CONDOMINIUM OFFERING PLAN FOR THE SALE OF RESIDENTIAL UNITS IN A CONDOMINIUM TO BE KNOWN AS

426 2ND STREET CONDOMINIUM

426 2nd Street
Brooklyn, Kings County, New York 11215

4 Residential Units	$ 9,925,000
TOTAL OFFERING	**$ 9,925,000**

SPONSOR AND SELLING AGENT

426 Holdings, LLC
754 Carroll Street, Unit 1
Brooklyn, New York 11215

SPONSOR'S ATTORNEY

CERTILMAN BALIN ADLER & HYMAN, LLP
90 Merrick Avenue, 9th Floor
East Meadow, New York 11554

THE DATE OF ACCEPTANCE FOR FILING IS _____, 2024. THE OFFERING PLAN MAY NOT BE USED AFTER _____, 202_, UNLESS EXTENDED BY AMENDMENT.

THIS OFFERING PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE (iii).

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

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

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SPECIAL RISKS

1. The Sponsor has the right to designate all of the Members of the Board of Managers of the Condominium until all of the Residential Units in the Condominium have been sold or transferred to Residential Unit Owners other than the Sponsor, its Principals, Sponsor Affiliates, successors, assignees and/or designees ("Sponsor Control Period"). There is no limit on the period of time it may take Sponsor to convey all the Residential Units in the Condominium and as a result the Sponsor may control the Board of Managers indefinitely. The First Annual Meeting of the Residential Unit Owners will be held within two (2) years of the Closing of Title to the first Residential Unit in the Condominium or thirty (30) days after the end of the Sponsor Control Period, whichever occurs first. At such time that all Residential Units in the Condominium have been sold and closed, the then Sponsor-controlled Board will call a meeting of the Residential Unit Owners to elect a new Board. Notwithstanding said fact, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed.

Notwithstanding the Sponsor Control Period, the Board of Managers has a fiduciary duty to the Residential Unit Owners to enforce Sponsor's obligations. Sponsor's intentional refusal to allow the Board of Managers to pursue litigation against the Sponsor may constitute a breach of fiduciary duty to the Board of Managers. In addition, the Residential Unit Owners may commence a lawsuit in the nature of a derivative action. Any provisions that give the Sponsor control of the enforcement of the Sponsor's obligations are not lawful. If there are non-Sponsor Members of the Board, and there is a vote on whether to sue the Sponsor, the Sponsor's Board representatives cannot lawfully vote on that issue. In the event a Sponsor controlled Board does not undertake the enforcement of the Sponsor's obligations, the Residential Unit Owners may have to independently raise funds to pursue such enforcement and any other causes of action against the Sponsor. Notwithstanding said fact, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed. If Sponsor relinquishes control of the Members of the Board of Managers, there is no provision in the By-Laws that requires that a majority of the Members of the Board of Managers be owner occupants who are unrelated to the Sponsor or its principals. Owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed as a result of their different reasons for purchasing, i.e., purchasing as a Residential Unit to live in as opposed to purchasing as an investment. See Sections XVII and XVIII of the Offering Plan.

2. The Sponsor has the right to retain control over certain expenditures and fiscal actions of the Board of Managers of the Condominium for a period ending not more than five (5) years after the Closing of the first Residential Unit or whenever the unsold Residential Units constitute less than twenty-five (25%) percent of the Percentage of Common Interest, whichever is sooner. During this period, the Sponsor will have control of maintenance, facilities, and services to be provided to the Condominium and will determine the Common Charges to be paid by all Residential Unit Owners, including those paid by the Sponsor. During this period, the Sponsor will also have control over the

enforcement of the Sponsor's obligations and will also have the right to control all decisions including but not limited to the determination of Common Expenses, management of the Condominium, the hiring and termination of employees of the Condominium, the placing of easements on the property and making improvements to the Common Elements. Notwithstanding the above, the Board of Managers has a fiduciary duty to the Residential Unit Owners to enforce Sponsor's obligations. Sponsor's intentional refusal to allow the Board of Managers to pursue litigation against the Sponsor entity may constitute a breach of fiduciary duty to the Board of Managers. In addition, the Residential Unit Owners may commence a lawsuit in the nature of a derivative action. Any provisions that give the Sponsor control of the enforcement of the Sponsor's obligations are not lawful. If there are non-Sponsor Members of the Board, and there is a vote on whether to sue the Sponsor, the Sponsor's Board representatives cannot lawfully vote on that issue. In the event a Sponsor-controlled Board does not undertake the enforcement of the Sponsor's obligations, the Residential Unit Owners may have to independently raise funds to pursue such enforcement and any other causes of action against the Sponsor. At no time may Sponsor exercise veto power over expenses described in Schedule B or over expenses required to (i) comply with applicable laws or regulations, (ii) to remedy any notice of violation, (iii) to remedy any work order by an insurer or (iv) 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. See Section XVII of the Offering Plan and Schedule B.

