. In lieu of making the deposit of such moneys in an escrow account, the recipient may post with the vendee a bond guaranteeing the return of the moneys which otherwise would be required to be deposited in such escrow account, in which case the recipient shall not be required to deposit such money in an escrow account. The Sponsor will not be seeking to post a bond in connection with deposits received under this offering plan.

Sponsor agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of Escrow Agent's duties under this Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself. Escrow agent's obligations will be discharged by the Sponsor upon payment of the deposit and interest in accordance with the escrow agreement. The Escrow Agent has the right to represent the Sponsor in any lawsuit. Sponsor will not provide any compensation to the depository bank. Sponsor will not compensate the escrow agent for acting as such.

3. Closing Date and Closing

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 closing and setting such purchaser's closing date. Such notice will be served no less than thirty (30) days before the date set for the closing of the units. Sponsor may permit purchasers to waive this thirty (30) day provision. The closing of title for each Unit will occur in accordance with the terms of the applicable purchase agreement for such Unit.

The Sponsor anticipates that the first closing of a unit will occur by July 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 June 30, 2024, twelve months after the projected date for the first closing. If the Plan is amended to provide for a later projected

date for the first closing, purchasers will be entitled to an offer of rescission if the first closing occurs more than 12 months beyond that amended, later date.

However, if the first closing occurs before June 30, 2024, the Sponsor may schedule the closings of title to other units significantly later than such date. Unless your Purchase Agreement contains an outside closing date, the Sponsor is not obligated to schedule your closing within any specified time frame or to ensure that closing of title to your closing within any specified time frame or to ensure that closing of title to your Unit will occur by any date certain.

In the event, however, Sponsor cannot convey title to the Unit on or before eighteen (18) months from the date of the Purchase Agreement, Purchaser shall be offered a right of rescission by written notice which shall give to the Purchaser a 15-calendar day period from receipt of such notice during which Purchaser may rescind the Purchase Agreement. In the event of a rescission, Purchaser is entitled to a refund of all deposited funds, except for funds already expended for upgrades and extras.

However, if the first closing occurs on or before June 30, 2024, the closing of subsequent units may be substantially delayed beyond such date (if a temporary certificate of occupancy has not been issued for such units or for the floor on which such units are located) then, in such case, provided that the sponsor is diligently pursuing completion of construction and issuance of a certificate occupancy and is otherwise in compliance with its obligations under the plan, a Purchaser will not be entitled to a right of rescission or to make claims against the Sponsor for damages or losses as a result of such delays and will not be excused from paying the full purchase price for the Unit. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER THE POSSIBILITY OF SUCH DELAYS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT.

Upon full payment of the purchase price at the closing, purchaser will receive a bargain and sale deed with covenant against grantor's acts, containing the provisions set forth in Section 13, Subdivision 5 of the New York Lien Law, which will convey good and marketable title to the Purchaser of fee ownership in the unit and such percentage of Common Interest in the Common Elements as is set forth on Schedule A, free and clear of all liens and encumbrances other than those set forth in this plan. The Purchase Agreement may be modified with the consent of Purchaser and Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan.

The risk of loss from fire or other casualty remains with the Sponsor unless and until a purchaser takes actual possession of a Unit pursuant to an interim lease (or written agreement with the Sponsor) or legal title to the unit has been conveyed to the purchaser. A person who takes possession prior to closing assumes the risk of losses not covered by insurance. Therefore, a purchaser taking possession of a Unit prior to closing should obtain insurance to cover personal property in the Unit. The risk of loss from fire or other casualty to the common area remains with the Sponsor until the First Unit Closing at which time the risk of loss shall shift to the Board of Managers of the Condominium.

The risk of loss from fire or other casualty prior to the Closing of a Unit is assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit. Sponsor shall notify a Purchaser within 30 days of the date of the casualty whether or not the Sponsor will restore a damaged Unit. Purchaser will not have the right to reject title to the Unit or to receive a credit against the Purchase Price, and Sponsor will be entitled to a reasonable period of time to complete such repairs or replacements but Sponsor agrees that such repair and replacement will be done as promptly as possible. Purchaser will not be required to close unless and until (i) the Unit has been repaired to as near as reasonably possible to its condition immediately prior to the casualty and (ii) it's essential services (such as electricity and heat) and a reasonable means of ingress and egress to the street have been restored. If a purchaser has obtained a commitment from a lender, such purchaser shall be required to make a good faith effort to extend the terms of the commitment to enable the sponsor to complete the repair or replacement but in the event that such commitment is not extended, the purchaser will be offered a right of rescission as discussed in this Section XI(4) of the Plan.

In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant to the Condominium's Declaration and By-Laws, this Agreement will be cancelled and of no further force or effect and Sponsor will return to Purchaser all Down-payments and any funds paid by purchasers for special work, upgrades or extras whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any) or if this Agreement has previously been cancelled due to such default, Sponsor will retain the Down-payment as liquidated damages pursuant to Paragraph 10 hereof.

If Purchaser is given possession of the Unit prior to Closing under an interim lease, then Purchaser will be solely responsible for any damage to or loss or other condition in the Unit resulting from Purchaser's use or occupancy and Sponsor will not be obligated to make any repairs required of it as landlord under any existing or interim lease and, after Closing, the Condominium Board will be responsible to make those repairs required of it under the Condominium Declaration and By-Laws. The Sponsor shall maintain adequate insurance coverage on the Units. The Sponsor assumes any damage or loss to a Unit not resulting from the Purchaser's use and occupancy. However, such insurance will not cover the personal belongings of the purchaser/occupant. Purchasers occupying a unit prior to closing should therefore obtain insurance coverage for their personal belongings.

4. Financing Contingency

A Purchase Agreement is not contingent on financing unless a financing contingency is agreed to by the Sponsor. A form Financing Contingency Rider is attached is Part II of this Plan. Sponsor must consent to a mortgage contingency prior to Purchaser executing same. If Purchaser has executed a Financing Contingency Rider to the Purchase Agreement and the Sponsor consents to a Financing Contingency Rider, and the Purchaser subsequently fails to obtain financing, such failure to obtain financing will relieve the Purchaser from the obligation to close under the Purchase Agreement provided that the Purchase has complied with the terms and condition of the Finance Contingency Rider as set forth below. Sponsor must first consent to a Financing

Contingency Rider and same will be agreed to by Sponsor on a case by case basis. The Financing Contingency Rider is included in Part II of this Plan.

If the obligations of a purchaser under a Purchase Agreement are not conditioned on 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.

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 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 or holder unsold shares has not sold a substantial percentage of the apartment in the building or group of buildings, which in some cases may be as high as 70%. Moreover, some lenders will not provide financing in a building or group of buildings where an investor other than the original sponsor has an ownership interest of 10% or more. It 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.

Under the terms of the Financing Contingency Rider, the Purchaser shall have 30 days from the date of the Mortgage Financing Rider to obtain mortgage financing ("Commitment Date"). The maximum allowable financing is 80% of the purchase price (however, the Sponsor may agree, at its sole discretion to a higher amount). The Purchaser shall (i) make prompt application for such mortgage loan; (ii) furnish accurate and complete information regarding Purchaser and members of Purchaser's family, as required; (iii) pay all fees, points and charges required in connection with such application and loan; (iv) pursue such application with diligence; (v) cooperate in good faith to obtain such commitment and (vi) promptly give Notice to Seller of the name and address of such lender to which Purchaser has made an application. Purchaser shall comply with all requirements of such commitment (or any other commitment accepted by Purchaser) and shall furnish Seller with a copy thereof promptly after receipt thereof. If such commitment is not issued on or before the Commitment Date, then, unless Purchaser has accepted a commitment that does not comply with the requirement set forth above, Purchaser may rescind the purchase agreement by giving Notice to Seller within 5 days after the date of the Commitment Date, in which case this contract shall be deemed cancelled and thereafter neither party shall have any further rights against, or obligations or liabilities to, the other by reason of this contract, except that the Down Payment shall be promptly refunded to Purchaser. The purchaser assumes the risk that a commitment may expire or that the terms of the commitment may change prior to actual closing. If the purchaser's obligations are contingent upon obtaining a financing commitment, and the financing commitment lapses or expires prior to closing due to no fault of the Purchaser, and the purchaser has made a good faith effort to extend the commitment, Sponsor shall grant to such purchaser a right of rescission and a reasonable period of time within which to exercise the right.

The Sponsor is not offering financing to Purchasers. The Sponsor does not have a preferred Lender. If Sponsor consents to a Financing Contingency Rider, Purchasers may apply for financing

with any Lender they choose.

5. Marketing Unit Prior to Closing

Prior to Closing of Title, a Purchaser is prohibited from listing the Unit for sale or rental either through a real estate broker or from advertising, or otherwise offering, promoting or publicizing the availability of the Unit for sale or rental, without Sponsor's prior written consent. Sponsor may withhold consent for any reason or for no reason. Purchaser's violation of this provision will be deemed a breach under the terms of the Purchase Agreement and as a consequence, will entitle the Sponsor to cancel the Purchase Agreement and retain the Down Payment as liquidated damages.

6. Assignment of Purchase Agreement

At Sponsor's option, Sponsor may permit the assignment or transfer of purchase agreements by a Purchaser. However, no purchase agreement shall be assigned or transferred without the written permission of the Sponsor and such permission may be withheld for any reason. In the event the Sponsor approves of such assignment; all Down Payment funds shall be deemed assigned. No portion of the Down Payment funds shall be disbursed or refunded prior to closing. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion, or substitution of names on the Purchase Agreement, Purchaser shall pay Sponsor's Counsel a fee of $500.00, payable in advance, for preparation of an assignment agreement. Sponsor may not withhold consent for an assignment of the purchase agreement based upon race, creed, color, national origin, sex, age, disability, marital status, or other grounds prohibited by law.

7. Default

If Purchaser defaults under the Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he or she has thirty (30) days from the mailing date of such notice within which to cure such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence", means that if Purchaser fails to make such payment when required under the Purchase Agreement, or fails to perform any of Purchaser's other obligations under the Purchase Agreement within said thirty (30) days, then Sponsor may cancel the Purchase Agreement by giving notice to Purchaser of Sponsor's cancellation of the Purchase Agreement. In the event of such a cancellation, the Sponsor may retain as liquidated damages all payments, including the Down Payment, made under the Purchase Agreement.

In the event that the Sponsor consents to an extension of the closing date, all adjustments as set forth in the section of the Plan entitled "Closing Costs and Adjustments" shall be made as of midnight of the date preceding the date originally set for closing (regardless as to when the closing actually happens) and further, Purchaser shall pay to Sponsor, the sum of .03% of the Purchase Price for that Unit for every day starting from the originally scheduled closing date through, and including, the day before the actual closing date (10.95% Annual Percentage Rate). This payment is intended to reimburse the Sponsor for Common Charges incurred during the

extension period. If Sponsor adjourns the closing due to fault of the Purchaser, this provision shall apply to the adjourned closing date to be determined by Sponsor. The interest rate charged will not exceed NYS usury charges.

8. Miscellaneous

The purchase agreement and plan may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under Article 23-A of the GBL.

No escrow will be established for unfinished items. At closing the Sponsor and purchaser shall agree on a list of unfinished items, to be signed by both parties, in which the Sponsor agrees to complete said item within a reasonable time, not to exceed ninety (90) days, unless such delay is due to such factors as are out of the control of the Sponsor, if which case the Sponsor will complete such items as soon as possible thereafter.

All representations under the offering plan and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

The purchaser will be required to sign a power of attorney to the Board of Managers of the Condominium at the closing of his unit prior to the delivery of the deed, in the form shown in Part II of this offering plan. Failure to do so shall constitute a material breach of the contract. The power of attorney gives the Board of Managers to power to acquire any Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as the board, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Unit so acquired, at such terms as the Board may in their sole discretion determine. It also nominates, constitutes and appoints the Board of Managers to vote at any home owners meeting, and to file amendments to the Declaration as necessary to carry out any of the provisions of the offering plan of the Condominium. The Sponsor will not deliver a deed to any unit unless accompanied by a Power of Attorney in the form shown in Part II of this Offering Plan.

The Purchase Agreement and Plan may not contain, or be modified to contain, a provision waiving Purchaser’s right or abrogating Sponsor’s obligations under Article 23A of the GBL. Any conflict between the offering plan and the purchase agreement will be resolved according to the terms of the plan.

Nothing contained herein shall diminish or impair the sponsor’s statutory obligation to each purchaser pursuant to *GBL section 352-h* to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such purchaser. Consummation of the plan does not relieve sponsor of its obligations pursuant to *GBL section 352-h*. Funds from the escrow account remain the property of the purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of the sponsor or the escrow agent upon any bankruptcy, incapacity or death.

The escrow agent shall maintain all records concerning the escrow account for seven years after release of the funds. Upon the dissolution of any law firm which was the escrow agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of them or by the successor firm and shall notify the Department of Law of such transfer.

Before funds are transferred to a new escrow account, or if the escrow agent is replaced, the plan must be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement as was originally provided.

Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents or Purchase Agreement shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York, in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. The arbitrator will be an independent third party unrelated to either party. By signing the Purchase of Sale, Purchaser waives any right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

9. FinCen

Pursuant to the Geographic Target Order (the "Order") issued by the Director of the Financial Crimes Enforcement Network ("FinCEN"), title companies are now required to collect and report information regarding purchasers in transactions where: (1) the purchaser is a legal entity as defined in the Order; (2) the purchaser purchases residential real property located in the Boroughs of Brooklyn, Queens, Bronx, Manhattan and Staten Island; (3) the total purchase price is in in the amount of Three Hundred Thousand Dollars ($300,000.00) 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, or a money order in any form, a funds transfer, or virtual currency. This affects all residential real property closings meeting the above criteria and occurring on or after November 17, 2018 for so long as the Order remains in effect. A copy of the Order is available here:

https://www.fincen.gov/sites/default/files/shared/Real%20Estate%20GTO%20GENERIC_111518_FINAL.pdf

## SECTION XII. EFFECTIVE DATE

The offer to sell is contingent upon the plan's being declared effective and upon compliance with the relevant conditions and time periods described herein.

The plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least two (2) units which represent at least fifteen (15%) percent of the units offered under the plan.

The plan will be declared effective by mailing or personal service of notice on every purchaser in the manner required by NYCRR Title 13 Section 20.1(d) stating that the plan is declared effective. There will not be any closings until the Plan is declared effective. Sponsor will submit an Amendment of Effectiveness upon declaring the Plan effective. The Amendment to declare a plan effective must conform to the effective date section of the Offering Plan. If the Plan was declared effective by notice, the Amendment must refer to the notice and the date of the notice, and must be submitted to the Department of Law within five days of such notice. No closing shall occur until this Amendment is accepted for filing by the Department of Law unless the condominium development consists of five or fewer units. The Amendment shall state the percentage of units being offered for which Sponsor has accepted purchase agreements from bona fide Purchasers.

The plan will not be declared effective based on purchase agreements: (i) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) if the purchasers were afforded fewer than three (3) business days to review the offering plan and all filed amendments prior to the execution of a purchase agreement pursuant to NYCRR 20.3(o)(15); or (iii) with any purchaser who is the Sponsor, the Selling Agent, or the Managing Agent or is a principal of the Sponsor, the Selling Agent or the Managing Agent or is related to the Sponsor, the Selling Agent or the managing agent or to any principal of the Sponsor or the Selling Agent or the Managing Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a purchaser other than the Sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Office of the Attorney General establishing that the purchaser is bona fide.

The plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least two (2) unit which represents at least fifteen (15%) percent of the units offered under the plan. The plan must be declared effective when purchase agreements have been accepted by Sponsor for seven (7) Units, which represent at least 80% of the Units offered under the plan. Sponsor will not declare the Offering Plan effective until it has two (2) bona fide purchasers under contract.

The plan may be abandoned by Sponsor, at its option, before it is declared effective. In the event of abandonment, Sponsor shall promptly file an amendment together with form RS-3 as required by 13 NYCRR §20.1(l)(2). Within five (5) days of after the amendment abandoning the plan has been accepted for filing, all monies paid by Purchasers shall be refunded to them in full. If payments under purchase agreements had been received, the amount of such funds and the manner and time when these funds will be returned to Purchasers will be disclosed to the Office

of the Attorney General. If there are no outstanding purchase agreements, Sponsor need not submit an amendment but shall nonetheless submit a form RS-3 to the Office of the Attorney General, which shall be served simultaneously by Sponsor on all commercial or processional tenants, if any, in the manner specified by Section 20.1(d)(1) of this 13 NYCRR §20.1(l)(2).

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 or (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. Sponsor must provide that any stated dollar amount relied upon as basis for abandonment after effectiveness must exclude any attorney's fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the plan and are either known to the Sponsor or are a matter of public record.

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 condominium declaration has been recorded.

## SECTION XIII. TERMS OF SALE

At closing, Purchasers will give the Purchaser fee simple title to the Unit and respective undivided interest of the common elements. A form of a bargain and sale deed with covenants against grantors acts is contained in Part II of the Plan. Sponsor will convey good and marketable title to the Unit and its appurtenant interests, by a bargain and sale deed with covenants against grantor's acts, containing the provisions set forth in subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than the following which are referred to as Permitted Encumbrances in the Purchase Agreement included in Part II of this Plan:

(a) zoning and building ordinances, resolutions, restrictions and regulations of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, providing same will not be violated by the contemplated structures and use;

(b) The terms, burden, conditions, covenants, restrictions, easements and provisions of the Declaration, By-Laws and Rules and Regulations thereunder, maps and Floor Plans of the Condominium, as same may be amended from time to time to be recorded or filed in the Register's Office and the Power of Attorney from Purchaser to the Board of Managers and Sponsor;

(c) Any state of facts that an accurate survey would show, provided they do not render title unmarketable and any additional state of facts, which an updated and accurate survey would show, provided same do not render title unmarketable;

(d) Easements in favor of adjoining units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, existing as a result of the construction of the Building, or construction of the Units, or which may have come or may, come into existence as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units;

(e) Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;

(f) Encroachments of stoops, areas, trim, coping, retaining walls, bay windows, sidewalks, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over, or under the Property or the streets or sidewalks abutting the Property and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the Property and retaining walls and the like, if any;

(g) Any easement or right of use created in favor of a cable TV or internet provider or any public utility company for electricity, steam, gas, telephone, water or other service, and the

right to. use, maintain and repair wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the Property;

(h) Service, maintenance and license agreements and union contracts and agreements, if any;

(i) Party walls and party wall agreements, if any;

(j) The lien of any unpaid real estate tax, and the lien of any water charges or sewer rents (which shall be apportioned at closing);

(k) The lien of any unpaid assessment payable in installments (other than assessments levied by the Board of Managers) except that Sponsor shall pay all such assessments due prior to the Closing Date and the Purchaser shall pay all assessments due from and after such date (however, the then current installment shall be apportioned at Closing Date);

(l) Any other declaration or other instrument affecting the Property which Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning, resolution or requirement of the Department of Building, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the demolition, construction, alteration, repair or restoration of the Building; provided, however, that such declaration or other instrument does not adversely affect the right of the Unit Owner to utilize the Unit as herein described.

(m) Violations noted or issued of record before or after the First Unit Closing by any governmental authority. Any violation, which Sponsor is obligated to remove, will not be an objection to Closing, provided Sponsor agrees in writing with the Board of Managers to remove same of record;

(n) Any other encumbrance, covenant, easement, agreement or restriction against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for residential purposes;

(o) Variations between record lines and fences, hedges, retaining walls and tax lots;

(p) Standard printed exceptions contained in the form of title insurance policy then issued by a New York Board of Title Underwriters member title insurance company insuring the Purchaser's title to the Unit.

(q) All recorded Zoning Lot Certificates and Zoning Lot Descriptions.

A Purchaser is required to accept title provided by any title company of the Purchaser's choice which agrees to insure fee title in the Purchaser subject only to the provisions set forth above or agrees to insure against collection out of or enforcement against the Unit and its interest in the Common Elements.

The Sponsor has the option to repair any damage from a casualty or other cause that occurs before the closing of a purchaser's unit. The rights and obligations of purchasers of damaged units shall be the same as those of purchasers of undamaged units, except that if Sponsor fails to repair and restore the unit by the date set for closing, the purchaser of a damaged unit may rescind the purchase agreement and receive back any Down Payment, less the actual cost of extras or special work, at any time after the date set for closing (if the closing did not take place due to Sponsor's failure to repair or restore) but not later than 15 days from the date set for closing by giving written notice of such intention to the Sponsor. Purchasers who rescind their purchase agreements pursuant to this paragraph will receive back the unexpended money paid for extra work. If Sponsor elects to repair or replace loss or damage, Sponsor shall so notify the Purchaser within 30 days of the loss or damage and the purchase agreement shall continue in full force and effect. If Sponsor is obligated to make repairs, Purchaser is to receive back all monies paid, including extras.

The cost of extras and special work must be paid for in advance by placing the money in the escrow account. It is a special risk to purchasers who rescind their purchase agreements they will not receive back the expended money paid for such work. If purchasers have not paid for the extras in advance, in the event of rescission the actual expended cost of such work will deducted from any amounts returned to the purchasers.

Closing will take place only concurrently with the issuance of a temporary Certificate of Occupancy ("TCO") or permanent Certificate of Occupancy ("PCO") covering the unit being sold. Sponsor and its principal(s) will be obligated to procure the PCO and keep the TCO accurate and current until the PCO is procured.

As set forth above, title to each unit and its appurtenant interest in the Common Elements will be conveyed at the closing free and clear of all liens, encumbrances and title exceptions, except those set forth herein. No leases, mortgages, liens, or encumbrances will affect the property after closing. Title exceptions which shall not be deemed objectionable by purchaser may include easements and/or the state of facts shown on a stated survey and any additional state of facts a subsequent survey would show, provided that such easements and/or additional state of facts do not render title unmarketable.

All personal property located within the unit on the date the purchase agreement is signed or located within the Common Elements on the date the Declaration is filed, that is owned by the Sponsor, is included in the conveyance unless such personal property (i) is construction related (ii) has been placed therein for display purposes or (iii) is specifically excepted in the purchase agreement.

The Declaration, By-Laws and Floor Plans for the Condominium and such other documents, as required by law, will be recorded or filed prior to the first closing of title to a unit in accordance with the New York Condominium Act or applicable state and local law in the office of the clerk of Kings County, New York.

If the existing mortgage and construction loan of Sponsor's lender, LYZ Corp., will not be satisfied at or prior to the closing of the first unit, at the time of conveyance of each unit the mortgagee will release its lien on the Unit being conveyed and its interest in the Common Elements

appurtenant to that unit.

Purchaser shall receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the unit and Sponsor shall assign any warranties with respect to equipment and appliances installed in the Common Elements to the Board of Managers. Purchaser shall also receive a limited warranty as prescribed by law. See Part II for the form of the limited warranty.

No escrow will be established for unfinished items, except for the lack of a permanent certificate of occupancy. In such case Sponsor will maintain all deposits and funds in the special escrow account required by GBL 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 a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the Sponsor's engineer, architect or other qualified expert may be released from the special escrow account. The amount(s) retained in escrow pending the delivery of a permanent certificate of occupancy and the architect's certification(s) certifying such amount(s) will be included in each post-closing amendments to the Plan until the permanent certificate of occupancy is obtained. Alternatively, Sponsor may 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. Sponsor will disclose the use of any alternative security in a duly filed amendment to the Plan.

All representations under the offering plan and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

## SECTION XIV. CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs, expenses to be borne by each purchaser and related information is discussed below.

Purchaser may purchase fee title insurance from an insurer of the Purchaser's choice without incurring a penalty. The table below shows title charges in accordance with the schedules of rates set by the New York State Land Title Association and filed with the New York State Department of Insurance. The title policy premiums and the recording charges set forth herein are those in effect as of the date of this Offering Plan, and may be increased by the Title Company, State, County or municipality.

1. Approximately $200.00 recording fee for the deed, approximately $200.00 Real Property Transfer fee, and approximately $100.00 for recording the power of attorney.

2. In the event the purchaser shall obtain a purchase money mortgage, he shall pay at the closing of title the sum of the following costs: recording fees for the mortgage of approximately $250.00 and mortgage tax (subject to certain possible adjustments) of 1.8% of the principal amount of the mortgage for mortgage amounts under $500,000.00 and 1.925% of the principal amount of the mortgage for mortgage amounts greater than $500,000.00, mortgage title policy charges, lending institution's attorney's fees, origination fees, mortgage application fees, credit reporting fees and any other fees charged by the lending institution.

3. If applicable, a portion of the mortgage recording tax set forth above will be computed in accordance with Section 339-ee, subsection 2, of the New York Condominium Act, and shall be paid to the Sponsor in reimbursement of mortgage recording taxes which the Sponsor will have previously paid in connection with any existing mortgages on the Condominium property. In addition, the purchaser may be required by the lending institution to post with the lending institution a deposit towards the payment of real estate taxes based upon a multiple of estimated monthly real estate taxes which will vary with the closing date.

4. Sellers in general are obligated to pay the transfer taxes; however, the Seller's obligation to pay the transfer tax is transferred to the Purchaser. New York City Real Property Transfer Tax which is currently 1% of the purchase price for a purchase of $500,000.00 or less and 1.425% of the purchase price for purchase price greater than $500,000.00. Under the Purchase Agreement and the Offering Plan, Purchasers are required to pay these taxes as a closing cost. In computing the total consideration for purposes of determining the transfer taxes due, the NYC transfer taxes that would be due on the actual purchase price may be added to the purchase price and this "grossed up" amount is deemed the consideration.

5. Sellers in general are obligated to pay the transfer taxes; however, the Seller's obligation to pay the transfer tax is transferred to the Purchaser. New York State has made modifications to the New York State Transfer Tax and the New York State Mansion Tax rates under certain circumstances, for transfers in New York City. Tax is computed at a rate of $2.00 for each $500.00, or fractional part thereof, of consideration. An additional tax of 1% of the sale price (Mansion Tax) applies to residences where consideration is $1 million or more. Beginning on July

1, 2019, certain conveyances of real property or interests therein, located in New York City (other than a conveyance made pursuant to a binding written contract entered into on or before April 1, 2019) are also subject to the following New York State taxes: (1) A tax of $1.25 for each $500.00, or fractional part thereof, when the consideration for the entire conveyance of residential real property is $3 million or more ("additional base tax"); (2) An additional base tax of $1.25 for each $500.00, or fractional part thereof, when the consideration for the entire conveyance of property other than residential real property is $2 million or more and (3) A supplemental tax on the conveyance of residential real property, or interest therein, where the consideration is $2 million or more. The tax rate is an incremental rate between .25% and 2.9% based on the purchase price. Under the Purchase Agreement and the Offering Plan, Purchasers are required to pay these taxes as a closing cost, if applicable. New York State Tax Law Section 1404(a) has been amended effective as of July 1, 2021. This amendment applies to transactions dated on or after July 1, 2021 other than conveyances that are made pursuant to binding written contracts entered on or before April 1, 2021, provided that the date of execution of such contract is confirmed by independent evidence, such as the recording of the contract, payment of a deposit or other facts and circumstances as determined by the commissioner of taxation and finance. Under the revised law, if the conveyance is of residential real property and the grantee pays the NYS transfer tax, the NYS transfer tax is no longer included as a part of the taxable consideration, and the ultimate NYS transfer tax to be paid by the grantee is no longer "grossed up." The requirement to "gross up" the taxable consideration has now been eliminated when calculating New York State Real Estate Transfer Tax (RETT) and Mansion Taxes on the conveyancing of a one to three family residential dwelling, an individual residential condominium and an individual residential cooperative unit, or interests therein, when the contract of sale places the burden of such transfer tax upon the grantee. Grossing up for purposes of calculating NYCRPT are not subject to this amendment to the New York State Tax Law.

6. If the purchase price of a Unit is $1,000,000.00 or more, the Purchaser shall also be obligated to pay the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," currently one (1%) percent of the purchase price, which by law is the primary obligation of the Purchaser.

7. Two months of Common Charges are to be paid to the Condominium as an initial working capital contribution. While Sponsor is in control of the Board of Managers the working capital fund will not be used to reduce the Common Charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of Common Charges collected.

When completely funded, after all closings, the Working Capital fund will contain two months aggregate Common Charges. The purpose of this fund is to provide for unanticipated expenses that may arise in the day to day management of the Condominium from time to time without the necessity of resorting to a special assessment to unit owners. While the exact nature of unanticipated expenses cannot be defined, this contingency may be used to offset the costs of insurance deductibles on claims, to provide for additional management or maintenance services or improvements not otherwise classified in this budget. It will not be used to replace capital items.

This Plan must state in two separate sections whether the Condominium will have funds for Working Capital. The other section is Section XXII, Working Capital Fund.

8. At closing, the purchaser must pay the Sponsor's attorney fee in the amount of $2,500.00 to reimburse Sponsor for a portion of its legal fees incurred in connection with the closing of title of the Purchaser's unit. If the closing takes place at a location other than in the Sponsor's counsel's office, the Purchaser will be required to pay to Sponsor's counsel an additional fee of $500.00 or $250.00 if the closing is held remotely. If the closing is adjourned through no fault of the Sponsor, the Purchaser will be required to pay to Sponsor's Counsel an additional fee of $250.00 for each adjournment to defray the cost of scheduling, preparing for, and coordinating the new closing. If the closing venue changes to accommodate a Purchaser's request, extra costs will be added to closing costs. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion, or substitution of names on the Purchase Agreement, Purchaser shall pay Sponsor's Counsel a fee of $500.00, payable in advance, for preparation of an assignment agreement. If Purchaser's lenders require a "condo questionnaire" the Purchasers will pay Sponsor's attorney $150.00 at closing. Purchaser may be required to pay more than one fee with respect to a single unit pursuant to the preceding provisions of the paragraph. Each Purchaser shall be responsible for the payment of fees to his own attorney and the attorney for Purchaser's lender.

9. Purchaser must pay any title company fees associated with the preparation and/or recording of the transfer tax documents, ACRIS documents or E-tax forms. ACRIS preparation fee will be paid to sponsor's attorney is prepared by Sponsor's attorney.

10. If separate tax assessments have not been made for individual units prior to the closing of title to a Unit, Sponsor will collect from each Purchaser at closing, and will place in escrow in a separate account established by the Sponsor for that purpose, an amount equal to the Unit's estimated proportionate share of the real estate taxes projected to be due for the entire Property for the half of the tax year next commencing after the closing of said Unit, (i.e., for either the first half or second half, depending on when the Unit closes) based on the higher of the actually assessment or the tax estimate set forth in Schedule A. If the tax assessor indicates that more than one half of a tax year may elapse before the Units are individually assessed, Sponsor shall collect at closing Purchaser's proportionate share of taxes for the upcoming half and shall deposit the same in the account described above. With respect to the balance of the estimated taxes due for the next applicable tax period, the Board of Managers is authorized, and shall be obligated to collect monthly escrows from Unit Owners with their Common Charges based upon the estimated tax bill for the entire Property and the then current tax rate deposit the same in the tax escrow account ("Tax Reserve"). At the time taxes are due and payable, Sponsor shall pay out of Sponsor's own funds, Sponsor's proportionate share of the Property tax bill allocable to the Unit(s) Sponsor then owns, based on the allocation method described above, and the Board of Managers shall be obligated to cause the release to Sponsor of the appropriate amount of escrowed tax funds in the tax escrow account for Sponsor's use in paying the share of taxes attributable to Units that have been sold and closed to other Unit Owners.

If the actual taxes due for any period for which Sponsor collected escrows are higher than the amount collected and held in escrow, the Board of Managers shall pay the difference and shall

bill Unit Owners for their proportionate share of any necessary reimbursement, as a Special Assessment. Sponsor will remain liable for all real estate taxes attributable to Sponsor's Units until Sponsor sells and conveys those Units. If any Unit Owner fails to pay a Unit's pro rata share of real estate taxes when due, by Common Charge billing, special assessment billing, or both, the Board of Managers will have a lien on such Unit for non-payment thereof, as if such charges were Common Charges. If the actual taxes due for any period for which Sponsor collected escrows are lower than the amount collected and held in escrow, the Board of Managers shall pay the Unit Owners their proportionate share of any excess.

If as of the date of closing, the units are not separately assessed and the unit owner is required to deposit moneys with the Board for the payment of real estate taxes, in addition to such deposit with the Board, the Unit Owner's lender may also require an escrow for taxes.

11. Purchasers of Residential Units shall also reimburse the Sponsor $2,000.00 each for Sponsor's cost for engineering, architect and expediting fees to create the Condominium ("Creation Costs").

12. In the event that Purchasers elect to purchase title insurance, the premiums for fee insurance are calculated as follows: $402.00 for the first $35,000.00 of fee insurance plus from $2.76 to $6.67 for each $1,000.00 of additional fee insurance depending on the amount of insurance purchased. The premiums for mortgage title insurance are calculated as follows: $344.00 for the first $35,000.00 of fee insurance plus from $2.31 to $5.55 for each $1,000.00 of additional fee insurance depending on the amount of insurance purchased. Purchasers receive a discounted rate on the mortgage title insurance if fee insurance is purchased simultaneously. There rates are subject to change without notice.

The following is a breakdown of estimated closing costs typically incurred by purchasers (Purchasers may opt for additional coverages and services but the below are what is typically obtained) based on unit price of $700,000.00 (which is the highest priced unit as of the submission of the Plan) and a mortgage of $560,000.00 (this is not a warranty or guarantee of costs):

| | |
|---|---|
| Title insurance ($700,000.00 fee, with $560,000.00 mortgage) | $3,533.00 |
| Recording of deed, power of attorney, mortgage | $500.00 |
| Municipal, departmental, and abstract search | $779.26 |
| Mortgage tax (1.925% - $30) | $10,750.00 |
| New York State transfer tax | $2,840.00 |
| New York City transfer tax | $10,157.04 |
| Mansion tax | $0.00 |
| Working capital approx. (2 mo. Common Charges) | $531.28 |
| Sponsor's attorney fee | $2,500.00 |
| Creation costs | $2,000.00 |
| TOTAL | $33,590.58 |

In the event that a Purchaser chooses to purchase title insurance at the Closing, Purchaser must obtain a commitment to issue title insurance in the form of a title report from a title insurance company licensed to do business in the State of New York. Such report is to be delivered to

Sponsor's attorney at least 30 days before Closing. Sponsor must covey marketable title to the Unit. If Sponsor is unable to convey Marketable title pursuant to this Plan, the Purchaser will be entitled to a return of the Down Payment. There is no restriction on which title company purchasers may choose to insure title. However, the title company chosen by Purchaser must agree to submit all real estate tax forms, deeds, powers of attorney, satisfactions or partial releases of mortgage, and/or other instruments that must be recorded in connection with the conveyance of a deed to a Unit Owner and all transfer taxes due in connection therewith and will be obligated to indemnify Sponsor for such title company's failure to file such forms and/or failure to remit the required transfer taxes in connection therewith in a timely manner.

Purchasers may obtain title insurance from a company of their choice without incurring a penalty.

In the event of the failure of the purchaser to close title as a result of any title exception raised by a title company selected by Purchasers, Sponsor may choose to not remove the title exception if it does not make title unmarketable and a different TIRSA recognized and licensed title company is able to insure over the exception.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to the units will be real estate taxes and Common Charges, if they have been declared by the Board of Managers. Adjustments will be made as of 11:59 P.M. on the day preceding the closing date. In the event there are any other items which are to be apportioned at closing, if practicable, the Sponsor will advise the purchaser in writing of such items at least two days before the closing.

If Purchaser obtains a mortgage loan for the purchase of the Unit (the "Purchase Money Mortgage"), the Purchaser will pay to Sponsor a sum equal to the partial mortgage tax credit to which Purchaser may be entitled pursuant to Section 339-ee(2) of the Condominium Act, which sum will be paid as a reimbursement for the mortgage recording tax previously paid by Sponsor in connection with any existing mortgage(s). Alternatively, Sponsor may require, in its sole discretion, that a Purchaser who is financing the purchase of said Unit with a Purchase Money Mortgage, shall, if such lender agrees, cause the lender making such loan to accept from the Sponsor an assignment of a portion of any mortgage securing the Property in an amount up to the Purchase Money Mortgage as determined by Sponsor. Upon such assignment, that portion of the Purchase Money Mortgage assigned by Sponsor's lender's mortgage, will be exempt from mortgage recording tax under Section 255 of the Real Property Tax Law. Sponsor shall be solely entitled to the benefits of such exemption and accordingly, Purchaser must pay to Sponsor an amount equal to the mortgage recording tax which would have otherwise been due in connection with the recording of the Purchase Money Mortgage. If Purchaser or Purchaser's lender does not agree to the assignment, Purchaser shall pay the entire mortgage recording tax and Sponsor will not receive any benefits it is otherwise entitled to.

## SECTION XV. RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor has certain rights and obligations under this Offering Plan and applicable Law, and all Purchasers, upon execution of their respective Purchase Agreements will be deemed to have accepted, approved and agreed to abide and be bound by the following.

1. Sponsor's Obligations with respect to the Property

The Sponsor intends to sell the Units. The Sponsor will endeavor in good faith to sell the Units in a reasonably timely manner. However, the Sponsor retains the unconditional right to rent any residential units without any conditions after plan consummation and there is no commitment to sell more units than the 15% necessary to declare the plan effective (2 Units). As such, 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. If Sponsor chooses to withhold additional units from sale and chooses not to rent said units, it is possible that the purchaser of one of the other units may live in a building that is not completely occupied or occupied by more than two (2) units. Purchasers may never gain control of the Board of Managers under the terms of this plan through their own occupancy.

The lien of each Unit will be released by the Sponsor's lender at or prior to each Unit's closing. Provided that the Sponsor pay to the Lender the release price, Sponsor's Lender has not imposed restrictions with respect to closing units.

Sponsor shall have the following obligations pursuant to this Offering Plan, which shall be performed in accordance with the practice of the industry:

a. Sponsor will pay or cause to be paid all sums properly due to contractors, subcontractors and material men and all others involved in the construction of the Units and Common Elements, for (i) the authorized and proper work performed and (ii) fixtures, material and equipment supplied or installed, all in accordance with agreement with such contractors, subcontractors and material men.

b. At its own cost, Sponsor will diligently and expeditiously cause the construction of the Units and Common Elements in accordance with the plans and specifications described herein to be completed. Sponsor will pay for such work and materials and discharge or bond all mechanical liens which may be filed as a result of the construction of the Units or Common Elements. With respect to any of the materials specified in either, the Floor Plans, the Description of Property or elsewhere in the Offering Plan, Sponsor reserves the right to substitute materials of Equal or Better quality and design. Sponsor intends to use the materials, fixtures, appliances and other equipment described in this Offering Plan and in the architectural plans on file, but, due to the possible unavailability of materials and supplies or for any other reason, Sponsor reserves the right to substitute materials, fixtures, appliances and equipment but Sponsor may not substitute same with equipment or materials of lesser quality or design.

c. Sponsor reserves the right without altering the total amount of space contained in the Building, to change the size, interior layout and location of any Unit or the number of Units,

provided such changes are made in accordance with the section titled "Changes in Prices and Units" and with the requirements of law. Changes will be made in the size or number of Units, their respective percentage of Common Interest or in the amount or quality of Common Elements, except as otherwise provided herein, only with the consent of all Unit Owners directly affected, and by amendment to the Offering Plan and also by amendment to the Declaration, if the Declaration was filed prior to such change. However, Sponsor shall not be obligated to obtain consent of any Unit Owner for changes made prior to the execution of a Purchase Agreement for the affected Unit or Units so long as such changes are made by amendment to the Offering Plan and to the Declaration. A Unit Owner shall be deemed directly affected only if such change results in an alteration of his or her Unit or the Common Interests allocable thereto.

Sponsor may not make changes to the size, location of buildings or 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 and contract vendees consent in writing to such change.

Unless an affected Purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a Purchase Agreement has been executed and delivered to the Sponsor for that unit and the Purchaser is not in default.

Unless all Purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of Common Elements.

d. At its sole cost and expense, Sponsor will obtain, prior to the closing of a particular Unit, a permanent Certificate of Occupancy for the Unit being conveyed. Purchasers are advised that in New York City, newly constructed and newly renovated buildings are sometimes offered as condominium projects without a permanent certificate of occupancy ("PCO") 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 PCOs 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 me 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 PCO. Sponsor anticipates this scenario may occur. Sponsor and its principals will undertake the responsibility for extending each TCO received prior to expiration date thereof, and ultimately for obtaining a PCO covering the entire building within such two-year period.

NOTWITHSTANDING THE FOREGOING, SPONSOR AND ITS PRINCIPALS ARE OBLIGATED TO PROCURE THE PERMANENT CERTIFICATE OF OCCUPANCY FOR THE ENTIRE BUILDING AND SHALL EXERCISE BEST EFFORTS TO OBTAIN THE PCO 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. If the first closing may take place prior to the issuance of a PCO for the property, Sponsor's engineer, architect or other qualified expert shall certify the amount of money that will be reasonably necessary to complete the work needed to obtain a PCO and the said amount shall be deposited in an escrow account until a PCO is issued. Unit owners are not permitted by Sponsor to undertake renovations prior to the procurement of a PCO.

e. Except as provided in Section XIV "Closing Costs and Adjustments', Sponsor will pay all expenses incurred prior to the establishment of the Condominium in connection with its operation and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium, whenever such costs or expenses are incurred, or in connection with the sale of all of the Units held or owned by Sponsor. However, Purchasers shall pay to Sponsor the Creation Cost reimbursement of $2,000.00, Sponsor's attorney's legal fee in connection with the closing of the Unit and those other fees set forth in the Summary of Closing Costs included in this Plan. Except as otherwise provided in this Offering Plan, Sponsor will pay all selling expenses of Sponsor, including, but not limited to, advertising and printing costs, architects' fees, attorneys' fees, organization costs, brokerage and Selling Agents' fees and commissions, engineers' fees, appraisal and surveying fees and costs.

f. Sponsor will pay all Common Charges, real estate taxes, Special Assessments and other expenses allocable to any Units owned by Sponsor, so long as Sponsor shall continue to own such Units. Sponsor is reserving the right to delay the commencement of collection of common charges for an indeterminate period. During any such delay, Sponsor shall timely pay all expenses of the Condominium, including, but not limited to, insurance premiums and any reserve fund payments. Such expenses shall not include individual Unit Owner expenses such as real estate taxes, utility charges, etc. During such delay in the collection of common charges, Sponsor shall remain obligated to update the Condominium budget, and, if Sponsor controls the board, to provide certified financial statements for the Condominium, as required by the regulations promulgated by the Department of Law. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Upon commencement of the collection of common charges, Unit Owners will not be assessed for any items in the certified budget for the Condominium. If Sponsor elects to delay the collection of common charges, Sponsor shall disclose the anticipated period of delay in the collection of common charges in the initial post-closing amendment to the Plan. Sponsor shall provide written notice of the expiration of the delay period to all Unit Owners and Purchasers in contract at least 30 days prior to the commencement of the collection of common charges. Thereafter, Sponsor shall disclose the expiration of the delay period in the next substantive amendment to the Plan and include a copy of the notice and an affidavit of service with the submission of such amendment. However, as set forth in this Offering Plan, where Purchaser has caused an unauthorized delay in Closing, sponsor shall be entitled to reimbursement by Purchaser of real estate taxes and Common Charges during such unauthorized delay.