3. Sponsor will endeavor in good faith to sell the Residential Units in the Condominium. However, Sponsor is retaining the unconditional right to rent rather than sell the Residential Units. Because Sponsor is retaining the unconditional right to rent rather than sell the Residential Units after the consummation of the Offering Plan, this Offering Plan may result in the creation of a condominium in which a majority of the Residential Units are not owned by owner-occupants or investors who are unrelated to the Sponsor. Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of the Offering Plan. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell the Residential Units, there is no commitment to sell more Residential Units than the fifteen (15%) percent of the Residential Units being offered for sale excluding Residential Units of an ancillary nature (15% x 4 = 1 Residential Unit) necessary to declare the Offering Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor shall not rent a Residential Unit in the Condominium prior to Consummation of the Offering Plan as defined in Title 13 NYCRR § 20.1(c)(6). See Section XIII of the Offering Plan.

4. Purchasers will be obligated to pay the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax, which by law are the primary obligation of the Sponsor but have been transferred to a Purchaser under the terms of the Purchase Agreement. The New York State Real Estate Transfer Taxes are at the rate of $2.00 per $500 of consideration where the consideration is less than $3,000,000 and $3.25 per $500 where the consideration is $3,000,000 or more. New York City Real Property Transfer Tax is at the rate of one (1%) percent of the Purchase Price for

Residential Units where the consideration is less than $500,000 and 1.4259 percent where the consideration is $500,000 or greater. Pursuant to Section 1404(a) of the Tax Law, effective July 1, 2021, where New York State Real Estate Transfer Tax is paid by the Purchaser pursuant to contractual agreement, such tax will be excluded from the total calculation of consideration. However, the amount of New York City Real Property Transfer Tax will be included in the consideration subject to such tax.

In addition, pursuant to Sections 1402-a and 1402-b of the Tax Law of the State of New York, a Purchaser will be required to pay an Additional Tax for a Residential Unit where the consideration is $1,000,000 or more (the "Mansion Tax"). The following are the rates applicable to the Mansion Tax in New York City effective as of July 1, 2019:

Total Consideration	**Mansion Tax (as of July 1, 2019)**
Less than $1,000,000	Not subject to tax
$1,000,000 to $1,999,999.99	1%
$2,000,000 to $2,999,999.99	1.25%
$3,000,000 to $4,999,999.99	1.5%
$5,000,000 to $9,999,999.99	2.25%
$10,000,000 to $14,999,999.99	3.25%
$15,000,000 to $19,999,999.99	3.5%
$20,000,000 to $24,999,999.99	3.75
$25,000,000 or more	3.9%

Pursuant to the provisions of the statute, the obligation to pay the Mansion Tax is upon the Purchasers. The New York City Real Property Transfer Tax amount will be included in the consideration to determine the Mansion Tax. Therefore, the purchase price and City transfer taxes payable by Purchaser are added together to arrive at a total consideration for Mansion Tax purposes. As a result, a Residential Unit priced at $980,000 or more, where Purchaser pays the transfer taxes and legal fees of Sponsor, could subject Purchaser to liability for the Mansion Tax, as the aggregate price plus tax would exceed $1,000,000.

See Section XV of the Offering Plan as to how the above taxes are calculated. See the Purchase Agreement set forth as Schedule D.

5. Sponsor has not been required to post a completion bond with the City of New York covering the Common Elements. In addition, no bond has been posted to secure Sponsor's obligations under the Offering Plan. Sponsor has the financial resources to fulfill its unsecured obligations under the Offering Plan. See Section XVI.

6. Purchasers should note that, pursuant to the terms of the Purchase Agreement, Purchaser represents that no broker brought about the sale of their Residential Unit. Purchaser shall indemnify and shall hold Sponsor harmless from and against any claim brought by any broker for brokerage commission based upon Purchaser's acts. In the event Purchaser is represented or has consulted with an outside broker, Purchaser shall be responsible for all costs, expenses and commissions

associated therewith and Sponsor shall not be responsible for any broker or co-broker commission. See Paragraph 28 of the Purchase Agreement in Part II of this Offering Plan.