Sponsor represents that it has sufficient financial resources to complete construction and to meet its obligations with respect to unsold units and will not require additional financing or the sale of any of the units to pay for same. Sponsor will fund its obligations to the Condominium for unsold units from its principals' monetary contributions to Sponsor and from proceeds of the loan given to it by lender. As provided in Article VI Section 5 of the By-Laws, no bond will be posted by Sponsor to insure completion. In the event that the Sponsor is more than thirty (30) days in arrears on Common Charges for any unsold unit during the time that the Sponsor is in control of the Board of Managers, Sponsor will cause the Board of Managers to file a lien as provided for in Section 339-aa of the Real Property Law.

g. Prior to Closing, all liens affecting the Unit and its appurtenant Common Interest shall be paid and satisfied or bonded and such Unit and its appurtenant Common Interest shall be released from such lien by partial release which will be duly recorded.

h. Section 777-a of the General Business Law (the "Housing Merchant Implied Warranty") applies to this Offering but is limited. The Housing Merchant Implied Warranty applies to the common elements as well as to the individual units. A copy of the text of Section 777-a of the General Business Law is attached to Part II of this Offering Plan. A copy of the limited warranty is attached as an exhibit to the Purchase Agreement. Said law provides a one-year warranty that the home will be free of defects due to the failure of construction being constructed in a skillful manner; a two-year warranty that 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 a six (6) year warranty that the home will be free from material defects. The Housing Merchant Warranty applies to the Common Elements.

Unless provided otherwise, said law does not extend to any defect that does not constitute defective workmanship or defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, defective design provided by a design professional retained exclusively by the builder or 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.

However, the Sponsor's obligation, regardless of any limitation in the warranty or in this Offering Plan, is to construct the premises in accordance with all applicable codes and filed plans and specifications, and that any conflict between the disclaimers and Sponsor's obligation to construct the Premises in accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter.

The Sponsor has limited the warranty as indicated in Exhibit C following the Purchase Agreement in Part II of this Plan.

The limited warranty in summary limits the Sponsor's liability to 75% of the Purchase Price set forth in the Purchase Agreement. The warranty also does not cover consequential, incidental, special or indirect damages except as required by law.

The limited warranty specifically identifies the builder's responsibility for defects of a latent or hidden nature and specifically excludes all other warranties of every kind, express and implied on the construction and sale of the home, its workmanship and materials and its fitness for use and habitability.

The Warranty Period for all of the following coverage begins on the Effective Date of the Warranty shown on page 1 of Exhibit C following the Purchase Agreement in Part II of this Plan. For one year from the Effective Date of the Warranty, the Home will be free from latent defects that constitute:

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

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

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

(d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.
Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

For two years from the Effective Date of the Warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the seller.

The Plumbing System refers to the gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system. The Electrical System refers to all wiring, electrical boxes, switches, outlets and connections up to the public utility connection. The Heating, Cooling and Ventilation System refers to all ductwork, steam, water and refrigerant lines, registers, converters, radiation elements and dampers. Except by reason of a defect in installation by Seller, this major system coverage does not include defects in appliances, fixtures and items of equipment.

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

For six years from the Effective Date of the Warranty, the Home will be free from latent Major Structural Defects that result from:

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

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

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

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

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

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

In all coverages under the aforementioned, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Home is located, in effect on the date that the building permit for the Home was issued, as supplemented by the annexed locally accepted building standards and practices.

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

The following are not covered by the warranty:

a. patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to the Effective Date of the warranty ought to be revealed;

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

c. raised butt joints; ridging; scuffing on kitchen cabinet or vanity surfaces ; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves); and on fascias from staining; doors and windows sticking because of the weather; adjustment of bi-fold doors; chips, scratches, marks, breaks or other

blemishes in windows, sliding doors, screens, electrical fixtures and globes, woodwork doors, dented appliances; broken screens. And minor chips (nicks) to cultured marble floors and countertops.

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

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

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

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

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

i. damage caused by changes, alterations or additions made to the Home by anyone other than Seller or its employees, agents or subcontractors after the Effective Date of the warranty;

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

k. damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation;

l. loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, soil movement and changes in the underground water table.

m. loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;

n. any damage which purchaser has not taken timely action to minimize;

o. normal wear and tear and normal deterioration;

p. insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

q. bodily injury, death or damage to personal property;

r. costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement;

s. consequential, incidental, special and direct damages;

t. any claim not filed in a manner set forth in paragraph 7 of the warranty;

u. damage which arises while the home is being used for non-residential purposes; and

v. damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

If a defect occurs in an item covered by the warranty, The Seller will repair, replace or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s) , within sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller. In making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under the warranty is limited in the aggregate to the amount listed on page 1 of the warranty.

Repair of damage to the load-bearing portions of the Home will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to the repair of those defects which made the Home unsafe, unsanitary or otherwise unlivable.

For a fuller explanation of such warranty, see Exhibit C to the Purchase Agreement located in part II of this Plan.

Nothing contained herein shall be construed to render Sponsor liable for consequential damages (whether based on negligence, breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligation pursuant to this section of the Offering Plan shall be to repair or replace, at Sponsor's option, any defective item of construction (arising as a result of substantial and material defects in material or as a result of improper workmanship) subject to the terms and conditions (and within the time limits) set forth in the Offering Plan.

The method of correcting any defect will be selected by Sponsor in its sole discretion. The quality of construction as to any such correction will be comparable to local standards customary in the particular trade or trades involved and will be in accordance with the Plans and

Specifications.

Notwithstanding the foregoing, Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or any Unit Owner as a result of any immaterial construction conditions, or in the installation, or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including appliances and bathroom fixtures):

(1) with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, material men, or others which are assigned to the Condominium Board and/or any Unit Owner unless said warranty or undertaking is not applicable because the defect is a result of the Sponsor's improper workmanship;

(2) resulting from normal wear and tear, natural deterioration, normal settling, deflection, or shifting of the Building; or

(3) that are not of a material nature, including, without limitation, the following: death of trees or landscape improvements, cracks in roof ballast, or concrete cracks that do not impair the structural soundness of the Building, including cracks or discoloration in concrete used in walls and paving, leaching or color variation in colored mortar, tiles, and brick, dimensional variations in brick joints, mortar droppings on bricks, ponding, and/or controlled drainage on roof and terrace surfaces, terrace tiles not laid flat, stained tiles, and cracks in pressure treated wood used, or intended for use, outside the Building, normal settlement and deflection or any consequential damage resulting therefrom, including, without limitation, cracks in any concrete roof payers; protruding dry wall fastenings, nail pops, ridging on gypsum board, slight variations in gypsum board, taping, ridging or cracking of sheet rock walls, minor painting imperfections, walls not square, lumber shrinkage, painting defects, electrical plates not straight, slight separation between base and floor, variations in floor and ceiling levels, carpet or floor discoloring or stretching, variations in width, length, thickness, finish, or color range of wood floors, ceiling imperfections, and stains, runs, lumps, shags, or imperfections in weave in fabric panels; door or window sticking due to weather, door warpage (including warpage of the main entrance door to an Unit within reasonable tolerances of doors of similar size, weight and quality), adjustment of hi-fold or sliding doors, and air and water infiltration from windows in excess of industry standards; variations in tone or color or finishes of natural stone or variations in tone or color of vanity tops or other natural stone surfaces, slight scratches in plastic laminate, vitreous china, natural stone, wood, stainless steel, or porcelain surfaces, discoloration to hardware and plumbing finishes, cracked bath tile grouting, variation in grouting thickness, and misalignment of bathroom finishes; variations in wood floor stains and finishes caused by normal foot traffic during construction and sales periods, variations in width, length or tone of wood floor strips and normal shrinkage or expansion of wood flooring due to changes in moisture content of wood; normal plumbing, heating, air-conditioning, ventilating, and floor noises and creaking; repair of chips, scratches, masks, breaks, dents, cracks, and other defects in any windows and window sashes, sliding glass doors, shower doors, louvers, insulation attached to the curtain wall, electrical fixtures and globes, painted surfaces, sinks, tubs, basins, water closets, kitchen cabinets, back splashes, and counter tops, vanity tops and cabinets, tile or natural stone floors and walls, saddles, appliances, woodwork, millwork, doors, mirrors, and hardware, appliance cabinets and flooring; and normal wear, including chips, to passenger elevator cabs, cab doors, elevator door frames, cab panels,

apartment doors and apartment door frames; subsequent to the Closing, paint touch-up, repairs of appliances or replacement of fluorescent light ballasts; ponding and/or controlled drainage on the roof surface.

Notwithstanding the foregoing items, Sponsor will be obligated to repair abnormal scratches not caused by the use of the Units by Unit Owners, in plastic laminate, vitreous china, natural stone, wood, porcelain and metallic surfaces by filing or refinishing the same. Sponsor will not be obligated to replace any such surfaces.

THE IMMATERIAL CONDITIONS DESCRIBED ABOVE ARE NOT DEFECTS AND MAY BE FOUND IN ANY NEWLY CONSTRUCTED BUILDING. PURCHASERS WHO PURCHASE A UNIT IN THE BUILDING OR IN ANY OTHER NEW CONSTRUCTION BUILDING MAY EXPERIENCE SOME OR ALL OF THESE IMMATERIAL CONDITIONS IN THEIR UNITS OR THE COMMON ELEMENTS. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF SUCH IMMATERIAL CONDITIONS AND SHALL NOT BE LIABLE TO ANY PURCHASER OR CONDOMINIUM BOARD THEREFOR. IF PURCHASER OR CONDOMINIUM BOARD DESIRES TO CORRECT OR REPAIR ANY SUCH IMMATERIAL CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THE PURCHASER OR CONDOMINIUM BOARD WILL HAVE TO PROCEED AT ITS SOLE COST AND EXPENSE AND/OR PURSUANT TO ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO IT BY SPONSOR.

NOTHING CONTAINED HEREIN SHALL BE CONSTRUED TO RENDER SPONSOR LIABLE FOR CONSEQUENTIAL DAMAGES (WHETHER BASED ON NEGLIGENCE, BREACH OF CONTRACT, WARRANTY, OR OTHERWISE), IT BEING INTENDED THAT SPONSOR'S SOLE OBLIGATION PURSUANT TO THIS SECTION OF THE OFFERING PLAN SHALL BE TO REPAIR OR REPLACE, AT SPONSOR'S OPTION, ANY DEFECTIVE ITEM OF CONSTRUCTION (ARISING AS A RESULT OF SUBSTANTIAL AND MATERIAL DEFECTS IN MATERIAL OR AS A RESULT OF IMPROPER WORKMANSHIP) SUBJECT TO THE TERMS AND CONDITIONS (AND WITHIN THE TIME LIMITS) SET FORTH IN THE OFFERING PLAN. HOWEVER, NOTHING IN THIS PLAN SHALL DISCLAIM OR LIMIT THE LIABILITY ON THE PART OF THE SPONSOR OR ITS PRINCIPALS FOR FAILURE TO PERFORM ANY OBLIGATION IMPOSED BY APPLICABLE STATUTE OR REGULATION NOR LIMIT SPONSOR'S FINANCIAL LIABILITY FOR FAILURE TO PERFORM ITS OBLIGATIONS UNDER THE OFFERING PLAN.

REGARDLESS OF ANY LIMITATIONS IN THE WARRANTY OR IN THIS OFFERING PLAN, THE SPONSOR'S OBLIGATION IS TO CONSTRUCT THE PREMISES IN ACCORDANCE WITH ALL APPLICABLE CODES AND FILED PLANS AND SPECIFICATIONS, AND THAT ANY CONFLICT BETWEEN THE DISCLAIMERS AND THE SPONSOR'S OBLIGATION TO CONSTRUCT THE PREMISES IN ACCORDANCE WITH ALL APPLICABLE CODES AND FILED PLANS AND SPECIFICATIONS SHALL BE RESOLVED IN FAVOR OF THE LATTER.

i. Notwithstanding any provision to the contrary herein, Sponsor shall not be obligated to correct, and shall not be liable to any Purchaser as a result of, (i) any immaterial variations from

the plans and specifications or the description of the Buildings or a Unit not set forth in the Offering Plan or (ii) variations from the plans and specifications or description of the Buildings or a Unit Set forth in the Offering Plan which are neither in violation of applicable building codes, nor require approval of any governmental authority having jurisdiction, provided such variations are of Equal or Better quality. However, a decrease in area of a Unit of 5% or more could be material and trigger a right of rescission for a Purchaser. There is a rebuttable presumption that an area that is decreased by 5% or less is not material.

j. Sponsor shall deliver to the Board of Managers a set of architectural or as-built plans following completion of the project.

k. Prior to the First Unit Closing, Sponsor shall procure on behalf of and at the expense of the Condominium the insurance policy or policies provided for in Schedule B. Sponsor will be reimbursed for the cost of the insurance policy by the Condominium Board from the Working Capital Fund. The policies to be secured by Sponsor shall include fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid co-insurance, as reflected in Schedule B.

l. The Sponsor will NOT submit an application for a tax abatement or exemption for the property.

m. Sponsor shall keep copies of the Offering Plan exhibits and documents referred to in the Offering Plan on file at Sponsor's offices for six (6) years from the date the Declaration is recorded.

n. In accordance with Section 339-p of the New York Real Property Law, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans filed with the recording of the Declaration are an accurate copy of portions of the plans of the Buildings as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of the Buildings.

o. Sponsor shall be obligated to defend any Suits or proceedings arising out of its acts or omissions and shall be obligated to indemnify the Board of Managers and the Unit Owners against any such suits or proceedings.

p. Sponsor shall repair any damage from fire or other casualty or other cause (other than a purchaser's neglect or intentional act) occurring to a purchaser's unit before closing. If the Sponsor fails to correct said damage within a reasonable time, the Purchaser may rescind the Purchase Agreement and receive a refund of Purchaser's Down Payment. If the damage is a result of an interim lessee's neglect or intentional act, such lessee shall bear the risk of loss to the extent insurance proceeds are insufficient to cover the loss. If Sponsor elects to repair or replace loss or damage, Sponsor shall so notify the Purchaser within 30 days of loss or damage and the purchase agreement shall continue in full force and effect. A person who takes possession prior to closing assumes the risk of losses not covered by insurance. Because a purchaser in possession may not be able to obtain insurance, insurance proceeds may be unavailable in the event there is damage to the unit and Purchaser is required to make repairs. Purchasers may not be able to obtain a mortgage

commitment or financing on a damaged unit.

q. In the event of the dissolution of the Sponsor, or a transfer of two or more units, or 20% or more of the total units of the condominium, whichever is less, the principals of the sponsor shall provide a financially responsible entity or individual who will assume the status and all of the obligations of the Sponsor for those units under the Offering Plan, applicable laws and regulations.

r. At or prior to the closing of a Unit, Sponsor shall assign all manufacturer's warranties with respect to equipment or appliances installed in such unit to the Purchaser and assign all warranties with respect to equipment or appliances in the Common Elements to the Board of Managers.

s. All representations under the offering plan, all obligations pursuant to the General Business Law, and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

t. Sponsor's obligation, regardless of any limitations in the warranty or in this offering plan, is to construct the premises in accordance with all applicable codes and filed plans and specifications, and any conflict between the disclaimers and the Sponsor's obligation to construct the premises in accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter.

2. Sponsor's Right of Access

As a condition to selling Units pursuant to this Offering Plan, Sponsor reserves to itself, Sponsor-designees and any affiliate of either and each of their successors, assigns, invitees, contractors, agents, employees and tenants, any and all easements and rights of access, in and to the Units and Common Elements consistent with the purposes of the Offering Plan and Sponsor's rights and obligations thereunder, Without in any way limiting the generality of rights reserved in the foregoing sentence, the rights reserved to Sponsor shall include the following:

a. The right to maintain any vacant and Unsold Units as general, sales and/or leasing office and/or model Unit and to maintain personnel at the Property;

b. The right to post signs, and to conduct other activities connected with promotion, sales or leasing, such as displaying vacant Units or leased Units and Common Elements to prospective. Purchasers or Lessees and inspection thereof by such Purchasers or lessees;

c. The right of access in and to Units and Common Elements and Limited Common Elements for purposes of inspection, construction, repair, refurbishment, correction, alterations, finishing, servicing (including but not limited to garbage collection) and similar work and Sponsor shall also have the right to access all portions of the Property to complete construction of all the Units and Common Elements and Limited Common Elements;

d. The right to show vacant or leased Units;

Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor shall exercise all rights of access so as to limit, to the extent practicable, unnecessary interference with use of the Property by Unit Owners. Except in the case of emergencies, Sponsor, Sponsor-designees or a partner of any entity affiliated with Sponsor shall give three (3) days prior notice to the affected Unit Owner prior to exercising the right of access to the unit. Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor agrees to repair damage directly attributable to and caused by Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with sponsor or its agents as a result of exercising such rights of access.

3. Sponsor's Right to Perform Alterations

The Sponsor or Sponsor-designees or any partner of any entity affiliated directly or indirectly with Sponsor shall have the right, without the consent of the Board of Managers, other Unit Owners or Permitted Mortgagees, to (i) make alterations, additions or improvements, structural and non- structural, ordinary and extraordinary, interior and exterior, in, to and upon any Unit owned by it and not under contract with any purchaser, except that Sponsor may not change the size, location of buildings, or units, other improvements or common elements if such changes affect the percentage of common interest 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; (ii) change the layout or number of rooms in such Units; (iii) change the size and/or number of Units by subdividing a Unit, combining separate Units (including those resulting from-such subdivision or otherwise) into one or more Units or altering the boundary walls between Units; and (iv) reapportion among such Units affected by such change their Appurtenant Interests provided, however, that in each instance the Sponsor or Sponsor-designees or any partner of any entity affiliated directly or indirectly with Sponsor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom.

Unless an affected purchaser consents: (i) no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the Sponsor for that unit and the purchaser is not in default; and (ii) unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of common elements. However, a decrease in area of a Unit of 5% or more could be material and trigger a right of rescission for a Purchaser. There is a rebuttable presumption that an area that is decreased by 5% or less is not material.

4. Enforcing Sponsor's Obligations:

Only the Board of Managers acting on behalf of the Unit Owners shall have the right to enforce the obligations of Sponsor set forth in this section. Notwithstanding the foregoing, individual Unit Owners shall have the right to enforce Sponsor's obligations only if either (i) the Board of Managers fails to take reasonable action to enforce such obligations within 90 days following the giving of written notice of such claim by a Unit owner to the Board of Managers or (ii) the applicable statute of limitations with respect to any claim by a Unit Owner which would

otherwise be enforceable by the Board of Managers will expire during such ninety (90) day period. The Board has a fiduciary duty to act in the best interest of the condominium, even during the control period.

5. Miscellaneous:

Sponsor may dissolve provided that Sponsor will provide a financially responsible individual or entity to assume the status and all obligations of Sponsor under the Plan.

In the event that Sponsor is unable to perform its material obligations under the Plan, all sales will cease, and Sponsor shall submit an amendment to the Plan setting forth its inability to perform such material obligations under the Plan and will offer all Purchasers the right to rescind their Purchase Agreements within no less than 15 days from the date of the amendment. Any purchasers who elect rescission will have their Deposits returned.

Sponsor makes no other representation or warranty except as provided in this section. However, nothing herein shall be construed to limit any rights, which Purchasers may otherwise have pursuant to the Offering Plan, Article 23-A of the General Business Law, Part 20 of the Regulations promulgated by the Attorney General and applicable laws.

In the event that the Sponsor rents Units and subsequently sells the Units, such Units that have been previously rented will be sold in the condition contemplated in this Plan, that is, renovated and new.

There will be no amenities provided in the building. The lack of amenities was accounted for when the budget was created and therefore there will be no change in the budget or common charges during the second year of operations.

## SECTION XVI. CONTROL BY SPONSOR

The Sponsor Control Period refers to the period ending not more than five years from the first closing or whenever the unsold units constitute less than 25% of the common interest, whichever comes sooner. Until the first annual meeting of the Condominium, the Board of Managers shall consist of two persons designated by Sponsor, namely Asher Alon and Segev Alon, principals of the Sponsor. At the first annual meeting of the Condominium, all Unit Owners, including Sponsor and Sponsor-designees, shall elect a new Board of Managers made up of three (3) persons. However, during the Sponsor Control Period, Sponsor will have the right to designate 2 of the 3 Board Members. Sponsor cannot control the Condominium Board after it relinquishes control; however, it may cast all of its vote. Sponsor cannot recapture control after it relinquishes control of the condominium board. Sponsor will relinquish control of the Board at a meeting to be held within 30 days of the expiration of the Sponsor Control Period. At such meeting a new Board, unrelated to Sponsor, shall be elected by the Unit Owners.

Until Sponsor and Sponsor-designees convey title to all Units but in no event later than five years after the First Unit Closing, Sponsor has the right to veto any action of the Board of Managers to (i) make any addition, alteration, improvement at or to or change in or to Common Elements, any Unit or the Buildings, (ii) hire or replace any employee, (iii) enter into, modify or terminate prior to the end of the term any management, service or maintenance contract, (iv) borrow money on behalf of the Condominium, or (v) amend the By-laws. Sponsor may not veto any expenses described in Schedule "B" or over expenses required: (a) to comply with applicable laws or regulations; (b) to remedy any notice of violation; or (c) to remedy any work order by an insurer. Sponsor may exercise veto power over expenses other than those previously described, if the plan so provides, 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.

In addition to the right of Sponsor and Sponsor-designees to vote the Common Interests attributable to Units owned by them, Sponsor and Sponsor-designees shall, so long as Sponsor shall continue to own at least one (1) Unit, Sponsor shall have the right to vote one (1) board member to the Board of Managers and shall have all rights of ownership in connection with the Unit. The Board of Managers shall not have a right of first refusal or the right to impose any charge as to any sales or leases by Sponsor, Sponsor-designees or any partner of any entity affiliated directly or indirectly with Sponsor. In the case of the removal of a sponsor-designated member of the Board, the Sponsor will only have the right to replace such vacant Board seat if, at the time the replacement occurs, the Sponsor has the right to designate a member of the Board.

The By-laws do not require that a majority of the Board of Managers be owner occupants who are unrelated to Sponsor after Sponsor relinquishes control and therefore, purchasers for their own occupancy may never gain control of the Board of Managers. Owner occupants and non-resident owners such as Sponsor may have inherent conflicts of the management of the condominium.

Any provision herein that gives the Sponsor control over the enforcement of Sponsor's obligations are not lawful and may not be enforced by Sponsor. Further, if the Board includes

non-sponsor members along with Sponsor's members, upon a vote on whether to sue the Sponsor, the Sponsor's Board representative may not vote on such issue.

## SECTION XVII. BOARD OF MANAGERS

Principal provisions of the By-Laws are summarized below. Purchasers should refer to the full By-Laws, a copy of which is set forth in Part II of this Offering Plan.

1. Condominium Board of Managers:

The affairs of the Condominium shall be governed by the Board of Managers, which shall consist initially of Asher Alon and Segev Alon, principals of the Sponsor. At the first meeting of the Unit Owners, the two-member Board of Managers shall resign in favor of a new three-member Board of Managers. If the Sponsor Control Period has expired, two members shall be elected by Unit Owners, including Sponsor and Sponsor-designees, and one member shall be designated by Sponsor and Sponsor-designees at such meeting if Sponsor so chooses and if Sponsor still owns at least 1 Unit. Thereafter, elections to the Board of Managers shall be held at the regular annual meeting of Unit Owners at such time and place, each year as may be designated by the Board pursuant to Article II Section 1 of the By-Laws. The term of office of each of the members of the Board of Managers shall be one year.

Notwithstanding the foregoing Sponsor and Sponsor-designees shall control the Board of Managers until the earlier of (i) five (5) years from the date of the First Unit Closing, or (ii) whenever units are sold that in the aggregate include seventy-five (75%) percent or more of the units. A meeting shall be held to elect a new board unrelated to the Sponsor within 30 days after expiration of the control period. So long as Sponsor shall continue to own at least one (1) Unit, Sponsor shall have the right to vote one (1) board member to the Board of Managers. Sponsor cannot recapture control after it relinquishes control of the condominium board.

Members of the Board of Managers shall be either (i) individual Unit Owners; (ii) individual Permitted Mortgagees; (iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or (iv) adult Family Members of any of the foregoing. However, the member designated by Sponsor and Sponsor-designees need not be a Unit Owner or interested party in a Unit Owner, as specified in the first sentence of this paragraph. Other than members designated by Sponsor and Sponsor-designees, no member shall continue to serve on the Board of Managers after he or she ceases to be a Unit Owner or an interested party in a Unit Owner, as specified in the first sentence of this paragraph. The By-laws do not require that a majority of the Board of Managers be owner occupants who are unrelated to Sponsor after Sponsor relinquishes control and therefore, purchasers for their own occupancy may never gain control of the Board of Managers. Owner occupants and non-resident owners such as Sponsor may have inherent conflicts of the management of the condominium.

Members of the Board of Managers are subject to removal, without cause, by vote of Unit Owners owning a majority of the Common Interest attending a meeting at which a quorum is present. Members of the Board designated by the Sponsor and Sponsor-designees may be removed by Unit Owners for cause. However, members designated by Sponsor and Sponsor-designees may be removed without cause only by Sponsor and Sponsor-designees, who alone will have the right to designate a replacement. The Sponsor-designee may be removed for cause by the Condominium

Board and removed without cause by the Sponsor; however, the Sponsor-designee may only be replaced by the Sponsor. The number of members of the Board of Managers may not be increased without the consent of Sponsor and Sponsor-designees as owners of Unsold Units for so long as there remain two unsold Units. All members of the Board of Managers shall serve without compensation. Except for the member(s) of the Board of Managers designated by Sponsor and Sponsor-designees, a member of the Board of Managers may be removed from office with or without cause. The member(s) of the Board of Managers designated by Sponsor and Sponsor-designees may only be removed by Sponsor and Sponsor-designees and only Sponsor and Sponsor-designees shall have the right to designate a replacement. Any member of the Board, whether or not designated by the Sponsor, may be removed for cause. Sponsor may change the member(s) designated by Sponsor at any time and from time to time. Such member(s) shall be entitled to attend all meetings of the Board of Managers and all committee meetings and executive sessions. An officer may be removed, without cause, by an affirmative vote of a majority of the members of the Board of Managers at a meeting called for such purpose.

Until Sponsor and Sponsor-designees no longer own Units with a sufficient percentage of the Common Interest attributable to such Units to elect two members of the Board of Managers, Sponsor will, through its control of the Board of Managers (by electing two members and designating one), have control of the maintenance and operation of the Condominium, including the Common Expenses described in Schedule B, capital repairs, and expenses required to comply with applicable laws or regulations. Sponsor may not veto any expenses described in Schedule "B" or over expenses required: (a) to comply with applicable laws or regulations; (b) to remedy any notice of violation; or (c) to remedy any work order by an insurer. Sponsor may exercise veto power over expenses other than those previously described, if the plan so provides, 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.

2. Powers and Duties of the Board of Managers:

The Board of Managers shall have the powers and duties necessary for administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws including Sponsor's right to veto certain actions of the Board of Managers), including, without limitation, the following: (a) operation, care upkeep and maintenance of the Common Elements; (b) determination of the Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property; (c) collection of the Common Charges from the Unit Owners, including charges for water used or consumed in the Unit, (d) employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements; (e) adoption and amendment of the Rules and Regulations covering the details of the operation and use of the Property (subject to the right of the Unit Owners to overrule the Board of Managers as provided in the By-Laws); (f) maintaining bank accounts on behalf of the Condominium and designating the signatories required thereof; (g) purchasing, leasing, or otherwise acquiring in the name of the Board of Managers or its designees, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their owners to the Board of Managers; (h) purchasing 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) selling, leasing, mortgaging, or otherwise dealing with (but not voting the votes appurtenant to) Units acquired by, and subleasing Units leased by,

the Board of Managers or its designees on behalf of all Unit Owners; (j) obtaining and renewing insurance for the Property, including the Units; (k) making repairs, additions and improvements to, or alterations of, the Property and repairing and restoring the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; (1) enforcing obligations of the Unit Owners; (m) levying fines against the Unit Owners, excluding Sponsor and any Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor (so long as such Persons own one or more Units), for violations of the Rules and Regulations (no fine may exceed $25.00 for any one violation, but, for each day a violation continues after notice, it shall be considered a separate violation); (n) borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep, and maintenance of the Common Elements (provided, however, that (i) the consent of at least 66-2/3% of all Unit Owners, both in number and in Common Interests, shall be required for the borrowing of any sum in excess of $125,000.00 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without the consent of the Unit Owner; and (o) adjusting and settling insurance claims and executing and delivering releases in connection therewith.

The Board of Managers shall be responsible for maintaining and repairing the Common Elements as set forth in the Declaration and in the By-Laws, regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or another occupant.

While Sponsor is in control of the Board, the insurance coverage obtained by the Board shall not be less than what is required by 13 N.Y.C.R.R 20.

3. Officers of the Condominium

The officers of the Condominium shall consist of the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers at its annual meeting. The Board of Managers may also appoint additional officers. All officers shall serve without compensation from the Condominium. None of the officers need be Unit Owners until the three-member Board of Managers is elected at the first meeting of the Unit Owners. Thereafter, both the President and the Vice President must be both members of the Board of Managers and Unit Owners (or officers, directors, shareholders, partners, employees, or beneficiaries, or members of their family, of Corporations, partnerships, fiduciaries, or mortgagees that are Unit Owners). Any officer may be removed, without cause, by vote of a majority of the Board of Managers at a meeting called for such purpose.

The President shall be the chief executive officer of the Condominium and preside over meetings of the Unit Owners and Board of Managers. The Vice President shall take the place of the President when necessary and perform such other duties as may be imposed on him or her by the Board of Managers or the President. The Secretary shall keep minutes of all meetings of the Unit Owners and the Board of Managers and shall have charge of the books and papers of the Condominium. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping financial records and books of account. All agreements, contracts, deeds, leases, checks and other instruments of the Board of Managers shall be signed by any two officers or by such lesser number of officers or by such other person or

persons as may be designated from time to time by the Board of Managers.

4. Liability of the Board of Managers, Officers and Unit Owners

Members of, the Board of Managers must act in accordance with their fiduciary obligations. Members of the Board may be personally liable for misconduct committed in bad faith or other intentional misconduct. The members of the Board of Managers and the officers of the Condominium will have no liability to Unit Owners for errors of judgment, negligence, or otherwise, except that individual members and officers will be liable for their own bad faith or willful misconduct. The Board of Managers and any officer may contract or effect other transactions with any member of the Board of Managers, with any Unit Owner, with Sponsor, or with any affiliate of any of them at competitive rates without incurring any liability for self-dealing, subject to the By-Laws provided that the Board provide notice to the Unit Owners or any such transactions.

Every contract made by the Board of Managers, by any officer of the Condominium, or by any superintendent or Managing Agent of the Buildings shall state that (a) it is made only as agent for all Unit Owners, and the members of the Board of Managers or such officer, superintendent or Managing Agent shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners and (ii) such Unit Owner interest in his or her Unit and its Appurtenant Interest, unless otherwise provided by law.

All Unit Owners shall severally indemnify each member of the Board of Managers and each officer of the Condominium 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 law or the terms of the Declaration of 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 such Unit Owner bears to the aggregate Common Interest of all Unit Owners and such Unit Owner's interest in his or her Unit and its Appurtenant Interest, unless otherwise provided by law.

5. Reports to the Unit Owners

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

Written notice of each annual or special meeting of Unit Owners shall be given to all Unit Owners who are then the record owners entitled to vote. Such notice shall set forth the purpose, time and place of such meeting and may be given to any Unit Owner by personal delivery, mail or telegram not later than ten (10) business days prior to the day fixed for the meeting. If the business to be conducted at the meeting shall include the consideration of a proposed amendment to the Declaration or the By-Laws, the notice shall be mailed to all Unit Owners at least thirty (30) days prior to the day fixed for the meeting and shall be accompanied by a copy of the text of such

proposed amendment.

The books of account and records of the Condominium may be examined by Unit Owners during regular business hours. True copies of the Floor Plans, the Declarations, the By-Laws and the Rules and Regulations shall be kept on file in the office of the Board of Managers and shall be available for inspection during regular business hours by persons having an interest therein.

6. Special Meetings:

Special meetings are governed by Article II Section 2 of the By-Laws. Special meetings of Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing to do by Unit Owners owning at least twenty-five per cent (25%) of the votes of the Condominium. The Secretary shall cause a notice of such Special Meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless the holders of all the Units of the Condominium are present thereat in person or by proxy.

7. Miscellaneous

The Board of Managers may, at its option, appeal the real estate assessments against one or more Units.

The Common Elements shall remain undivided, and the Unit Owners shall have no right of partition with respect to the Common Elements and are deemed to covenant that they will institute no action for partition of the Common Elements, except as expressly permitted in the Declaration and the By-Laws.

Each Unit Owner, including Sponsor and Sponsor-designees, shall be entitled to cast one vote at all meetings of the Unit Owners for each .01% of Common Interest attributable to the Unit(s) owned by him or her. When voting for the election of members of the Board of Managers. Each Unit Owner entitled to vote shall be entitled to one vote for each .0001% of Common Interest attributable to his or her Units per member to be elected.

Generally, subject to certain exceptions and provided that any required consent of the Mortgage Representatives is obtained, any provision of the Declaration, the By-Laws, or the Rules and Regulations may be amended, modified, added to, or deleted by the affirmative vote of 66-2/3% of all Unit Owners, both in number and in common Interests. However, the Declaration, the By-Laws and the Rules and Regulations may not be amended or modified so as to be effective in any respect against sponsor or any Sponsor-designee, or any Affiliate, and Unsold Unit or any mortgage, pledge, lien or security agreement covering such Units without the prior written consent of Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor. In addition, the provisions of the Declaration and By-Laws relating to (i) the use of Units

or each Unit's Common Interest may not be amended without the prior written consent of every Unit Owner affected by such amendment or (ii) the rights, benefits and exemptions of the Unsold Units, may not be amended without the prior written consent of Sponsor.

## SECTION XVIII. RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Principal provisions of the By-Laws are summarized below. Purchasers should refer to the full By-Laws, a copy of which is set forth in Part II of this Offering Plan.

1. Meetings and Votes of the Unit Owners:

Except for the first meeting, the Unit Owners shall hold annual meetings on or about the last Tuesday in May of each year, unless such date shall occur on a legal holiday, in which event the meeting shall be held on the succeeding business day. At each annual meeting, the Unit Owners, including the Sponsor and Sponsor-designees, shall elect, and Sponsor and Sponsor-designees shall designate, as the case may be, successors to the members of the Board of Managers whose term of office expires as of such meeting. 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 Sponsor-designees, shall be entitled to cast one vote at all meetings of the Unit Owners for each .0001% of Common Interest attributable to the Unit(s) owned by him or her. When voting for the election of members of the Board of Managers. Each Unit Owner entitled to vote shall be entitled to one vote for each .0001% of Common Interest attributable to his or her Units per member to be elected. The presence, in person or by proxy, of Unit Owners having a majority of the votes of all Unit Owners shall 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 shall be present shall be binding upon all of the Unit Owners.

Elections of members of the Board of Managers shall be determined by plurality vote. A copy of the Declaration and a copy of the By-Laws, are set forth in Part II of this Offering Plan.

2. Sale or Lease of Units:

Each residential Owner may sell or lease his or her Unit provided, however, that when such Unit Owner sells or leases his or her Unit, such Unit Owner must pay all outstanding Common Charges, assessments, and other fees due to the Condominium Board from the Unit Owner.

3. Mortgage of Unit:

Each Unit Owner is free to mortgage his or her Unit subject to the restrictions contained in the By-Laws. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy all arrears for any unpaid Common Charges and Special Assessments owed by such Unit owner and discharge any liens therefor. Any first mortgagee who obtains title to a Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for more than 6 months of the unit's unpaid regularly budgeted dues or charges accrued before the acquisition of the title to the unit by the mortgagee.

4. Use of Units and Restrictions:

The Residential Units may be used only for private residential use, except that a Unit Owner may use a portion of his or her Unit for any home occupation use including as a professional office, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering the Buildings and such Unit or applicable zoning laws and ordinances, building codes or other rules and regulations of governmental authorities having jurisdiction thereof. No illuminated or other sign may be used in connection with the aforementioned use without the prior written consent of the Board of Managers.

Except as set forth above, no industry, business, trade, occupation or otherwise, designated for profit, altruism, or otherwise shall be conducted, maintained or permitted in any part of the Units or Common Elements. No For Sale, For Rent or For Lease signs or other similar window displays or advertising shall be maintained or permitted in any Unit or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. Notwithstanding the foregoing, Sponsor and Sponsor-designees reserve the right to place "For Sale", "For Rent" or "For Lease" or similar signs on any unoccupied Units or Unsold Units and the Building. Additionally, sponsor and Sponsor-designees reserve the right to maintain and staff one or more vacant and Unsold Units as a sales office and/or model Unit.

No Unit Owner shall be allowed to put his or her name on any entry to the Buildings or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes. Except as provided in the By-Laws, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of a Unit or adjoining Common Element, nor shall anything be projected out of any window of the Buildings. No exterior of any Unit or the windows or doors thereof or any other portions of the Common elements shall be painted or decorated by any Unit Owner in any manner or without prior written consent of the Board of Managers or except as provided in the By-Laws.

No personal articles (including but not limited to, garbage cans, bicycles, motorcycles, bottles or mats) and no furniture, artwork, equipment or doormats shall be placed or stored in entrances, hallways, stairways, as other Common Elements, except as approved by the Board of Managers.

No Unit Owner shall change or alter in any way the design, layout or color scheme or furnishings in entrances, ways, stairways or other Common Elements. Decorating and furnishing of Limited Common Elements by the Owner of the Unit which has the exclusive right to use and occupancy of such Limited Common Elements shall not require the consent of the Board of Managers if it does not adversely affect the structure of the Buildings or the value of other Units or Common Elements and complies with all laws.

No fences or permanent barriers are allowed in the patios. Where there are fences, the Unit Owners of the Limited Common Elements shall not install lockable gates, in order to permit the Board of Manager or its designee to go through the patios or balconies to maintain the Common Elements. Any laundry lines installed in the patios or balconies shall not interfere with exit passage at the gates. The patios or balconies may not be used to store commercial goods or animals. Loud

music, noise or bright lights, which may disturb neighbors, are prohibited. The existing trees shall not be removed. There shall be no painting of the exterior walls adjacent to the Limited Common Elements except as approved by the Board of Managers.

The Board of Managers or the Managing Agent shall retain a passkey to each Unit. No Unit Owner shall change any lock on any door leading into his or her Unit without the prior written consent of the Board of Managers. As a condition to obtaining such consent, the Unit Owner must provide the Board of Managers with a key to such changed lock for their use. If a Unit Owner fails to provide the Board of Managers with all keys necessary to gain entrance to such Unit Owner's Unit promptly after such Unit Owner moves into his or her Unit, then Sponsor shall be automatically released from any obligation it may have for correcting defects in or making repairs to such Unit. If Sponsor or the Board of Managers must gain access to a Unit for emergency purposes and a Unit Owner has not furnished a key to the Board of Managers as provided in this paragraph, then the affected Unit Owner shall be liable and responsible for any damage to the Common Elements or such Unit caused by Sponsor or the Board of Managers in gaining access to such Unit. Furthermore, if the Unit Owner is not personally present to open and permit an entry to his or her 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 Board of Managers or the Managing Agent, then the Board of Managers or the 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 is given to such Unit Owner' s property).

No Unit owner shall make or permit any noise or objectionable odor that will disturb or annoy the occupants in the Buildings or do or permit anything to be done therein which will interfere with the rights, comfort, or convenience of other Unit Owners. The Board shall determine whether odors are objectionable.

Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit any dirt or other substances to be swept or thrown therefrom, or from the doors, windows or fire escapes of a Unit.

Unit Owners shall be permitted to keep animals as pets provided that any pet does not interfere with the use and enjoyment of the Buildings by the other Unit Owners. In no event shall dogs or cats be permitted in any of the public portions of the Buildings unless carried or on a leash. Each Unit Owner who keeps an animal in the Buildings shall indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having an animal in the Property. Notwithstanding the foregoing, the Board of Managers shall have the right to limit the number of animals kept by a Unit Owner or to prohibit any animal which the Board of Managers determines to be interfering with the use and enjoyment of the Buildings by the other Unit Owners.

Unit Owners shall not be permitted to hang radio or television aerials from the exterior of the Buildings without written approval of the Board of Managers.

No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

Sponsor or its designee, the agents of the Board of Managers, and any authorized contractor or workman may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of this Offering Plan, the Declaration, By-Laws, or Rules and Regulations of the Condominium.

All damage to the Buildings or Common Elements caused by moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article. Any damage to the Buildings or equipment caused by Unit Owners, their guests, visitors, clients, patients or employees shall be repaired at the expense of the said Unit Owner.

Complaints regarding the management of the Property or regarding the actions of other Units Owners shall be made in writing to the Board of Managers. Only the Board of Managers shall have the right to enforce the Rules and Regulations of the Condominium. The Board of Managers may in its, absolute discretion waives any violation.