7. Purchasers should note that pursuant to the terms of the Purchase Agreement, Purchaser waives all rights to trial by jury in any action, proceeding or counterclaim in any way arising out of or relating to the Purchase Agreement or the Offering Plan provided such waiver is not prohibited by any laws of the State of New York. Purchaser shall be liable for any and all court fees, including, without limitation, reasonable attorney fees, should Purchaser bring an action against Sponsor in any court of proper jurisdiction (including, without limitation, small claims court) and the Sponsor is deemed the prevailing party in such dispute or action. Upon execution of a Purchase Agreement, Purchaser agrees to waive the right to file a lis pendens if not filed within sixty (60) days of the cancellation of the Purchase Agreement. Any action or proceeding brought by either the Purchaser or the Sponsor against the other, directly or indirectly, arising out of the Purchase Agreement, shall be instituted in a court in Kings County, City and State of New York and all motions in any such action shall be made in Kings County, City and State of New York. See Paragraph 35 of the Purchase Agreement in Part II of this Offering Plan.

8. Although all funds received by Sponsor from Purchaser for upgrades, options, extras, special work or custom work ("Extras") not included in the base price of a Residential Unit will initially be placed in the Escrow Account as described in Section XII of the Offering Plan, such funds may be released from the Escrow Account as long as the Sponsor uses the funds for such Extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds paid to the Sponsor for Extras which (i) have been installed by Sponsor, (ii) not installed, but paid for by Sponsor or (iii) not installed, but which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay for unless the Offering Plan has been abandoned. In the event the Offering Plan is abandoned the Purchaser shall be entitled to receive a refund of all funds paid to the Sponsor for such Extras. See Section XI of the Offering Plan.

9. The First Annual Meeting of the Residential Unit Owners will be held within two (2) years of the Closing of Title to the first Residential Unit in the Condominium or thirty (30) days after the end of the Sponsor Control Period, whichever occurs first. At such time that all Residential Units in the Condominium have been sold and closed, and within thirty (30) days of the end of the Sponsor Control Period, the then Sponsor-controlled Board will call a meeting of the Residential Unit Owners to elect a new Board ("Turnover Meeting"). The Turnover Meeting, at which the Residential Unit Owners will elect the Board of Managers, will be within thirty (30) days after the expiration of the Sponsor Control Period, which may occur later than one (1) year after the date of the Closing of Title to the first Residential Unit in the Condominium. Notwithstanding said fact, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed. See Section XVIII of the Offering Plan.

10. No Residential Unit Owner shall make any addition, alteration, or improvement (of either a temporary or permanent nature) of a structural nature in or to the Residential Unit Owner's Residential Unit, or any Individual Residential Unit's Limited Common Element, without the prior written approval of the Board of Managers. Said provision requiring the written consent of the Board of Managers does not apply to the Sponsor. See Article Twenty-First of Schedule I and Article VIII of Schedule J.

11. A Purchaser may not interfere with Sponsor's ability to construct the Residential Unit or other unit(s) or facilities, including, without limitation, interference with work performed on the Property by Sponsor's staff, contractors and/or sub-contractors in connection with the construction of the Residential Unit or any other Residential Unit(s), attempts to hire any of Sponsor's staff, contractors or subcontractors, and/or attempts to bring contractors, materialman, sub-contractors or workers onto the Property for work on the Residential Unit prior to Closing, unless otherwise agreed to by Sponsor in writing. Sponsor shall have the right to remove or replace (and discard) any unauthorized installations, constructions and/or other materials installed or situated in or on any Residential Unit or any portion of the Property by or at the direction of any Purchaser prior to Closing without Sponsor's prior written consent. See Section XIV of the Offering Plan.

12. The Purchase Agreement is not contingent upon a Purchaser securing satisfactory mortgage financing. Obtaining a mortgage shall be the sole responsibility of each Purchaser. In no event will the Sponsor be obligated to return a Purchaser's Deposit in the event a Purchaser is unable to obtain a mortgage. The Purchase Agreement will remain in full force and effect and Purchaser will be obligated to pay the balance of the purchase price at Closing regardless of the availability of financing. In the event a Purchaser does not Close Title to a Residential Unit as a result of Purchaser's inability to obtain a mortgage Sponsor will have the right to retain the Deposit as liquidated damages, including the cost of any Extras paid by Purchasers, which have been installed by Sponsor, paid for but not installed by Sponsor or which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay. 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 Purchaser's Deposit if the Purchaser 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. Notwithstanding the above, in the event the Offering Plan is abandoned a Purchaser will be entitled to a return of Purchaser's Deposit including any monies paid for Extras. See Section XII of the Offering Plan.

13. Pursuant to existing regulation, the Sponsor may declare the Offering Plan effective by selling a minimum of fifteen (15%) percent of the Residential Units being offered for sale excluding Residential Units of an ancillary nature (15% x 4 Residential Units being offered for sale = 1 Residential Unit). Even if the Offering Plan is declared effective with a minimum number of sales. Purchasers should note that in the event all Purchase Agreements are either rescinded or terminated prior to the date of the closing

of title to the first Residential Unit the Sponsor will be obligated to re-declare the Offering Plan effective prior to closing title to the first Residential Unit.