The Rules and Regulations of the Condominium are set forth in Part II of this Offering Plan as an addendum to the By-Laws. The Rules and Regulations govern the use of the Units and Limited Common Elements and may be amended from time to time by the Board of Managers.

5. Common Charges, Liens for Nonpayment of Common Charges

Each Unit Owner shall have an obligation to pay Common Charges and Special Assessments when due. Except as set forth in the Notes to Schedule B and as otherwise provided in the By-Laws, Common Charges for each Unit shall be determined by multiplying that Unit's percentage of Common Interest by the total annual net expenses incurred or anticipated to be incurred for those items listed in Schedule B herein, together with the expense of any special repairs, major capital improvements or other expenses deemed by the Board of Managers to be a part of the Common Expenses and to be paid as Common Charges, all in accordance with the By-Laws of the Condominium.

Common Charges will be established by the Board of Managers on an annual basis, at least, and be paid in equal monthly installments, due and payable on the first day of each month.

The Board of Managers, in accordance with the By-Laws, may impose Special Assessments in order to accumulate reserves as it deems necessary to meet unanticipated or extraordinary expenses, including, but not limited to, expenses incurred for major capital improvements. The Special Assessments to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of Common Interest, as determined by the Board of Managers.

Notwithstanding the foregoing, the Board of Managers shall not reduce the Common Charges payable during any year occurring within a period when Sponsor or Sponsor-designees own Units having more than 50% of the Common Interest of all Units or reduce the insurance coverage below that provided for the Buildings during such period.

Under the provisions of Section 339-z of the New York Real Property Law, the Board of Managers, on behalf of the Unit Owners, will have a lien on each Unit for unpaid Common Charges assessed by the Board of Managers. Such lien will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of notice thereof at the Register's Office, Kings County and until all sums secured thereby with the interest thereon shall have been fully paid or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property or, an action may be brought by the Board of Managers to recover the unpaid Common Charges without foreclosing the lien.

Pursuant to Article VI Section 5 of the By-Laws and the provisions of Article 339(kk) of the Real Property Law, if a non-occupying owner of a condominium, including the Sponsor, fails to pay Common Charges when due within 60 days of the due date, the Board of Managers may demand and collect rent from the tenant of such unit. A copy of Section 339(kk) of the Real Property Law is attached in Part II of the plan.

Upon the failure of a Unit Owner to pay Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against such Unit Owner's Unit for the unpaid Common Charges, as set forth above, failure of the Board of Managers to place such a lien shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time. The failure to make prompt payment of Common Charges or Special Assessments when due shall subject the Unit Owner to a late charge as described in the By-Laws. Notwithstanding the foregoing, the Sponsor, any Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor shall not be subject to the late charge.

The Sponsor will cause the Board of Managers to file a lien as provided for in Section 339-aa of the Real Property Law on Units in which Sponsor is more than 30 days in arrears of Common Charges while it is in control of the Board of Managers.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his or her Unit subsequent to a sale, transfer, or other conveyance made by him or her of his or her Unit, with appurtenant Common Elements, in accordance with the Declaration and By-Laws.

6. Repairs, Right to Inspect and Easements:

Except as otherwise provided in the Declaration or By-Law, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or

extraordinary in or to any Unit and all portions of both, including, but not limited to, the interior walls, ceilings and floors, in the Unit, kitchen and bathroom fixtures and appliances, windows and their frames, sills and sashes, all doors and their frames and saddles (except painting the exterior side of a Unit entrance doors and door bucks) , all interior staircases, exposed plumbing, gas and heating fixtures and equipment, lighting and electrical fixtures (but excluding any Common Elements contained therein) shall be performed by the owner of such Unit at such Unit Owners cost and expense.

All painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, to the common Elements, as defined in the Declaration, and the painting of the exterior side of Unit entrance doors and door backs, shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner.

All painting, decorating, maintenance, repair and replacements in or to the Limited Common Elements, as defined in the Declaration, will be performed by (a) the Board of Managers if it involves structural or extraordinary maintenance, repairs or replacements (including, without limitations repairs that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), or (b) subject to the restrictions set forth in the By-Laws and the Rules and Regulations, by the Unit Owner having direct and exclusive access thereto, at such Unit Owner's sole cost and expense, if it involves nonstructural, ordinary maintenance, repairs or replacements or it is as a result of the Unit Owner's acts or omissions.

Sponsor, the board of Managers and/or the Managing Agent shall have a permanent right of access to any Unit for the purpose of inspecting or making any repairs or replacements to any of the Common Elements contained in such Unit or elsewhere in the Buildings, remedying any condition which would result in damage to any other Unit or to the Common Elements, or which would violate the provisions of any mortgage encumbering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, or to cure any defaults by a Unit Owner or for any other purposes permitted by the By-Laws. In order to gain access, the Sponsor shall notify the unit owner in writing that access is required and in said notice, specify the reason that access is required. Except in the case of emergencies, Sponsor, Sponsor-designees or a partner of any entity affiliated with Sponsor shall give three (3) days prior notice to the affected Unit Owner prior to exercising the right of access to the unit.

Patios and Balconies and any other Limited Common Element shall be maintained and repaired and shall be kept free and clear of snow, ice and any other accumulations, by the Unit Owner at the Unit Owner's own cost and expense.

Each Unit Owner shall have an easement in common with the other Unit owners to use, maintain, repair, alter and replace all pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements located in other Units and serving his or her Unit. In addition, each Unit Owner shall have an easement to the continuance of any encroachment by the Unit on any adjoining Unit or on any Common Element, now existing or which may come into existence

hereafter as a result of the settling or shifting of the Buildings or, as a result of repair or restoration of the Buildings or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or by reason of any alteration made by or with the consent of the Board of Managers, or the Sponsor, to the Common Elements, so that any such encroachment may remain undisturbed so long as the Building shall stand.

7. Alterations:

A non-structural alteration to a Unit or its appurtenant Limited Common Element that does not adversely affect the structure of the Buildings or the value of other Units or the Common Elements, that cannot be sighted from the Common Elements or another Unit or from a public street, and that complies with all laws, may be made by any unit owner without consent of the Board of Managers. No Unit Owner (other than Sponsor or Sponsor-designees) may make a structural alteration in a Unit without the prior written approval of the Board of Managers. Upon such approval, the Unit Owner in question shall agree that (i) such structural alteration shall be at the Unit Owner's sole cost and expense, (ii) all work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, (iii) all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), (iv) the Unit Owner shall procure and maintain during the course of such work such other insurance as the Board of Managers may reasonably prescribe, and (v) any additions shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such additions, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration or due to improper design or construction of the structural alteration. Such Unit Owner shall further agree to indemnify and hold harmless the Board of Managers and its officers, the Managing Agent, Sponsor, and all other Unit Owners from and against any liability cost and expense arising from such work. 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. Such expenses may include, without limitation, any fees of an attorney and/or fees of an architect consulted by the Board of Managers in connection with the request by a Unit Owner for approval of a structural alteration.

Unit Owners shall not make any alteration to a Unit until the Sponsor, or its principals, have obtained a permanent certificate of occupancy.

Notwithstanding the foregoing paragraph or any provision in this Offering Plan to the contrary, Sponsor, any Sponsor-designee, and any partner of any entity affiliated directly or indirectly with Sponsor, each have the right, at any time and from time to time, to make either or both non-structural alterations and structural alterations which comply with the By-Laws in any Unit owned by it, and to subdivide, combine and change the boundary walls of such Units without the prior consent of the Board of Managers and without paying any cost or charge to the Board of Manager or Managing Agent. Notwithstanding the foregoing; (a) no change will be made in the size or number of units and/or their respective percentages of common interest, and no material change will be made in the size or quality of common elements, except by amendment to the plan,

and when applicable, to the declaration; (b) unless an affected purchaser consents, no material change will be made in the unit size, layout or percentage of common interest if a purchase agreement has been executed and delivered to the sponsor for that unit and the purchaser is not in default; (c) unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the layout of the common elements; (d) Sponsor shall not change the size, location of buildings or units or other improvements or common elements if such changes affect the percentage of common interest, 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.

8. Insurance:

The insurance policies obtained by the Board of Managers shall provide that Sponsor, each Unit Owner, each Permitted Mortgagee of a Unit and Managing Agent shall be named insured, as their interests may appear. These policies shall provide All Risk Building Insurance for the full replacement value of the building, Comprehensive General Liability (including Standard Mortgagee Clause) and Directors and Officers Liability. The specific amounts of coverage are noted in the section titled "Notes to Schedule B"

The insurance does not include any coverage for (i) losses due to fire, theft or other casualty to the personal property of a Unit Owner contained within the Unit or a Limited Common Element, (ii) the cost of living elsewhere if a Unit is greatly damaged, or (iii) liability coverage for a Unit Owner for occurrences within a Unit or a Limited Common Element. The insurance does include coverage for losses due to fire or other casualty to the walls, ceilings and floors in the Units (other than those walls, ceilings and floors erected by a Unit Owner other than Sponsor), as finished by Sponsor in accordance with the section titled "Description of Property and Specifications" but the insurance will only pay to restore, the walls, ceilings and floors as finished by the Sponsor under the Offering Plan and will not pay for any improvements, alterations or decorations thereto made by the Unit Owner or for any kitchen or bathroom fixtures and appliances installed by the Unit Owner. The consequence of not obtaining such additional insurance is that in the event of any uncovered claim or damage the Board may need to assess a special assessment to the unit owners to be able to pay for the claim and or damage

UNIT OWNERS SHOULD CONSULT THEIR INSURANCE AGENT AS TO THE AVAILABILITY OF INSURANCE TO COVER ALL OF THE AFOREMENTIONED AND ANY ADDITIONAL COVERAGE WHICH MIGHT BE RECOMMENDED.

In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such award amounts to $250,000.00 or less, and to the Insurance Trustee if such award amounts to more than $250,000.00. If seventy-five (75%) percent or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) percent or more of the Unit Owners do not duly

and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage pursuant to these By-Laws.

9. Voting rights

At each meeting of Unit Owners, each Unit Owner present in person or by proxy shall be entitled to cast the votes appurtenant to his or her Unit at the time of service of notice of such meeting or at such prior date, not more than forty (40) days before such meeting, as may be prescribed by the Board of Managers as the date for determining which Unit Owners of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the Unit Owner but need not be acknowledged or witnessed, and the person named as proxy by any Unit Owner need not himself be a Unit Owner of the Condominium. Voting by Unit Owners shall be viva voce unless any Unit Owner present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Unit Owner voting and the number of votes appurtenant to her Unit, and in addition, the names of the proxy of such ballot if cast by a proxy.

10. Amendments to the Condominium Documents

Generally, subject to certain exceptions and provided that any required consent of the Mortgagee Representatives is obtained, any provision of the Declaration, the By-Laws, or the Rules and Regulations may be amended, modified, added to, or deleted by the affirmative vote of 66-2/3% of all Unit Owners, both in number and in common Interests. However, the Declaration, the By-Laws and the Rules and Regulations may not be amended or modified so as to be effective in any respect against sponsor or any Sponsor-designee, or any Affiliate, and Unsold Unit or any mortgage, pledge, lien or security agreement covering such Units without the prior written consent of Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor. In addition, the provisions of the Declaration and By-Laws relating to (i) the use of Units or each Unit's Common Interest may not be amended without the prior written consent of every Unit Owner affected by such amendment or (ii) the rights, benefits and exemptions of the Unsold Units, may not be amended without the prior written consent of Sponsor.

11. Smoking Policies Pursuant to New York City Local Law 147

The Condominium's smoking policy is attached to the Purchase Agreement and By-Laws in Part II of the Plan. Pursuant to New York City Local Law 147, which was implemented on August 28, 2018, the owner of each building in New York City with three or more residential dwelling units must establish a written smoking policy for the building. Smoking is prohibited in the interior general common elements, the outdoor common elements, the outdoor limited common elements and inside of the residential units. In the context of condominiums or cooperatives, Local Law 147 defines "owner" as the board of managers or board of directors, respectively.

12. Miscellaneous:

In certain instances, Sponsor, Sponsor-designees, and any partner of any entity affiliated directly or indirectly with Sponsor, are not required to obtain the approval of the Board of Managers or meet requirements imposed upon other Unit Owners. These instances include, without limitation, the right to use a Unit as a model and display For Sale, For rent, For Lease or similar signs, the right to transfer or lease a Unit without offering the Board of Managers the right of first refusal or paying a fee therefor, the right to alter a Unit without obtaining the prior consent of the Board of Managers (but only in accordance with the other terms of this Offering Plan), and the right to amend the Declaration without a vote for the sole purpose of filing the Floor Plans as required by Section 339-p of the Real Property Law. FOR AS LONG AS SPONSOR OR ANY SPONSOR-DESIGNEE OR ANY PARTNER OR ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR OWNS TITLE TO ONE OR MORE UNITS, THE RULES AND REGULATIONS OF THE CONDOMINIUM, THE BY-LAWS OR DECLARATION MAY NOT BE AMENDED IN A MANNER WHICH WOULD, IN THE SOLE DISCRETION OF SPONSOR OR ANY SPONSOR-DESIGNEE, OR ANY PARTNER OF ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR IN ANY WAY, IMPOSE ANY RESTRICTION UPON THE SALE OF ANY UNIT, OR IMPOSE A RIGHT OF FIRST REFUSAL OR PAYING A FEE THEREFOR UNLESS SPONSOR OR EACH SPONSOR-DESIGNEE OR EACH PARTNER OR ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR GIVES ITS PRIOR WRITTEN CONSENT TO SUCH AMENDMENT.

To cover administrative expenses, any Unit Owner who fails to pay any sum, charge or assessment within ten days of its due date shall be liable for any expenses incurred by the Condominium in collecting such sum, charge or assessment, including, but not limited to, reasonable attorneys' fees, plus a late charge of 5% and interest at the rate of 2% per month.

All Unit owners shall be required to comply with the Declaration, By-Laws, Rules and Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include, without limitation, placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

## SECTION XIX. REAL ESTATE TAXES

After the units are separately assessed, each unit will be taxed as a separate tax lot for real estate tax purposes. Unit Owners will not be responsible for the payment of, nor will the Unit be subjected to, a lien arising from the nonpayment of taxes on other units.

If separate tax assessments have not been made for individual units prior to the closing of title to a Unit, Sponsor will collect from each Purchaser at closing, and will place in escrow in a separate account established by the Sponsor for that purpose, an amount equal to the Unit's estimated proportionate share of the real estate taxes projected to be due for the entire Property for the half of the tax year next commencing after the closing of said Unit, (i.e., for either the first half or second half, depending on when the Unit closes) based on the higher of the actually assessment or the tax estimate set forth in Schedule A. If the tax assessor indicates that more than one half of a tax year may elapse before the Units are individually assessed, Sponsor shall collect at closing Purchaser's proportionate share of taxes for the upcoming half and shall deposit the same in the account described above. With respect to the balance of the estimated taxes due for the next applicable tax period, the Board of Managers is authorized, and shall be obligated to collect monthly escrows from Unit Owners with their Common Charges based upon the estimated tax bill for the entire Property and the then current tax rate deposit the same in the tax escrow account ("Tax Reserve"). At the time taxes are due and payable, Sponsor shall pay out of Sponsor's own funds, Sponsor's proportionate share of the Property tax bill allocable to the Unit(s) Sponsor then owns, based on the allocation method described above, and the Board of Managers shall be obligated to cause the release to Sponsor of the appropriate amount of escrowed tax funds in the tax escrow account for Sponsor's use in paying the share of taxes attributable to Units that have been sold and closed to other Unit Owners.

If the actual taxes due for any period for which Sponsor collected escrows are higher than the amount collected and held in escrow, the Board of Managers shall pay the difference and shall bill Unit Owners for their proportionate share of any necessary reimbursement, as a Special Assessment. Sponsor will remain liable for all real estate taxes attributable to Sponsor's Units until Sponsor sells and conveys those Units. If any Unit Owner fails to pay a Unit's pro rata share of real estate taxes when due, by Common Charge billing, special assessment billing, or both, the Board of Managers will have a lien on such Unit for non-payment thereof, as if such charges were Common Charges. If the actual taxes due for any period for which Sponsor collected escrows are lower than the amount collected and held in escrow, the Board of Managers shall pay the Unit Owners their proportionate share of any excess.

Real estate taxes for the Units will be assessed by the New York City Department of Finance. Sponsor anticipates that construction will be completed during the first year of operation. Based on the opinion of RE Tax Service, LLC, Sponsor's expert, by letter dated July 6, 2022, the current tax rate for residential condominiums is 12.267%, the assessed value for the building when completed will be $897,837.00 and the tax liability will be $110,138.00. Construction of the building is due to be substantially completed by August, 2022. Real estate taxes are expected to be reassessed for the 2023-2024 tax year. The real estate tax estimates for each Unit were calculated on the assumption that the real estate taxes payable with respect to each Unit for the first year of Condominium operation will be allocated in proportion to each Unit's percentage

interest in the Common Elements as set forth in Schedule A. Upon determination of individual tax lots and individual residential unit assessments, the New York City tax authorities may allocate taxes between the residential units in proportion to each residential unit's purchase price or imputed market value rather than its percentage interest in the Common Elements and, if so, residential units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A.

Estimated tax obligations for each individual Unit are set forth in Schedule A. These estimates are based on the opinion of Sponsor's expert which is attached in Part II of this Plan. Pursuant to Sponsor's tax expert, RE Tax Service, LLC, Sponsor expects taxes to increase once the construction is complete.

THE SPONSOR, SPONSOR'S COUNSEL AND EXPERTS MAKE NO REPRESENTATION OR GUARANTEES THAT THE FOREGOING INFORMATION, INCLUDING THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS, THE TAX RATE OR THE TAX DUE WILL NOT BE DIFFERENT THAN IS SET FORTH HEREIN. THE INFORMATION PROVIDED HEREIN IS BASED SOLELY ON SPONSOR'S EXPERT'S OPINION AND NO WARRANTY OR GUARANTEE IS GIVEN NOR SHOULD A WARRANTY OR GUARANTEE BE PRESUMED.

The tax assessment for each unit may be allocated on a basis that differs from the allocation of common interests. The figures given in Schedule A are only estimates based on the opinion of Sponsor's expert.

No tax certiorari proceedings are currently pending.

The Tax Cuts and Jobs Act of 2017 is currently in effect and significantly changes the rules pertaining to the deductibility of mortgage interest and real estate taxes. As such, Purchasers are urges to consult with their tax preparer or CPA to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage on their Unit. The most relevant changes to the tax code as same would affect a purchaser are (a) the itemized deduction for real estate taxes and state and local taxes is capped at a total of $10,000.00 per year and (b) mortgage interest is only deductible up to a mortgage amount of $750,000.00. As such, certain Purchasers ability to deduct real estate taxes and mortgage interest will be limited.

The By-Laws in Section IV(2)(o) provide that the Board of Managers may act as an agent of each Unit Owner to complain or apply to the board of assessment review or the assessing agency by filing a single complaint on behalf of all such Unit Owners and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and may charge all such Unit Owners a pro-rata share of expenses, disbursements and legal fees, for which charges the Board of Managers shall have a lien pursuant to the terms of these By-Laws.

The Sponsor's counsel has given an opinion that common charges from unit owners received by the Board of Managers of the Condominium will not be taxable to the Board of Managers, pursuant to IRC Section 528.

Under Section 528 of the Internal Revenue Code, homeowner's associations as defined within that section may be exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes. For a complete discussion of IRC Section 528, Purchasers are directed to the opinion of Sponsor Counsel in Section XX. If the Condominium qualifies as a homeowner's association within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from residential Unit owners. However, even if the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources.

## SECTION XX. OPINION OF COUNSEL

Eial Girtz, PC
11 Grace Avenue, Suite 309
Great Neck, New York11021
(516) 466-6911

August 16, 2022

122 Palmetto LLC
1767 Fulton Street
Brooklyn, NY 11233

Re.: 122 Palmetto Street, Brooklyn, New York 11211

Dear Sir or Madam:

Regarding The 122 Palmetto Street ("Condominium"), you have requested my opinion concerning (i) the availability of tax deductions for real estate taxes and mortgage interest to Purchasers of condominium Units in Condominium; (ii) the tax status of the Condominium with respect to property and income taxes; and (iii) the validity of the Condominium.

I have reviewed the information contained in the plan for the conversion of the property located at 122 Palmetto Street, Brooklyn, New York 11211 to Condominium Ownership (the "Plan") and have given appropriate consideration to your representations made in connection therewith. My evaluation is based upon consideration of the relevant sections of the United States Internal Revenue Code (the "Code"), New York State Tax Law, regulations promulgated under these statutes, relevant sections of the New York State Real Property Law, and such other material, including decisional law and published interpretive pronouncements of the various tax law enforcement agencies, as I deemed relevant. Based upon such examination, I offer the following opinions:

1. Opinion regarding validity of the Condominium

The condominium regime, when created pursuant to the Declaration of Condominium, By-Laws and other related documents, will be validly formed and the provisions of the Declaration of Condominium and By-Laws will be legal and valid and the Condominium regime will comply with the rules against perpetuities and all other laws regarding the restrictions against alienation. I have, in rendering this part of our opinion, relied upon certain municipal, departmental and information search reports issued by Langdon Title, as well as the opinion of that a valid condominium will be formed upon recordation of the Floor Plans, declarations and By-Laws; and the description of Property prepared by Sponsor's architect and included in this plan.

2. Opinion regarding Deductibility of Mortgage Interest and Real Estate Taxes

The Plan provides that each Unit Owner will hold title to his Unit and an undivided interest in the Common Elements in fee simple absolute. Pursuant to New York Real Property Law Section 339-y, each Unit will be assessed and taxed separately for real estate tax purposes and, therefore, no Unit Owner will be liable for the payment of real estate taxes on any Units other than his own. Each Unit Owner may individually place an institutional or purchase money mortgage, on his specific Unit in accordance with the By-Laws, and thereby incur direct liability for mortgage interest or finance charges attributable thereto. The Tax Cuts and Jobs Act of 2017 is currently in effect and significantly changes the rules pertaining to the deductibility of mortgage interest and real estate taxes. As such, Purchasers are urges to consult with their tax preparer or CPA to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage on their Unit. The most relevant changes to the tax code as same would affect a purchaser are (a) the itemized deduction for real estate taxes and state and local taxes is capped at a total of $10,000.00 per year and (b) mortgage interest is only deductible up to a mortgage amount of $750,000.00. As such, certain Purchasers ability to deduct real estate taxes and mortgage interest will be limited.

Based on the foregoing, pursuant to the provisions of the Code and corresponding New York State Tax Law, I am of the opinion that such interest and real estate tax payments may be proper deductions by the Unit Owner with respect to Federal, New York City, and New York State income taxes. Notwithstanding the foregoing, Purchasers are urged to consult with their own CPA or tax prepared to determine if they are eligible for any tax deductions as a result of mortgage interest or finance charges incurred in connection with a mortgage.

3. Opinion regarding the Status of the Condominium with Respect to Income Taxes

New York Real Property Law Section 339-y provides that "[n]either the building, the property for any of the common elements shall be deemed to be a parcel", against which real estate tax may be assessed where the Property has been converted to condominium ownership. Therefore, since the Board of Managers of the Condominium will not own any property against which real estate taxes may be assessed, the Board of Managers will incur no direct liability to pay real estate taxes.

If the Condominium qualifies as a homeowner's association within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from residential Unit owners. However, even if the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources.

To qualify as a homeowner's association, the Condominium must meet all of the following requirements:

a. It must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property ("exempt functions");

b. 60% or more of its gross income for each taxable year must consist of amounts received as membership dues, fees or assessments from owners of residential units ("exempt function income");
c. 90% or more of its expenditures for each taxable year must be expenditures made for the acquisition, construction, management, maintenance and care of association property ("qualifying expenditures");
d. No part of its net earnings may inure to the benefit of any private shareholder or individual (other than through the performance by the Condominium of exempt functions and other than by a rebate of excess membership dues, fees, or assessments); and
e. Under applicable Treasury Regulations (the "Section 528 Regulations"), at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes.

Applying these requirements to the Condominium, Section 528 Regulations provide, for purposes of Requirement (1), that the organization must be organized and operated primarily to carry on one or more exempt functions relating to "association property," and that, in making this determination, all the facts and circumstances shall be considered. Section 528 Regulations state further that in the absence of other facts, an entity may be treated as "organized" to carry on one or more of such functions where its articles of organization provide that its dole purpose is to carry on such functions. The By-Laws of the Condominium state that its purpose is to carry on the acquisition, construction, management, maintenance and/or care of the Common Elements, and to perform related functions with respect to other portions of the Property. This statement demonstrates that the Condominium was organized primarily (if not "solely") to carry on exempt functions. Thus, assuming compliance with the clear objectives embodied in its governing documents, the Condominium should meet the "organized" test of Requirement (1). Under Section 528 Regulations, the Condominium will further satisfy the "operated" test of Requirement (1) if it satisfies the 60% and 90% tests, as discussed below.

With respect to Requirement (2) above, Section 528 Regulations provide that, for an amount to qualify as "exempt function income," it must be received from residential Unit Owners in their capacity as owner/members, and the liability for the payment of such amount must arise solely from membership in the organization. For this purpose, Section 528 Regulations further provides that dues, fees or assessments which are based on the assessed value of the unit owner's property will be treated as arising solely from membership in the organization. Section 528 Regulations provide by way of examples that exempt function income generally will include assessments made for the purpose of maintaining association property or paying real estate taxes or debts incurred in the acquisition of such property. Exempt function income will not, however, include interest earned on amounts set aside in a sinking fund, amounts received from non-members, or amounts received from members for work done on privately owned property or for the special use of facilities not available to all members.

Schedule B of the Plan projects that approximately 100% of the Condominium's gross income for its first full year of operation will consist of Common Charges which, under the Plan, are assessments from Unit Owners which are to be used for the purpose of repairing, maintaining, replacing, restoring, operating and improving the Common Elements. Accordingly, the Common

Charges should constitute "exempt function income" and, assuming that the income of the Condominium for its first taxable year of operation will be of the same type and in the same proportions as shown in Schedule B of the Plan, Requirement (2) should be met.

With respect to Requirement (3) above, Section 528 Regulations provide that "qualifying expenditures" include both current operating and capital expenditures on "association property". Accordingly, assuming that the expenditures of the Condominium for its first taxable year are of the same type and in the same proportions as those shown on Schedule B, we believe that Requirement (3) should be satisfied for the Condominium's first taxable year.

With respect to Requirement (4) above, Code Section 528 and Section 528 Regulations provide that, to the extent that members receive a benefit from the general maintenance, of association property, or receive rebates of excess membership assessments, such benefits will not constitute inurement. Based on the projections contained in Schedule B, the Condominium is expected to receive at most only a minimal amount of income other than "exempt function income," and all of such income is expected to be used toward meeting yearly expenses. Accordingly, Requirement (4) should be satisfied for the first taxable year of the Condominium's operation.

With respect to Requirement (5) above, Section 528 Regulations clarify that a Unit may be treated as "used by individuals for residential purposes" even if it is not currently occupied, so long as it appears to have been constructed for use as a residence and the last individual to occupy it used it as such. Section 528 Regulations further provide that Units which are used for purposes auxiliary to residential use shall be considered used for residential purposes. All of the residential Units in the Condominium are being constructed for use as residences. The Condominium By-Laws further provide that each residential Unit shall be used only as a residence unless specific consent for a different use is obtained from the Condominium Board and such use does not violate the existing Certificate of Occupancy for the Building. Accordingly, assuming, as anticipated, that during the Condominium's first taxable year more than 85% of the total square footage of the Units is used by individuals for residential purposes, Requirement (5) will be met.

Accordingly, based on the foregoing discussion, and subject to the assumptions described therein, in my opinion the Condominium will be eligible for tax- exempt status under Code Section 528 for its first taxable year, and will qualify for such status provided a duly filed election is made. The qualification of an organization under Section 528 is determined annually at the close of each taxable year and, therefore, I express no opinion as to whether the Condominium will qualify for tax-exempt status under Code Section 528 in any future years.

4. Opinion regarding compliance with Real Property Law Section 339(i)

The Condominium complies with section 339-i of the Real Property Law of the State of New York in that the method for determining the percentage of common interest allocated to each unit is based on the floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular unit. This opinion is based on other expert factual determination as required by Section 20.3(i)(1)(iv),

and more specifically, the letter issued by Complete Condo Service Inc. included herein.

5. Disclaimer of Liability

The opinions expressed herein are not guarantees. They are based on existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which these opinions were based will not change. In no event will the sponsor, the sponsor's counsel, the Board of Managers of the condominium, the Selling Agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied which cause the condominium to cease to meet the requirements of Section 528 of the Internal Revenue Code of 1986, as amended, or the New York State tax law, as amended, and cause the unit owners not to be entitled to income tax deductions or which cause unit owners not to be or to cease to be entitled to the benefits or the level or duration of benefits described above. Prospective Purchasers should consult with their respective experts regarding the tax consequences of purchasing a Condominium Unit.

Sincerely,

Eial Girtz

EIAL GIRTZ PC

## SECTION XXI. RESERVE FUND

This Condominium shall maintain a reserve fund. The New York City Reserve Fund Law restricts the use of the reserve fund to capital improvements. As set forth in the First-Year Budget in Section V of this Plan, the reserve fund will be funded by each Unit Owner as part of the monthly Common Charges. The amount collected each year shall be at least 10% of the yearly budget for the year prior. This amount will be placed on deposit in order to provide for major capital repairs or replacement items likely to be needed within the first five years of Condominium operation. Sponsor does not anticipate that any such repairs will be required. Sponsor anticipates that the reserve fund will be sufficient to cover the cost of capital replacements within five years after the first closing. This fund may not be used to fund the day to day operations of the Condominium. For the first year of operation, the sum of $2,600.00 has been budgeted towards the reserve account and same will be funded from the payments of Common Charges.

If the Condominium needs to finance further needed capital expenditures such as renewal or replacement of building components or systems or to remedy major building defects, the Board may make a special assessment on all unit owners or apply for an unsecured loan from a bank or another lender.

While Sponsor is in control of the Board of Managers, the reserve fund or working capital fund may not be used to reduce projected common charges in the plan.

Neither the Department of Law nor any other government agency has passed upon the adequacy of the fund.

## SECTION XXII. WORKING CAPITAL FUND

At the time of the closing of title to each Unit to a bona fide Purchaser, such Purchaser shall pay a sum equal to two months Common Charges to the Board of Managers for its working capital (the Working Capital Fund).

For such period as Sponsor retains control of the Board of Managers, the Working Capital Fund shall not be used to reduce estimated Common Charges,

At the First Unit Closing, Sponsor will apportion with the Board, to the extent applicable to the Condominium, the following items as of midnight of the date preceding said Closing:

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

2. Deposits with utility companies, if any, and fees for assignable permits and licenses, if any;

3. Charges for electricity and other utilities for the General Common Elements and the Limited Common Elements;

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

5. Charges and receipts in connection with service, maintenance and concession contracts;

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

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

8. Premiums for transferable insurance policies; if any.

If any of the foregoing items to be apportioned cannot be adjusted at the First Unit Closing because they are no fully ascertainable, they shall be adjusted to the extent reasonably possible at the First Unit Closing, and final adjustment will be made as soon thereafter as the undetermined amounts are ascertained. Except as herein otherwise expressly provided, the customs with respect to title closings adopted by the Real Estate Board of New York Inc., as amended, shall apply to apportionments and other matters herein mentioned. The Sponsor will seek adjustments only at such time as the remaining balance after adjustments shall be at least one full month of common charges billed.

The Working Capital Fund will be held and used for working capital, or such other appropriate purposes as will be determined by the Board and may be augmented by allocations from the monthly Common Charges collected from each Unit.

The Board will be able to utilize the money in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific time.

Within three months from the end of the first year of operation of the Condominium, Sponsor shall deliver to the Condominium Board a statement certifying in reasonable detail as to any changes in the amount of the Working Capital Fund which occurred since the first closing.

NO REPRESENTATION OR WARRANTY IS MADE THAT THE WORKING CAPITAL FUND WILL BE, OR IS INTENDED TO BE, ADEQUATE TO COVER CURRENT OR FUTURE EXPENSES, FOR THE FIRST, OR SUBSEQUENT, YEAR OF THE CONDOMINIUM'S OPERATION. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND.

## SECTION XXIII. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

The Condominium will be managed by the Board. Until the Sponsor relinquishes control of the Board, the Board shall manage the Condominium. As there will not be an outside management company during the Sponsor Control Period, during such period the condominium will effectively be managed by the Sponsor, which will control the board. The Sponsor will not charge a management fee. Thereafter, the Condominium Board may either self-manage the Condominium or retain an outside management company to manage the Condominium. The Condominium will bear the cost of any such Agreement. Due to the size of the building, it is not anticipated that a management company will be required.

The duties and services to be rendered by a 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 Board of Managers, except that the Managing Agent shall not, without the prior approval of the Board of Managers, make any expenditure in excess of $2,000.00 for any one item of ordinary repairs or alterations (other than emergency repairs)

3. Entering into any contract in the name of the Condominium, except that the Managing Agent shall not, without the prior approval of the Board of Managers, enter into any such contract;

4. Supervising such employees of the Board of Managers as are charged with operation and management of the Condominium;

5. Maintaining in full force and effect all insurance required by the Board of Managers;

6. Maintaining records of cost and expenses incurred and income and receipts received in connection with the operation of the Property;

7. Furnishing to the Board of Managers statements of operations of the Property and an annual operating budget setting forth the anticipated income and expenses of the Condominium for the coming year;

8. Accepting applications and obtain references from all prospective Unit Owners, tenants and subtenants; and obtaining credit reports, if deemed advisable, relating to and at the expense of prospective Unit Owners, tenants and subtenants of proposed space, unless otherwise directed by the Board of Managers;

9. Scheduling the moving in and out of unit owners, tenants and subtenants;

10. Paying, out of the Condominium's account, bills and invoices for the costs and expenses of operating the Condominium; and

11. Sending notices to the Board members and Unit Owners, preparing agendas for, and causing a representative of its own organization to attend meetings of the Board of Managers and Unit Owners, if requested by the Board of Managers.

No other contracts are anticipated and no contract herein is binding on the Condominium for more than five (5) years after the anticipated closing date. If any contract becomes necessary, the Plan will be amended to disclose same. Sponsor will work in the best interest of the Condominium and will not enter into sweetheart deals.

## SECTION XXIV. IDENTITY OF PARTIES

1. Sponsor

The Sponsor is 122 Palmetto LLC, a New York limited liability company with an address at 1767 Fulton Street, Brooklyn, NY 11233. The Sponsor is the owner and the developer of the property. The members and principals of the Sponsor are Asher Alon, Shonit Alon and Segev Alon. Asher Alon has been involved in the real estate, construction and managerial business for approximately 23 years. He has experience purchasing distressed properties and renovating them, remodeling homes and apartments as well as in new development projects. He started Tower Building Management LLC in 2012 and has managed over 100 apartments. Asher Alon is also a registered real estate broker who specializes in short sale, purchasing, selling, loan modifications and apartment rentals.

Shonit Alon has been involved in the real estate and managerial business for approximately 8 years. She is an office manager/bookkeeper at Alon Family LLC. She is the managing agent for all of the properties. She deals directly with the tenants and handles the day-to-day operations of the office. Shonit Alon is responsible for the procurement of materials for the work sites and monitors the progress of construction.

Segev Alon has been involved in the real estate and construction business for approximately 7 years. He has experience in land/property acquisition, compliance, site development and lease transactions. Segev Alon is a manager at Alon Family LLC and he deals directly with architects, the DOB, engineers, expeditors, attorneys, banks and contractors.

Asher Alon, Shonit Alon and Segev Alon have not taken part in any cooperative or condominium offering, planned unit development or time-sharing offering and do not own more than ten (10%) percent of any such offering. This is their first condominium offering.

Asher Alon, Shonit Alon and Segev Alon are the only individuals who own or control 10% or more equity interest in the Sponsor and have any influence in the decision-making of the Sponsor and/or its principals. Asher Alon, Shonit Alon and Segev Alon do not have any prior felony convictions, convictions, bankruptcies, judgments, or injunctions against them prior to the submission of the offering plan.

2. Engineer and Architect

The Sponsor's engineers and architects in connection with the offering plan are Demerara Engineering, PLLC, with an address at 37-24 24th Street, Suite 231, Long Island City, NY 11101. Demerara Engineering, PLLC, by Oscar P. Walters has prepared the Floor Plans of the property and the report included in Part II of this offering plan. Demerara Engineering, PLLC, by Oscar P. Walters, Jr., PE has been involved in the planning and development of multi-family buildings (including 195 Hawthorne Street, Brooklyn, NY, 31 Van Buren Street, Brooklyn, NY and 530 Lafayette Avenue, Brooklyn, NY) and the drafting of architectural drawings and reports for such condominiums in New York City for over ten (10) years. Demerara Engineering PLLC has no financial interest in the Property, the Sponsor, the Condominium or any other party interested in

this transaction, except for its fee for services rendered in connection with the property.

The Sponsor also retained Flavio C. Barros of CB Engineering PC, 44-02 11th Street, Suite 609, Long Island City, NY 11101 as architect in connection with the Building Plans filed with the New York City Department of Buildings for the Condominium. CB Engineering PC has no financial interest in the Property, the Sponsor, the Condominium or any other party interested in this transaction, except for its fee for services rendered in connection with the property.

3. Counsel

Sponsor has retained the law firm of Eial Girtz, PC, with offices at 11 Grace Avenue, Suite 309, Great Neck, New York 11021 tel. (516) 466-6911, to represent it in connection with the Offering Plan. Mr. Girtz prepared Parts I and II of this Offering Plan, together with the Declaration, the By-Laws, and the forms of Purchase Agreement, Unit Owner's Power of Attorney and Condominium Unit Deed contained in Part II of this Offering Plan. Eial Girtz, PC has no other relationship with Sponsor other than acting as Sponsor's attorney. Eial Girtz, PC will be representing the Sponsor in connection with the sale of the Units and will serve as the Escrow Agent. Eial Girtz, PC simultaneously representing Sponsor in connection with sales and closings as well as serving as Escrow Agent will not affect the attorney's ability to carry out his/her obligations as Escrow Agent or create a conflict of interest.

4. Preferred Mortgagee

The Sponsor is not utilizing a preferred mortgagee.

5. Selling Agent

Sponsor has not retained a Selling Agent for this property. Sponsor will be the Selling Agent. If Sponsor retains a Selling Agent, Sponsor will amend the Plan accordingly.

## SECTION XXV. RESERVATION OF AIR AND DEVELOPMENT RIGHTS

Excluded from this offering is that portion of the unused floor area development rights that are now owned, subsequently acquired or that may become available under the New York City Zoning Resolution, which shall be retained by the Sponsor and which may be sold, transferred or hypothecated to any other entity for the sole purpose of being merged into a zoning lot pursuant to a zoning lot development agreement ("ZLDA") or similar agreements.

The Building cannot be expanded by the Sponsor or the Board.

At the present time and under current zoning, there are no air rights that can be sold to adjoining properties. In the event of a zoning change, the Sponsor will amend this plan to disclose the maximum amount of space or the maximum number of stories that may be added to adjoining properties from the sale of air rights from this property. In the event that Sponsor transfers air rights, the subject building cannot be expanded in the future, or, any future expansion will be limited as a result of Sponsor retaining or selling air rights. The maximum space or stories that may be added to adjoining buildings as a result of Sponsor selling air rights must be disclosed by Sponsor in an amendment to this Offering Plan prior to the plan being declared effective. Notwithstanding, additional space or stories may be added from the transfer of air rights from other properties to the adjoining properties and the Sponsor makes no representations with respect to the sale of air rights from other buildings. The expansion of adjoining buildings may affect light and air to the Condominium.

## SECTION XXVI. REPORT TO UNIT OWNERS

An annual report of the receipts and expenditures of the Condominium which will be in the form of the financial statements of the condominium, certified by an independent certified public accountant, shall be submitted by the Board of Managers to all Unit Owners within four months after the end of each fiscal year of the Condominium pursuant to Article VII Section 7 of the By-Laws. While Sponsor is in control of the Board, such statement must be certified.

Prior written notice of each annual or special meeting of Unit Owners shall be given to all Unit Owners who are then the record owners entitled to vote or designate members of the Board of Managers at such meeting. Such notice shall set forth the purpose, time and place of such meeting and may be given to any Unit Owner by personal delivery, mail or telegram not later than ten (10) business days prior to the day fixed for the meeting. If the business to be conducted at the meeting shall include the consideration of a proposed amendment to the Declaration or the By-Laws, the notice shall be mailed to all Unit Owners at least thirty (30) days prior to the day fixed for the meeting and shall be accompanied by a copy of the text of such proposed amendment.

The books of accounts and records of the Condominium may be examined by Unit Owners during regular business hours. True copies of the Floor Plans, the Declarations, the By-Laws and the Rules and Regulations shall be kept on file in the office of the Board of Managers and shall be available for inspection during regular business hours by persons having an interest therein.

A copy of the proposed annual budget of the condominium shall be given annually by the Board of Managers to all unit owners within fifteen days prior to the date set for its adoption. While the Sponsor is in control of the Board of Managers, such budget shall be certified in compliance with 13 New York Code Rules and Regulations Part 20.4 of the Rules governing Newly Constructed, Vacant or Nonresidential condominium.

## SECTION XXVII. DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, all documents referred to in the Offering Plan, and all Exhibits submitted to the Department of Law in connection with the filing of the Offering Plan on file and available for inspection without charge at the office of the Managing Agent for a period of six years from the date of the first closing. Sponsor shall deliver to the Board of Managers copies of all documents filed with the appropriate recording office at the time of closing to the first unit.

The Board of Managers shall make available to Unit Owners, lenders, insurers of mortgages and any other agency or entity which has an interest or prospective interest in the Condominium the following: Audited financial statement from preceding year, current copies of the declaration, By-Laws, and such other books, rules, financial statements and records of the Condominium.

## SECTION XXVIII. GENERAL

The Property was not the subject of a market test pursuant to Cooperative Policy Statement No. 1.

As of the date the Plan was accepted for filing, Sponsor had not entered into any contract or agreement, written or oral, for the sale or transfer of any of the Units offered under the Plan, and no funds had been taken by or on behalf of Sponsor in connection with the reservation, sale or transfer of such Units.