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 the Residential Units in a building or group of buildings be sold before a lender will consider making a loan. Thus, it may be possible for a Purchaser to experience difficulty obtaining a loan in a building or group of buildings where the Sponsor has not sold a substantial percentage of the Residential Units in the building or group of buildings, which in some cases may be as high as seventy percent (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 ten percent (10%) or more. It may also be difficult for a Purchaser to resell a Residential Unit if prospective buyers are unable to obtain a loan due to the same minimum sales and investor ownership restrictions.

Even after Residential Units have closed, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a Purchaser to resell if prospective buyers are unable to obtain a loan due to such minimum sales requirements. See Section XII of the Offering Plan.

14. The Sponsor anticipates that Closing of the first Residential Unit will occur by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. Purchasers will be offered a right of rescission if: (i) the actual date of Closing of Title to the first Residential Unit; or (ii) the projected date of Closing of Title to the first Residential Unit occurs later than April 30, 2026, twelve (12) months after the projected date of the first Closing. If the Offering Plan is amended to provide for a later projected date of the first Closing, Purchasers who enter into a Purchase Agreement subsequent to the acceptance date of the Amendment will be entitled to an offer of rescission if the first Closing occurs more than twelve (12) months beyond that amended, later date. Purchasers must advise the Sponsor no later than the date provided in an Amendment to the Offering Plan disclosing the later date but not less than fifteen (15) days from the date of the notice. However, if the first Residential Unit Closing occurs before May 1, 2026, the Sponsor may schedule the Closings of Title to other Residential Units significantly later than such date. Each Purchaser's Purchase Agreement will also contain an outside delivery date, as provided in the following paragraph. In the event Sponsor is unable to close title to a Residential Unit within said time frame a Purchaser will be entitled to the applicable provisions therein to rescind Sponsor is not obligated to schedule a Closing within any specified time frame or to ensure that Closing of Title to a Residential Unit will occur by any date certain.

Each Purchase Agreement provides that, in the event Sponsor is unable to convey title to a Purchaser's Residential Unit twelve (12) months after the proposed date of delivery set forth in the Purchase Agreement, a Purchaser shall have the option to cancel the Purchase Agreement and have the Deposit advanced by Purchaser returned to

Purchaser. Purchaser shall be obligated to notify the Sponsor in writing of its intent to exercise said option no later than fifteen (15) days after the twelve (12) month period of the proposed date of delivery set forth in the Purchase Agreement. Purchaser's failure to so notify Sponsor of Purchaser's intent to cancel Purchaser's Purchase Agreement due to Sponsor being unable to convey title to the Purchaser's Residential Unit within the twelve (12) month period shall be deemed a waiver of said provision, and Purchaser shall continue to be bound by the terms of the Purchase Agreement. Sponsor's obligations with respect to the above dates are subject to Force Majeure. "Force Majeure" shall mean unavoidable delays due to acts of God, weather, fire, flood, explosion, war, riot, sabotage, epidemics, pandemics, quarantine, acts of terrorism, freight embargos, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, governmental restrictions, preemptions or approvals, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the control of Sponsor. In the event of a delay due to Force Majeure, the above time frames shall be tolled for the length of the period during which such performance was excused, and such tolling shall not entitle Purchaser to any credit, offset, or reduction in Purchase Price or to be relieved of any other obligation under the Purchase Agreement. However, none of Purchaser's rights under the applicable regulations promulgated by the Attorney General, Article 23-A of the General Business Law or under the Plan shall be abridged by virtue of Force Majeure, except as determined in a final decision or order by a court of competent jurisdiction or any governmental agency, or by executive order. Purchasers are specifically advised that the timing of the Closing of title to the Residential Unit may be significantly delayed in the event that Sponsor exercises its tolling rights under the foregoing Force Majeure provision. The Attorney General recommends that Purchasers consult with their attorney as to: (i) whether there exists a final decision or order by a court of competent jurisdiction or any governmental agency, or executive order that impacts the timing of Purchaser's obligations under the Purchase Agreement; and (ii) any risks associated with executing a Purchase Agreement containing the foregoing Force Majeure provision prior to executing the Purchase Agreement.

In addition, each Purchase Agreement provides that, in the event the Sponsor makes a material amendment to the Offering Plan after the date of the applicable Purchase Agreement, including, but not limited to, a delay in closing of title to the first Residential Unit beyond twelve (12) months of the projected date therefor in the Offering Plan, the Purchaser may rescind and cancel the Purchase Agreement by forwarding written notice to Sponsor no later than fifteen (15) days after presentation of Sponsor's written notification that Purchaser has the right to rescind and cancel the Purchase Agreement at such time. See Section XI and Paragraph 5 of the Purchase Agreement in Part II of the Offering Plan.

PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER SUCH RISKS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A RESIDENTIAL UNIT. See Section XI.

15. Sponsor did not finance its acquisition of the Property and has not entered into any loan agreement(s) to construct the Property. In the event Sponsor does obtain a construction loan, Sponsor will amend the Offering Plan to disclose such loan. In addition, in the event Sponsor obtains a subsequent construction loan, the Sponsor will be obligated to pay off and otherwise comply with the terms of any mortgage on the entire Condominium. After the recording of the Declaration and before the Closing of Title to the first Residential Unit the lender of any mortgage that encumbers the Property at the time of conveyance of the first Residential Unit will either: (i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium Residential Units; (ii) subordinate the lien of its mortgage to the Declaration of Condominium; or (iii) release its lien on the condominium Residential Unit being conveyed and its interest in the Common Elements. See Section XVI of the Offering Plan. See Section I and Section XVI of the Offering Plan.

16. All Deposits received from Purchaser will initially be deposited into an escrow account of the law firm of Romanick & Skolnick, PLLC, 142 Joralemon Street, Suite 5C, Brooklyn, New York 11201 (the "Escrow Agent"), at JP Morgan Chase Bank, 2631 Merrick Road, Bellmore, New York 11710, as described in Section XI of the Offering Plan. The escrow account is an IOLA account consistent with Section 487 of the Judiciary Law of the State of New York. The maximum deposit insurance amount will be $250,000. If an individual makes a deposit in excess of said amount for the purchase of a Residential Unit, it is a Special Risk of this offer that such Deposit will not be federally insured in excess of said amount. Purchasers should further note that in the event a Purchaser has an account at JPMorgan Chase Bank, the funds in Purchaser's account are factored into the maximum insured amount of $250,000. See Section XI.

17. The projections for the first year of operation of the Condominium contained in the budget are only estimates. Actual expenses may vary from the amounts shown. Purchasers should further note that premiums for insurance have been extremely volatile in recent years. Sponsor cannot predict whether or not the insurance rates will increase or stabilize at the commencement of the first year of operation of the Condominium. Sponsor makes no representation that the premium costs for the insurance reflected in the proposed first year budget will be applicable at the time of the first Closing of a Residential Unit in the Condominium. See Schedule B, the proposed first year budget and the footnotes immediately following thereto.

18. It shall be the responsibility of each Purchaser to pay the following additional Closing Costs, if applicable: (a) an initial non-reimbursable capital contribution equal to two (2) months Common Charges for the Residential Unit to the Condominium; (b) reimbursement to the Sponsor based on each Residential Unit's percentage of Common Interest for Sponsor's advancement for the cost of the Condominium's insurance for the first year of operation; (c) $3,000 to Sponsor's attorney, Romanick & Skolnick, PLLC, for the preparation of the Closing documents. Purchaser shall also pay, or reimburse to Sponsor, if Sponsor has already made payment, the following charges, if applicable: (a) inspections, (b) appraisals, (c) surveying services, (d) water and sewer tap and connection fees, water meter deposit, water vault, water meter reading equipment and

water and sewer test fees and (e) advance sewer use payments, if any. See Section XV of the Offering Plan.

In addition, Purchasers should be aware that, at the Closing of Title, the Power of Attorney attached to the Purchase Agreement must be executed by Purchaser. Failure to execute the Power of Attorney will result in a default under the Purchase Agreement. See Section XI of the Offering Plan.

19. If through no fault of Sponsor, Purchaser fails for any reason to Close Title after the date originally scheduled in Sponsor's Notice of Closing or such later date (if applicable) to which Sponsor in a subsequent Notice for Closing adjourned the Closing, all of the apportionments shall be made as of midnight of the day preceding (i) the date originally scheduled for Closing or (ii) Sponsor's adjourned Closing Date (as the case may be).

In addition, Purchaser shall pay to Sponsor at or prior to the actual Closing an amount equal to .0438% per day (which equals an annual rate of 16%) of the purchase price for the Residential Unit for each day beyond such originally scheduled or Sponsor adjourned Closing Date, to and including the date of actual Closing, for reimbursement and defrayal of Sponsor's carrying costs and other charges. See Section XV of the Offering Plan.

20. Purchasers should be aware that water pipes and electric wires run throughout the walls and/or in the ceiling cavities of the Building. Water pipes and electric wires will be situated in accordance with all applicable laws and will be constructed using appropriate material(s) and/or encased in a protective housing to prevent or minimize damage that may be caused by nails and screws. Notwithstanding the foregoing, Purchasers should be careful when placing any items on the walls or ceilings and when drilling into the walls or ceilings of their Residential Unit. See Section XIX of the Offering Plan.