The Property has not been the subject of any prior cooperative or condominium offering plans.

In accordance with the provisions of the laws of the State of New York, neither Sponsor nor any Selling Agent engaged by Sponsor will discriminate against any person because of sex, race, creed, color, national origin, ancestry, or other ground proscribed by Applicable Law in the sale of the Units offered by Sponsor pursuant to the Plan or in the leasing of any such Units or any other portion of the Building.

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of a material fact and sets forth all the material terms of the offering. The Plan sets forth all material terms of the offering.

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

Sponsor reserves the right to revise, from time to time, the terms and conditions upon which Units are to be sold and to otherwise revise the Plan, including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers, or prospective Purchasers, without obtaining the consent of such Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided (such as in case of uncured default), nor unilaterally change the Purchase Price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. In the case of a material revision adversely affecting in any material respect the rights, obligations or liabilities of than 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 within thirty (30) days after the Presentation Date of the amendment. However, such rescission, as to a Purchaser who is then a tenant in the Building, 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 the Plan with respect to items prepared by others have been made by Sponsor in reliance upon the Persons responsible for the preparation of such items and their authority as experts.

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

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

## SECTION XXIX. SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor adopts the report prepared by Demerara Engineering, PLLC and included as part of the "Description of Property and Specifications" contained in Part II of the Plan.

Sponsor represents that said report accurately states the description and specification or building condition as of the date it was prepared. Sponsor represents that it has no knowledge of any material defects or need for major repairs to the property except as set forth in the Description of Property and Specifications as of such date.

The number of units offered is identical to the number of units to be stated in the Certificate of Occupancy and the proposed use of the units is the same as the use indicated in the Certificate.

# PART II

**THE 122 PALMETTO STREET CONDOMINIUM**

**PURCHASE AGREEMENT**

Agreement dated _____, between 122 Palmetto LLC, with offices at 1767 Fulton Street, Brooklyn, NY 11233, (the "Sponsor") and _____ residing at _____ (the "Purchaser").

Unit: ____

Purchase Price: $

Payable as follows:

Down Payment (herewith and subject to collection): $

Balance (at closing): $

1. **Agreement to Purchase:** Purchaser agrees to purchase from Sponsor and Sponsor agrees to sell to Purchaser the condominium Unit in the 122 Palmetto Street Condominium in the City of New York and County of Kings, State of New York, designated as Unit No. ____, together with a ____% undivided interest in the common elements of the Condominium for the Total Purchase Price shown above.

Purchaser has delivered herewith Purchaser's check for the Down Payment as shown above, made payable to "Eial Girtz PC, IOLA Account, Condominium Down Payment Escrow Account", the receipt of which is hereby acknowledged subject to collection. The above-stated Balance shall be payable by certified check of Purchaser or official bank check drawn on a bank which is a member of the New York City Clearing House ("Acceptable Funds") drawn directly to the order of Sponsor at the Closing of Title as discussed in Paragraph 2.

2. **Delivery of the Deed.** The Closing of Title will occur on the date and at the time and place in the City of New York or other such location as Sponsor will designate to Purchaser on not less than THIRTY (30) days' prior written notice. Sponsor will have the right from time to time, to adjourn such date and time for closing on written notice to Purchaser. If adjourned, Sponsor will fix a new date and time for closing and will give Purchaser not less than five business days' prior written notice of the new scheduled date and time for closing. The Closing of Title will occur only after or concurrently with compliance with the prerequisites set forth under "Terms of Sale" in Part I of The 122 Palmetto Street Condominium Plan (hereinafter the "Plan"). The First Closing, as defined in the Plan, will take place within the time period specified in the section entitled "Effective Date" in Part I of the Plan. As therein set forth, if the First Closing is adjourned beyond 365 days after the expected date of closing as set forth in Schedule A of the Plan, the sole remedy of Purchaser will be to rescind this Purchase Agreement and be refunded all Down Payments, together with any interest thereon, provided that written notice of Purchaser's intention to rescind must be sent pursuant to the Plan.

At Closing, Purchaser shall pay Sponsor the Balance due in Acceptable Funds and Sponsor shall deliver to Purchaser the deed to Purchaser's Unit. The deed shall be a bargain and sale deed with covenants against grantors acts in the form contained in Part II of the Plan. Purchaser shall pay the New York State and New York City transfer taxes on such deed and recording charges. In addition, Purchaser shall sign the power of attorney in favor of the Board of Managers of the Condominium in the form contained in Part II of the Plan.

Purchaser agrees that upon delivery of the deed, Purchaser's present lease, if any, or monthly tenancy of the Unit shall be deemed cancelled and terminated as of the date of Closing.

3. **Receipt of Documents.** Purchaser acknowledges receipt, at least three (3) full business days prior to the execution of this Purchase Agreement, of the proposed Declaration, By-Laws, Schedules, Plans and Exhibits contained in the Offering Plan to convert the premises at 122 Palmetto Street, Brooklyn, New York 11211 to Condominium Ownership (the "Plan"), as amended, all of which are made part of this Purchase Agreement as if they were set forth in full in this Purchase Agreement.

Purchaser acknowledges that he has read the Plan and agrees to be bound by the Plan. In the event of any inconsistency or conflict between the terms and provisions of this Purchase Agreement and the terms and provisions contained in the Plan, the terms and provisions of the Plan will govern and be binding. Purchaser acknowledges having had full opportunity to examine all documents and investigate all statements made herein and in the Plan.

Purchaser acknowledges that except as stated in this Purchase Agreement (and as set forth in the Declaration, By-Laws, and Offering Plan), Purchaser has not relied on any representations or other statements of any kind or nature made by Sponsor, its agents or other persons, including but not limited to any representations relating to the description, size or dimensions of the Unit or rooms, and the estimated Common Charges or other expenses of the Condominium. No person has been authorized to make any representations on behalf of Sponsor. No oral representations or statements will be considered a part of this Purchase Agreement. Purchaser agrees (a) to purchase the Unit, without offset or any claim against, or liability of Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the Floor Plans, is accurate or correct, provided the layouts and dimensions conform substantially to such Floor Plans and (b) that Purchaser will not be relieved of any of Purchaser's obligations hereunder by reason of any minor inaccuracy or error. The provisions of

this Paragraph 3 will survive the Closing.

4. **Marketable Title**. Sponsor shall convey to Purchaser good and marketable title as any title company which is a member of the Board of Title Underwriters and licensed to do business in New York State, shall approve and insure for fee title insurance (subject to the terms of the Plan, the Declaration and By-Laws as filed) and free and clear of all liens and encumbrances except the rights of present tenants, if any, as described below, the lien of any mortgage procured by Purchaser, and the title exceptions set forth as "Permitted Encumbrances" in the Plan as set forth in the Section of Part I entitled "Terms of Sale". Any of such title exceptions and or any other title exceptions or objections which have been waived or consented to by Purchaser may for convenience be omitted by Sponsor in the deed to be delivered hereunder, but all of such exceptions shall nevertheless survive delivery of the deed. Fee title insurance may be purchased at Purchaser's option at Purchaser's own cost and expense.

5. **Condition of Unit**. At Closing, the Unit will contain only those fixtures and equipment currently installed therein that are owned by Sponsor and those set forth in Part I of the Offering Plan and the Description of Property in Part II of the Offering Plan. They shall be delivered free and clear of all liens and encumbrances, other than those to which the Unit is subject pursuant to this Purchase Agreement. The Unit is being sold unfurnished. Any appliances, furnishings, equipment, fixtures and other personal property owned by any tenant of a Unit are not included in this sale. Furniture, wall coverings, furnishings, decorations and the like in or about any model unit are for display purposes only and are not included in the sale. Any floor plans or sketches shown to Purchaser are only approximations of the Unit's dimensions and arrangement, and Purchaser should not rely thereon. There will be no modifications or extras unless agreed to in writing by the parties.

The signing of this Purchase Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Unit, and all fixtures, machinery, equipment, furnishings, appliances installations and other personal property contained therein (hereinafter collectively called "Installations"), in their respective existing conditions, subject to reasonable use, wear and tear and natural deterioration between the date Purchaser signs this Purchase Agreement and delivery of the deed to Purchaser. Purchaser acknowledges having read, or having had ample opportunity to read, the Inspection Report prepared by Sponsor's architect, set forth in Part II of the Plan, which sets forth a description of the existing physical condition of the Building. Purchaser understands that the Sponsor has no obligation to make any repairs, improvements or decorations in or to the Building, the Unit or the Installations, except as specifically set forth in the Plan and subject to Sponsor's representations in the Plan.

Purchaser will be given a reasonable opportunity to examine the Unit prior to Closing and is advised to make a careful examination at such time.

6. **Effectiveness of Offering Plan**. It is agreed that this Purchase Agreement is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan.

The Plan may be abandoned by the Sponsor at any time prior to declaring it effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

If the Plan is abandoned, does not become effective, or is not consummated for any reason after being declared effective within the time prescribed by the Plan, the following shall apply: This Purchase Agreement shall be deemed cancelled and within five (5) days thereafter, Purchaser will receive all monies paid hereunder. (Notwithstanding the foregoing, Sponsor will

retain as liquidated damages as provided in Paragraph 10 all Down Payments and any interest thereon of any Purchaser who is then in default hereunder beyond any applicable grace period, or if this Purchase Agreement has previously been cancelled due to default by Purchaser). Upon such repayment, Purchaser and Sponsor will have no claim against each other or the Selling Agent in connection with this Purchase Agreement or the Plan, and all such parties will be relieved and discharged from all liabilities and obligations hereunder and under the Plan.

7. **Adjournment Penalty.** In the event that the Sponsor consents to an extension of the closing date, all adjustments as set forth in the section of the Plan entitled "Closing Costs and Adjustments" shall be made as of midnight of the date preceding the date originally set for closing (regardless as to when the closing actually happens) and further, Purchaser shall pay to Sponsor, the sum of .03% of the Purchase Price for that Unit for every day starting from the originally scheduled closing date through, and including, the day before the actual closing date (10.95% Annual Percentage Rate). This payment is intended to reimburse the Sponsor for Common Charges incurred during the extension period. If Sponsor adjourns the closing due to fault of the Purchaser, this provision shall apply to the adjourned closing date to be determined by Sponsor. The interest rate charged will not exceed NYS usury charges.

8. **Closing Expenses and Adjustments**. At the closing of title, Purchaser shall pay the following: (i) any charges for the cost of title examination, cost of fee and/or mortgage title insurance, New York State Real Property Transfer taxes, NYC Real Property Transfer Tax, mortgage recording taxes, or recording charges for the deed, mortgage documents, and power of attorney in favor of the Board of Managers; (ii) an amount equal to two month's Common Charges representing Purchaser's share of initial working capital for the Condominium; and (iii) the closing fees described in the section entitled Closing Costs and Adjustments in the Plan.

Sponsor and Purchaser will apportion, as of midnight on the day preceding the Closing Date, real estate taxes and/or Common Charges assessed during the month in which title closes or established as a reserve based upon the last bill received, and rent and other charges, if any, pursuant to a lease for or tenancy of the Unit. Any errors or omissions in computing apportionments at Closing will be corrected; this provision will survive Closing. In the event Purchaser obtains a mortgage secured by the Unit, Purchaser shall pay to the Sponsor a sum equal to the partial mortgage tax credit to which the Purchaser is entitled pursuant to Section 339-ee(2) of the Condominium Act.

If separate tax assessments have not been made for individual units prior to the closing of title to a Unit, Sponsor will collect from each Purchaser at closing, and will place in escrow in a separate account established by the Sponsor for that purpose, an amount equal to the Unit's estimated proportionate share of the real estate taxes projected to be due for the entire Property for the half of the tax year next commencing after the closing of said Unit, (i.e., for either the first half or second half, depending on when the Unit closes) based on the higher of the actually assessment or the tax estimate set forth in Schedule A. If the tax assessor indicates that more than one half of a tax year may elapse before the Units are individually assessed, Sponsor shall collect at closing Purchaser's proportionate share of taxes for the upcoming half and shall deposit the same in the account described above. With respect to the balance of the estimated taxes due for the next applicable tax period, the Board of Managers is authorized, and shall be obligated to collect monthly escrows from Unit Owners with their Common Charges based upon the estimated tax bill for the entire Property and the then current tax rate deposit the same in the tax escrow account. At the time taxes are due and payable, Sponsor shall pay out of Sponsor's own funds, Sponsor's proportionate share of the Property tax bill allocable to the Unit(s) Sponsor then owns,

based on the allocation method described above, and the Board of Managers shall be obligated to cause the release to Sponsor of the appropriate amount of escrowed tax funds in the tax escrow account for Sponsor's use in paying the share of taxes attributable to Units that have been sold and closed to other Unit Owners.

If the actual taxes due for any period for which Sponsor collected escrows are higher than the amount collected and held in escrow, the Board of Managers shall pay the difference and shall bill Unit Owners for their proportionate share of any necessary reimbursement, as a Special Assessment. Sponsor will remain liable for all real estate taxes attributable to Sponsor's Units until Sponsor sells and conveys those Units. If any Unit Owner fails to pay a Unit's pro rata share of real estate taxes when due, by Common Charge billing, special assessment billing, or both, the Board of Managers will have a lien on such Unit for non-payment thereof, as if such charges were Common Charges. If the actual taxes due for any period for which Sponsor collected escrows are lower than the amount collected and held in escrow, the Board of Managers shall pay the Unit Owners their proportionate share of any excess.

9. **Escrow of Down Payment**. A copy of the "Escrow Agreement for Contract Deposit" is included as Exhibit A to this contract and must be executed by Purchaser, Sponsor and Escrow Agent.

10. **Sponsor's Rights in the Event of Purchaser's Default**. All sums paid on account of this Purchase Agreement and the reasonable expense of the examination of title to the Unit shall constitute liens on the Unit. However, these liens shall not continue after default by Purchaser under this Purchase Agreement.

The following shall constitute Events of Default by Purchaser hereunder:

(i) Purchaser's failure to pay the Balance on the Closing Date designated by Sponsor pursuant to Paragraph 2 hereof;

(ii) Purchaser's failure to duly sign and deliver at Closing any document referred to in the Plan which Purchaser is required to sign when Sponsor delivers the deed to the Unit;

(iii) if Purchaser is or becomes a tenant of the Building, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations which failure is not fully cured within 20 days following written notice to Purchaser of such default even though Purchaser is not evicted from the leased premises as a result thereof or Purchaser's removal from or abandonment of the leased premises (notwithstanding any such default or the cancellation of this Purchase Agreement by reason thereof, in no event will Purchaser be excused from paying and performing Purchaser's lease or tenancy obligations);

(iv) the failure to pay, perform or observe any of Purchaser's other obligations hereunder which failure is not fully cured within 15 days following written notice to Purchaser of such default.

Upon the occurrence of an Event of Default, Sponsor may cancel this Purchase Agreement on written notice to Purchaser, and upon the giving of such notice this Purchase Agreement shall be and be deemed cancelled. Sponsor shall retain, as liquidated damages, all Down Payments and any interest earned thereon and Purchaser, Sponsor and Selling Agent will be released and discharged of and from all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Purchase Agreement had never been made, and without accounting to Purchaser for the proceeds of such sale.

11. **Rent Security Deposit**. If Purchaser is or hereafter becomes a tenant of the Unit, Purchaser's un-applied rent security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within 30 days following the Closing, provided Purchaser is not in default under Purchaser's lease or tenancy obligations. If the Unit is occupied by other than Purchaser, then the unapplied security deposit (if any) of the tenant or occupant will be transferred at Closing to Purchaser, who will upon receipt sign and deliver to Sponsor an agreement acknowledging the amount received, indemnifying Sponsor from all liability in connection therewith and agreeing to hold such security deposit in trust and to deposit it in an interest bearing account pursuant to the provisions of Section 7-103 of the New York General Obligations Law (such agreement to be in form and substance satisfactory to Sponsor). In either event, Sponsor will have the right if permitted by law to deduct from any tenant's security deposit the amount of any rent arrearage owing to Sponsor and to sue the tenant to the extent such rent security is insufficient.

12. **Seller's inability to Deliver Deed - Cancellation of Purchase Agreement**. It is understood and agreed that if Sponsor is unable to deliver a deed to the Unit in accordance with this Purchase Agreement because of Sponsor's inability to complete the filing of the premises as part of a condominium plan in accordance with the Offering Plan of The 122 Palmetto Street Condominium, as it may be amended, or if Sponsor abandons the Plan (and Sponsor has the unconditional right to abandon the Plan at any time prior to its effective date), Sponsor shall immediately notify Purchaser in writing and this Purchase Agreement will terminate. In that case, Sponsor's sole liability shall be the prompt return to Purchaser (unless Purchaser is then in default or this Purchase Agreement has previously been cancelled, as provided in Paragraph 7) of the Down Payment and interest, if any, earned thereon.

In accordance with the Section of the Plan entitled "Effective Date", the Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective provided, however, that within 5 days after abandonment, all monies will be returned to Purchasers. Once the Plan has been declared effective, it may not be abandoned, except for (i) a defect in title (other than a defect which existed on the date of presentation of the Plan and either is known to the Sponsor or is a matter of public record) which cannot be cured without litigation or cannot be cured for less than one-half of one percent of the total offering amount or (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than one-half of one percent of the total offering amount or (iii) the taking of any material portion of the Property by condemnation or eminent domain.

Abandonment of the Plan will be by either duly filed amendment or notice of abandonment by Form CD-3 or RS-3 or other form then required by the Department of Law submitted promptly after abandonment explaining the reasons for abandonment of the Plan and setting forth the disposition of all purchasers' funds.

13. **Recording of Condominium Declaration**. The Declaration and By-Laws establishing the Condominium shall be recorded by Sponsor in the Office of the County Clerk, Kings County, prior to the closing of title to the first Unit as set forth in the Plan.

14. **Possession, Risk of Loss**.

A. The Sponsor assumes the risk of loss from fire or other casualty until the Purchaser assumes such risk of loss by taking possession of the Unit. Unless Purchaser now occupies the Unit, Purchaser will not be entitled to occupy the Unit until the deed is delivered to Purchaser at Closing. Sponsor may, in its discretion, grant Purchaser possession of the Unit prior to the closing under an interim lease.

B. If Purchaser is the existing tenant or occupant of the Unit or if Purchaser is given possession of the Unit prior to Closing under an interim lease or otherwise, then Purchaser will be solely responsible for any damage tot or loss or other condition in the Unit resulting from Purchaser's use or occupancy and Sponsor will not be obligated to make any repairs required of it as landlord under any existing or interim lease and, after Closing, the Condominium Board will be responsible to make those repairs required of it under the Condominium Declaration and By-Laws. If Purchaser is given possession before closing, the purchaser will be responsible for losses not covered by insurance as the apartment cannot be doubly insured.

C. If during Purchaser's occupancy the Unit is damaged by casualty or otherwise, then Purchaser assumes the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the Unit and did not result from the acts of Purchaser or other occupants of the Unit or Purchaser's guests, invitees or workmen. If Purchaser is obligated to repair the damage, then Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance and accepting delivery of the deed.

D. Except as provided in the preceding subparagraph C, all other risk of loss prior to Closing is assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit. If Sponsor elects to repair or replace loss or damage, Sponsor shall so notify the Purchaser within 30 days of loss or damage and the Purchase Agreement shall continue in full force and effect. If Sponsor is obligated to make repairs, Purchaser is to receive back all monies paid, including money for extras. If the Unit Owners elect to repair or replace the loss or damage, this Purchase Agreement shall continue in full force and effect. Purchaser will not have the right to reject title to the Unit or to receive a credit against, or abatement of, the Purchase Price, and Sponsor will be entitled to a reasonable period of time to complete or to permit the

Condominium Board of Managers to complete, such repairs or replacements. Purchaser will not be required to pay the Balance of the Purchase price unless and until (i) the Unit has been substantially repaired to as near as reasonably possible to its condition immediately prior to the casualty and (ii) its essential services (such as 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 will belong entirely to Sponsor (subject to the rights, if any, of the Condominium Board or other Unit Owners) and if such proceeds are paid to Purchaser, Purchaser will promptly upon receipt turn them over to Sponsor. The provisions of the preceding sentence will survive the Closing.

E. In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant to the Condominium's Declaration and By-Laws, this Purchase Agreement will be cancelled and of no further force or effect and Sponsor will return to Purchaser all Down Payments (with interest, if any) whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any) or if this Purchase Agreement has previously been cancelled due to such default, Sponsor will retain the Down Payment and any interest thereon as liquidated damages pursuant to Paragraph 10 hereof.

15. **Existence of Liens Not Objection to Title**. The existence of unpaid taxes or liens of any kind at the time of Closing which are not Permitted Encumbrances hereunder shall not constitute an objection to title, provided Sponsor shall either deliver to Purchaser at the Closing instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or, provided that Sponsor has made

arrangements with the Title Company in advance of Closing, Sponsor will deposit with said company sufficient monies, acceptable to and required by it to insure obtaining and recording of such satisfactions and the issuance of title insurance to Purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the Unit. Purchaser, if request is made within a reasonable time prior to the Closing, agrees to provide at the Closing separate checks as requested, aggregating the amount of the balance of the Purchase Price, to facilitate the satisfaction of any such liens or encumbrances.

16. **Execution of Required Documents, etc**. Purchaser agrees to deliver to Sponsor all documents and perform all acts required by Sponsor to carry out the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

17. **Binding Nature of Purchase Agreement, Assignability, Use**. Purchaser agrees that this Purchase Agreement is binding upon Purchaser, his respective heirs, executors, administrators and permitted assigns. Purchaser hereby represents that the Unit is being purchased for a use permitted by the Declaration and By-Laws.

Purchaser will not record this Purchase Agreement and any purported recordation thereof by Purchaser shall constitute an Event of Default. Purchaser does not have the right to assign this Purchase Agreement without the prior written consent of Sponsor, and any purported assignment by Purchaser in violation of this Purchase Agreement will constitute an Event of Default and will be voidable at the option of Sponsor. Sponsors refusal to consent to an assignment will not entitle Purchaser to cancel this Purchase Agreement or give rise to any claim against Sponsor. In the even that Sponsor consents to an assignment of this Purchase Agreement, there will be a fee for legal review of all assignment documents in the amount of $500. Sponsor may not withhold permission for an assignment based upon race, creed, national origin, color, sex, age,

disability, marital status or other grounds prohibited by law.

18. **Notice**. All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Purchase Agreement and, if sent to Sponsor, addressed to Sponsor c/o Eial Girtz, Esq., 11 Grace Avenue, Suite 309, Great Neck, New York 11021. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices will be deemed given when personal delivery is affected or when deposited in any branch, station or depository maintained by the U.S. Postal Service in the City and State of New York, except that a notice of change of address will be deemed given when actually received.

19. **Acceptance of Agreement**. This Purchase Agreement shall not be binding on Purchaser or the Sponsor until Purchaser is accepted, by endorsement of this Purchase Agreement, by the Sponsor, and a fully signed copy of this Purchase Agreement is delivered or mailed to Purchaser. If Sponsor does not accept the signed Purchase Agreement within 20 days of its receipt, the contract shall be deemed null and void and the Down Payment check will be returned to the Purchaser. Purchaser will be afforded a minimum of three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement.

20. **No Discriminatory Inducement**. Purchaser represents that he is over eighteen (18) years of age, and the offer for sale of the designated Unit was made in good faith pursuant to the terms set forth in the Plan, without fraud or duress.

21. **Broker**. _____ is the only broker or sales agent with whom Purchaser has dealt in connection with this transaction. Sponsor agrees to pay any

commission due to said broker.

22. **Definitions**. The term "Purchaser" shall be read as "Purchasers" if more than one person is a purchaser. In that case Purchaser's obligations shall be considered joint and several. A reference in this Purchase Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, or vice versa, unless the context otherwise requires.

23. **Entire Agreement, Governing Law**. This Purchase Agreement states the entire understanding between Purchaser and Sponsor and Sponsor shall not be bound by any oral representations or agreement. This Purchase Agreement shall be governed by the laws of the State of New York. This Purchase Agreement cannot be changed or any provision waived orally.

ANY CHANGE OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY BOTH PARTIES.

24. **Waiver**. Purchaser waives any right to trial by jury in any action, proceeding or counterclaim in any way connected with this Purchase Agreement or the Plan. The failure of the Sponsor to insist upon a strict performance of any of the terms or conditions of this Purchase Agreement shall not be deemed a waiver of any subsequent breach or default in the terms and conditions of this Purchase Agreement.

25. **Survival of Seller's and Purchaser's Obligations**. The acceptance of a deed to the Unit by Purchaser shall be deemed to evidence full performance by Sponsor of all its obligations hereunder and Sponsor shall have no obligations under this Purchase Agreement or the Plan after Sponsor delivers to Purchaser the deed to the Unit, unless this Purchase Agreement or the Plan specifically gives Sponsor an obligation after that time. All representations made by

Purchaser in this Purchase Agreement shall expressly survive the closing of title.

26. **Captions**. The captions in this Purchase Agreement are for convenience only and are not part of the meaning of this Purchase Agreement.

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

28. **Mortgage Tax Credit**. In the event a mortgage recording tax credit becomes available pursuant to Section 330-ee(2) of the Condominium Act, such credit shall inure to the benefit of Sponsor. Accordingly, at closing, a Purchaser who elects mortgage financing will be responsible to pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. Sponsor at closing will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed.

29. **Warranties**. Purchaser shall be entitled to such warranties as are set forth in the Offering Plan.

30. **Smoking Policy.** Pursuant to New York City Local Law 147, which was implemented on August 28, 2018, the Condominium's smoking policy is attached hereto as Exhibit B. Smoking is prohibited in the interior general common elements, the outdoor common elements, the outdoor limited common elements and inside of the residential units.

31. **Force Majeure.** Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented,

delayed or hindered by Force Majeure as defined in the Plan. Sponsor's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FOLLOW]

PURCHASER: Print name and address and sign below:

| | |
|---|---|
| _____ | _____ |
| Purchaser (print name) | Second Purchaser (print name) |
| _____ | _____ |
| Address | Address |
| _____ | _____ |
| Purchaser signs here | Second Purchaser (if any) signs here |

APPROVED AND ACCEPTED BY

122 Palmetto LLC

By:_____
Name:
Title:

**FINANCING CONTINGENCY RIDER**
**THE 122 PALMETTO STREET CONDOMINIUM**
**DATED _____ FOR UNIT NO. ____**

The Purchaser shall have 30 days from the date of the Purchase Agreement to obtain mortgage financing ("Commitment Date"). The maximum allowable financing is 80% of the purchase price. The Purchaser shall (i) make prompt application to an Institutional Lender for such mortgage loan; (ii) furnish accurate and complete information regarding Purchaser and members of Purchaser's family, as required; (iii) pay all fees, points and charges required in connection with such application and loan; (iv) pursue such application with diligence; (v) cooperate in good faith with such Institutional Lender to obtain such commitment and (vi) promptly give Notice to Seller of the name and address of each Institutional Lender to which Purchaser has made such application. Purchaser shall comply with all requirements of such commitment (or any other commitment accepted by Purchaser) and shall furnish Seller with a copy thereof promptly after receipt thereof.

If such commitment is not issued on or before the Commitment Date, then, unless Purchaser has accepted a commitment that does not comply with the requirement set forth above, Purchaser may rescind the purchase agreement by giving Notice to Seller within 5 days after the date of the Commitment Date, in which case this contract shall be deemed cancelled and thereafter neither party shall have any further rights against, or obligations or liabilities to, the other by reason of this contract, except that the Down Payment shall be promptly refunded to Purchaser.

The purchaser assumes the risk that a commitment may expire or that the terms of the commitment may change prior to actual closing. If the purchaser's obligations are contingent upon obtaining a financing commitment, and the financing commitment lapses or expires prior to closing, and the purchaser has made a good faith effort to extend the commitment, Sponsor shall grant to purchaser a right of rescission and a reasonable period of time within which to exercise

the right.

Purchaser:

_____ _____

Seller:

122 Palmetto LLC

By:_____
Name:
Title:

## EXHIBIT A – RIDER TO THE PURCHASE AGREEMENT

## ESCROW AGREEMENT FOR CONTRACT DEPOSIT

AGREEMENT made this _____ day of _____, 20___, by and among _____ ("Purchaser"), 122 Palmetto LLC ("Sponsor"), as sponsor of the 122 Palmetto Street Condominium offering plan ("Plan") and EIAL GIRTZ PC ("Escrow Agent").

**WHEREAS**, SPONSOR has filed the Offering Plan with the Attorney General to offer for sale condominium ownership interests at the premises located at 122 Palmetto Street, Brooklyn, New York subject to the terms and conditions set forth in the Plan; and

**WHEREAS**, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with New York General Business Law ("GBL") Sections 352-e(2-b), 352-(h) and the New York Department of Law's regulations promulgated thereunder; and

**WHEREAS**, SPONSOR and PURCHASER desire that ESCROW AGENT act as escrow agent for deposits, Down Payments, and advances (referred to herein as "Deposit") 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. ESCROW AGENT has established an escrow account for the purpose of holding the Deposit made by PURCHASER pursuant to that certain purchase agreement for the purchase and sale of Unit No. ___ (the "PURCHASE AGREEMENT") at First Republic Bank located at 1230 Sixth Avenue, New York, NY 10020, in the state of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled EIAL GIRTZ P.C., Attorney Trust Account/Condo, ("ESCROW ACCOUNT").

1.2 ESCROW AGENT has designated the following attorneys to serve as signatories: EIAL GIRTZ PC. 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 of 11 GRACE AVENUE, SUITE 309, GREAT NECK, NY, and a telephone number of (516) 466-6911.

1.3 ESCROW AGENT and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of this Agreement or otherwise concerning the maintenance of or release of the Deposit from escrow.

1.4 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.

1.5 The Escrow Account is an IOLA account established pursuant to Judiciary Law Section 497.

## 2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All Deposits received from PURCHASER prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be placed into the Escrow Account. All instruments to be placed into the Escrow Account shall be made payable directly to the order of EIAL GIRTZ PC, AS ESCROW AGENT, pursuant to the terms set forth in the Plan. Any instrument payable to, or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to PURCHASER promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of the Deposit, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 ESCROW AGENT is hereby obligated to send a notice of all Deposits received by ESCROW AGENT to PURCHASER within ten (10) business days of receipt of same. Such notice shall set forth the Bank, the account number, and the initial interest rate earned thereon. If the PURCHASER does not receive notice within fifteen (15) business days after tender of the Deposit, the PURCHASER may cancel the Purchase Agreement within ninety (90) days after tender of the Deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning the Deposit and requisite notice was timely mailed to the Purchaser.

## 3. RELEASE OF FUNDS

3.1 Under no circumstances shall SPONSOR seek or accept release of the Deposit of PURCHASER to SPONSOR 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 shall not relieve SPONSOR or ESCROW AGENT of any obligation to PURCHASER as set forth in GBL §§ 352-3(2-b) and 352-h.

3.2 ESCROW AGENT shall release the Deposit to PURCHASER or SPONSOR as directed:

3.2.1 pursuant to terms and conditions set forth in the Purchase Agreement and this Agreement, upon closing of title to the Unit;

3.2.2 in a subsequent writing signed by both SPONSOR and PURCHASER; or

3.2.3 by a final, non-appealable order or judgment of a court.

3.3 If Escrow Agent is not directed to release the Deposit pursuant to paragraph 3.2 above, and Escrow Agent receives a request by either SPONSOR or PURCHASER to release the

Deposit, then Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and Escrow Agent shall provide further written notice to both PURCHASER and SPONSOR informing them of said release. If Escrow Agent receives a written notice from either PURCHASER or SPONSOR objecting to the release of the Deposit within said thirty (30) day period, Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraph 3.2 above. Notwithstanding the foregoing, Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Clerk of the county where the [unit/building] is located and shall give written notice to both SPONSOR and PURCHASER of such deposit.

3.4 Sponsor shall not object to the release of the Deposit to:

3.4.1 Purchaser, if Purchaser timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or

3.4.2 Purchaser after an Amendment abandoning the Plan is accepted for filing by the New York State Department of Law.

**4. RECORDKEEPING.**

4.1 ESCROW AGENT shall maintain all records concerning the Escrow Account for seven years after release of the Deposit.

4.2 Upon the dissolution of the law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the New York State Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

**5. GENERAL OBLIGATIONS OF ESCROW AGENT.**

5.1 ESCROW AGENT shall maintain the Escrow Account under its direct supervision and control.

5.2 A fiduciary relationship shall exist between ESCROW AGENT, and PURCHASER, and ESCROW AGENT acknowledges its fiduciary and statutory obligations pursuant to GBL§§ 352(e)(2-b) and 352(h).

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

## 6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any Selling Agents, shall deliver the Deposit received by them prior to closing of the [unit/shares/membership interest/fractional interest] to a designated attorney who is a member of or employed by ESCROW AGENT, within two (2) business days of tender of the Deposit by PURCHASER, using such transmittal forms as required by ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulations.

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:

7.1.1 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 Department of Law providing for a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law. PURCHASER shall be deemed to have consented to such cancellation;

7.1.2 The resignation of ESCROW AGENT, which shall not take effect until ESCROW AGENT is replaced by a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law, and notice is given 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**.**

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1.1 or 7.1.2 above, ESCROW AGENT shall deliver the Deposit held by ESCROW AGENT and the Purchase Agreement and any other documents maintained by ESCROW AGENT relating to the Deposit to the successor escrow agent.

## 8. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR, PURCHASER, and ESCROW AGENT and their respective successors and assigns.

## 9. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

## 10. ESCROW AGENT'S COMPENSATION.

Prior to release of the Deposit, ESCROW AGENT'S fees and disbursements shall neither be paid by SPONSOR from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

## 11. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

## 12. INDEMNIFICATION.

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

## 13. ENTIRE AGREEMENT.

This Agreement, read together with GBL §§ 352-e(2-b) and 352-(h)and the New York State Department of Law's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

SIGNATURE PAGE TO FOLLOW

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

EIAL GIRTZ PC

By: _____
Name: _____
Title: _____

SPONSOR

122 Palmetto LLC

By: _____
Name: _____
Title: _____

PURCHASER

_____

## EXHIBIT B – POLICY ON SMOKING FOR RESIDENTIAL BUILDING

Building/Property Address: 122 Palmetto Street, Brooklyn, New York

There is no safe amount of exposure to secondhand smoke. Adults exposed to secondhand smoke have higher risks of stroke, heart disease and lung cancer. Children exposed to secondhand smoke have higher risks of asthma attacks, respiratory illnesses, middle ear disease and sudden infant death syndrome (SIDS). For these reasons, and to help people make informed decisions on where to live, New York City requires residential building owners (referred to in this policy as the "Owner/Manager," which includes the owner of record, seller, manager, landlord, any agent thereof or governing body) in buildings with three or more residential units to create a policy on smoking and share it with all tenants. The building policy on smoking applies to any person on the property, including guests.

**Definitions**

a. **Smoking:** inhaling, exhaling, burning or carrying any lighted or heated cigar, cigarette, little cigar, pipe, water pipe or hookah, herbal cigarette, non-tobacco smoking product (e.g., marijuana or non-tobacco shisha), or any similar form of lighted object or device designed for people to use to inhale smoke

b. **Electronic Cigarette (e-cigarette):** a battery-operated device that heats a liquid, gel, herb or other substance and produces vapor for people to inhale

**Smoke-Free Air Act**

New York City law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to, lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code, § 17-505.

**Policy on Smoking**

Smoking is not allowed in the locations checked below (check all boxes that apply). *Even if no boxes are checked, the Smoke-Free Air Act bans smoking tobacco or non-tobacco products, and using e-cigarettes in indoor common areas.*

☒ Inside of residential units

☒ Outside of areas that are part of residential units, including balconies, patios and porches that are designated as Limited Common Areas

☒ Outdoor common areas, including play areas, rooftops, pool areas, parking areas, and shared balconies, courtyards, patios, porches or yards

☐ Outdoors within 15 feet of entrances, exits, windows, and air intake units on property grounds

☒ Other areas/exceptions: INTERIOR GENERAL COMMON AREAS

**Complaint Procedure**

Complaints about smoke drifting into a residential unit or common area should be made promptly to the Owner/Manager listed here: Board of Managers of the Condominium. Complaints should be made in writing and should be as specific as possible, including the date, approximate time, location where smoke was observed, building address, description of incident and apparent source of smoke.

**Acknowledgment and Signatures:**

I have read the policy on smoking described above, and I understand the policy applies to the property. I agree to comply with the policy described above.

Unit Owner:

_____

**EXHIBIT C – LIMITED WARRANTY**
**THE 122 PALMETTO STREET CONDOMINIUM**
**DATED _____ FOR UNIT NO. ____**

Effective Date of this Limited Warranty:
The date that Purchaser or its family shall first occupy the home warranted or the date of delivery of the deed to such home to Purchaser, whichever occurs first.

Seller's Limit of Total:
Seventy-five percent (75%) of the purchase price of the Home set forth in the Purchase Agreement to which this warranty is annexed as a rider less any insurance proceeds received by the purchaser.

This Limited Warranty excludes and precludes all consequential, incidental, special and indirect damages.

This Limited Warranty is in lieu of and replaces all other warranties on the construction and sale of the home and its components, both express and implied (including any warranties of merchantability or fitness for a particular purpose). There are no warranties which extend beyond the face hereof. The purpose of this Limited Warranty is to identify the seller's responsibilities for construction defects of a latent or hidden nature that could not have been found or disclosed on final inspection of the home.

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

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

3. Final Inspection of the Home: Before the Purchaser moves into the Home or accepts the deed, the Seller will schedule an appointment for final inspection of the Home with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work.

   All defects found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Home or delivery of the deed.

4. Warranty Coverages and Periods: The Warranty Period for all of the following coverage begins on the Effective Date of this Warranty shown on page 1 of this warranty. FIRST YEAR BASIC COVERAGE: For one year from the Effective Date of this Warranty, the Home will be free from latent defects that constitute:

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

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

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

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

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

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

The Plumbing System refers to the gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

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

The Heating, Cooling and Ventilation System refers to all ductwork, steam, water and refrigerant lines, registers, converters, radiation elements and dampers.

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

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

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: For six years from the Effective Date of this Warranty, the Home will be free from latent Major Structural Defects that result from:

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

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

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

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

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

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

In all coverages under this Paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Home is located, in effect on the date that the building permit for the Home was issued, as supplemented by the annexed locally accepted building standards and practices.

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

5. Exclusions from all Coverages: The following are not covered by this warranty:

   a. patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to the Effective Date of this warranty ought to be revealed;

   b. defects in detached garages and carports; swimming pools and other recreational facilities; if any; driveways; walkways; patios; boundary walls; retaining walls;

bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); and any other improvements not a part of the Home itself;

c. raised butt joints; ridging; scuffing on kitchen cabinet or vanity surfaces ; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves); and on fascias from staining; doors and windows sticking because of the weather; adjustment of bi-fold doors; chips, scratches, marks, breaks or other blemishes in windows, sliding doors, screens, electrical fixtures and globes, woodwork doors, dented appliances; broken screens. And minor chips (nicks) to cultured marble floors and countertops.

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

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

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

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

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

i. damage caused by changes, alterations or additions made to the Home by anyone other than Seller or its employees, agents or subcontractors after the Effective Date of this warranty;

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

k. damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation;

l. loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God,

lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, soil movement and changes in the underground water table.

m. loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;

n. any damage which purchaser has not taken timely action to minimize;

o. normal wear and tear and normal deterioration;

p. insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

q. bodily injury, death or damage to personal property;

r. costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement;

s. consequential, incidental, special and direct damages;

t. any claim not filed in a manner set forth in paragraph 7 of this warranty;

u. damage which arises while the home is being used for non-residential purposes; and

v. damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

6. <u>What Seller Will do in the Event of a Defect Covered by this Warranty</u>: If a defect occurs in an item covered by this warranty, The Seller will repair, replace or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s) , within sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller. In making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under this warranty is limited in the aggregate to the amount listed on page 1 of the warranty.

Repair of damage to the load-bearing portions of the Home will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to the repair of those defects which made the Home unsafe, unsanitary or otherwise unlivable.

7. Step by Step Claims Procedures:

   a. Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Seller no later than the tenth ($10^{th}$) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or all claims may be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

   b. No steps taken by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this warranty. No steps taken by the seller in response to an improperly completed or untimely notice of a warranty claim will give rise to any liability of Seller to Purchaser in connection with such claim.

   c. In response to a Notice of Warranty Claim or any other complaint or request of the Purchaser, the Seller and the Seller's agents will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to the Seller and the Seller's agents during normal business hours, Monday through Friday, to complete inspection, testing and repair or replacement. Failure by Purchaser to provide such access shall invalidate this warranty with the respect to the defect(s) set forth on the Notice of Warranty Claim.

   d. The Seller will complete the inspection and testing within a reasonable time under the circumstances after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the Seller will determine whether to accept or reject the claim. If the Seller rejects the claim, the Seller will give written notice of that decision to the Purchaser at the address shown on the Notice of Claim Form. If the Seller accepts the claim, the Seller will take corrective action within a reasonable time under the circumstances. The Seller will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessary are subject to weather conditions, availability of materials and other events beyond the Seller's control.

8. Legal Actions:

   a. No claim under this warranty will be commenced or asserted against Seller in any lawsuit unless a properly completed Notice of Warranty Claim Form has

been received by the Seller in the time period set forth in paragraph 7 of this warranty.

b. No lawsuit against the Seller under this warranty may be commenced more than thirty (30) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Builder has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions:

a. To the extent any coverage under this warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

b. This warranty may not be amended in any way without the Seller's prior written consent in each instance.

c. If any provision of this warranty shall not be enforced by an appropriate court, the determination will not affect the enforceability of the remaining provisions.

d. Use of one gender in this warranty includes the other gender, and use of the plural includes the singular, as may be appropriate.

e. This warranty shall be governed in accordance with the laws of the State of New York.

Purchaser:

_____

Seller:

122 Palmetto LLC

_____

By:

## EXHIBIT D – PUNCH LIST RIDER

The provisions of this rider hereby are made a part of the annexed Contract, by and between 122 Palmetto LLC ("Seller") and _____ ("Purchaser"), for the purchase of Condominium Unit ___ located at 122 Palmetto Street, Brooklyn, NY (the "Premises").