21. Purchasers of a Residential Unit should refer to the floor plans in Schedule G-2 of Part II of the Offering Plan for details of each type of Residential Unit. The approximate (within reasonable tolerances) physical dimensions of each Residential Unit consist of the area measured horizontally from the exterior face of the exterior walls to the centerline of walls separating one Residential Unit from corridors, stairs, and other mechanical spaces or any common elements (as herein defined). Each Residential Unit will consist of the area measured vertically from the top of the structural slab to the underside (of any fire protection) of the structural members above. As such the areas are not based upon measurements from interior surfaces of interior walls, and the actual living area comprising the Residential Unit may be significantly less than the area listed in Schedule A. See Section I of the Offering Plan.

22. The rear yard and porch and the terraces of the Condominium may not be enclosed and may not be used for storage. The rear yard and porch and the terraces of the Condominium may not be used for any type of occupancy, including as a bedroom or living room. The cellar has less light and air than ordinary living space and is more

susceptible to dampness. The cellar is for non-habitable accessory use only, may not be used for living, eating, sleeping or cooking, and may not be rented independently. To do so may result in a violation against the Building being issued by the Building Department. See Section XIX of the Offering Plan.

23. All Residential Unit Owners are required to keep their thermostats at a minimum of sixty (60) degrees Fahrenheit to prevent freezing of pipes. In the event the Residential Unit Owner fails to adhere to this requirement the Residential Unit Owner shall be responsible for any damage done to the Common Elements of the Condominium and/or any other Residential Unit. See the By-Laws contained in Part II of the Offering Plan as Schedule J.

24. Sponsor must either return a fully executed Purchase Agreement within thirty (30) days to the Purchaser or reject the Purchase Agreement and refund the Deposit monies. In the event the Sponsor does not act within said thirty (30) day period the Purchase Agreement will be deemed rejected by the Sponsor. See Section XI of the Offering Plan.

25. Purchasers should be aware that, if a Purchaser fails to appear and Close Title in accordance with the Purchase Agreement on the date and at the time and place stated in Sponsor's Notice for Closing, or if Purchaser fails to observe or perform any other thing to be observed or performed by Purchaser under the Purchase Agreement, Sponsor shall send Purchaser a written notice of default giving Purchaser thirty (30) days from the date of such notice to cure any such default. Time is of the Essence for Purchaser to cure such default within such thirty (30) day period, and the thirtieth (30^{th}) day of such period will constitute the last date to comply with the terms of the Purchase Agreement. As used herein, the phrase "time is of the essence" means that a Purchaser's failure to strictly comply with Purchaser's obligations within the applicable time period will constitute a material breach of the Purchase Agreement, entitling the Sponsor to declare the Purchaser in default of the Purchase Agreement, deem the Purchase Agreement terminated and of no further force or effect, and retain Purchaser's Deposit and other amounts paid in connection with the Purchase Agreement as liquidated damages. In the event of such uncured default, the Sponsor, in its sole discretion may thereupon terminate the Purchase Agreement. If Sponsor so elects to terminate the Purchase Agreement Sponsor shall have the right to retain, as and for liquidated damages, the Deposit (and any interest earned of the Deposit, if any) plus the costs incurred by Sponsor for any Extras, if any, in the Residential Unit ordered by the Purchaser. Upon the termination of the Purchase Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations under the Offering Plan. In addition, each Purchase Agreement will contain the following provision: "If Purchaser is not in default under this Purchase Agreement and the Closing has not taken place within twelve (12) months after the Anticipated Closing Date, Purchaser may cancel this Purchase Agreement by forwarding written notice of cancellation ("Notice of Cancellation") to Seller no later than fifteen (15) days after expiration of such twelve (12) month period. Failure to timely and properly notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of this Purchase Agreement. Upon receipt of the Notice of Cancellation, Escrow Agent shall refund to Purchaser, subject to the escrow provisions