1. Supplementing and modifying the Purchase Agreement, and within 30 days after the Closing, unless otherwise noted, Seller shall remedy the following at Seller's expense:

    a.
    b.
    c.

2. This Rider may be executed in counterparts, and facsimile and/or PDF signatures shall be deemed original and binding.

**IN WITNESS HEREOF**, the Parties have executed this Agreement.

| Seller: | Purchaser: |
|---|---|
| 122 Palmetto LLC | |
| _____ | _____ |
| By: | |
| Title: | |

## UNIT OWNER'S POWER OF ATTORNEY

The undersigned, _____, residing at the 122 Palmetto Street Condominium, located at 122 Palmetto Street, Brooklyn, New York, County of Kings, City and State of New York, consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration dated _____ 20__, and recorded in the Register's Office, Kings County on _____, 20__, in CRFN# _____ and shown on the Floor Plans on file in said office as Map No. _____ do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of The 122 Palmetto Street Condominium, jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to (1) acquire in their own names, as Members of the Board of Managers, or in the name of their designee, corporate or otherwise, on behalf of all Owners of Units in the Condominium, in accordance with their respective Common Interests, (a) any Unit whose Owner desires to abandon or sell the same, together with the undivided interest in the Common Elements appurtenant thereto, (b) the interests of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of sale or lease thereof, if any, and the rights and privileges appurtenant thereto, (c) the interest of such Unit Owner in all other assets of the Condominium as defined in the aforementioned Declaration or any Unit, which shall be the subject of a foreclosure or other judicial sale; or to lease any Unit whose Owner desires to rent the same, at such price or on such rental, as the case may be, and on such terms as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease or mortgage (but not to vote the votes appurtenant thereto) and to otherwise deal with any such Units so acquired by them, or to sublease any Unit so leased by them on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present, and (2) to amend from time to time the Declaration, By-Laws and the Rules and Regulations of the Condominium, or any of said documents, when such amendment shall be authorized by the Declaration or By-Laws. The acts of a majority of such persons shall constitute the acts of said attorneys-in-fact.

The undersigned do hereby nominate, constitute and appoint 122 Palmetto LLC (Sponsor) as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, the By-Laws and the Rules and Regulations of the Condominium, or any of said documents, when such amendment (1) 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 Sponsor's designee in accordance with Article 16 of the Declaration or (2) shall be required by (a) an Institutional Lender procured 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, or (3) shall be authorized pursuant to Article 15 of the Declaration provided, however, that any amendment made pursuant to the terms of this paragraph shall not (1) change the Common Interest of the Undersigned's Unit, (ii) require a material, physical modification to the Undersigned Unit, or (iii) 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 subdivision (i) or (ii) of

this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to this paragraph shall remain in full force and effect until such time as the Sponsor or Sponsor-designees shall cease to own any Units in the Condominium.

This power of attorney shall be irrevocable.

All capitalized items in this Power of Attorney shall have the same meaning as in the Declaration or the By-Laws of the Condominium.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this ____ day of _____, 20__.

_____

STATE OF NEW YORK ) ss.:
COUNTY OF )

On this_____ day of _____, in the year _____, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his/her their signatures on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

Record and Return to:

**UNIT DEED**

THIS INDENTURE, made on _____, 20__, between 122 Palmetto LLC, a limited liability company formed under the Laws of the State of New York, having offices 1767 Fulton Street, Brooklyn, NY 11233 (the Grantor), and _____ residing at _____ (the Grantee).

**WITNESSETH:**

That the Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration, paid by the Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of the Grantee, forever:

The Unit (the Unit) known as Unit No. _____ in the premises known as the 122 Palmetto Street Condominium and by the street address of 122 Palmetto Street, Brooklyn, New York, Borough of Kings, Kings County, State of New York, said Unit being designated and described as Unit No. _____ in the declaration (Declaration) establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the New York Condominium Act), dated and recorded in the Register's Office, Kings County, (the Register's Office) on _____, CRFN# _____, and also designated as Tax Lot ____ in Block ___ of the Borough of Brooklyn on the Tax Map of the Real Property Assessment Department and on the Floor Plans for said premises, certified by _____ on _____, and filed in the Register's Office on _____ as Condominium Plan No. _.

The land on which the building containing the unit is located is more particularly bounded and described as follows:

ALL that certain plot piece or parcel of land, situate, lying and being in the Borough of Brooklyn, City of New York and State of New York, bounded and described as follows:

BEGINNING at a point on the northeasterly side of Palmetto Street, distant 375.00 feet southwesterly from the corner formed by the intersection of the southwesterly side of Central Avenue with the northeasterly side of Palmetto Street;

RUNNING THENCE northeasterly and parallel with Central Avenue, 100.00 feet;

THENCE southeasterly and parallel with Palmetto Street, 25.00 feet;

THENCE southwesterly and again parallel with Central Avenue, 100.00 feet, to a point on the northeasterly side of Palmetto Street;

THENCE running northwesterly along the northeasterly side of Palmetto Street, 25.00 feet to the point or place of BEGINNING;

Together with an undivided _____% interest in the Common Elements;

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

Subject also to such other liens, agreements, covenants, assessments, restrictions, and other matters of record as pertain to the Unit and/or to the Property;

TO HAVE AND TO HOLD the same unto the Grantee and the heirs or successors and assigns of the Grantee forever.

All capitalized terms herein which are not separately defined herein shall have the meanings given to these terms in the Declaration or in the By-Laws of the 122 Palmetto Street Condominium. (Said By-Laws, as the same may be amended from time to time, are hereinafter referred to as the By-Laws.)

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the New York Condominium Act, or if any provision which is Necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the New York 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 New York Condominium Act, the applicable provisions of Article 17 of the Declaration shall control.

Except as otherwise specifically permitted by the Board of Managers or provided in the Declaration or the By-Laws, the Unit is intended for residential use only.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as aforesaid.

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

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

The term Grantee shall be read as Grantees whenever the sense of this indenture so requires.

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

| GRANTOR | GRANTEE |
| --- | --- |
| 122 Palmetto LLC | |
| By: _____ | _____ |
| Name: | |
| Title: | |

**ACKNOWLEDGMENT**

STATE OF NEW YORK )ss.:
COUNTY OF )

On this_____ day of _____, in the year _____, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signatures on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK )ss.:
COUNTY OF )

On this_____ day of _____, in the year _____, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signatures on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

**CONDOMINIUM**
**BARGAIN AND SALE DEED**
**WITH COVENANTS AGAINST GRANTOR'S ACTS**

**Title No.:**

**Section:**
**Block:**
**Lot:**
**City/Town:**
**County:**

**122 Palmetto LLC**

**to**

**Record and Return to:**

## SECTION 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;

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) However, the Sponsor's obligation, regardless of any limitation in the warranty or in this Offering Plan, is to construct the premises in accordance with all applicable codes and filed plans and specifications, and that any conflict between the disclaimers and Sponsor's obligation to construct the Premises in accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter. The Sponsor has limited the warranty as indicated in Exhibit C following the Purchase Agreement in Part II of this Plan. The limited warranty in summary limits the Sponsor's liability to 75% of the Purchase Price set forth in the Purchase Agreement. The warranty also does not cover consequential, incidental, special or indirect damages except as required by law. The limited warranty specifically identifies the builder's responsibility for defects of a latent or hidden nature and specifically excludes all other warranties of every kind, express and implied on the construction and sale of the home, its workmanship and materials and its fitness for use and habitability. For a fuller explanation of such warranty, see Exhibit C to the Purchase Agreement located in part II of this Plan. The Housing Merchant Implied Warranty applies to the common elements as well as to the individual units.

6) 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.

7) 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.

**SECTION 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 non-binding 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.

**DEMERARA ENGINEERING, PLLC**
**37-24 24TH STREET, SUITE 231**
**LONG ISLAND CITY, NEW YORK 11101**
**1212.383.4897**

ENGINEER'S DESCRIPTION OF PROPERTY
Premises known as
122 Palmetto Street
Brooklyn, New York 11221

Date: March 2, 2023

(a) *Location and use of property*:
This property and proposed use will comply with all zoning and use requirements at closing.

(1) Address:
122 Palmetto Street, Brooklyn, New York 11221.

(2) Block and lot number:
Tax Block: 3350
Lot: 141

(3) Zoning:
The site is in a R6 Zone, which is a general residence district.

This tax lot is part of a larger zoning lot, which is comprised of lots 49 and 141 with a total zoning lot square footage of 4,375. Tax lot 49 has an existing 2 story building with a basement and a cellar.

This building is a Quality Housing project and meets the following program criteria:

- Refuse- not required for buildings with less than nine dwelling units.
- Daylight in corridors- no deductions claimed.
- Recreation space- not required for buildings with less than nine dwelling units.
- Planting areas- area between street line and street wall shall be planted.
- Density per corridor-no deductions claimed.

(4) Permissible use.
The New York City Zoning Resolution permits Use Group 2 Residential Use as a matter of right.

(b) Status of construction:
(1) Year built:
This is a new building currently under construction. Construction began in March of 2021. The anticipated completion date is in June of 2023.

(2) Class of construction:
This building will comply with 2014/2008 NYC Construction Code for Construction Class II-A. Construction Class II-A is protected Non-Combustible construction and includes 1-hour fire-rated structures.

(3) Certificate of Occupancy, type, and number:
The Sponsor shall obtain a temporary Certificate of Occupancy prior to the closing of the first unit.

(4) Alteration permit numbers and description of work done:

| File Date | DOB file Number | Job type | Directive 14 Yes/NO | Job status | Status date | Job Description | Anticipated completion date |
|---|---|---|---|---|---|---|---|
| 01/11/2023 | 32194025 4 | NB | NO | P APPROVED | 03/08/2023 | POST APPROVAL AMENDMENT FOR 01 Work on Floor(s): CEL,PEN 001 thru 004 | June, 2023 |
| 06/09/2021 | 32194025 4 | NB | NO | P APPROVED | 07/14/2021 | POST APPROVAL AMENDMENT FOR 01 Work on Floor(s): CEL,PEN 001 thru 004 | June, 2023 |
| 08/25/2020 | 32194025 4 | NB | NO | P APPROVED | 09/04/2020 | POST APPROVAL AMENDMENT FOR 01 Work on Floor(s): CEL,PEN 001 thru 004 | June, 2023 |
| 07/12/2019 | 34068100 6 | A3 | NO | R PERMIT-ENTIRE | 02/26/2020 | BPP IN CONJUCTION WITH NB APPLICATION Work on Floor(s): OSP | June, 2023 |
| 04/05/2019 | 32194025 4 | NB | NO | R PERMIT-ENTIRE | 02/25/2022 | ERECTION OF NEW 4 STORY RESIDENTIAL BUILDING. Work on Floor(s): CEL,PEN 001 thru 004 | June, 2023 |

(c) *Site*:

(1) Size:
The tax lot is 25’ x 100’. The lot shall have an approximate area of 2,500 square feet.

(2) Number of buildings and use:
There shall be one building on the site. There shall be a total of 8 dwelling units.

(3) Streets owned or maintained by the project:
There are no streets owned or maintained by the project. The streets are owned by the NYC.

(4) Drives, sidewalks and ramps:
(i) Paving:
The roads adjacent to the site are paved with asphalt topping.

(ii) Curbing:
The entire sidewalk fronting the building, totaling 25’ feet, shall be new concrete as filed in the BPP application #340681006.

(iii) Catch basins, drainage:
There are no catch basins inside the property.

(iv) Street lighting:
Street lighting is provided by the City of New York and is adequate for all safety public needs.

(v) The aforementioned items are in conformity with local fire district, town or municipal building codes.

(d) *Utilities*:

Water and Sewer
Water supply and combined sewer servicing the building will be provided by the City of New York and shall be paid by the condominium unit owners as part of the common charges. There shall be one water meter for water and sewer serving the entire building.

Gas
None.

Electricity
Electricity is provided by Consolidated Edison. There shall be individual meters for electric consumption serving each apartment. Electricity utilized within the units shall be billed directly to the condominium unit owner. There shall be a separate meter for the common elements. The electricity utilized for the common elements shall be paid by the condominium unit owners as part of the common charges.

Telephone
Telephone service is provided on an individual basis to each unit by local providers. Each condominium unit owner will be billed directly by provider.

Cable Service and TV
A cable service provider will provide TV and internet service to the building. Each condominium unit owner will be billed directly by provider.

(e) *Sub-soil conditions*:

- No uneven foundation movement or settling has occurred.
- There is no evidence of moisture or seepage or ground water infiltration. The ground water table was not encountered down to the investigated depth of 15' below grade.
- The soil is classified as 3b and has a bearing capacity of 3-6 Tons per square foot which is adequate for the proposed footing and structure.
- There is no danger from flooding either due the water table in the area or due to the overflow of other bodies of water. The project is not designated as a flood zone by any local, state, or federal agency.
- There are no hazardous material and and/or environmental restrictions present on the property.

*(f) Landscaping and enclosures:*

(*1*) Grass cover:
There shall be synthetic grass cover at the rear yard.

(*2*) Plantings:
There shall be plantings at the front yard. Plantings are required by the Quality Housing project and shall not be removed.

(*3*) Trees:
Sponsor shall pay for one street tree into the tree-fund to the NYC Department of Parks and Recreations and they will plant the tree.

(*4*) Fencing
- There shall be a 6′ high wood fence enclosing and dividing the rear yard.
- There shall be 3′-6″ high steel with tempered glass panel railings in the front and rear yard on top of the retaining walls enclosing the areaways.

(*5*) Gates:
There shall be no gates at the premises.

(*6*) Garden walls:
There shall be no garden walls at the premises.

(*7*) Retaining walls:
There shall be an 8″ thick concrete retaining wall enclosing the areaway at the front yard. There shall be a 12″ thick concrete retaining wall enclosing the areaway at the rear yard.

(*8*) Display pools and fountains:
There shall be no display pools and fountains at the premises.

*(g) Building size:*
(*1*) Total height:
The building shall have an approximate height of 41′-4″ measured from the 1st floor to the top of the 4th floor. The penthouse shall have an approximate height of 10′-4″.

(*2*) Crawl spaces:
There shall be no crawl spaces.

(*3*) Number of sub-cellars and cellars:
There shall be one cellar to the building.

(*4*) Number of floors:
The building shall be comprised of a cellar, 4 stories, penthouse, and bulkhead.

(*5*) Equipment rooms:
There shall be a meter room, an electric room and two low voltage closets at the cellar.

(*6*) Parapet:
The parapet shall have a minimum height of 3′-6″.

(h) *Structural system*:
Foundations:
- The foundation footings and walls shall be 12″ thick reinforced concrete with a waterproofing membrane.
- There shall be 2′-6″ wide concrete underpinning at the adjacent building's foundation.
- There shall be no subgrade drainage system provided for the foundation.

Floors:

- The cellar floor slab shall be 6" concrete slab with 6x6 -W2.9X W2.9, 6 mil vapor barrier laid over 6" compacted gravel.
- Typical floor/ceiling construction shall be 2½" concrete on steel decking, steel joists finished with resilient channels and 1 layer of 5/8" gypsum board below.
- The above floor/ceiling assembly is compliant with both Sound Transmission Class (STC) and Impact Insulation Class (IIC) ratings and shall have a min. rating of 50. Each part of the floor/ceiling assembly contributes to achieving the required STC and IIC ratings.

(1) Exterior of buildings:

(i) Walls:

- The front walls at the 1st floor shall be constructed of 5/8" gypsum board, 5 5/8" steel studs with R-13 value batt insulation, 5/8" exterior grade sheathing, 1½" thick R-7.5 value continuous rigid insulation, Tyvek wrap or similar, 1" air space, finished with a brick facade.
- The front walls at 2nd through penthouse floors and the rear walls at the 1st through penthouse floors shall be constructed of 5/8" gypsum board, 5 5/8" steel studs with R-13 value batt insulation, 5/8" exterior grade sheathing, 1½" thick R-7.5 value continuous rigid insulation, finished with stucco.
- The side walls shall be constructed of 5/8" gypsum board, 1 5/8" steel studs, 2½" R-12.5 value rigid insulation, 8" CMU and a waterproofing membrane. Exposed portions of said side walls shall be finished with stucco.
- The bulkhead walls shall be constructed of 2 layers of 5/8" gypsum board, 5 5/8" steel studs with R-13 value batt insulation, 2 layers of 5/8" exterior grade sheathing, 1½" thick R-7.5 value continuous rigid insulation, finished with stucco.
- Exterior walls shall be 1 or 2 hours fire rated.
- Local Law 11 of 1998 does not apply since this building shall be less than 6 stories.

(ii) Windows:

- Windows shall be double hung, and fixed type as manufactured by Drutex S.A.
- Glass shall be double glazed with thermal break. The operable windows shall have a U-Factor of .45 and a SHGC of .40. The fixed windows shall have a U-Factor of .38 and a SHGC of .40.
- Frames shall be vinyl. Sash and hardware shall be aluminum. There shall be no exterior sills, lintels, storm windows, window guards or window screens provided. Caulking shall be silicone.
- The windows shall have a 3 year limited manufacturer's warranty.

Light and air is provided in each unit in compliance with all applicable codes.

A minimum of 10% of a habitable room area is for light.
A minimum of 5% of a habitable room is for air.

There shall be no lot line windows.

(iii) Landmark status:

This building does not have any Landmark designations.

(2) Parapets and copings:

- There shall be parapet walls enclosing the sides of the roof terraces and enclosing

the roof over the penthouse.

- Side parapets shall be constructed of CMU finished with stucco. The front and rear parapets at the roof shall be constructed of steel studs and dense glass finished with stucco.
- Coping shall be aluminum.

(3) Chimneys and caps:
There shall be no chimney.

(4) Balconies and terraces:
There shall be two balconies at the rear of the 3rd and 4th floors.

For roof terraces see (7) Roof and roof structures.

(i) Deck finish:
The balconies shall be concrete.

(ii) Railings:
The balconies shall be enclosed with 3'-6" high steel with tempered glass panel railings. Said railings shall not create a 'ladder effect'.

(iii) Soffits:
The underside of the balconies exposed to the elements shall be stucco.

(iv) Doors:
Doors shall be sliding type, glass in vinyl frames as manufactured by Drutex S.A.

(v) Drainage:
Balconies shall be pitched to help facilitate drainage.

(5) Exterior entrances:
(i) Exterior doors and frames:
There shall be one main exterior entrance serving the building. The door shall be a single swing type glass door with an aluminum frame as manufactured by Square Deal Glass. Door shall not have thermal break.

(ii) Vestibule doors and frames:
None.

(iii) Exterior stairs:
See (6) Service entrances.

(iv) Railings:
See (6) Service entrances.

(v) Mailboxes:
Mailboxes shall be USPS approved, flushed against the wall type located in the entrance corridor at the 1st floor.

(vi) Lighting:
Exterior lighting shall be adequate and compliant with all applicable codes. Main entrance lighting shall be a sensor light and shall be located above the main entrance door.

(6) Service entrances:
There shall be a service entrance by means of exterior stairs leading from the street fronting the building down to the cellar.

(i) Door:
Doors shall be 1.5 hour fireproof, self-closing steel with a passage lock.

(ii) Gates:
None.

(iii) Stairs:
Stairs shall be concrete.

(iv) Railings:
Stair guardrail shall be steel.

(7) Roof and roof structures:
(i) Type of roofs for all areas:
The roof of the building shall be a flat type roof.

(*a*) Material:
The roof material shall be ½" dense deck, ISO roof insulation, with an EPDM roofing membrane as manufactured by John Mansville.

(*b*) Insulation:
Insulation shall be achieved through a provision of R-38 value batt insulation between the joists. Additionally, there shall be R-15 value ISO roof insulation laid underneath the roof membrane.

(*c*) Surface finish:
- The roof terraces shall be finished for walking with synthetic grass sod rugs. Said grass shall be manufactured by The Home Depot , model #TCHT-XLH0999-01-03 and shall have drainage holes.
- This finish is appropriate for daily foot traffic and is acceptable by the roof manufacturer to retain the roof warranty.
- The common roof and the roof over the penthouse shall not be finished for walking.

(*d*) Bond or guarantee:
The roof shall have a 20-year NDL warranty by the manufacturer on the material. The warranty period shall begin on the date of installation.

(*e*) Flashing materials including counter flashing:
The roof flashing and counter flashing shall be EPDM.

(ii) Drains:
A secondary roof drainage system is not required and is not provided.

(*a*) Location, material, and type:
The front roof shall be equipped with two cast iron control flow roof drains.

(*b*) Gutters and leaders:
The rear roof terraces shall be pitched towards a 4" aluminum gutter with two 4" aluminum leaders. The penthouse/bulkhead roof shall be equipped with 2 aluminum scupper drains.

(iii) Skylights:
None.

(iv) Bulkheads:
(*a*) Stairs:
For stair bulkhead construction see (h)(1).

(*b*) Elevator:
None.

(*c*) Other:
None.

(v) Metal work at roof levels:
(*a*) Exterior, metal stairs:
None.

(*b*) Vertical ladders, including gooseneck:
There shall be two steel ladders leading to/from the roof and roof terraces to/from the penthouse/bulkhead roof.

(*c*) Railings:
- The front of the roof and the rear of the roof terraces shall be enclosed with 3'-6" high steel with tempered glass panel railings.
- The roof terraces shall be divided with 6' high vertical steel railings. Gate shall be a standard 42" high gate.
- Said railings shall not create a 'ladder effect'.

(*d*) Hatches to roof:
None.

(*e*) Other:
Metal work shall include the vents, drains and condensers.

(vi) Rooftop facilities:
- The rear roof terrace shall be allocated partially as a limited common element to Unit 4R and partially as a limited common element to Unit 4L.
- The front roof and the penthouse/ bulkhead roof shall be a common element but shall remain unoccupied rooftop space. These areas shall be for maintenance access only.
- Terraces assigned as a limited common element shall be indicated as an accessory space to the residential Unit on the C of O.
- Rooftop is designed in compliance with 2014 NYC Fire Code Section FC 504.4.
- The building was approved before 11/15/2019, therefore it is not covered under the BB 2019-010.

(8) Fire escapes:
None.

(9) Yard and courts:
There shall be a front yard a rear yard and two areaways. The front yard and front areaway shall be allocated as a common element to the building. The rear yard shall be divided as a limited common element to Unit 1R and Unit 1L. The rear areaway and stairs shall be allocated as a limited common element to Unit 1R.

(i) Paving:
- The areaways shall be concrete.
- The front yard shall be concrete paved with plantings.
- The rear yard shall be synthetic grass covered. For access, there shall be walkways over the areaway comprised of steel decking with 4" concrete above.

(ii) Drainage:
The areaways, and the rear yard shall each be equipped with a drain to help facilitate drainage.

(iii) Stairs:
There shall be concrete stairs leading from the areaway up to the rear yard.

(iv) Railings:
Stair guardrails shall be steel.

(v) Fencing:
See (f)(4).

(vi) Retaining walls:
See (f)(7).

(10) Interior stair:
Interior stairs and handrails within Units 1R, 1L, 4R and 4L shall be spiral type and shall be of steel construction with steel and wood treads and steel handrails. Stairs shall be in compliance with all applicable codes.

(i) Number of stairs of each type:
There shall be one common staircase serving the cellar through penthouse floors. Egress stairs shall be in compliance with all applicable codes.

(ii) Enclosure:
The stairs shall be partially enclosed by exterior building walls and partially enclosed by interior partitioning walls. Enclosure shall be 2-hours fire rated.

(iii) Stair construction:
The stairs shall be constructed of steel.

(iv) Stringers:
The stringers shall be steel.

(v) Treads:
The treads shall be steel finished with tiles.

(vi) Risers:
The risers shall be steel.

(vii) Guard rails:
The guard rails shall be steel.

(viii) Balustrade:
The balustrades if any shall be steel.

(11) Interior doors and frames:
(i) Unit entrance and interior doors and frames:

- Apartment entry doors and frames shall be 1.5 hour fireproof, self-closing, steel doors with keyed locks.
- Interior doors and frames in the apartments shall be wood with passage, privacy and dummy locks, as appropriate.

(ii) Corridor doors and frames:
None.

(iii) Stair hall doors and frames:
Stair hall doors and frames shall be 1.5 hour fireproof, self-closing steel.

(iv) Cellar and roof doors and frames:
Cellar and roof doors and frames shall be 1.5 hour fireproof, self-closing hollow steel.

(12) Elevators:
None.

(i) *Auxiliary facilities*:
(1) Laundry rooms:
(i) Location and number of rooms:
All Units shall have a designated laundry closet.

(ii) Clothes washers and dryers, number, and type:
Sponsor will provide each unit with a stackable clothes washer and electric ventless clothes dryer. Washer shall be GE model #GFW148SSMWW. Dryer shall be GE Model #GFT14ESSMWW.

(iii) Room ventilation:
Not applicable.

(iv) Dryer ventilation:
Not applicable.

(2) Refuse disposal:
(i) Incinerator(s):
There shall be no incinerators.

(ii) Compactor(s):
There shall be no compactors.

(iii) Approvals by authority having jurisdiction:
Not applicable.

(iv) Initial storage location:
There shall be trash cans at the front yard for refuse disposal.

(v) Pick-up schedule, and whether public or private provider:
Refuse shall be picked up on Monday, Wednesday, and Friday. Recycling shall be picked up on Fridays, by the NYC Sanitation Department, a public provider.

(3) Bicycle Storage, Package Rooms, Storage rooms:
None.

(j) *Plumbing and drainage:*

(1) Water supply:
The building is provided with a metered 2" combined copper Domestic Water and Fire Service connected to the City of New York Water Distribution System. Hot and cold-water piping shall be properly insulated in compliance with code. Main shut off valve shall be located at the cellar.

(2) Fire protection system:
This building will be fully sprinklered as required by the NYC Building Code. A wet sprinkler system shall be installed.

(i) Standpipes:
None.

(ii) Hose racks, hoses, and nozzles:
None.

(iii) Sprinkler heads:
There will be sprinklers installed within the apartments in living rooms, bedrooms, kitchens, hallways, and miscellaneous other spaces, in accordance with NYC Building Code. Sprinkler heads will be of upright, pendant, concealed, or sidewall types, depending on the locations and installation conditions equipped with a fusible link set to go off at a temperature of 160 degrees Fahrenheit.

(iv) Siamese connection:
There shall be a 3" single inlet Siamese connection at the front of the building.

(3) Water storage tank(s) and enclosures:
There shall be no water storage tanks.

(4) Water pressure and how maintained:
This building relies on normal NYC water pressure for raising the water to all floors. There shall be no pumps.

(5) Sanitary sewage system:
There is a combined sanitary sewage and storm drainage system. The sanitary sewage and storm drainage shall be collected from the building and discharged by gravity to the public combined sanitary and storm drainage system.

(i) Sewage piping:
The service is a combination, 6" diameter, PVC pipe for Sanitary Sewage and Storm Drainage.

(ii) Sewage pumps:
See (7)(iv).

(iii) Sewage disposal:
The sewage system carries both sewage and storm drainage from each unit.

(6) Permit(s) required:
All required permits shall be obtained through the course of work.

(7) Storm drainage system:
There is a combined sanitary and storm drainage system. The storm water run-off from the penthouse/bulkhead roof, the rear roof terrace and the rear yard shall discharge into the drywell at the rear yard. The drywell shall be 5′ deep and have an 8′ diameter with a total holding capacity of 182 cubic feet. The remainder storm water run-off shall be collected into the drains and shall drain into the storm drain which is connected to the existing combined public sewer.

(i) Catch basins:
There shall be no catch basins inside the property.

(ii) Yard and roof drains:
- The areaways and the rear yard shall each be equipped with a drain.
- The front roof terrace shall be equipped with two roof drains.
- The rear roof terrace shall be pitched towards a gutter and two leaders.
- The penthouse/bulkhead roof shall be with two scupper drains.

(iii) Piping:
The service is a combination, 6” diameter, copper pipe for Sanitary Sewage and Storm Drainage.

(iv) Eject or sump pumps:
There shall be 2 sewage eject pumps for the cellar sewage. Pumps shall be manufactured by Liberty Pumps, model #P382XPRG101. Pumps shall not have a warranty.

(k) *Hot water:*
There shall be individual electric hot water heaters for each unit. Heaters will be manufactured by A.O. Smith model #ENT-40, 40-gallon capacity with an energy factor of .95. Hot water heaters have a 6-year limited manufacturer’s warranty on the parts and a 6-year limited manufacturer’s warranty on the tanks.

(l) *Gas supply:*
There shall be no gas service to the building.

(m) *Air conditioning and heating:*
The cooling systems adequacy is to maintain a 72-degree temperature when the heat temperature outside is 93 degree.

The heating system’s adequacy is to maintain a temperature of 68 degrees from 6 a.m. to 10 p.m. and 55 degrees from 10 p.m. to 6 a.m.

There shall be an electric split system as manufactured by Mitsubishi. See breakdown below:

| Unit | Unit Type (Quantity) | Model # (type) | Heating BTU/h | Cooling BTU/h | SEER | HSPF |
|---|---|---|---|---|---|---|
| 1R | Indoor Unit (2) | #MSZ-GL09NA (ductless) | 10,900 | 9,000 | 17.45 | 9.7 |
| | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | | |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Condenser | #MXZ-5C42NA3 | 43,000 | 39,000 | | |
| 1L | Indoor Unit (2) | #MSZ-GL09NA (ductless) | 10,900 | 9,000 | 17.45 | 9.7 |
| | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | | |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Condenser | #MXZ-5C42NA3 | 43,000 | 39,000 | | |
| 2R | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | 16.2 | 10.0 |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Condenser | #MXZ-3C30NA3 | 27,600 | 27,400 | | |
| 2L | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | 16.2 | 10.0 |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Condenser | #MXZ-3C30NA3 | 27,600 | 27,400 | | |
| 3R | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | 15.5 | 9.0 |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Condenser | #MXZ-3C24NAHZ3 | 24,600 | 23,600 | | |
| 3L | Indoor Unit (2) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | 15.5 | 9.0 |
| | Condenser | #MXZ-3C24NAHZ3 | 24,600 | 23,600 | | |
| 4R | Indoor Unit (2) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | 17.6 | 10.4 |
| | Indoor Unit (1) | #MSZ-GL09NA (ductless) | 10,900 | 9,000 | | |
| | Condenser | #NTXMMX36A142BA | 36,000 | 35,400 | | |
| 4L | Indoor Unit (1) | #SEZ-KD09NA4 (ducted) | 10,900 | 8,100 | 17.6 | 10.0 |
| | Indoor Unit (1) | #SEZ-KD15NA4 (ducted) | 18,000 | 14,100 | | |
| | Indoor Unit (1) | #MSZ-GL09NA (ductless) | 10,900 | 9,000 | | |
| | Condenser | #MXZ-4C36NA3 | 35,200 | 34,800 | | |

- The air distribution ducts shall be insulated with ½" thick, R-6 value duct insulation.
- The indoor units shall be either wall mounted or located in the ceilings of the bathrooms and kitchens.
- The condensers shall be located at the roof above the penthouse and shall sit on vibration isolators to prevent equipment vibration and noise from reverberating in the apartments below.
- There shall be a 5-year limited manufacturer's warranty on the parts and a 7-year limited manufacturer's warranty on the condenser.
- All exterior metal, including fasteners, shall be corrosion resistant.
- Rooftop piping shall be pre-insulated.
- The common areas shall be heated with 4 electric heaters.

(n) *Ventilation:*

- The interior kitchens and bathrooms shall be properly ventilated by exhaust fans through vent ducts. The kitchen exhausts shall produce 100 CFM. The bathroom exhausts shall produce 50 CFM.
- The waste storage room at the cellar shall be properly ventilated by an exhaust fan with vent ducts. The waste storage room exhaust shall produce 75 CFM.
- The noise emission rating for the mechanical equipment shall typically be 3

sones or less.

- The accessory space at the cellar is an auxiliary area that shall not be used for cooking, living, or sleeping. This area shall be adequately ventilated through the windows and/or the HVAC system.
- Ventilation shall be adequate and in compliance with all applicable codes.

(o) *Electrical System:*

No generators shall be provided.

(l) Service from main service switchgear:
Main service is three phase, 220 Volts and 600 amps.

(2) Service to individual units:
Each unit is supplied with two phase, 220 Volts and 100 amps. Each unit will get 220 volts from two phase provided from the 3 phase 220 volts.

(3) Service to common areas:
Common area is supplied with three phase, 220 Volts and 200 amps.

(4) Compartment switchgear:
The compartment switchgear shall be located at the cellar.

(5) Unit service:
Each unit shall be supplied with an average of 16 circuits.

(6) Adequacy:
(i) Service:
Electrical service shall be adequate and in compliance with all applicable codes.

(ii) Lighting and fixtures:
There shall be a LED lighting fixture provided in each living, bedroom, kitchen, bathroom and all other miscellaneous spaces in compliance with the code.

(iii) Convenience outlets, appliance outlets:
There are electrical receptacles throughout the condominium units, pursuant to the NYC Electrical Code.

(p) *Intercommunication and/or door signal systems, security closed circuit TV.*

The building shall be equipped with an intercom/video system. System shall be manufactured by Aiphone, GT-DMB-N, model #790143140663. Intercom shall not have a warranty.

(q) *Public area lighting:*

Adequate lighting will be provided at entrances, stairhalls, cellar and miscellaneous common spaces. Public lighting shall be 4” recessed lighting.

(r) *Garages and parking areas:*

There shall be no parking facilities at the premises.

(s) *Swimming pools:*

There shall be no swimming pool at the premises.

(t) *Tennis courts, playgrounds, and recreation facilities.*

There shall be no tennis courts, playgrounds, or other recreational facilities at the premises.

(u) *Permits and Certificates:*

Builder shall retain the service of an architect or engineer for controlled inspections.

The following permits must be obtained for this building: Electrical, plumbing, sprinkler, sidewalk shed, fence, scaffolding, construction.

The following inspections must be done before the building sign-off: Electrical, plumbing, sprinkler, and construction.

The following recurring inspections shall be done after the building is in operation.

1. Sprinkler-monthly
2. Fire alarm-Semi-annually
3. Backflow preventer-annually
4. Fire doors (NFPA 80)-annually

(v) *Violations:*

- There is a partial Stop Work Order on the building which was issued by the Construction Safety Compliance Unit on 02/24/2022 due to inadequate roof protection.
- There is 1 outstanding ECB violation which was issued by the Construction Safety Compliance Unit on 11/21/2022 due to failure to maintain adequate housekeeping at the site.
- Sponsor and representatives are working on curing all outstanding violations. All outstanding violations shall be removed prior to the first closing.

(w) *Unit Information:*

| Unit No. | Usage | Unit Location | Floor To ceiling Height | Gross Square Feet | Number of Bedrooms/ Bathrooms | Limited Common Elements | |
|---|---|---|---|---|---|---|---|
| 1R | Residential | Cellar<br>1st floor | 9'-0"<br>9'-0" | 466<br>686 | 1/1.5 | Areaway<br>Rear yard | 70 s.f.<br>355 s.f. |
| 1L | Residential | Cellar<br>1st floor | 9'-0"<br>9'-0" | 433<br>691 | 1/1.5 | Rear yard | 348 s.f. |
| 2R | Residential | 2nd floor | 9'-0" | 750 | 1/1 | ----- | ----- |
| 2L | Residential | 2nd floor | 9'-0" | 750 | 1/1 | ----- | ----- |
| 3R | Residential | 3rd floor | 9'-0" | 750 | 1/1 | Balcony | 19 s.f. |
| 3L | Residential | 3rd floor | 9'-0" | 750 | 1/1 | Balcony | 19 s.f. |
| 4R | Residential | 4th floor<br>Penthouse | 9'-0"<br>9'-0" | 750<br>186 | 2/1 | Balcony<br>Roof Terrace | 19 s.f.<br>146 s.f. |
| 4L | Residential | 4th floor<br>Penthouse | 9'-0"<br>9'-0" | 750<br>186 | 2/1 | Balcony<br>Roof Terrace | 19 s.f.<br>146 s.f. |

- This project is designed within the requirements of all applicable federal, state, and local codes and regulations governing accessibility to the disabled including Local Law 58/87. Units 1R and 1L at the 1st floor shall be ADA accessible, however the accessory cellar with the half-bathroom part of said units shall not be ADA accessible.
- Unit 1R and 1L accessory cellar spaces are non-habitable accessory use only, not for living, sleeping, or cooking, and may not be rented independently.

(a) Living rooms/dining rooms shall have the following finishes:
Floors: 48″ x 48″ Ceramic tiles.
Walls, ceilings: Gypsum board; primed and painted.

(b) Bedrooms shall have the following finishes:
Floors: 48″ x 48″ Ceramic tiles.
Walls, ceilings: Gypsum board; primed and painted.
Closets: Closet shall be finished with at least 1 shelf and/or 1 rod.

(c) Kitchens shall have the following finishes:
Floors: 48″ x 48″ Ceramic tiles.
Walls, ceilings: Gypsum board; primed and painted.
Cabinets: Plywood.
Countertops: Granite.
Sinks: Stainless steel.
Appliances: Sponsor will provide the following appliances for each unit:
Stove: GE, Model #JS645SLSS.
Fridge: Forte, Model #FFD18ESC250SS.
Dishwasher: GE, Model #GDT550PYRFS.
Microwave: GE, Model#JVM316ORFSS

(d) Bathrooms shall be equipped as follows:
Floors: Tiled.
Walls: Tiled, Gypsum board; primed and painted.
Ceilings: Gypsum board; primed and painted.
Tub: Dowell, model #074 5528 01.
Toilet: Fine Fixtures, model #MOTB12W.
Shower: HomGoo, Model #H1372731.
Vanity: Dowell, model #031 48 0215V, #028 48 08V, #026 24 01V, #026 30 01V .
Sink: Dowel, model #000 2416 10, #000 2416 15, #000 2418BP, #000 3018BP.

(x) *Finish schedule of spaces other than units*:

| Location | Floors | Walls and ceilings |
|---|---|---|
| Entrance corridor | Tiles | Gypsum board: wallpaper and/or painted. |
| Stair halls | | |
| Cellar corridor | | |
| Utility rooms | | |
| Low voltage Closets | | |

(y) *Safety and warning devices:*
Smoke and carbon monoxide detectors provided for each dwelling unit shall be hard wired as per local Law 62/81 and R.S. 17 of the NYC Building Code. There shall be a central fire alarm station at the lobby. The FA central station signals shall be monitored by an FDNY approved central station as required by code.

(z) *Additional information required:*
(1) A plot plan showing landscape features, street, and outside dimensions of the building, are herewith attached.
(2) Floor plans for each line or type of unit drawn to scale, indicating room dimensions and unit boundaries, are herewith attached.
(3) The floor to ceiling height of all floors shall be approximately 9′-0″.

***Further Development***
The sponsor shall not construct any additional units or phases after completion of the structure, as per DOB approved plans.

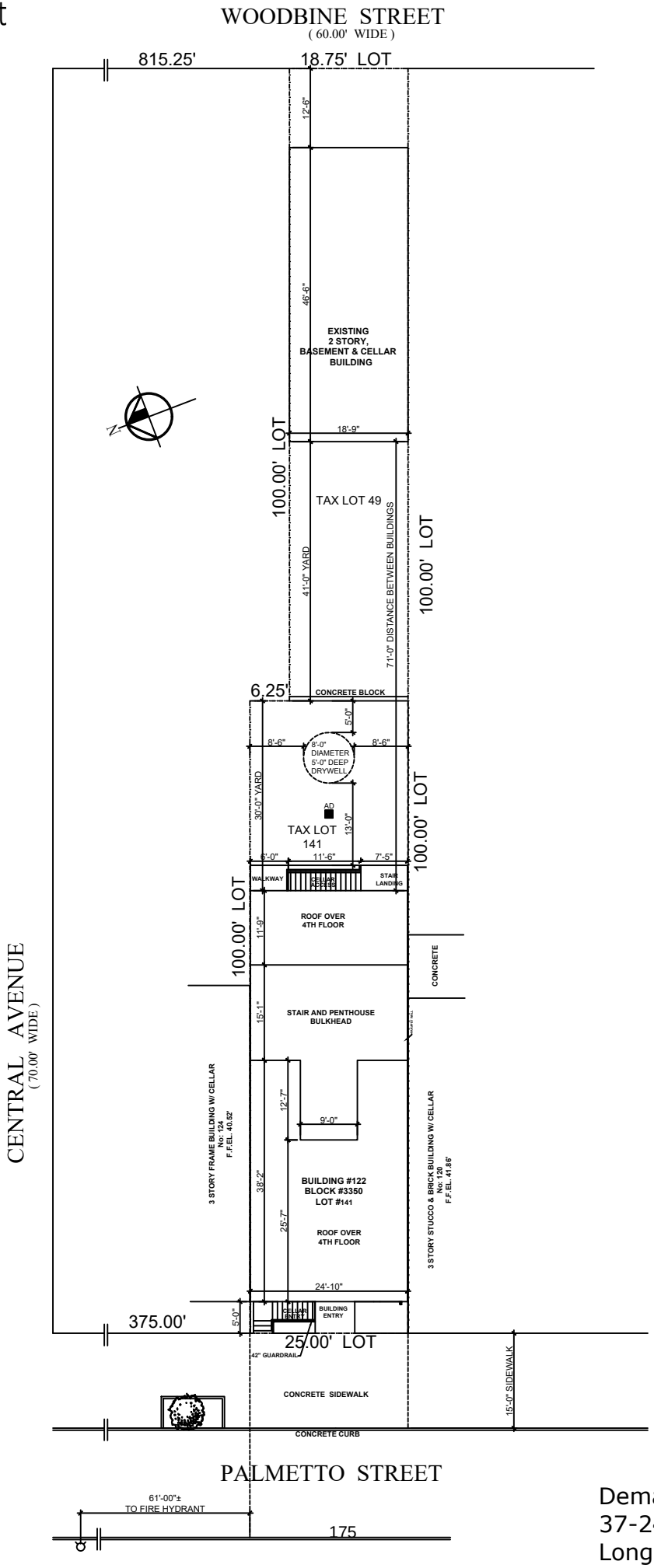
***Asbestos*:**
This statement is to disclose that there will be no asbestos made products, partially or in whole, specified under this building construction of this condominium, as per approved plans.