as disclosed in Section XI of the Plan and Paragraph 29 of this Purchase Agreement, all Deposits, other than Extras which have been (i) installed by Seller, (ii) not installed but paid for by Seller or (iii) not installed but which have been ordered by Seller and for which Seller is obligated to pay, unless the Plan has been abandoned. In the event the Plan is abandoned Purchaser shall be entitled to receive a refund of all funds paid to Seller for such Extras. Thereafter, neither party shall have any further liability or obligation to the other in connection with this Purchase Agreement. Seller's obligations with respect to the above dates are subject to Force Majeure. "Force Majeure" shall mean unavoidable delays due to acts of God, weather, fire, flood, explosion, war, riot, sabotage, epidemics, pandemics, quarantine, acts of terrorism, freight embargos, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, governmental restrictions, preemptions or approvals, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the control of the Seller. In the event of a delay due to Force Majeure, the above time frames shall be tolled for the length of the period during which such performance was excused, and such tolling shall not entitle Purchaser to any credit, offset, or reduction in Purchase Price or to be relieved of any other obligation under the Purchase Agreement. However, none of Purchaser's rights under the applicable regulations promulgated by the Attorney General, Article 23-A of the General Business Law or under the Plan shall be abridged by virtue of Force Majeure, except as determined in a final decision or order by a court of competent jurisdiction or any governmental agency, or by executive order." See Paragraphs 5, 22 and 29 of the Purchase Agreement contained in Part II of the Plan.

26. During the Sponsor Control Period, Sponsor shall have the right, in its sole and absolute discretion, to cause the Condominium Board to waive the collection of some or all of the Common Charges, as set forth in the Condominium's budget from Residential Unit Owners. During said period, Sponsor in its sole and absolute discretion; provided, however, that Sponsor shall have the right to either (a) be solely responsible for the payment of all actual expenses to operate the Condominium (the "Waiver Period"), or (b) cause the Condominium Board to assess Residential Unit Owners their proportionate share of all actual operating expenses of the Condominium based on their respective Common Interests or as otherwise set forth in the budget, including, but not limited to, insurance premiums and any Reserve Fund payments included in the budget (the "Reduced Service Period"). In connection with the Waiver Period or Reduced Service Period, (i) Sponsor will disclose the implementation of such Waiver Period or Reduced Service Period in the amendment to the Plan that discloses the occurrence of the First Closing; (ii) Sponsor or the Managing Agent will notify Purchasers and Residential Unit Owners of the expiration of the Waiver Period or Reduced Service Period at least 30 days prior to the expiration thereof, and (iii) Sponsor will disclose the expiration of the Waiver Period or Reduced Service Period in the next substantive amendment to the Plan. During any Waiver Period, Sponsor and/or Residential Unit Owners will timely pay all actual expenses of the Condominium, including but not limited to insurance premiums and any Reserve Fund payments included in the budget. At such time as the Condominium Board commences the collection of Common Charges in accordance with the total proposed budget contained in Schedule B (the "Total Budget"), there will not be an assessment for

any expense line item set forth in the budget, or maintenance fee that would have been due prior to the expiration of the Waiver Period or Reduced Service Period. Sponsor is not obligated to collect Common Charges based on a Waiver Period or Reduced Service Period and can commence collection of the Common Charges based upon the total Common Expenses reflected in the Total Budget provided in Schedule B of the Offering Plan. Purchasers should further note that during the Sponsor Control Period the Sponsor-controlled Board of Managers will be required to update the budget and provide certified (audited) financial statements for the Condominium on an annual basis. The cost of the certified (audited) financial statement shall be a Common Expense of the Condominium. See Sections I and XVII of the Offering Plan.

27. Purchasers should note that the Residential Unit Owners shall indemnify and hold harmless each of the Members of the Board of Managers of the Condominium 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 provision of the Declaration of Condominium or of the 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 (except as Residential Unit Owners). It is understood and permissible for the original Board of Managers, who may be affiliated with or be employed by the Sponsor, to contract with the Sponsor and affiliated corporations and entities without incurring any liability for self-dealing. It is also intended that the liability of any Residential Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Members of the Board of Managers shall be limited to such proportion of the total liability thereunder as the Purchaser's Percentage of Common Interest in the Common Elements bears to the Percentage of Common Interest of all the Residential Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the managing agent or by a Member on behalf of the Condominium, shall provide that the Members of the Board of Managers, or the managing agent, or the Member, as the case may be, are acting only as agent for the Residential Unit Owners and shall have no personal liability thereunder (except as Residential Unit Owners). The Condominium Board Members have fiduciary duties, and the Sponsor controlled Board will not make deals that breach the fiduciary duties. See Section XVIII of the Offering Plan and Article III, Section 14 of the By-Laws of the Condominium.

28. The Percentage of Common Interest of each of the Residential Units has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Based upon final specifications, construction conditions and/or "as-built" plans for the Building reflecting relative measurements, areas and uses of portions of the Building, application of such method of allocation the Percentage of Common Interest may justify an immaterial increase or decrease in the aggregate Percentage of Common Interest appurtenant to Residential Units. In such event, the Percentage of Common Interest appurtenant to each individual Residential Unit would be

adjusted pro rata. Sponsor expressly reserves the right, from time to time, prior to the first Closing, to affect a de minimis change in the Percentage of Common Interests and to amend the Plan so as to reflect the same. Notwithstanding, unless an affected Purchaser consents, no material change will be made in the Percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Residential Unit and the Purchaser is not in default. See Section XIX of the Offering Plan.