***Lead-based paint*:**
This statement is to disclose that there will be no lead paint in this building construction of this condominium, as per approved plans.

This report may not be construed as a guarantee or warranty. The sponsor reserves the right to provide different equipment by different manufacturers, which are equal to or better, than those listed above.

Oscar Walters, Jr., P.E.

122 Palmetto Street
Brooklyn, NY 11221

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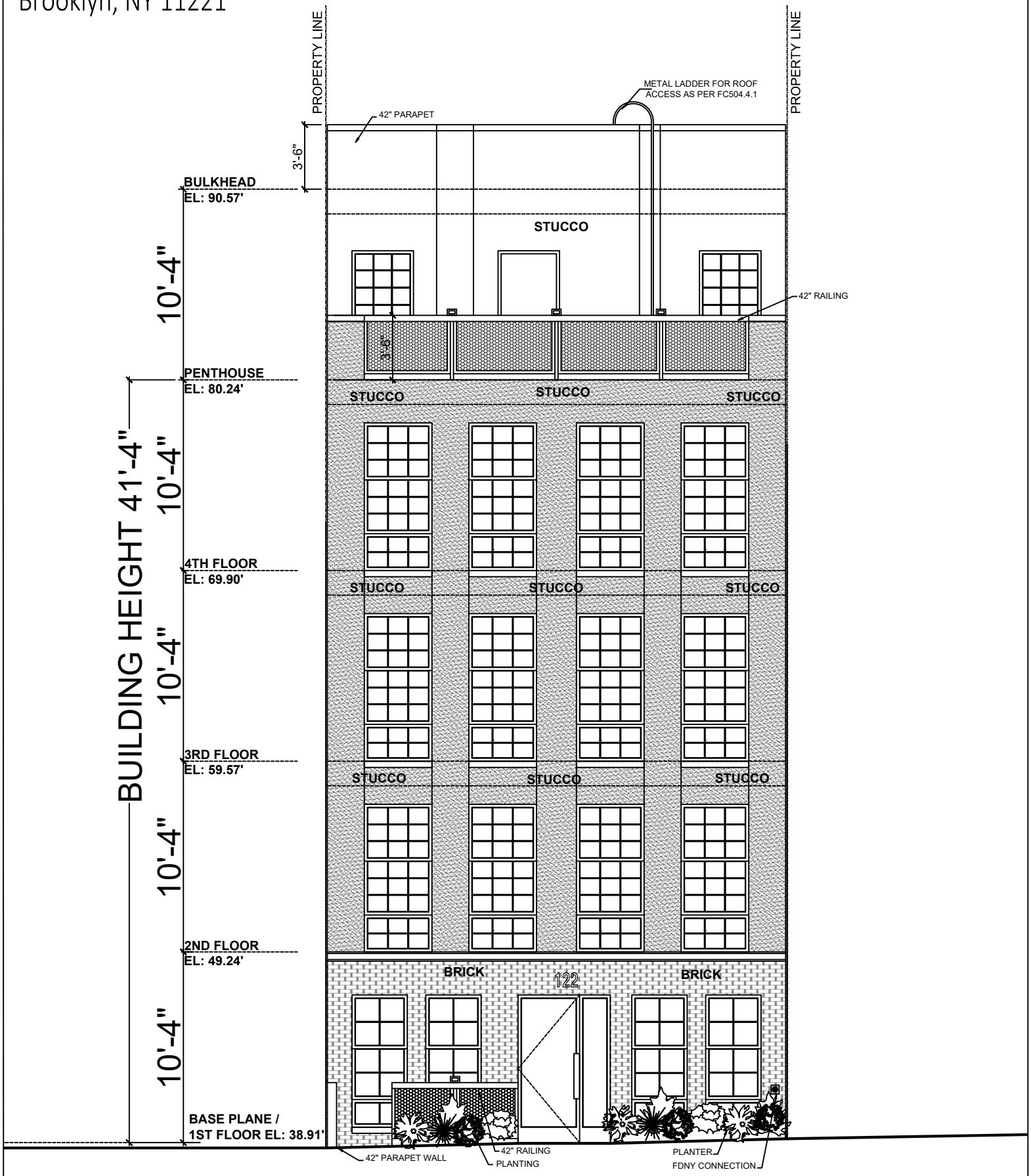
Long Island City, NY 11101

122 Palmetto Street
Brooklyn, NY 11221




FRONT ELEVATION

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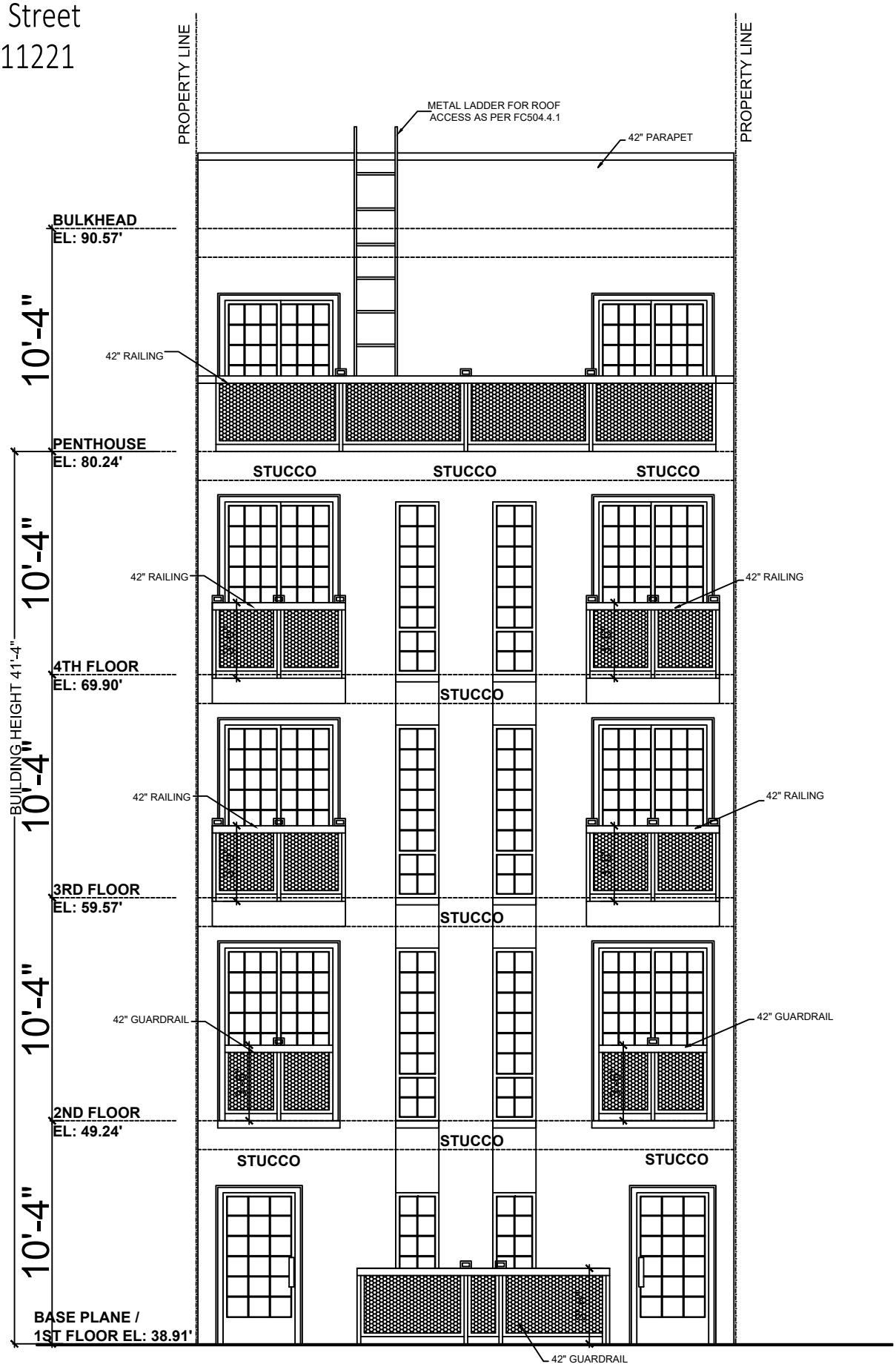
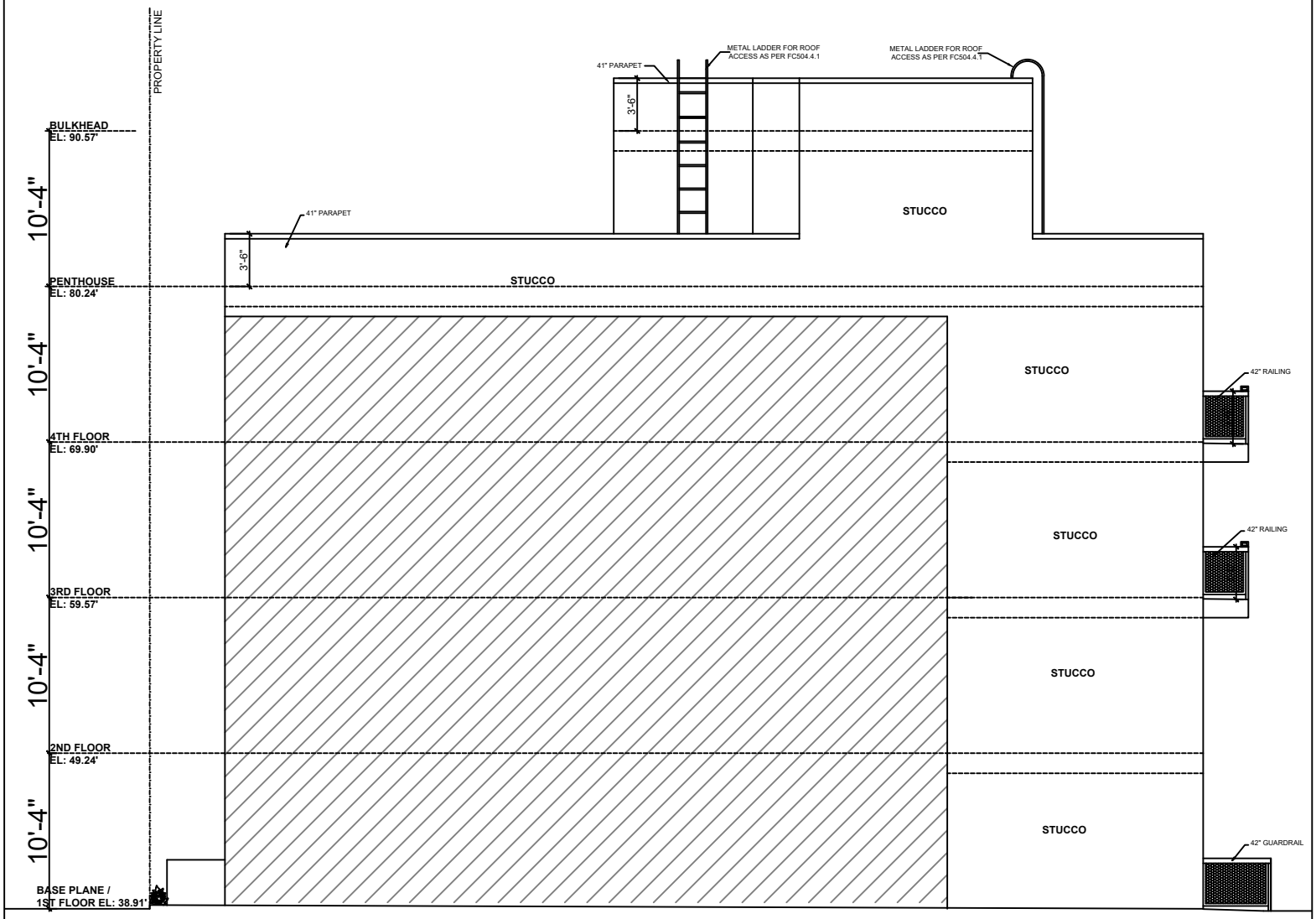
Brooklyn, NY 11221




REAR ELEVATION

Demarara Engineering, PLLC
37-24 24TH Street, Suite 231
Long Island City, NY 11101

# 122 Palmetto Street
# Brooklyn, NY 11221

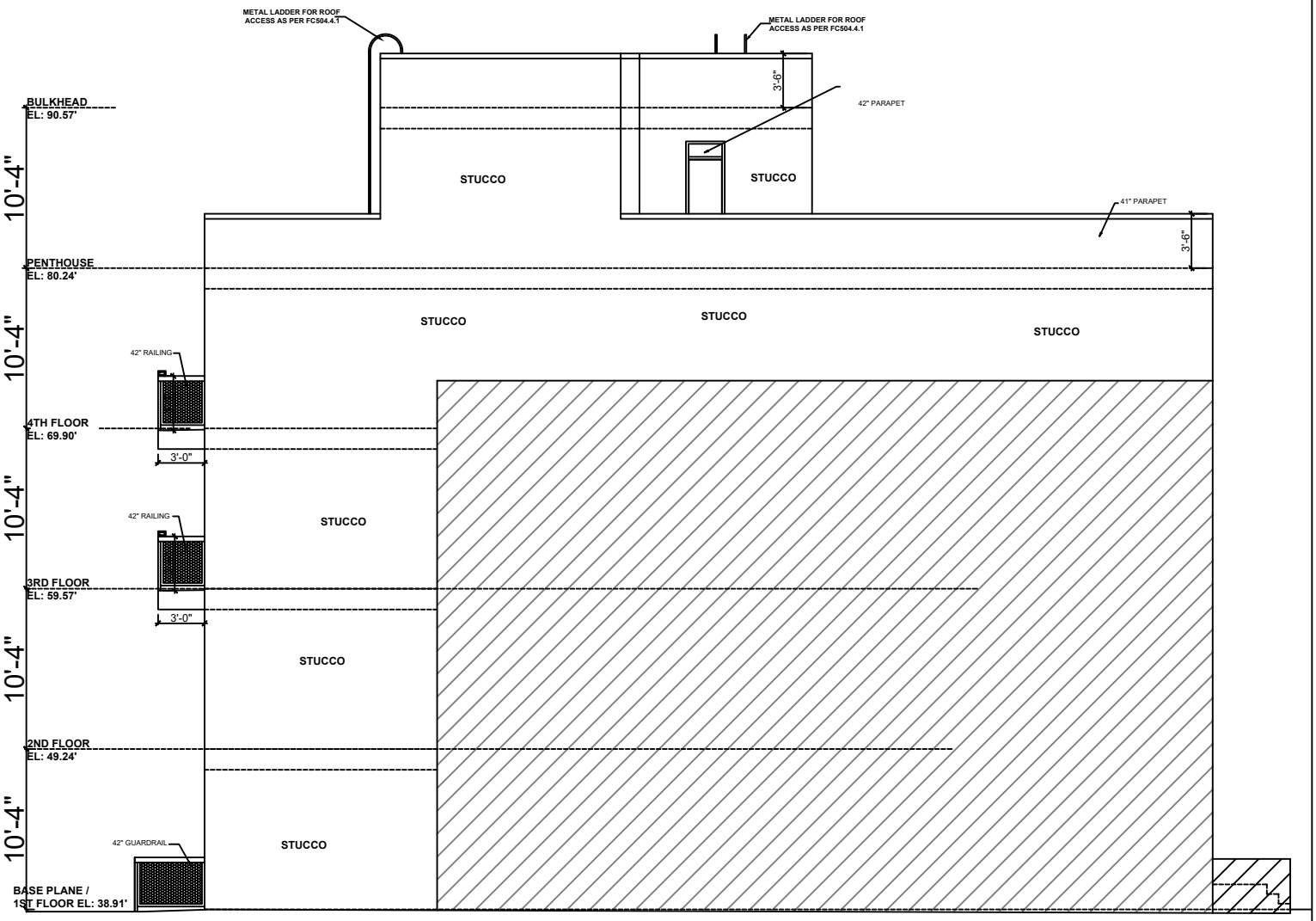



RIGHT SIDE ELEVATION



Demarara Engineering, PLLC
37-24 24TH Street, Suite 231
Long Island City, NY 11101

# 122 Palmetto Street
# Brooklyn, NY 11221




LEFT SIDE ELEVATION



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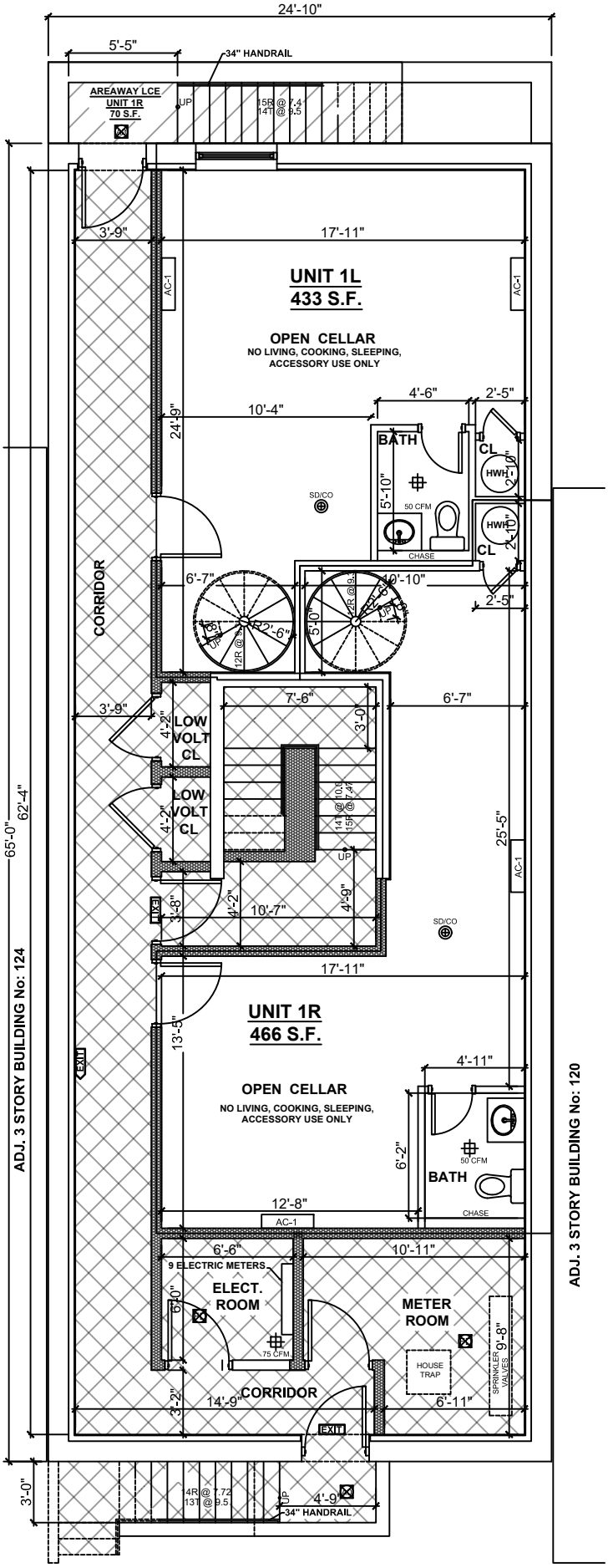
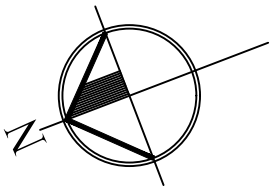
Plans Issued: 12/28/2021
Plans Revised:11/23/2022




CELLAR PLAN




| HATCH LEGEND | |
|---|---|
| | LIMITED COMMON ELEMENT |
| | COMMON ELEMENT |
| | FD ACCESS PATH |

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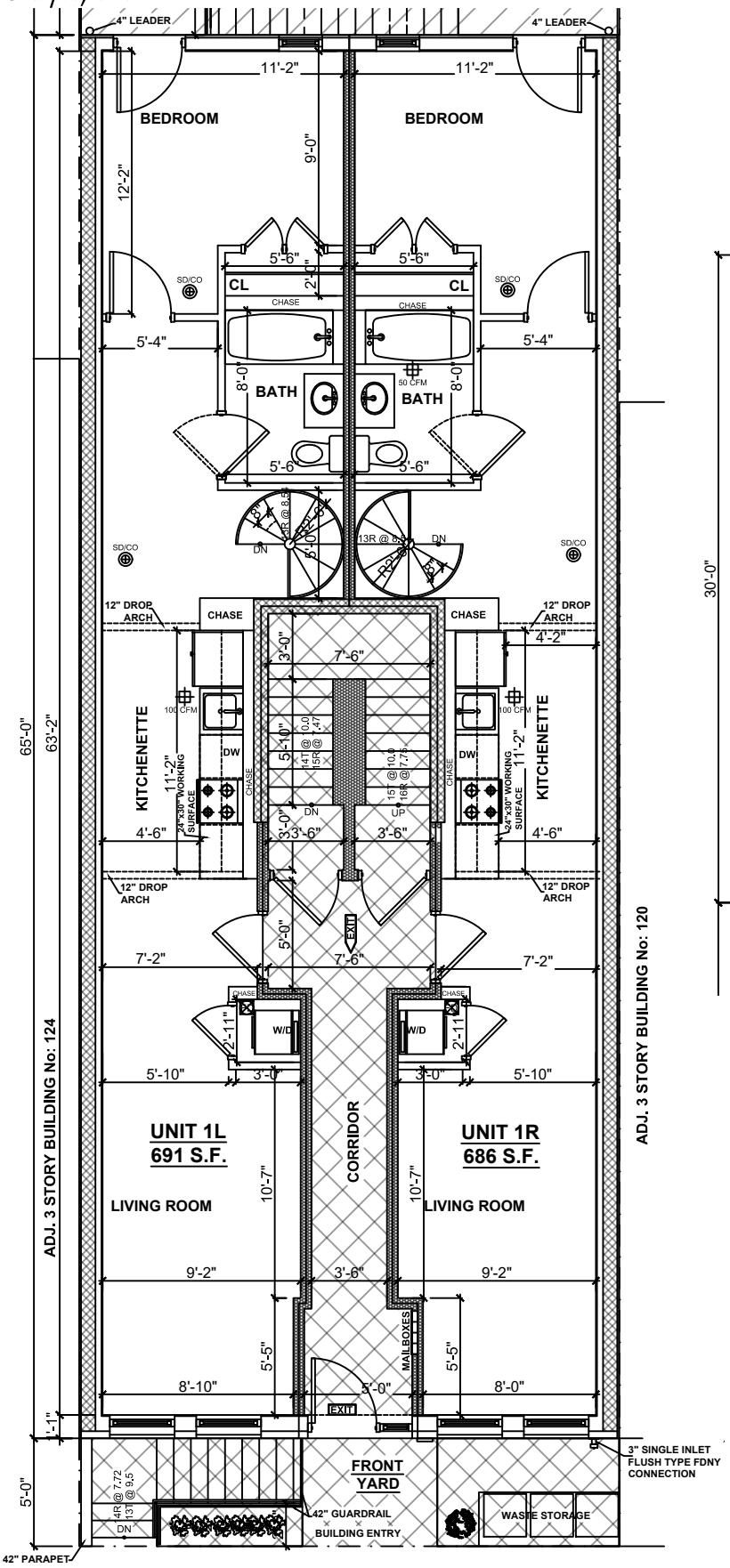
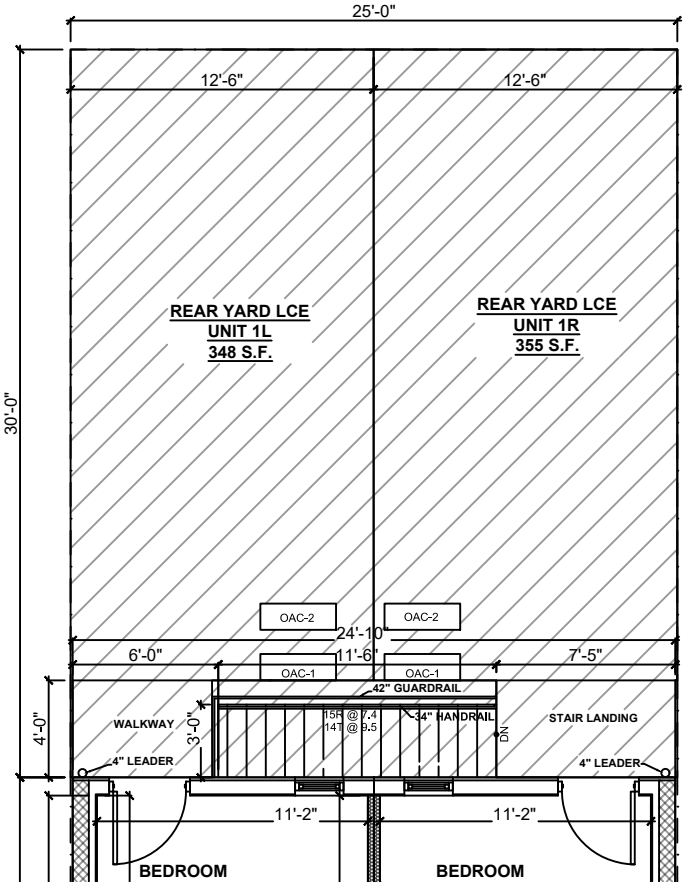
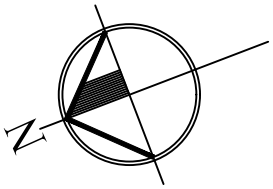



1ST FLOOR PLAN

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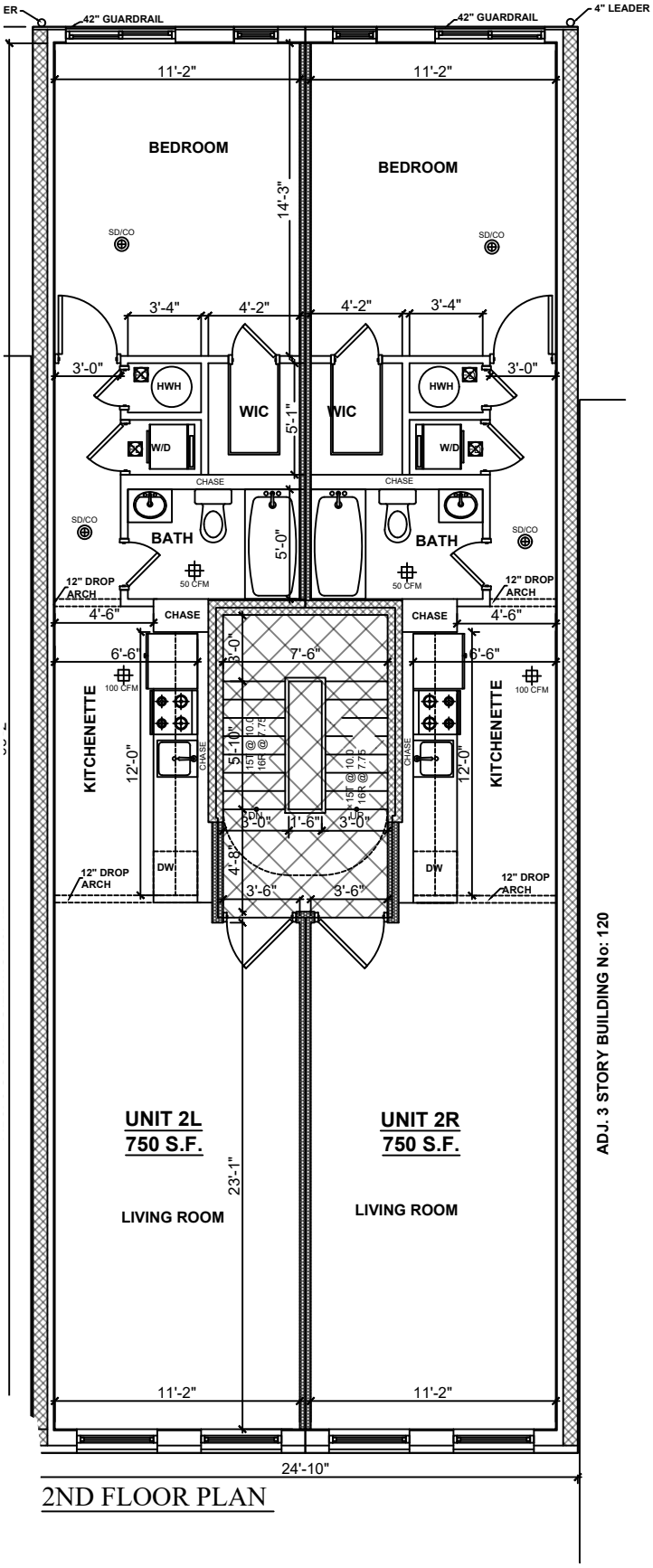
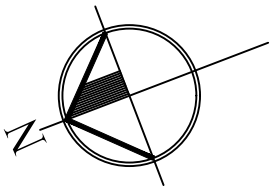



2ND FLOOR PLAN

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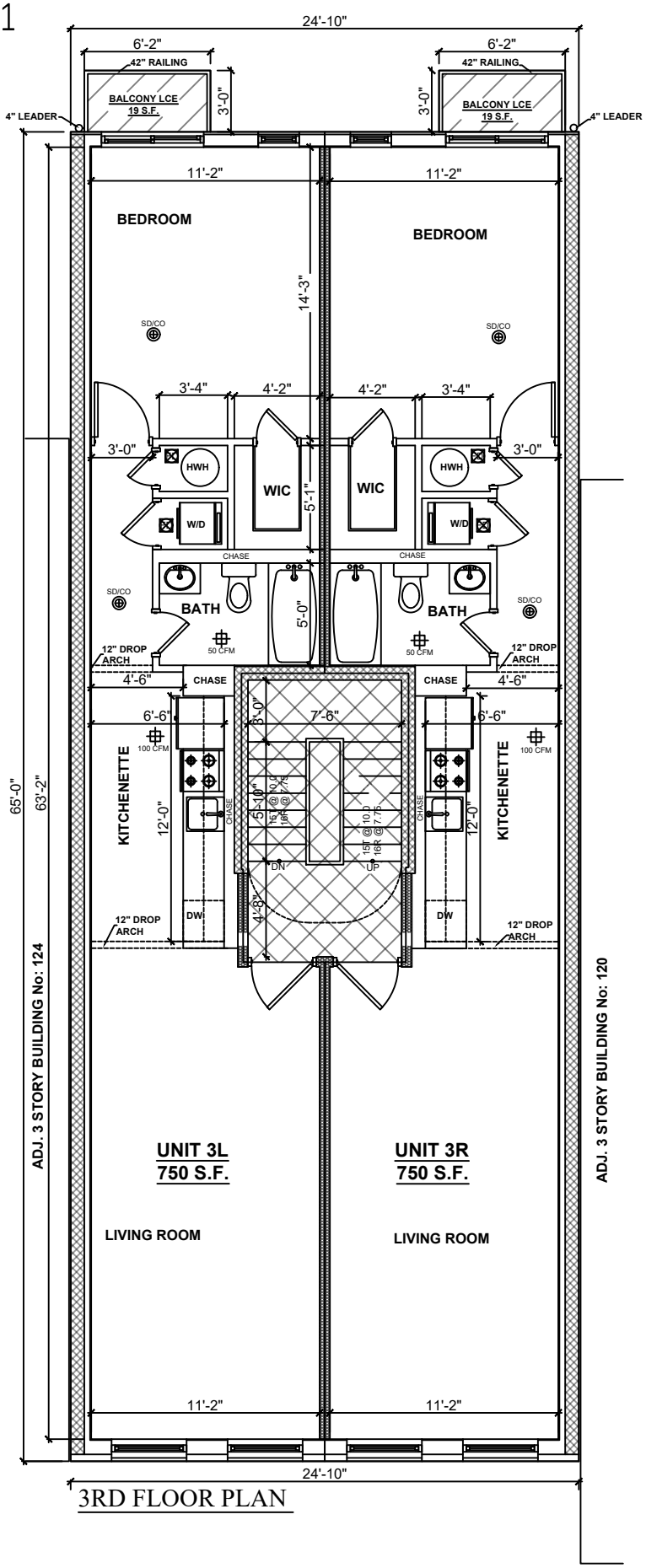
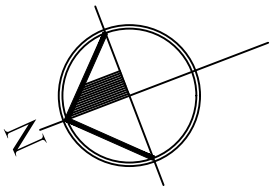



3RD FLOOR PLAN

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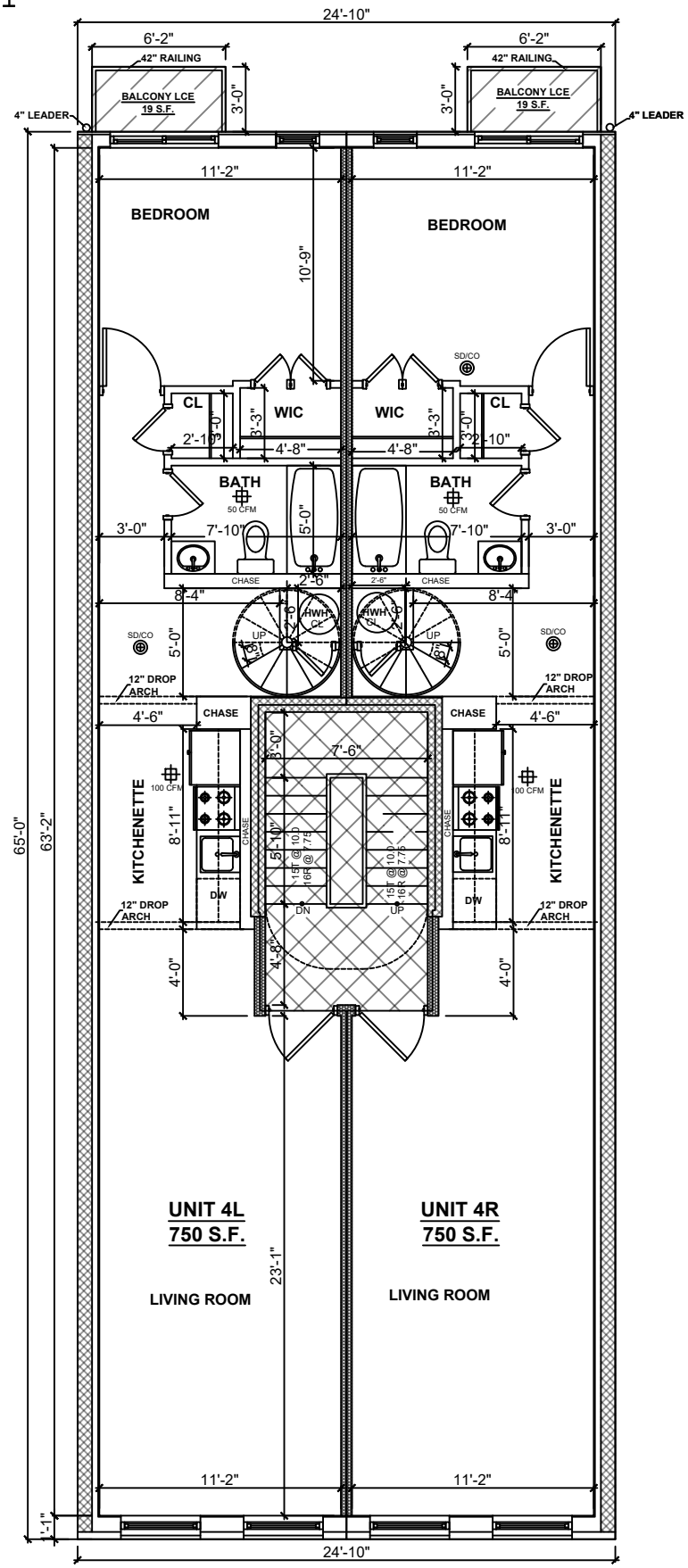
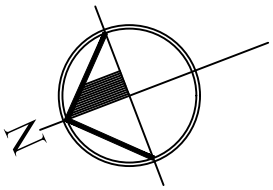



4TH FLOOR PLAN

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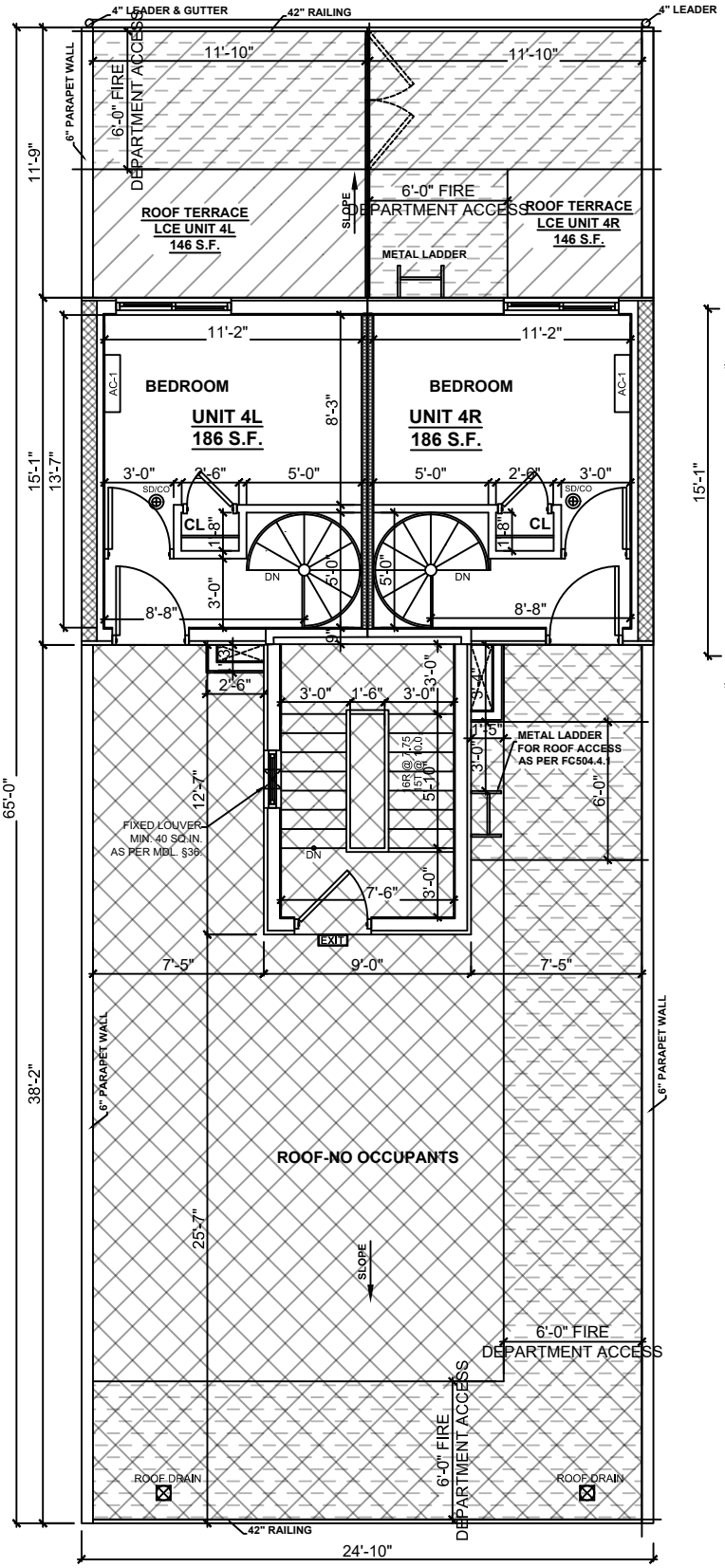
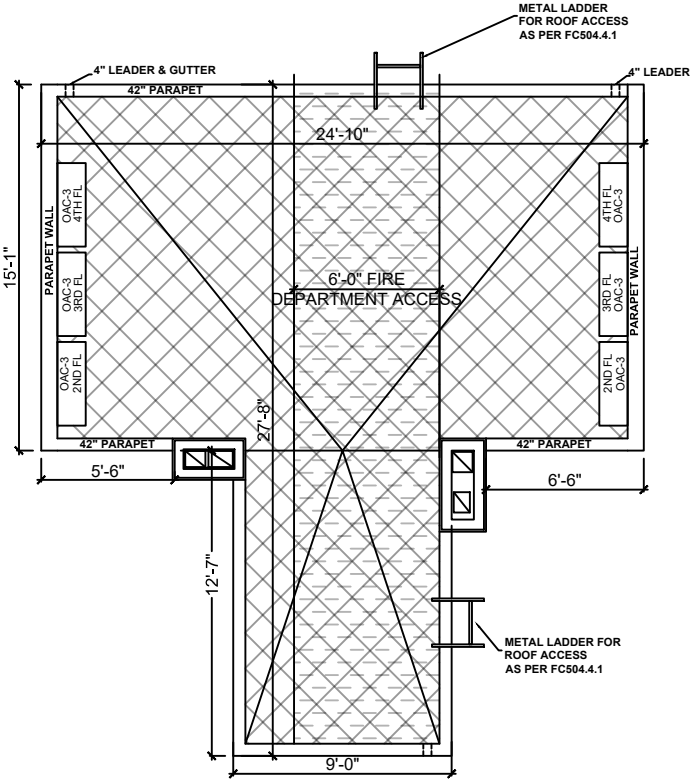
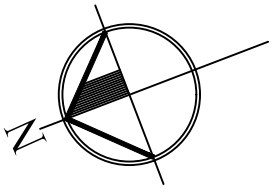



PENTHOUSE PLAN




BULKHEAD PLAN

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| | COMMON ELEMENT |
| | FD ACCESS PATH |

Demarara Engineering, PLLC
37-24 24TH Street, Suite 231
Long Island City, NY 11101

**DECLARATION OF CONDOMINIUM**

Establishing a plan for Condominium ownership of Premises located at

122 Palmetto Street, Brooklyn, New York

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.

NAME: The 122 Palmetto Street Condominium

SPONSOR:
122 Palmetto LLC
1767 Fulton Street
Brooklyn, NY 11233

DATE OF DECLARATION: _____

The land affected by the within instrument lies in Block: Lot:
on the Tax Map of the Borough of Brooklyn, County of Kings, City and State of New York.

Record and Return to:
Eial Girtz P.C.
Attorney for Sponsor
11 Grace Avenue, Suite 309
Great Neck, New York 11021

**DECLARATION OF THE 122 PALMETTO STREET CONDOMINIUM PURSUANT TO ARTICLE 9B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK**

On this ___ day of _____, 20__, 122 Palmetto LLC, a limited liability company organized and existing under the laws of the State of New York, with offices at 1767 Fulton Street, Brooklyn, NY 11233, hereinafter referred to collectively as "the Sponsor", represented herein by one of its authorized officer, who is fully authorized and qualified to execute this Declaration on behalf of the Sponsor, does hereby declare:

## 1. SUBMISSION OF PROPERTY

a. Sponsor hereby submits the land hereinafter described, together with the Buildings and improvements thereon erected ("the Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.

b. Excluded from the Land is that portion of the unused floor area development rights that are now owned, subsequently acquired or that may become available under the New York City Zoning Resolution, which shall be retained by the Sponsor and which may be sold, transferred or hypothecated to any other entity for the sole purpose of being merged into a zoning lot pursuant to a zoning lot development agreement ("ZLDA") or similar agreements.

## 2. AREA AND LOCATION OF LAND

The land ("Land") consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Kings, City and State of New York, more particularly described on Schedule A annexed hereto and made a part hereof. The Land is owned by the Sponsor in fee simple absolute.

## 3. NAME OF CONDOMINIUM

The Condominium shall be known as the 122 Palmetto Street Condominium.

## 4. DESCRIPTION OF THE BUILDING

The condominium consists of one building approximately 25 feet wide and consisting of six (6) residential one-family Units. The building consists of a cellar, four (4) stories, penthouse and bulkhead. The legal occupancy will match the proposed occupancy hereunder. The building complies with all construction requirements imposed by the Department of Buildings and any other governmental agency which would impose requirements herein.

## 5. THE UNITS

Schedule B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: Unit designation; tax lot number; approximate square foot area; number of rooms; the portion of the Common Elements, including

Limited Common Elements to which the Unit has immediate access (if any) and the percentage of interest in the Common Elements. The location of each Unit, and any Limited Common Elements appurtenant thereto, is more clearly designated on the Floor Plans (as hereinafter defined) and reference should be made thereto for the statement of the location of each Unit.

## 6. FLOOR PLANS

The dimensions of the unit are measured based on the unit description shown on the Floor Plans of the Buildings (the "Floor Plans"), certified by Demerara Engineering, PLLC, and intended to be filed in the Kings County Office of the register of the City of New York, simultaneously with the recording of this Declaration. The dimensions indicated are approximate and are as defined in said floor plans.

## 7. STATEMENT OF DIMENSIONS

Each unit shall consist of the area measured horizontally by the exposed outside surface of the exterior perimeter wall of the building to (a) the outside face of the opposite exterior wall of the building, or (b) the inside centerline of the partitions of the interior walls separating the unit from other units or public halls, stairs and other common elements, and vertically by the upper face of the sub-floor of the unit up to the exposed inside face of the upper ceiling of the unit.

## 8. COMMON ELEMENTS

The Common Elements of the Condominium consists of the entire Property, including parts of the Buildings and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements. They include, to the extent applicable, the following:

a. General Common Elements:

i) The land on which the Buildings are physically erected;

ii) All foundations, columns, girders, beams, supports, bearing walls, those portions of the exterior walls and installations beyond the exterior face of the Buildings those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the exposed face of the dry walls enclosing the Unit, the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached, roofs (excluding terraces), corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing the Residential Unit, lobby, storage and utility areas located beyond the unexposed face of the dry walls and the entrances to and exits from the Buildings;

iii) All installations outside the Units for services such as gas, power, light, telephone and water;

iv) All sewer pipes and drainage pipes outside units;

v) The boiler room and meter areas, and janitor's closet(s), if any, as shown and delineated on the Floor Plans. To the extent the "as-built" condition of the building differs from such Floor Plans, both said Floor Plans and this Declaration shall be deemed amended to conform to said as-built condition;

vi) All other apparatus and installations existing in the Buildings for common use or necessary or convenient to the existence, maintenance or safety of the Buildings;

vii) The foregoing is included only to the extent they are present in this building.

If any of the foregoing are hereinafter designated as limited common elements, such designation shall take priority over the listing set forth herein.

b. Limited Common Elements:

Each Unit Owner, his guests, invitees, lessees and residents of his Unit shall have the exclusive right to use and possession of the limited common elements indicated in the attached Exhibit B, subject to the following. Each Unit Owner shall be solely and only responsible for repair and maintenance of the Limited Common Element appurtenant to their Unit including, but not limited to, painting, cleaning, patching, and surface repair. In the event a Unit Owner fails to properly maintain his Limited Common Element, the Condominium Board of Managers may take such steps as in its exclusive judgment are necessary to maintain the areas and the cost thereof shall be assessed against the Unit to which such Limited Common Elements are appurtenant. To the extent that any damage to a Limited Common Element is caused by building condition, or by other condition for which the Condominium carries insurance, the cost of repair of such damage shall be borne by the Condominium.

## 9. DETERMINATION OF PERCENTAGES IN COMMON ELEMENTS

The determination of percentages of Common Interest allocated to each unit is based upon floor space, subject to the location of such space, and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of a particular unit, as per Section 339(I) of the New York State Real Property Law.

## 10. USE OF UNITS

Any Unit may be used for private residential use, or for any home occupation use permitted under applicable zoning laws and ordinances, building code, or other rules and regulations of governmental authorities having jurisdiction thereof. Such Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law and ordinance, and provided further that prior written consent of the Board of Managers for such professional use is obtained. Parking Units, if any, may only be used for the parking of motor vehicles. Notwithstanding the foregoing, the Sponsor may, without the permission of the Board of Managers, retain ownership of one or more Units for use as rental units, models, sales and/or offices in connection with the sale or rental of the Units.

## 11. ENCROACHMENTS

If any portion of the Common Elements encroach upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of the Buildings, or (b)

alteration or repair to the Common Elements made by or with the consent of the Board of Managers, or (c) as a result of repair or restoration of the Buildings or a Unit after damage by fire or other casualty, or (d) as a result of condemnation or eminent domain proceedings; a valid easement shall exist for such encroachments and for the maintenance of the same so long as the Buildings shall stand.

**12. EASEMENTS**

a) Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right to access to each Unit and any Limited Common Elements appurtenant thereto to inspect the same, to remove violations therefrom and/or to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building.

b) The Sponsor and its designees, their successors, assigns, invitees, licensee, contractors, employees and tenants, shall have an easement in, on, over and across the Property for (I) construction, installation and development thereon and for the construction and installation, ingress to and egress from, and use of (including the right to connect with) all pipes, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility lines and (ii) construction and installation, ingress to and egress from and the right to use (in common with Unit Owners) all storm drainage facilities, water, sewer and other utility lines, pipes, conduits, flues, ducts, wires and cables, and (iv) ingress to and egress from all land areas of the Property and the use of said land areas (in common with Unit Owners) for any lawful purpose.

c) The Sponsor, its designees and their successors, assigns, invitees, licensees, contractors, employees and tenants (i) shall have an easement to erect, maintain, repair and replace from time to time one or more signs on the Property for the purposes of advertising the sale of Units and the leasing of space in any Unit as well as an easement in the access to Units and Common Elements consistent with the purposes of the Offering Plan for the Property as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer, sell and lease Units and Common Elements, and (ii) reserve the right to establish, grant and create easements for any additional underground electric, transformer, amplifier, gas, cable television, telephone, water, storm drainage, sewer or other utility lines and appurtenances in, under and through the Property, including, without limitation, an easement or easements for the benefit of any property adjacent to the Property, to relocate any existing utility easements in any portion of the Property and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company if the Sponsor or designee shall deem it necessary or desirable for the proper operation and maintenance of the Property or any portion thereof, or the residents of any property adjacent to the Property, or users of the Recreation Facilities, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Residential Units for dwelling purposes. Any utility company or public benefit corporation furnishing services to the Property, and the employees and agents of any such company or

corporation, shall have the right to access of any Unit, to the Common Elements or the Limited Common Elements in furtherance of such easements, provided such right to access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

d) No unit shall have an easement for the use of any Limited Common Element except the unit to which the Limited Common Element is appurtenant.

e) The user of any easement granted by Sub-paragraphs "b" and "c" of this Paragraph 11 shall have the responsibility of repairing any damage resulting therefrom.

## 13. PERSON TO RECEIVE SERVICE

Notice of process in any action which may be brought against the Condominium shall be served on the President of the Condominium at the office of the Condominium located at 122 Palmetto Street, Brooklyn, New York 11211. In addition to the foregoing, the Secretary of State of the state of New York is hereby designated as agent of the Board of Managers to accept the service of process in any proceeding.

## 14. UNITS SUBJECT TO DECLARATION, BY-LAWS AND RULES AND REGULATIONS; POWER OF ATTORNEY IN FAVOR OF BOARD OF MANAGERS AND SPONSOR

a) All present and future Owners, tenants, subtenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering unto occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

b) Each Unit Owner, by acceptance of a Deed or otherwise succeeding to title to a Unit, shall be deemed to have irrevocably nominated, constituted and appointed as such Unit Owner's attorney-in-fact, coupled with an interest and with power (i) Sponsor, to amend the Condominium Documents pursuant to the terms of Article 14 hereof and (ii) the Persons who shall from time to time constitute the Condominium Board, jointly, to: (x) acquire or lease any Unit, together with its Appurtenant Interests, whose owner desires to sell, convey, transfer, assign, lease, or surrender the same or that becomes the subject of a foreclosure or other similar sale, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (y) convey, sell, lease, mortgage, or otherwise deal with (but not to vote the Common Interest appurtenant to) any Unit so acquired or to sublease any Unit so leased; and (z) execute, acknowledge and deliver any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium or 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. In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either Sponsor or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Unit Owner's Power of Attorney in the form set forth as Exhibit D to this Declaration.

## 15. AMENDMENT TO DECLARATION

This Declaration may be amended, modified, added to or deleted from by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved, in writing by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners; provided however,

a) No amendment, modification, addition or deletion which shall adversely affect the lien or any mortgage (including, but not limited to, changes with respect to voting, assessments, liens, reserve fund, repair and replacement of common elements, insurance, rights to use common elements, maintenance and repair, imposition of right of first refusal, establishment of self-management) may be made without the written consent of the First Mortgagees, if any, of each of the same Units;

b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Owner and the First Mortgagees, if any, of each of the same Units;

c) No amendment, modification, addition or deletion of or to this Declaration will be effective in any respect against the Sponsor, its designee, or any Unsold Unit until the Sponsor or such designee shall consent thereto in writing.

d) No amendment, modification, addition or deletion of or to this Declaration which would in any way alter, restrict or change the use to which a Commercial Unit may be put, shall be effective against any such Commercial Unit without the written consent of the Owner of such Commercial Unit.

The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirements of a vote and without the approval or consent of any Unit Owners or mortgagees for the sole purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Buildings and appurtenances which are incomplete upon the original filing of the Declaration provided that the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depicting the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, as provided in said Section 339-p will be filed with such amendment.

No such amendment shall be effective until recorded in the Kings County Office of the Register of the City of New York.

## 16. CHANGES IN UNSOLD UNITS

For any Unit owned by the Sponsor or its designee(s), if not prohibited by the New York Condominium Act (as the same may be amended), the Sponsor or its designee(s) shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or the holders of Unit Mortgages, to (i) make alterations, additions, or improvements in, to and upon the Unit; (ii) change the layout or number of rooms in the Unit; (iii) change in and size and/or number of such Units by subdividing a Unit, combining separate Units (including those resulting from any subdivision or otherwise) into one or more Units, altering the boundary walls between any Unit or otherwise; and (iv) reapportion among such Units affected by such change in size or number, subdivision, combination or alteration, appurtenant interests in the Common Elements; provided, however, that the Sponsor or its designee(s) shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In accordance with law, the Common Elements appurtenant to each Unit as expressed in this Declaration shall have a permanent character and shall not be altered without the consent of all Unit Owners affected. Written consent will be obtained from Unit Owners, if any, who are adversely affected as a result of the above changes. Contract vendees, if any, pursuant to Purchase Agreements with the Sponsor or its designees for a Unit adversely affected as a result of the above changes, will be given the right to rescind their Purchase Agreements and receive a refund of the Down Payment deposited in connection with the Purchase Agreement. The provisions of this Paragraph 15 may not be added to, amended or deleted without the prior written consent of the Sponsor or its designee(s). In the event of any such change in an Unsold Units, Sponsor shall amend the Declaration and Floor Plans to reflect same. In the event the Sponsor or its designee, exercising its rights pursuant to this Article so requires, the Board of Managers shall promptly amend the Declaration at the expense of the Sponsor or its designee, to reflect any such alteration, addition, improvements, changes or reapportionments and shall record such amendment in the Office of the Register of Kings County. Unit Owners in the Condominium hold title to their respective Units subject to the benefits, rights, privileges, easements, burdens, covenants, and restrictions as described herein, in the By-Laws of the Condominium and any agreement of record recorded prior or subsequent to this Declaration.

## 17. INVALIDITY

a) If any provision of this Declaration or of the By-Laws are invalid under, or would cause this Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law with the same force and effect as if, immediately after the recording of this Declaration or the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration or the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision shall be deemed included;

b) Subject to the terms of Paragraph "a" above, if this Declaration or the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, this Declaration and By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law to the extent permitted under such applicable law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provisions as a covenant running with the Land.

## 18. TERMINATION OF CONDOMINIUM

The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty (80%) percent in Common Interest of the Units and the First Mortgagees, if any, of each of the same Units. The Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least eighty (80%) percent in Common Interest of all other Unit Owners and the First Mortgagees, if any, of each of the same Units have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests, provided however, that no payment shall be made to a Unit Owner until all lienors have first been paid off out of his share of such proceeds. Holders of mortgages shall be entitled to timely notice of any proposed termination of the Condominium.

## 19. COMMON EXPENSE

Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws. Common expenses shall be charged to unit owners according to their respective common interests. Common expenses may be specially allocated and apportioned to residential or non-residential units, or a combination thereof, based on special or exclusive use or availability, or exclusive control, of particular units or common areas by particular unit owners.

## 20. DEFINITION OF SPONSOR-DESIGNEE

The term "Sponsor- Designee" as used in this Declaration shall mean any person or entity designated by the Sponsor to acquire title to a Unit, other than a good faith Purchaser for value purchasing pursuant to a validly executed Purchase Agreement. A "Sponsor-Designee" shall have the right to designate a person or entity to succeed to its rights and any such designee shall also be deemed a "Sponsor-Designee."

## 21. FIRST LIEN HOLDERS' RIGHTS

a. Notices of Action: A holder, insurer or guarantor of a first mortgage, shall be entitled to timely written notice of:

(1) Any proposed amendment of the Condominium instruments effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the general or limited Common Elements appertaining to any Unit or the liability for common expenses appertaining thereto, (iii) the number of votes in the Condominium appertaining to any Unit or (iv) the purposes to which any Unit or the Common Elements are restricted;

(2) Any proposed termination of the Condominium regime;

(3) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(4) Any delinquency in the payment of assessments or charges owed by a Unit Owner of a Unit subject to the mortgage of such eligible holder, insurer or guarantor, which such delinquency has continued for a period of sixty (60) days; and

(5) Any lapse, cancellation or material modification of any insurance policy maintained by the Condominium.

b. Other Provisions for First Lien Holders. To the extent permitted under applicable law, the following protections for the benefit of first mortgage holders will be legally binding with respect to the Condominium:

(1) Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to mortgages held by such eligible holders are allocated, is obtained;

(2) Any amendment of a material adverse nature to Mortgagees, an election to terminate the Condominium regime after substantial destruction or a substantial taking in condemnation of the Condominium property must require the approval of the eligible holders of first mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to mortgages held by such eligible holders are allocated; and

(3) Unless the formula for reallocation of interests in the Common Elements after a partial condemnation or partial destruction of the Condominium project is fixed in advance by the Declaration or by applicable law, no reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium project may be effected without the approval of the eligible holders of first mortgages on Units to which at least eighty (80%) percent of the votes of Units subject to mortgages held by such eligible holders are allocated.

As used in this section, the term "eligible holder, insurer or guarantor" shall mean a holder, insurer or guarantor of a first mortgage on a Unit in a Condominium which has requested notice in accordance with the provisions of (a) above.

A mortgagee's approval is to be assumed and implied when a mortgagee fails to submit a response to any written proposal for an amendment within 60 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a return receipt requested.

## 22. WAIVER

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

## 23. CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

## 24. GENDER

The use of the masculine gender in this Declaration shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed by its duly authorized representatives this day of .

122 Palmetto LLC

By:_____
Name:
Title:

STATE OF NEW YORK )
COUNTY OF ) SS.:

On the day of , before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
NOTARY PUBLIC

**SCHEDULE "A"**
**TO THE DECLARATION OF THE CONDOMINIUM PREMISES KNOWN AS THE 122 PALMETTO STREET CONDOMINIUM LOCATED AT 122 PALMETTO STREET, BROOKLYN, NEW YORK**

ALL that certain plot piece or parcel of land, situate, lying and being in the Borough of Brooklyn, City of New York and State of New York, bounded and described as follows:

BEGINNING at a point on the northeasterly side of Palmetto Street, distant 375.00 feet southwesterly from the corner formed by the intersection of the southwesterly side of Central Avenue with the northeasterly side of Palmetto Street;

RUNNING THENCE northeasterly and parallel with Central Avenue, 100.00 feet;

THENCE southeasterly and parallel with Palmetto Street, 25.00 feet;

THENCE southwesterly and again parallel with Central Avenue, 100.00 feet, to a point on the northeasterly side of Palmetto Street;

THENCE running northwesterly along the northeasterly side of Palmetto Street, 25.00 feet to the point or place of BEGINNING;

Together with an undivided _____% interest in the Common Elements.

# SCHEDULE “B”

# BY-LAWS

# OF

# THE 122 PALMETTO STREET CONDOMINIUM

## ARTICLE I

## PURPOSE OF BUSINESS

Section 1. Unit Ownership:

The property located in the Borough, County of Kings, City and State of New York at 122 Palmetto Street, Brooklyn, New York (hereinafter called the Property) has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration recorded in the Kings County office of the Register of the City of New York, simultaneously herewith. The Condominium thereby created shall hereinafter be known as the 122 Palmetto Street Condominium.

Section 2. Applicability of By-Laws:

The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Buildings, and all other improvements thereon (including the Units, the Common Elements and the Limited Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York. The condominium Units are hereinafter sometimes referred to as "Unit" or "Units."

Section 3. Application:

All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Schedule A. The acceptance of a deed or conveyance or the entering into of a lease for a Unit or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office:

The office of the Condominium and of the Board of Managers shall be located at the Property.

## ARTICLE II
## MEETINGS OF UNIT OWNERS

Section 1. Annual Meeting:

The Annual Meeting of the Unit Owners of the Condominium for the election of the Board of Managers and for such other business as may properly come before such meeting, shall be held in the Borough of Brooklyn, City of New York, at such time and place, each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the President or a Vice President or the Secretary or an Assistant Secretary. Such notice shall state the time when and the place within the state where it is to be held, and the Secretary shall cause a copy thereof to be delivered personally or mailed to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each such Unit Owner at his or her address as it appears in the records of the Condominium, unless he or she shall have filed with the Secretary of the Condominium a written request that notices intended for the him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings:

Special meetings of Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Unit Owners owning at least twenty-five per cent (25%) of the votes of the Condominium. The Secretary shall cause a notice of such Special Meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless the holders of all the Units of the Condominium be present thereat in person or by proxy. Notwithstanding the foregoing the initial Condominium Board shall conduct all affairs of the condominium until the first annual meeting of the Unit Owners which will be held approximately within 30 days of the earlier to occur of (a) the first anniversary of the first Closing to occur under this plan or (b) the date Sponsor has closed title with Purchasers to 75% of the units. At the first annual meeting of the Condominium, all Unit Owners, including Sponsor and Sponsor-designees, shall elect a new Board of Managers. However, during the Sponsor Control Period which is defined as the period ending five years from the first closing or whenever 75% of the Units are sold by the Sponsor to Purchasers, Sponsor will have the right to designate 2 of the 3 Board Members and further so long as Sponsor shall continue to own at least one Unit, Sponsor shall have the right to vote one board member to the Board of Managers.

Section 3. Waiver of Notices:

The notice provided for in the two foregoing sections is not Indispensable, but any Unit Owners' meeting whatsoever shall be valid for all purposes if all the Unit Owners of the Condominium are represented thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and waiver of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by such Unit Owners as are not so represented and were not given such notice.

Section 4. Quorum:

At each meeting of Unit Owners, except where otherwise provided by law, Unit Owners representing, in person or by proxy, 51% of the votes of the Units shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the Units represented may adjourn the meeting to some future time and place. Only those Unit Owners who, if present at the adjourned meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

Section 5. Voting:

At each meeting of Unit Owners, each Unit Owner present in person or by proxy shall be entitled to cast the votes appurtenant to his/her Unit at the time of service of notice of such meeting or at such prior date, not more than forty (40) days before such meeting, as may be prescribed by the Board of Managers as the date for determining which Unit Owners of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the Unit Owner but need not be acknowledged or witnessed, and the person named as proxy by any Unit Owner need not himself be a Unit Owner of the Condominium. Voting by Unit Owners shall be viva voce unless any Unit Owner present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Unit Owner voting and the number of votes appurtenant to her/her Unit, and in addition, the names of the proxy of such ballot if cast by a proxy.

Section 6. Title to Units:

Title to Units may be taken in the name of an individual or in the name of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety or in the name of a corporations or partnership, or in the name of a fiduciary or trust, estate, un-incorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity. 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.

Section 7. Number of Votes:

Any or all of such Owners (including the Sponsor or Sponsor-designee, if the Sponsor or its designee shall then own one or more Units) shall be entitled to cast one vote for each .01% of interest in the Common Elements attributable to the Unit or Units owned by them on all matters

put to the vote at all meetings of Unit Owners; except that, when voting for the election of members of the Board of Managers, each Unit Owner: (I) shall be entitled to one vote for each .01% of Common Interest attributable to his Unit per member to be elected. 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 or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit as a single vote. A fiduciary shall be the voting member with respect to any Unit in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

Section 8. Majority of Unit Owners:

As used in these By-Laws the term "majority of Unit Owners" shall mean those Unit Owners having greater than 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 Section 7 of this Article II. Two thirds of Unit Owners shall mean those Unit Owners having greater than 66-2/3% of the total authorized vote of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners. A vote of a majority of Unit Owners shall be sufficient for any action of any meeting, except where otherwise provided herein or required by statute.

Section 9. Inspectors of Election:

Inspectors of election shall not be required to be appointed at any meeting of Unit Owners unless requested by a Unit Owner present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

## ARTICLE III
## OFFICERS

Section 1. Designation:

The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint such other officers as in its judgment may be necessary. 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 and until their successors are elected, their resignation or death.

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 successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose.

Section 4. President:

The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and of the Board of Managers. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President:

The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in 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 by the Board of Managers or by the President.

Section 6. Secretary:

The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall in general perform all the duties incident to the office of secretary 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 and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Compensation of Officers:

No officer shall receive any salary or other compensation from the Condominium for acting as such or for services rendered in an official capacity.

Section 9. Liability of Officers:

No officer shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify each officer against any liability or claims except those arising out of the bad faith or willful misconduct of an officer. It is intended that each officer shall have no personal liability with respect to any contract made by him on behalf of the Condominium. It is and shall be permissible for each officer who is appointed by the original Board of Managers (designees of the Sponsor), to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by an officer or out of the aforesaid indemnity in favor of each officer shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the aggregate interest in the Common Elements of all the Unit Owners. Every agreement made by an office on behalf of the Condominium shall provide that each officer is acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners, except for willful misconduct or bad faith), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the aggregate interest in the Common Elements of all Unit Owners.

**ARTICLE IV**
**MANAGERS**

Section 1. Number:

The number of Managers of the Corporation shall not be less than three (3) nor more than three (3), as may from time to time be herein provided and, in the absence of such provision shall be three (3) commencing with the first election of Managers by Unit Owners of the Condominium, and until changed by amendment of this By-Law provision, and hereinafter provided, the number of Managers shall be three (3). The number of Managers shall not be decreased to a number less than the number of Managers then in office except at any Annual Meeting of Unit Owners. However, during the period the Sponsor, its Successor Offeror(s) or Designees(s) continue to own 50% or more of the Condominium the number of Managers shall remain fixed at three (3). Notwithstanding the foregoing, at least one of the members of the Board of Manager shall be the owner of a Commercial Unit, if any.

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, as agent of all Unit Owners. The Board shall further have the right to employ a Manager or Managing Agent or both and may delegate any or all of the powers conferred by this section to such Managing Agent. Persons employed in the operation of the property may

be designated or removed by a majority vote of the Board of Managers, or without vote by the Managing Agent or Manager, if such a person is employed by the Board. The powers of the Board of Managers shall include the following:

a. To determine and implement monthly assessments ("Common Charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Unit Owners pro rata according to the formula provided for herein except that with respect to special assessments and Common Charges that are imposed for matter pertaining only to the Residential Units and not the Commercial Units, if any, the Board of Managers shall allocate certain specific expense items and apportion Common Expenses against the Commercial Units in proportion to the portion attributable to the Commercial Units and not in proportion to the Commercial Units' appurtenant interest in the Common Elements;

b. To collect, use and expend the assessments collected to maintain, care for and preserve the Units, Building, and other common interests;

c. To make repairs, restore or alter any Units or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings in accordance with these By-Laws;

d. To enter the Units when necessary and with as little inconvenience to the Unit Owner as possible in connection with the maintenance, care and preservation of the Property;

e. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

f. To insure and keep insured the common elements and Units in accordance these By-Laws,

g. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Unit Owners for violations of the house rules and regulations herein referred to;

h. To purchase any Unit at a foreclosure sale or in accordance with these By-Laws on behalf of all the Unit Owners;

i. To make reasonable rules and regulations and to amend the same from time to time (subject to any restrictions on amendment herein set forth), and such rules and regulations and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and regulations and all amendments shall be delivered to each Unit Owner;

j. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the power of manager in connection with the matters herein above set forth;

k. To bring and defend actions by or against one or more than one Unit Owner and pertinent to the operation of the Condominium. The Board may, it its discretion, fund the cost of any such litigation out of the common charge assessment. The Board shall also have the right to engage in any litigation it deems necessary to carry out the provisions of the Declaration of Condominium and these By-Laws and may fund the cost of any such litigation out of the common charge assessments. Without limiting the foregoing, the Board may engage in litigation pertaining to the maintenance and operation of the common elements.

l. To acquire Units in foreclosure or as a result of abandonment on behalf of all Unit Owners, and to take any and all steps necessary to repair or renovate any Unit so acquired and to vote as a Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the board;

m. To grant Utility or other easements as may, at any time, be required for the benefit of the Condominium and Unit Owners without the necessity of the consent thereto, or joining therein, by the Unit Owners or any mortgagee;

n. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that the consent of at least 66 2/3% in number of all Unit Owners obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of $50,000.00 in any fiscal year;

o. To act as an agent of each Unit Owner to complain or apply to the local and county real estate tax assessment agency board of review by filing a single complaint on behalf of all such Unit Owners pursuant to any applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and charge all such Unit Owners a pro rata share of expenses, disbursements, and legal fees for which charges the Board of Managers shall have a lien pursuant to these By-Laws;

p. In the event the Units have not been separately assessed at the time of the First Closing (as defined in the Plan), to receive and maintain the Tax Reserve (as defined in the Plan), to use same for the payment of real estate taxes on the entire Building and land thereunder, and, should there be any amount remaining in such fund following separate assessment of the Units, to apply same as a credit against Common Charges on a pro rata basis for all Unit Owners who have contributed to such fund;

q. To receive any reserve fund and to hold and use such Reserve Fund exclusively for making capital repairs, replacements, and improvements necessary for the health and safety of residents of the Building;

r. To require that all officers and employees of the Condominium handling or responsible for Condominium Funds shall furnish adequate fidelity bonds. The premium on such bonds shall be a common expense.

Section 3. Nomination and Election:

The Managers shall be elected for a term of one year at the Annual Meeting of Unit Owners or at a Special Meeting called for that purpose as provided by law. Each Unit shall be entitled to cast one vote for each .01% of Common Interest in the Condominium appurtenant to the Unit, which may be cast all for one nominated Manager, or divided among any number of candidates. Their term of office shall be until their respective successors are elected and qualify.

Section 4. Quorum:

A majority of the Managers then authorized by these By-Laws shall constitute a quorum.

Section 5. Vacancies:

Vacancies in the Board of Managers resulting from death, resignation or otherwise may be filled without notice to any of the Unit Owners by a vote of a majority of the remaining Managers present at the meeting at which such election is held for that purpose promptly after the occurrence of any such vacancy even though no quorum is present. Each person so elected shall be a member of the Board of Managers until a successor shall be elected at the next annual meeting of Unit Owners to serve the remaining term. In the event of the failure to hold any election of Managers at the time designated for the annual election of Managers or in the event that the Board of Managers shall not have filled any such vacancy, a Special Meeting of Unit Owners shall be called to elect a new Board of Managers. Any vacancy created by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of Managers by amendment of these By-Laws, the Manager, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 6. Meetings:

The Board of Managers shall meet immediately after the Annual Meeting of Unit Owners without notice and also whenever called together by any Manager of the Condominium or upon the written request of any three Managers then holding office, upon notice given to each Manager, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Condominium. Regular meetings may be held without notice at such times and places as the Board of Manager may determine. Any meeting of the Board at which all the Managers shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of Managers may be held either at the principal office of the Condominium or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Managers by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Managers, each Manager shall be entitled to one vote. The vote of a majority of the Board of Managers present at the time of a vote of a duly constituted meeting shall be the act of the Board of Managers.

Section 7. Resignation and Removal:

Any Manager may resign at any time by written notice delivered in person or sent by certified registered mail to the President or Secretary of the Condominium. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective. Any Manager may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate vote is at least 51% of the votes of the Condominium at a Unit Owners' meeting duly called for the purpose; provided, however, that the Manager(s) elected by the Holders of "Unsold Units" can be removed only for cause by a vote of a majority of the Unit Owners or without cause by the Holders of Unsold Units.

Section 8. Annual Cash Requirements:

The Board of Managers shall, from time to time determine the cash requirements as defined in the Condominium's By-Laws and fix the terms and manner of payment of Common Charges as more specifically set forth in Article VI. The Board of Manager shall have discretionary power to prescribe the manner of maintaining and operating the Building, to be paid as aforesaid by the Unit Owners. Every such determination by the Board of Managers shall be final and conclusive as to all Unit Owners and any expenditures made by the Condominium's officers or its agent under authority of, or with the approval of, the Board of Managers of the Condominium shall, as against the Unit Owners, be deemed necessarily and properly made for such purpose. Until the earlier of (I) the second anniversary of the First Closing or (ii) such time as the Holders of Unsold Units hold less than 50% of the outstanding votes of the Residential Units, the Board of Managers of the Condominium will not take any of the following actions unless Unit Owners owing at least 51% of the votes of Residential Units of the Condominium approve in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

a) Increase the number or change the type of employees from that described in the NOTES TO SCHEDULE B of the Offering Plan;

b) Provide for new or additional services from indicated in the NOTES TO SCHEDULE B, unless the annual cost of such new or additional services, when added to the annual cost of all other services, being provided, is no greater than that provided in said notes;

c) Establish any reserve other than the Reserve and/or Working Capital Funds set forth in the Offering Plan.

However, notwithstanding anything contained herein to the contrary, the Sponsor, as Holder of Unsold Units, or other Holder(s) of Unsold Units, shall not veto the expenses set forth in SCHEDULE B of the offering plan, or expenditures required to comply with applicable laws or regulations.

Section 9. Rules and Regulations:

The Board of Managers may from time to time adopt and amend such rules and regulations as it may deem necessary in respect to the Building of the Condominium for the health, safety and convenience of the Unit Owners. Copies thereof and of changes therein shall be furnished to each Unit Owner.

Section 10. Compensation:

No Member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 11. 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 of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. 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 understood and permissible for the original Board of Managers who are designated by the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers, or the Managing Agent, or the Manager, on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent, or the Manager as the case may be, are acting only as agent for the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

## ARTICLE V
## NOTICES

Section 1. Definition:

Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any Manager, Unit Owner or mortgagee, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same

in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Managers, such Managers or Unit Owner or mortgagee in such address as appears on the books of the Condominium.

Sections 2. Service of Notice Waiver:

Whenever any notice is required to be given under the provisions of the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

**ARTICLE VI**
**OPERATION OF THE PROPERTY**

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 operation of the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses, and allocate and assess such Common Charges and Expenses among the Unit Owners in proportion to their respective Common Interests. Such common expenses may be specially allocated and apportioned by the Board of Managers in a manner different from common profits and expenses for one (1) or more non-residential units, if any. Additionally, common expenses may be specially allocated and apportioned to residential or non-residential units, if any, or a combination thereof, based on special or exclusive use or availability, or exclusive control, of particular units or common areas by particular unit owners. The Common Expenses shall include, among other things, the cost of all 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 these By-Laws and the fees and disbursements of the Insurance Trustee. The Common Expenses may also include such amount as the Board of Managers may deem proper for the operation and maintenance of the Common Elements including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, 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 of any Unit whose Owner has elected to sell or lease such Unit, or any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges and 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 all Unit Owners. Any dispute relating to the expenses to be borne by the Unit Owners shall be submitted to arbitration in accordance with theses By-Laws. The Sponsor or Sponsor-designee shall be responsible for the Common Charges assessed against a Unit owned by it from the date of the First Unit Closing until such Unit is sold to a bona fide purchaser.

Section 2. Insurance:

The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief

endorsements, insuring the Buildings containing the Units (including all of the Units and the fixtures initially installed therein by the Sponsor or by prior construction and any other property usual to the servicing and general occupancy, but not including furniture, furnishings, or other personal property 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 with certificates of insurance, as their interests may appear, in an amount to be determined by the Board of Managers but not less than full replacement value. In the event this building includes a commercial unit, the Board of Managers shall annually obtain from the insurance broker a letter stating the extent to which the cost of insurance for the condominium, on account of the usage of the commercial unit, exceeds the cost which would otherwise have been obtained if no commercial unit were present; and this cost shall be borne by the commercial unit owner. A copy of the letter shall be delivered to the commercial unit owner within ten (10) days after receipt thereof, and the commercial unit owner shall be obligated the amount assessed therein within fifteen (15) days after receipt thereof. Holders of mortgages shall be entitled to timely notice of any lapse, cancellation or modification of insurance policies maintained by the Condominium.

Section 3. Payment of Common Charges:

All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of Article VI 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 his Unit subsequent to a sale, transfer or other conveyance by him.

Section 4. Collection of Common Charges and Assessments:

The Board of Managers shall assess Common Charges against 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. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date thereof.

Section 5. Default in Payment of Common Charges or Assessments:

In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges or any assessment as determined by the Board of Managers, such Unit Owners shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges or assessments. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including attorney's 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 defaulting in payment of Common Charges or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners. Pursuant to Section 339(kk) of the Real Property Law, if a non-occupying owner

of a condominium, including the Sponsor, fails to pay Common Charges when due within 60 days of the due date, the Board of Managers may demand and collect rent from the tenant of such unit.

Section 6. Foreclosure of Liens for Unpaid Common Charges:

In any action brought by the Board of Managers 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 plaintiff in such foreclosure action shall be entitled 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 foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant to), convey, or otherwise deal with same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same. The proceeds from the sale of any Unit pursuant to this Section shall be used first to pay the unpaid Common Charges and/or assessments, plus reasonable attorney's fees and administrative costs and any other lawful liens on the defaulting Unit. Amounts above this, if any, will be the property of the defaulting Unit Owner. If after the sale of Unit for the nonpayment of Common Charges and/or assessments, the sale does not recover the full amount due and owing, the Board of Managers has the right to assess all the Unit Owners as a Common Expense for the difference between the amount received by the Condominium from the sale of the Unit and the amount owed to the Condominium.

Section 7. Statement of Common Charges and Assessment:

The Board of Managers shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 8. Abatement and Enjoinment of Violations by Unit Owners:

The violation of any rule or regulation adopted by the Board of Managers, or the breach of any provision of the By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other right set forth in these By-Laws; (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property of the Condominium or for the safety of residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 9. Maintenance and Repairs:

a) All maintenance, replacement, or repair to any Unit, ordinary or extraordinary, and to the doors, windows, electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be

at the Unit Owner's expense, excepting as otherwise specifically provided herein.

b) All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, shall be made by the Board of Managers as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the Declaration will be performed as per the Declaration.

Section 10. Restrictions on Use of Units:

In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following:

a) The Units shall be used for private residences only, except that a Unit Owner may use his Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Any Unit may also be used as a professional office by a resident thereof provided such professional use does not violate zoning regulations and provided further that the prior consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Sponsor or Sponsor-Designee shall have the right, without charge, (i) to maintain general and sales offices in one or more Units or elsewhere on the Property, to use one or more Units as models and for other promotional purposes and to erect and maintain signs on the Property; (ii) to have its employees, contractors and sales agents present on the Property; (iii) to do all things necessary or appropriate, including the use of the Common Elements, to sell or lease Units and to complete construction or the Building and to comply with its obligations.

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 nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

d) No unlawful use shall be made of the Property of any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

e) No portion of a Unit or other Limited Common Elements appurtenant thereto (other than the entire Unit including the Limited Common Elements appurtenant thereto), may be separately rented.

Section 11. Additions, Alterations or Improvements by Unit Owners:

No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, or which affects the exterior of the Building's Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer in writing any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed addition, alteration, or improvement. An application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Managers, if required by the appropriate department, without however, incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor, or material man on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration or improvement to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable licensed contractors, to be reasonable approved by the Board of Managers, with adequate liability, property damage and worker's compensation insurances as shall be determined solely by the Board of Managers (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 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 and engineer consulted in connection with any request by a Unit Owner for approval of such work. The Board of Managers may require, as a condition to consenting to the proposed addition, alteration or improvement that the Unit Owner enter into an agreement with the Condominium setting forth the terms and condition of the proposed addition or improvements, including, but not limited to, the days and hours during which work will be performed. The provisions of this Section 11 which requires the consent of the Board of Managers in connection with a structural addition, alteration or improvement shall not apply to Units owned by the Sponsor or its designee. All other provisions of this Section 11 shall apply to all Units. Non-structural alterations and improvements to Units that do not affect the exterior of the Buildings may be made without the prior approval of the Board of Managers.

Section 12. 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 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 for normal transit through them. The Sponsor and any Sponsor-Designee shall have the right to use of the Common Elements, without charge, for the purpose set forth in this By-Law.

Section 13. Right of Access:

A Unit Owner shall grant a right of access to his Unit, to the Manager and/or any other person authorized by the Board of Managers, the Manager or the Managing Agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Building in which the Unit is located, 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 13, any costs for repairs shall be borne in accordance with the provisions of Section 11 of this Article VI. Each Unit Owner will be required to give a copy of his/her keys to his/her Unit to the President of the Board of Managers who shall designate an authorized person or persons to keep the keys and use them in case of an emergency.

Section 14. 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. A majority vote of Unit Owners at a meeting may overrule the Board. 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 and made a part hereof as Schedule A.

Section 15. Water Charges and Sewer Rents:

Water shall be supplied to all of the Units and the Common Elements through one or more building meters or pursuant to a frontage charge and, the Board of Managers shall pay, as a Common Expense except for the Commercial Unit, if any, which shall be separately metered and billed, all charges for water consumed on the Property and in the Units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. 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. The Commercial Unit or Units, if any, shall be entitled to a credit against Common Charges for the portion of such Common Charges allocable to water/sewer charges for residential Units.

## ARTICLE VII
## MORTGAGING AND SELLING/LEASING UNITS

Section 1. Notice to Board of Managers:

A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of his mortgagee and shall file a confirmed 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".

Section 2. Notice of Unpaid Common Charges:

The Board of Managers, shall promptly notify any mortgagee of a Unit, 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, as the same are amended from time to time, 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 holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

Section 4. Examination of Books:

Each Unit Owner and each mortgagee, prospective mortgagee, guarantor and insurer of a mortgage of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times on business days.

Section 5. General selling requirements:

(a) No Unit Owner may sell or lease his Unit except in compliance with the applicable provisions of this Article. Any purported sale or lease consummated in default of the applicable terms hereof shall be voidable at the sole election of the Condominium Board, and, if the Condominium Board shall so elect, the selling or leasing Unit Owner shall be deemed to have authorized and empowered the Condominium Board to institute legal proceedings to eject the purported purchaser (in the event at an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of the said Unit Owner as the owner, or landlord, as the case may be. The said Unit Owner shall reimburse the Condominium Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorney's fees, disbursements and court costs.

(b) Any deed of a Unit and its Appurtenant Interests to an outside Offeror shall expressly provide that the acceptance thereof by the grantee shall constitute an assumption of all of the terms of the Condominium Documents, and, in the absence of such express language, the same shall be conclusively deemed to have been included therein.

(c) Any lease of a Unit to an Outside Offeror shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc. subject to such modifications as may be approved in writing by the Condominium Board. Notwithstanding the foregoing, however, each such lease shall be consistent with the Condominium Documents and shall expressly provide that:

(i) such lease shall be for a term of not less than six months and shall not be for less than an entire Unit.

(ii) such lease may not be amended, modified, or extended without the prior written consent of the Condominium Board in each instance;

(iii) the tenant thereunder shall not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board in each instance; and

(iv) the Condominium Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the place of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

(d) No Unit Owner shall execute any deed or other instrument conveying title to his or her Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, conveyed, or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance, or other disposition of such part of the Appurtenant Interests of all Units. Nothing contained in this Section however, shall prohibit the lease of any Unit without the simultaneous lease of its Appurtenant Interests.

(e) No Unit Owner shall he permitted to convey or lease his Unit unless he shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit provided that if a Unit Owner shall convey his Unit without having paid in full all such payments, the purchaser of such Unit shall be responsible for all such payments.

(f) At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his or her title insurance company (or, if no such representative is present, to Sponsor or its designee, or, if Sponsor or its designee is not then the owner of any Unsold Unit, to the Condominium Board) for recording in the Register's Office, the Unit Owner's Power of Attorney required in Article 13 of the Declaration, in the form set forth as on Exhibit to the Declaration and the new Unit Owner shall bear the cost of recording the Unit Owner's Power of Attorney.

(g) Any Unit Owner shall be free to devise his Unit together with its Appurtenant Interests by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and his or her Unit shall be subject to, the provisions of this Article.

## ARTICLE VIII
## CONDEMNATION AND TERMINATION

Section 1. Condemnation:

In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such award amounts to $250,000.00 or less, and to the Insurance Trustee if such award amounts to more than $250,000.00. If seventy-five (75%) percent or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) percent or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage pursuant to these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking. Holders of mortgages shall be entitled to timely notice of any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which there is a mortgage held, insured or guaranteed by such holder. Restoration or repair of the Common Elements shall be in substantial accordance with the original plans and specifications without the approval of seventy-five (75%) percent or more of the Unit Owners and First Mortgagees, if any, of each of the same Units. No reallocation of interest in the common elements as a result of condemnation or partial destruction of the Condominium shall be effected without the approval of seventy-five (75%) percent or more of the Unit Owners and First Mortgagees, if any, of each of the same Units.

Section 2. Termination:

The Condominium may be terminated by the casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less that eighty (80%) percent in number and in Common Interest of the Units. Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least eighty (80%) percent in number and in Common Interest of all other Unit Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests. However, no payment shall be made to a Unit Owner until all liens to which his/her Unit are subject are paid off.

**ARTICLE IX**
**ARBITRATION**

Section 1. Procedure:

Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York, in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in New York City, New York before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York. The arbitrator will be an independent third party unrelated to either party. By signing the Purchase of Sale, Purchaser waives any right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

Section 2. Variation by Agreement:

The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York City Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes."

Section 3. Binding Effect:

The decision in any arbitration conducted pursuant to the terms of Section 1 and 2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

Section 4. Cost and Expenses:

The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his counsel and expert witnesses. All costs and expenses paid or incurred by Condominium Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

## ARTICLE X
## CONFLICT

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 of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

## ARTICLE XI
## AMENDMENTS TO THE BY-LAWS

Section 1. Amendment to By-Laws:

These By-Laws may be modified or amended by the vote of two-thirds (as that number is defined in these By-Laws) in Common Interests of all Unit Owners at a meeting of Unit Owners duly held for such purpose. For as long as there are of one or more Unsold Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be altered, amended, repealed or added to without the consent of the Holder(s) of Unsold Residential Units and the Sponsor.

## ARTICLE XII
## SMOKING POLICIES

Section 1. Smoking Policies Pursuant to New York City Local Law 147:

The Condominium's smoking policy is attached hereto as Schedule B. Pursuant to New York City Local Law 147, which was implemented on August 28, 2018, the owner(s) of each building in New York City with three or more residential dwelling units must establish a written smoking policy for the building. Smoking is prohibited in the interior general common elements, the outdoor common elements, the outdoor limited common elements and inside of the residential units. In the context of condominiums or cooperatives, Local Law 147 defines "owner" as the board of managers or board of directors, respectively.

## ARTICLE XIII
## MISCELLANEOUS

Section 1. Invalidity:

The invalidity of any part of the By-Laws shall not impair or affect in any manner the valid enforceability or effect of the balance of these By-Laws.

Section 2. Captions:

The captions herein are inserted only by matter of convenience and or reference, and in no way define, limit, or describe the scope of these By-Laws, or the intent of any provision therein.

Section 3. Gender:

The use of the masculine gender in the By-Laws shall be deemed to include the feminine gender and the use of singular shall be deemed to include the plural, whenever the context requires.

Section 4. Waiver:

No restriction, condition, obligation or provision contained in these By-Laws, shall be deemed to have 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 selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers. In the event the Insurance Trustee shall resign, the new insurance Trustee shall also be a bank, trust company, or savings and loan association in the State of New York, designated by the Board of Managers. The Board of Managers shall pay fees any disbursements of any Insurance Trustee, and such fees or disbursements shall constitute a Common Expense of the Condominium.

Section 6. Documents on File

The Board of Managers shall make available to Unit Owners, lenders, insurers of mortgages and any other agency or entity which has an interest or prospective interest in the Condominium the following: Audited financial statement from preceding year, current copies of the declaration, By-Laws, and such other books, rules, financial statements and records of the Condominium.

Section 7. Annual Financial Report

Pursuant to Article VII Section 7 of the By Laws of the Condominium, an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Board of Managers to all Unit Owners within four months after the end of each fiscal year of the Condominium

Section 8. Notice to Mortgagees

Mortgagees and guarantors of mortgagees of units in the Condominium shall be entitle to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage and (b) any proposed action that requires the consent of a specified percentage of mortgagees (c) any proposed change to the Condominium documents (d) any proposed termination of the Condominium (e) any lapse, cancellation or material modification

of any insurance policy maintained by the association.

## SCHEDULE A

## Rules and Regulations
## Addendum to the By-Laws
## of the
## THE 122 PALMETTO STREET CONDOMINIUM

**Rules and Regulations**

1) The units shall be used for residences only, except that the commercial unit, if any shall only be used for commercial uses as permitted pursuant to the New York City Zoning Resolution.

2) No industry, business, trade, occupation or professional of any kind, Commercial, educational of otherwise, designed for profit, altruism, or otherwise shall be conducted, maintained or permitted on any part of the Residential Units.

3) "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising are prohibited to be installed, 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. Notwithstanding the above, the right is reserved by the Sponsor or Sponsor-affiliate or the Board of Managers, or their agent, to place, "For Sale", "For Rent" or "For Lease" signs on any unsold or unoccupied units. Commercial Unit Owners are permitted to install signage in their windows and on the exterior of the building outside of their unit upon approval by Sponsor while Sponsor is in control of the Board of Managers.

4) Nothing shall be done or kept in any unit or the common elements or limited common elements which will increase the rate of insurance of any of the building, or contents thereof, without prior written consent of the Board of Managers. No Unit Owner shall permit anything to be done or kept in his unit in the common elements or limited common elements which will result in the cancellation of insurance on any of the building, or contents thereof, or which would be in violation of any law. No Unit Owner or occupant or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his unit, any limited common element appurtenant thereto, or vestibule, any flammable, combustible or explosive fluid, material, chemical or substance (except gasoline in automobile tanks). No waste shall be committed in the common elements or limited common elements.

5) No public hall or public vestibule of the Building shall be decorated or furnished by any Unit Owner in any manner.

6) All radio, television or other electrical equipment of any kind or nature installed or used in each unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction thereof, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such unit. No such installation shall interfere with reception of the Master T.V. antenna.

7) Nothing shall be done in any unit or in, on or to the common elements or limited common elements which will impair the structural integrity of the building or which would structurally change the building.

8) Nothing shall be altered or constructed in or removed from the common elements or limited common elements, except upon the written consent of the Board of Managers.

9) No animals, birds, or reptiles of any kind shall be raised, bred, or kept in any unit or in the common elements or limited common elements, except that dogs, cats or other household pets may be kept in units, subject to the rules and regulations adopted by the Board of Managers, provided, that they are not kept, bred or maintained for any Commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the property subject to these restrictions upon three (3) days written notice from the Board of Managers. In no event shall any dog be permitted in any portion of the common elements unless carried or on a leash, or in any grass or garden plot under any circumstances.

10) No noxious or offensive activity shall be carried on in any unit or in the common elements or limited common elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance to the other Unit Owners or occupants.

11) There shall be no obstruction of the common elements or limited common elements nor shall anything be stored in the common elements or limited common elements without prior written consent to the Board of Managers except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair his own unit and limited common elements to which such Unit Owner has exclusive use in accordance with the provisions of the By-Laws.

12) Except in recreational or other areas designated as such by the Board of Managers or in the Declaration, there shall be no playing, lounging, or parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs, on any part of the common elements (except that limited common elements may be used for the intended purposes). Storage by owners in areas designated by the Board of Managers or in the Declaration shall be at their own risk.

13) No clothes, sheets, blankets, laundry or other articles of any kind shall be hung out of a unit or exposed on any part of the common elements or limited common elements. The common elements and limited common elements shall be kept free and clear of rubbish, debris and other unsightly materials, nor shall any rugs or mops be shaken or hung from or on any of the windows, doors railings, or vestibules, nor shall a Unit Owner sweep or throw or permit to be swept or thrown therefrom any dirt or other substance.

14) Each Unit Owner shall keep his unit or limited common elements to which such Unit Owner has exclusive use in a good state of preservation and cleanliness and each Unit Owner shall be obligated to maintain and keep in good order and repair his own unit and limited common elements to which such Unit Owner has exclusive use in accordance with the provisions of the By-Laws.

15) The sidewalks, entrances, passages, courts, lobby and stairways of the building shall not be obstructed or used for any other purpose than ingress to and egress, from the units.

16) Unless express written consent to the contrary is given by the Board of Managers as to the particular unit in question, fifty percent (50%) of the floor area of each unit (with the exception of baths, kitchens, closets and foyers) shall always be covered with carpet, rugs or material equally efficient for noise reduction.

17) Each Unit Owner shall be responsible for the cleaning and repair of all windows and window panes forming a part of the respective owner's unit.

18) The agents of the Board of Managers or the Managing Agent, and any contractor or workman authorized by the Board of Managers or the Managing Agent, may enter any room or unit in the building at any reasonable hour of the day 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.

19) The Board of Managers, or its designated agent, may retain a pass key to the unit. No Unit Owner shall alter any lock or install a new lock or a knocker on any door of the units and storage areas without the written consent of the Board of Managers. In case such consent is given, the Unit Owner shall provide the Board of Managers, or its agent, with an additional key pursuant to its right of access to such premises. If entry is required in an emergency and the key has not been furnished to management as required by these Rules, the Managing Agent (with authorization from an officer of the Board) may forcibly enter the Unit without liability for damages or trespass, provided that reasonable care is exercised.

20) No window guards, window shades or window decorations shall be used in or about any Unit, unless otherwise required by law, except such as shall have been approved in writing by the Board or Managing Agent. Each Unit Owner must notify the Managing Agent, or the Board of Managers if there is no Managing Agent, when a child or children ages ten (10) years and under lives or resides, permanently or temporarily in the Unit. Each Unit Owner must install at the Unit Owner's sole cost and expense the required window guards in all windows of the Unit. The Unit Owner must maintain all window guards installed in the Unit and shall not remove same until permitted by applicable law and in any event, without the written consent of the Managing Agent or the Board of Managers.

21) No window frames or mullions may be removed, altered or replaced without the written consent of the Board.

22) No heat, ventilator, fan or air conditioning device or shall be installed in any Unit without the prior written approval of the Board of Managers, which approval may be granted or refused in the sole discretion of the Board of Managers.

23) If any key or keys are entrusted by a Unit Owner or occupant or by his agent, servant, employee, licensee or visitor to an employee of the Board of Managers, whether for such unit or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit

Owner or occupant, and the Board of Managers shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

24) Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board of Managers.

25) No Unit Owner or any visitor, guest, employee or any client or a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas of the building without the express permission of the Board of Managers.

26) All damage to the building or the common elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

27) Sinks and Toilets shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags, grease or any other article or substance be thrown into the same. Any damage resulting from misuse of any toilet or sink in a Unit shall be repaired and paid for by the owner of such Unit causing the damage.

28) In order to retain the structural integrity and aesthetic appearance of the building, no additional window or through-the-wall air-conditioning appliances may be installed in any unit and no radio, television aerial or awning shall be attached to or hung from the exterior of the building by the Unit Owner without consent of the Board and otherwise in accordance with applicable laws and rules.

29) Painting of doors to the individual residential units or any portion of the property outside of the Unit is prohibited.

30) Corridor and entrance doors to the building are to be kept locked at all times, except when in actual use for ingress or egress.

31) Complaints regarding the services of the building shall be in writing to the Board of Managers or the Managing Agent.

32) No tag sales, tours or exhibition of any Unit or its contents may be conducted without the prior written consent of the Board of Managers.

33) Repairs, alterations or improvement may only be made to a Unit on weekdays, excluding Saturday and Sunday, between the hours of 9:00 am. and 5:00 p.m., unless the Board of Managers grants written permission to perform the work at other times.

34) No Unit Owner shall make or permit any disturbing noises or activity in the building, to do or permit anything to be done therein, which will interfere with the rights, comfort or convenience of other Unit Owners or the tenants or occupants of the building. No Unit Owner shall play or suffer to be played any musical instrument, or practice or suffer to be practiced vocal music, or operate or permit to be operated a radio, stereo, cd player, DVD player, television, computer, iPod or other loud speaker in such Unit Owner's Unit between 10:00 p.m. and the following 7:00 a.m.,

if the same shall disturb or annoy any other occupants of the building, unless the same shall have the prior written consent of the Board of Managers.

35) A Unit Owner may not permit a guest to use or occupy the Unit in the absence of the Unit Owner without the express written consent of the Board of Managers.

36) No barbeques or permanently affixed chairs or furniture are permitted on any portion of the building or land, without the express written consent of the Board of Managers.

37) Except as set forth in the offering plan, no persons are permitted on the roof without express written permission from the Board of Managers.

38) Plantings on any balcony shall be contained in boxes of wood, lined with metal or other materials impervious to dampness and standing on supports at least two inches from the terrace surface, and, if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such roof terrace or balcony but shall stand on supports at least two inches above the surface. It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating conditions. Such Unit Owners shall pay the cost of any repairs or replacements rendered necessary, or damages caused, by such plantings.

39) No person who is registered or is required to be registered under the New York Sex Offender Registration Act, New York Correction Law '168, et. seq. is permitted to reside or stay overnight in the Condominium as an Owner, Tenant, Sub-tenant or guest, etc. under any circumstances.

40) No Unit Owner shall permit any safes or other heavy objects to be installed or placed in his or her Unit which exceeds the applicable weight load specifications for the floors of the Unit. No waterbeds shall be installed in any Unit unless it shall be established to the Board's satisfaction that the waterbed does not exceed applicable floor load specifications and does not create an undue risk of water spillage and, in any event, unless the Unit owner shall obtain the prior written approval of the Board of Managers.

41) In the event that the Condominium Board erects a sidewalk bridge or other scaffolding at the Building, the Board of Managers shall give due regard to the use of Unit Owners at the time in question and shall use best efforts to (I) minimize any disruption to the use of Units or their tenants and (ii) not restrict ingress or egress through the exterior doorways to the Units. In furtherance thereof, the Board of Managers agrees to consult with the Residential Unit Owners and the Commercial Unit Owners, if any, prior to the installation of such sidewalk bridge or other scaffolding and to permit any Commercial Unit Owner whose signage will be blocked by the sidewalk bridge or scaffolding, if any, to install, at its own cost and expense, appropriate signs upon the sidewalk bridge and scaffolding which signs are to be approved by the Board of Managers

which approval shall not be unreasonably withheld. Any signs are to be installed by an insured installer and Unit Owner installing signs must provide liability insurance naming the Board of Managers and the Condominium as additional insured, prior to the installation of any signage. Any sidewalk bridge or other scaffolding installed shall be a "two-story" structure with adequate lighting.

42) Smoking is prohibited in the interior general common elements, the outdoor common elements, the outdoor limited common elements and inside of the residential units.

43) These Rules and Regulations may be altered or amended by vote of the Board of Managers, as set forth in the By-Laws.

## SCHEDULE B – POLICY ON SMOKING FOR RESIDENTIAL BUILDING

Building/Property Address: 122 Palmetto Street, Brooklyn, New York

There is no safe amount of exposure to secondhand smoke. Adults exposed to secondhand smoke have higher risks of stroke, heart disease and lung cancer. Children exposed to secondhand smoke have higher risks of asthma attacks, respiratory illnesses, middle ear disease and sudden infant death syndrome (SIDS). For these reasons, and to help people make informed decisions on where to live, New York City requires residential building owners (referred to in this policy as the "Owner/Manager," which includes the owner of record, seller, manager, landlord, any agent thereof or governing body) in buildings with three or more residential units to create a policy on smoking and share it with all tenants. The building policy on smoking applies to any person on the property, including guests.

**Definitions**

a. **Smoking:** inhaling, exhaling, burning or carrying any lighted or heated cigar, cigarette, little cigar, pipe, water pipe or hookah, herbal cigarette, non-tobacco smoking product (e.g., marijuana or non-tobacco shisha), or any similar form of lighted object or device designed for people to use to inhale smoke

b. **Electronic Cigarette (e-cigarette):** a battery-operated device that heats a liquid, gel, herb or other substance and produces vapor for people to inhale

**Smoke-Free Air Act**

New York City law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to, lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code, § 17-505.

**Policy on Smoking**

Smoking is not allowed in the locations checked below (check all boxes that apply). *Even if no boxes are checked, the Smoke-Free Air Act bans smoking tobacco or non-tobacco products, and using e-cigarettes in indoor common areas.*

☒ Inside of residential units

☒ Outside of areas that are part of residential units, including balconies, patios and porches that are designated as Limited Common Areas

☒ Outdoor common areas, including play areas, rooftops, pool areas, parking areas, and shared balconies, courtyards, patios, porches or yards

☐ Outdoors within 15 feet of entrances, exits, windows, and air intake units on property grounds

☒ Other areas/exceptions: INTERIOR GENERAL COMMON AREAS

**Complaint Procedure**

Complaints about smoke drifting into a residential unit or common area should be made promptly to the Owner/Manager listed here: Board of Managers of the Condominium. Complaints should be made in writing and should be as specific as possible, including the date, approximate time, location where smoke was observed, building address, description of incident and apparent source of smoke.

**Acknowledgment and Signatures:**

I have read the policy on smoking described above, and I understand the policy applies to the property. I agree to comply with the policy described above.

Unit Owner:

_____

# *The 122 Palmetto Street Condominium*
# INTERIM LEASE

Landlord and Tenant agree to lease the Premises at the rent and for the term stated:

| | |
|---|---|
| **PREMISES:** _____ | **UNIT:** _____ |
| **LANDLORD:** _____ | **TENANT:** _____ |
| _____ | _____ |
| Date of Lease: _____ | Annual Rent: $ _____ |
| Lease Term: _____ | Monthly Rent: $ _____ |
| Commencement Date: _____ | Security Deposit: $ _____ |
| Termination Date: _____ | |

**1. Use and Occupancy**

The Unit may only be used strictly for residential purposes and may only be occupied by Tenant and Tenant's spouse and children.

**2. Inability to Give Possession**

The failure of Landlord to give Tenant possession of the Unit on the Commencement Date shall not create liability for Landlord. In the event that possession of the Unit is not delivered on the Commencement Date, Monthly Rent hereunder shall begin on the date that possession of the Unit is delivered to Tenant and shall be prorated for that portion of the month in which possession is delivered.

**3. Rent**

Tenant shall pay Monthly Rent in full on the first day of each month of the Lease. Monthly Rent shall be paid in advance with no notice being required from Landlord. Tenant shall not deduct any sums from the Monthly Rent unless Landlord consents thereto in writing.

Upon signing this Lease, Tenant shall pay Landlord the first Monthly Rent due and the Security Deposit. The entire amount of rent due for the Lease Term is due upon signing this Lease; however, Landlord consents to the Tenant paying same in monthly installments provided there exists no defaults by Tenant under the terms of this Lease.

Additional Rent may include, but is not limited to any additional insurance premiums and/or expenses paid by Landlord which are chargeable to Tenant as stated hereinafter. Additional Rent is due and payable with the Monthly Rent for the next month after Tenant receives notice form Landlord that Additional Rent is due and payable.

**4. Condition of Unit**

Tenant acknowledges that Tenant is accepting the Unit in its **"as is"** condition. Tenant further acknowledges that Tenant has thoroughly inspected the Unit and has found the Unit to be in good order and repair and that the appliances, if any, are in good operating condition. Tenant further states that Tenant knows how to operate the appliances and shall do so in accordance with the manufacturer's instructions.

**5. Security**

The Security Deposit is due upon the Tenant signing this Lease. The Security Deposit shall not be used for the payment of Monthly Rent unless agreed to, in writing, by Landlord and Tenant. Landlord shall deposit the Security Deposit in a bank insured by the FDIC and same will accrue interest if mandated by law. Within ten (10) days after Tenant surrenders possession of the Unit at the expiration of the Lease Term, Landlord shall return the Security Deposit, less any cost of repairs as authorized by this Lease, to Tenant at an address Tenant provides.

**6. Services and Utilities**

Tenant is responsible for paying all electric, gas, water, telephone and any other utilities allocated to the Unit. Use of a dishwasher, clothes washer and dryer machines, freezer, air purifier, portable heater, air conditioner or similar appliances is prohibited without Landlord's written consent.

Landlord will supply (a) heat, in such quantity and for such time as mandated by law, (b) hot and cold water, (c) air conditioning, if already existing in the Unit, (d) garbage removal from the Premises (the "Services"). If the Services are temporarily interrupted due to an accident, emergency and/or repairs, Tenant's obligation to pay rent, in full, shall not be affected thereby.

Landlord will also supply a refrigerator, stove/oven, dishwasher, window air conditioning unit, clothes washer and clothes dryer (the "Appliances"). Any damage to the Appliances which is caused by the willful and/or negligent acts of Tenant may be repaired by Landlord, the cost of which shall be Additional Rent.

**7. Furnishings**

The Unit is being delivered (furnished) (unfurnished). If furnished, Landlord has given an inventory of the furnishings which inventory has been signed by Tenant and Landlord. Tenant acknowledges that said furnishings are in good condition and Tenant accepts same in **"as is"** condition.

**8. Repairs and Alterations**

Tenant shall maintain all appliances, equipment, furniture, furnishings and other personal property included under this Lease and, upon the surrender of the Unit on the Termination Date, Tenant shall surrender same to Landlord in the same condition as received, reasonable wear and tear excepted. Tenant shall make all repairs which become necessary due to Tenant's acts and/or negligence. If Tenant does not make such repairs, Landlord may do so, the cost of which shall be Additional Rent. In the event that Tenant defaults under the terms of this Paragraph 9, Landlord may make necessary repairs or replacement, the cost of which shall be deducted from the Security Deposit.

Tenant shall not make any alterations, additions, modifications and/or changes to the Unit during the Lease Term.

**9. Maintenance of Unit**

Tenant shall maintain the Unit in a neat, clean and presentable condition.

**10. Pets**

Pets of any kind or nature (shall) (shall not) be allowed in the Unit.

**11. Damage, Fire or Other Catastrophe**

In the case of fire damage or other damage to the Unit not caused by Tenant, Tenant shall give Landlord immediate notice of same. Upon receipt of such notice, Landlord may either (a) repair the Unit or (b) terminate the Lease. If Landlord makes repairs to the Unit, Landlord shall have a reasonable time in which to do so. If the damage to the Premises or the Unit renders the Unit uninhabitable, Landlord shall give notice to Tenant, after repairs are made, of the date on which the Unit may be reoccupied. Monthly Rent for the period that Tenant can not occupy the Unit because of the damage shall be forgiven.

In the event that Landlord terminates this Lease because of the damage, Landlord shall give Tenant three (3) days' notice of Landlord's intent to so terminate, in which event, Monthly Rent shall be due for the period up to the date the Premises or the Unit incurred the damage.

Notwithstanding the provisions of Section 227 of the New York Real Property Law, if the building in which the Unit is situated is substantially damaged by fire or other catastrophe (the "Occurrence"), Landlord has the absolute right to demolish, renovate or rebuild the Premises. Landlord may cancel this Lease, in such event, upon thirty (30) days written notice to Tenant of Landlord's intent, which notice shall include the date on which the Lease terminates, which shall, in no event, be less than thirty (30) days from the date of said notice. By canceling this Lease in accordance with the terms of this Paragraph, Landlord is not obligated to repair, renovate or rebuild the Premises. Monthly Rent and Additional Rent shall be paid by Tenant up to the date of the Occurrence.

**12. Liability**

Landlord shall not be liable for any loss, damage or expense to any person or property except if such loss is caused by the willful acts of Landlord.

Tenant shall be liable for the acts of Tenant, Tenant's family, guests and/or invitees. Landlord's cost and expense in repairing any such damage or from any claim resulting from such acts shall be billed as Additional Rent and shall be paid by Tenant to Landlord.

**13. Landlord's Entry**

Except in an emergency, for the purposes of repair, inspection, extermination, installation or repair of any system, utility or appliance or to do any work deemed necessary by Landlord, Landlord may enter the Unit on reasonable notice and at reasonable times. Upon giving such notice, Landlord may also enter the Unit to show the Unit to prospective purchasers, lenders or other persons deemed appropriate and necessary by Landlord. During the last three (3) months of the Term of this Lease, Landlord may enter the Unit to show the Unit to prospective tenants.

**14. Assigning or Subletting**

This Lease may not be assigned by Tenant nor shall Tenant sublet the Unit.

**15. Subordination**

This Lease and Tenant's rights hereunder are subject and subordinate to all existing and future leases for the land on which the Premises stand, to all mortgages on said leases and/or the Premises and/or the land and all renewals, modifications and extensions thereof. Upon request by Landlord, Tenant shall execute any certificate to this effect.

**16. Landlord's Consent**

If, under the terms of this Lease, the consent of Landlord is required, such consent shall not be unreasonably withheld.

**17. Keys, Locks**

Tenant shall give Landlord keys to all locks for the Unit. Tenant shall not change any locks or add any locks to the Unit without obtaining Landlord's consent, and if given, Tenant shall provide keys to Landlord for these locks.

**18. Signs**

Tenant shall not place any signs on the Premises or upon the grounds on which the Premises stand or in the Unit so as to be seen from outside the Unit.

Landlord shall have the right to place or cause to be placed on the Premises and/or upon the grounds on which the Premises stand or in or on the Unit, "For Rent" and/or "For Sale" signs.

**19. Compliance with Authorities**

Tenant shall, at its own cost and expense, comply promptly with all laws, rules, ordinances and directions of governmental and/or municipal authorities, insurance carriers and/or homeowners' associations.

**20. Tenant's Defaults, Landlord's Remedies**

A. Landlord must give Tenant notice of default (except for a default in the payment of Monthly Rent and/or Additional Rent) and Tenant, upon receipt of such notice must cure the default within the time stated hereinafter:

1. a default under Paragraphs 8, 9, 10, 11, 12, 14, 17 or 21 of this Lease, ten (10) days;
2. a default under Paragraph 30 of this Lease, thirty (30) days.

B. In the event that Tenant fails to cure a default within the time stated therefore, Landlord may terminate this Lease. In such event, Landlord shall give Tenant notice stating the date upon which this Lease shall terminate, such date being not less than three (3) days after the date of such notice at which time this Lease shall then terminate. Tenant shall be responsible for Monthly Rent and Additional Rent as set forth in this Lease up to the date of termination.

C. If this Lease is terminated or Tenant vacates the Unit prior to the Termination Date, Landlord may enter the Unit and remove Tenant and any person or property and/or commence summary proceedings for eviction. The aforesaid actions are not the sole remedies of Landlord.

D. If this Lease is cancelled or Landlord takes back the Unit

1. Monthly Rent and Additional Rent for the unexpired portion of the Term immediately becomes due and payable. In addition, any cost or repair expended by Landlord shall be the obligation of Tenant and shall be deemed Additional Rent.
2. Landlord may re-rent the Unit and anything in it for any term and at any rental and any cost in connection therewith shall be borne by Tenant which may include, but is not limited to the cost of repairs, decorations, preparation for renting, broker's fees, advertising costs and attorney's fees. Any rent recovered by Landlord for the re-renting of the Unit shall reduce the amount of money that Tenant owes to Landlord.

**21. Landlord's Rules**

Tenant shall comply with these rules (the "Rules") at all times. If there is a change in the rules, Landlord will give Tenant notice of same. Landlord shall not be liable to Tenant for another Tenant's violation of the Rules. The rights afforded under the following Rules are for the sole benefit of Landlord:

(a) the quiet enjoyment of other tenants shall not be interfered with;

(b) sounds, odors and lights which are annoying to other tenants are not allowed;

(c) floors within the Unit must be covered over 70% of the area of each room except for the bathroom and kitchen;

(d) all posted rules must be followed;

(e) Smoking is prohibited in the interior general common elements, outdoor general common elements, outdoor limited common elements and inside of the residential units.

(f) All flammable or dangerous items may not be kept or stored in the Unit;

(g) no one is allowed access to or the enjoyment of the roof;

(h) nothing shall be placed on or attached to the fire escapes, windows, doors or in the hallways or common areas;

(i) elevators, if any, are to be used by tenants and their guests only. Bicycles are not allowed in the elevators. Tenants and their guests are not to leave any garbage, trash and/or debris in the elevators;

(j) moving of furniture in and out of the Unit must be scheduled with the Landlord;

(k) all deliveries must be made by means of the service entrance, if any;

(l) laundry machines, if provided, may be used at tenants' risk and cost, may only be used at reasonable hours and all instructions for their use must be strictly followed;

(m) cleaning of the exterior of the windows from the outside is strictly forbidden;

(n) if parking is provided, improperly parked vehicles may be immediately removed at tenant's cost;

(o) tenant may not leave any baby carriages/strollers, bicycles, boxes, cartons and/or any items in hallways;
(p) tenant shall use its best efforts to conserve energy and water;
(q) hot plates or means of cooking other than the stove are not permitted.

**22. Warranty of Habitability**

Landlord warrants that the Unit and Premises are suitable for living and that they are free from any condition that is dangerous to health, life and/or safety.

**23. Limitation of Recovery**

Should Tenant obtain a judgment or other remedy from a court of competent jurisdiction for the payment of money by Landlord, Tenant is limited to the Landlord's interest in the Premises for the collection of same.

**24. Construction and Demolition**

Construction and/or demolition may be done in or near the Premises and if same interferes with the ventilation, view and/or enjoyment of the Unit, Tenant's obligations under this Lease shall, in no way, be affected.

**25. Demolition of Premises**

Should Landlord deem it necessary to demolish the Premises, Landlord may terminate this Lease upon six (6) months written notice to Tenant provided such notice is given to all other tenants in the Premises. In such event, Tenant shall surrender the Unit to Landlord upon such date as set forth in the notice.

**26. Terraces and Balconies**

If there is a terrace or balcony as an adjunct to the Unit, such terrace or balcony is subject to the terms of this Lease.

Tenant shall keep the terrace or balcony clean, clear of snow, ice, garbage and other debris. No alteration or additions may be made to the terrace or balcony. Tenant's property may not be stored on the terrace or balcony. Cooking on the terrace or balcony is prohibited.

Tenant shall maintain the terrace or balcony in good condition and make all repairs at Tenant's cost, except those of a structural nature which is the responsibility of Landlord.

**27. Common Recreational Areas**

If applicable, Landlord may give Tenant use of any playground, pool, parking or other areas, the use of which will be at Tenant's own risk and Tenant shall pay any charge imposed by Landlord for such use. Landlord's permission to use these areas may be revoked at any time.

**28. Landlord's Employees**

The employees of Landlord shall not perform any work for Tenant at Tenant's request. Such employees may not do any personal chores of Tenant.

**29. Condemnation**

If any or part of the Premises is taken or condemned by any governmental authority, Landlord may cancel this Lease on notice to Tenant and Tenant's rights hereunder shall end as of the date the authority takes title to the Premises which cancellation date cannot be less than thirty (30) days from the date of Landlord's notice. Tenant shall be liable for Monthly Rent and Additional Rent to the date of cancellation and shall make no claim for the unexpired term of the Lease. Any award for the condemnation is the property of Landlord and Tenant assigns to Landlord any and all rights, interest and/or claim in and to such award.

**30. Bankruptcy**

Should Tenant file a voluntary petition in bankruptcy or an involuntary petition is filed against Tenant, or should Tenant assign any property for the benefit of creditors or should a trustee/receiver be appointed of Tenant and/or Tenant's property, Landlord can cancel this Lease upon thirty (30) days written notice to Tenant.

**31. Notices**

Any notice to be given under this Lease shall be in writing addressed to the party at the addresses set forth herein by certified mail or overnight courier service. Notice by Landlord to one named Tenant shall be deemed given to all Tenants and occupants of the Unit. Each party hereto shall accept notices sent by the other. Any change of address by one party must be given, by notice, to the other. Notice shall be deemed given when posted or delivered to the overnight courier service.

**32. Waiver of Jury Trial, Set-Off or Counterclaim**

The parties hereto waive trial by jury in all matters except for personal injury or property damage claims. In a summary proceeding for eviction, Tenant waives Tenant's right to any set-off and/or counterclaim.

**33. Broker**

Tenant states that _____ is the sole Broker who showed the Unit to Tenant. Tenant shall hold harmless and indemnify Landlord for any monies expended by Landlord should Tenant's statement herein be untrue.

**34. Inability of Landlord to Perform**

If Landlord is unable to perform any of its obligations to be performed hereunder due to governmental orders, labor strife or inability to secure goods or materials, through no fault on the part of Landlord, this Lease shall not be terminated or cancelled and such inability shall not impact upon Tenant's obligations hereunder.

**35. Illegality**

Should any part of this Lease be deemed illegal, the remaining portions of this Lease shall not be affected thereby and shall remain in full force and effect.

**36. Non-Disturbance**

So long as Tenant pays the Monthly Rent and Additional Rent and there exists no defaults under any of the terms of this Lease, Tenant may peacefully occupy the Unit for the Lease Term.

**37. Non-Waiver**

Any failure by Landlord to insist upon Tenant's full compliance with the terms of this Lease and/or to enforce such terms shall not be deemed to be a waiver of Landlord's rights to insist upon or so enforce the terms of this Lease at a future date.

**38. Parties Bound**

This Lease is binding upon Landlord and Tenant and their respective assignees and/or successors in interest.

**39. Paragraph Headings**

Paragraph headings are for reference only.

**40. Effectiveness**

This Lease shall become effective as of the date when Landlord delivers a fully executed copy hereof to Tenant or Tenant's attorney.

**41. Entire Agreement**

Tenant states that Tenant has read this Lease and that it fully incorporates all understandings, representations and promises made to Tenant by Landlord and/or Landlord's agent and that this Lease supersedes all prior representations, agreements and promises, whether oral or written.

**42. Amendments**

This Lease may only be changed or amended in a writing signed by the parties hereto.

**43. Surrender of Premises**

On the Termination Date, Tenant shall deliver the Unit to Landlord vacant, in good condition and broom clean. Prior to such delivery, Tenant shall have vacated the Unit, removed Tenant's property, repaired all damages caused by Tenant and return the Unit in the same condition as received, reasonable wear and tear excepted.

**44. Pursuant to Pursuant to 13 NYCRR §20.3(n):**

a. Sponsor reserves the right to rent or lease vacant units to Purchasers and non-Purchasers at any time, both before and after the First Closing. Once a purchase agreement is executed for a vacant residential unit, that unit may only be leased to the Purchaser for that particular Unit pursuant to a lease (also referred to as "Interim Lease") on the terms set forth in this section of the Plan.

b. No rental protection laws are applicable to interim lessees. Specifically, Units subject to Interim Leases are not and will not be "rent controlled" or "Rent Stabilized" and will not be subject to the New York City Rent Law or the Emergency Tenant Protection Act of 1974, the New York City Rent Stabilization Law or the New York City Rent Stabilization Code, as such laws and regulations are currently in effect.

c. The rent payable under the Interim Lease shall be negotiated by the parties. The term of such Interim Lease shall expire at the earlier of (i) the date of the closing of title for the unit covered by such interim lease, (ii) the date fixed in the Interim Lease as the expiration of the term, or (iii) the date upon which the Interim Lease is terminated at the option of the Sponsor by reason of a default of 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.

d. An uncured default under the purchase agreement shall be deemed a default under the Interim Lease and an uncured default under the Interim Lease shall be considered a default under the purchase agreement and will permit Sponsor to cancel the purchase agreement in accordance with its terms. The Purchaser-tenant will be required to vacate the Unit occupied under the Interim Lease within thirty (30) days after notice is sent of Sponsor's intent to cancel the Purchase Agreement, provided that the Purchaser-tenant fails to cure any such default within the applicable grace period, if any, with TIME BEING OF THE ESSENCE. Before a default under the Interim Lease may be declared a default under the purchase agreement, either (i) the 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.

e. If the Purchaser-tenant should exercise any right to terminate or rescind the purchase agreement or Interim Lease, such termination or rescission will be contingent upon the Purchaser-tenant surrendering possession of the Unit and leaving same in broom clean condition and vacant within thirty (30) days after the election to terminate or rescind is made. All rent due must be paid through the date of the surrender of possession. The Purchaser-tenant shall be liable for any damage caused to the Unit and for any other liability under the purchase agreement and the Interim Lease.

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

45. In the event of any inconsistencies between this Lease and the Offering Plan for the 122 Palmetto Street Condominium ("Plan"), the terms of the Plan shall control.

This Lease has been entered into as of _____.

| LANDLORD | TENANT |
| --- | --- |
| _____ | _____ |

**CERTIFICATION OF SPONSOR AND PRINCIPAL**
**PURSUANT TO 13 NYCRR 20.4b**

April 10, 2023

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

Re.: Condominium Offering Plan
The 122 Palmetto Street Condominium
Premises: 122 Palmetto Street, Brooklyn, NY 11211

Dear Sir or Madame:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Office of the Attorney General in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where I/we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

I certify under penalty of perjury under the laws of the State of New York and the United States of America that the foregoing is true and correct. Executed on April 10, 2023.

122 Palmetto LLC, SPONSOR

By: Asher Alon, member

Asher Alon, individually

Shonit Alon, individually

Segev Alon, individually

Complete Condo Service Inc.
Licensed Real Estate Broker
610 Broadway
Brooklyn, N.Y. 11206
Tel. (718) 875-9100 Fax. (718) 228-7090

**4/4/2023**

## CERTIFICATION OF SPONSOR'S EXPERT ON ADEQUACY OF BUDGET PURSUANT TO SECTION 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

RE: 122 Palmetto Street, Brooklyn, New York

The sponsor of the condominium offering plan for the above captioned property retained me to review SCHEDULE B and SCHEDULE B-1 containing the projections of income and expenses for the first year of condominium operation. Our experience in the field includes being a licensed Real Estate Broker for over 4 years; and been involved in the management of approximately ten condominium buildings; and the sale of numerous condominium and rental properties. We are familiar with prices, practices, and procedures in the area of this condominium.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in part 20, insofar as they are applicable to SCHEDULE B and SCHEDULE B-1. We have reviewed the SCHEDULES and investigated the facts set forth in the SCHEDULES, and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in SCHEDULE B and SCHEDULE B-1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

1. Set forth in detail the projected income and expense for the first year of condominium operation;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;
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 we:
    a. Knew the truth;
    b. With reasonable effort, could have known the truth;
    c. Made no reasonable effort to ascertain the truth; or,
    d. Did not have the knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expense for the first year of condominium operation. This certification is made under the penalty of perjury for the benefit of all persons to whom this offering is made. We understand that violations are subject to civil and criminal penalties of the General and Business Law and Penal Law.

I certify under penalty of perjury under the laws of the State of New York and the United States of America that the foregoing is true and correct.

Executed on this 4th day of April ,2023.

SIMON NEUSTEIN
Licensed Real Estate Broker

**DEMERARA ENGINEERING, PLLC**
**37-24 24TH STREET, SUITE 231**
**LONG ISLAND CITY, NEW YORK 11101**
**1212.383.4897**

CERTIFICATION BY SPONSOR'S ENGINEER/ARCHITECT
PURSUANT TO SECTION 20 OF THE REGULATIONS
ISSUED PURSUANT TO GENERAL BUSINESS LAW,
ARTICLE 23-A, AS AMENDED

3/2/2023

Department of law
Of the State of New York
28 Liberty Street, 21st Floor
New York, New York 10005

Attn: Real Estate Financing Bureau
Re: 122 Palmetto Street
Town of Brooklyn

The sponsor of the offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction of the property (the report). We prepared the Building Plans dated 07/08/2021 and approved 07/14/2021. We prepared the report dated 3/2/2023, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.

I am a licensed architect in the state in which the property is located. I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made. I certify that the report:

i. Sets forth in narrative form, the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that the construction is in accordance with the plans and specifications I examined;
ii. In my professional opinion, affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the description and/or physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specification that I examined;
iii. Does not omit any material fact;
iv. Does not contain any untrue statement of the material fact;
v. Does not contain any fraud, deception, concealment, or suppression;
vi. Does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
vii. Does not contain any representation or statement which is false, where I (a) Knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

I further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor, and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

I certify under penalty of perjury under the laws of the State of New York and the United States of America that the foregoing is true and correct.

Executed on this 3rd day of March, 2023.

Oscar Walters, Jr., P.E.

RE TAX SERVICE
The Real Estate Tax Experts

670 Myrtle Avenue PMB 260
Brooklyn, NY 11205
Tel: 718-222-3500
Fax: 718-222-3535
E-Mail: info@retaxservice.com
www.retaxservice.com

July 6, 2022

Reference: 0 Woodbine Street AKA 122 Palmetto Street
Brooklyn, NY 11221
Block 3350 Lot 141

To Whom This May Concern,

Pursuant to your request, RE Tax Service, LLC a tax Certiorari firm was retained to perform an analysis, in reference to your real estate tax matters for the above captioned property.

The Subject Project is located at 0 Woodbine Street AKA 122 Palmetto Street, Brooklyn, NY 11221. The anticipated project will contain 8 residential condo units, total SF will be 11,223 SF. Therefore, the tax class will be changed from tax class 1 to tax class 2C.

Currently, the 2022/23 Final Assessed Value for the subject property is $1,547. Based on comps in the subject area, the value of the building upon completion of construction will increase to $897,837. The current class 2C tax rate for the 2022/2023 tax year is 12.2670% ($12.2670 per $100 of assessed value). Assuming the Class 2 tax rate stays the same, the projected taxes for the building post-construction is projected to be $110,138. Since the building will be a tax class 2C status it is subject to increase limitations of 8% a year and 30% in five years.

This letter was prepared at the client's request with the client's info. However, we make no representation that the tax rates set each year by the City Council, or the assessed valuation determined by the city's assessors will reflect our projected estimate. In no event will my firm, the Sponsor, or any other person be accountable if the assessed valuation when actually made is lesser or greater than predicted.

May you have any additional questions, please feel free to contact me at 718-222-3500 Ext 106.

Sincerely,

*Moshe Gutman*
RE Tax Service, LLC



Trust | Experience | Results