29. Purchasers are advised that in New York, 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. The TCOs and PCOs are issued by the New York City Department of Buildings ("Building Department)". A TCO is intended to indicate that the property is safe for occupancy but means that not all of the construction work and/or inspections have been performed, or that not all of the required documents have been submitted to the Building Department. 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 Residential Units. In New York City, it is common for sponsors to commence Residential Unit closings when some or all Residential 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 thereof and ultimately for obtaining a PCO covering the entire building within two years from the date of issuance of the first TCO. However, Sponsor and its principals make no representation or guarantee that the Building Department will issue the PCO within such two (2) year period. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the PCO for the entire building and shall exercise its best efforts to obtain the PCO within such two (2) year period while keeping the TCO current. Residential Unit Owners and the Board of Managers shall be obligated to cooperate with and refrain from obstructing Sponsor in these undertakings. Residential Unit Owners will not be permitted to make any changes, additions or alterations to their Residential Unit requiring Building Department approval prior to the issuance of a Permanent Certificate of Occupancy or renewal of a temporary Certificate of Occupancy. See Section III of the Offering Plan.

30. Residential Unit Owners will not be permitted to make any changes, additions, or alterations to their Residential Unit prior to the issuance of a Permanent Certificate of Occupancy for the Residential Unit and/or Building. Residential Unit Owners will be permitted to make standard improvements to their Residential Units such as painting, installation of flooring, cabinetry, fixtures etc. as long as the improvements do not affect the ability of the Sponsor to obtain a Permanent Certificate of Occupancy or extension or renewal of a Temporary Certificate of Occupancy. Residential Unit Owners are responsible for obtaining all necessary permits from the City of New York and any other required municipal agencies for any changes the Residential Unit Owner makes to their Residential Unit subsequent to the Closing of Title with the Sponsor. Sponsor will

not be liable for nor responsible to a Residential Unit Owner in the event an inspection by the Department of Buildings of the City of New York prevents the issuance of a renewal and/or extension of a Temporary Certificate of Occupancy or Permanent Certificate of Occupancy as a result of changes made to the Residential Unit by a Residential Unit Owner. In the event a Residential Unit Owner makes any changes, additions or alterations to their Residential Unit prior to the issuance of a Permanent Certificate of Occupancy for the Residential Unit and/or Building, the Residential Unit Owner shall reimburse Sponsor within fifteen (15) days following Sponsor's demand therefore, for any and all costs incurred by Sponsor with respect to the Residential Unit Owner's changes to the Residential Unit that prevent the extension or renewal of a Temporary Certificate of Occupancy or the issuance of a final Certificate of Occupancy by the Department of Buildings of the City of New York. Sponsor shall provide documentation substantiating the assertion that the Residential Unit Owner's changes prevented the issuance of a Permanent Certificate of Occupancy or renewal of a Temporary Certificate of Occupancy for the property. Any such alteration by a Residential Unit Owner that affects the extension of a Temporary Certificate of Occupancy or the issuance of a Permanent Certificate of Occupancy shall not affect the Sponsor's obligation to obtain a Permanent Certificate of Occupancy for the Building. See Section XVI of the Offering Plan.

31. Purchasers should note that the actual assessed value of the Residential Units, which will be determined by the City of New York, may be higher than what is currently estimated and therefore may result in greater total estimated taxes on said Residential Units in the Condominium. See Section XXII of the Offering Plan and the Opinion of Counsel contained in Section XXIV of the Offering Plan.

32. Common Charges are generally levied in proportion to each Residential Unit's Percentage of Common Interest in the Common Elements, which Percentages of Common Interest are allocated, pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit, as described in Special Risk No. 28. However, as provided for in Section 339-m of The Real Property Law of the State of New York, the Board of Managers may also make allocations and assessments of Common Charges to the General Common Elements and any Individual Residential Unit's Limited Common Element that is the Condominium's obligation to repair and maintain, in accordance with sub-metering, contract allocations and usage (both projected and actual) so long as such allocations are reasonable under the circumstances and are based on intensive, special or exclusive use or availability or exclusive control of particular Residential Units or Common Elements by particular Residential Unit Owners. See Section I of the Offering Plan.

33. Purchasers should note that, pursuant to the projected first-year budget, the Condominium will not have any employees. Individual Residential Unit Owners will be responsible for the following janitorial services: taking out household refuse for removal by the New York City Department of Sanitation and sweeping, vacuuming, mopping

and/or dusting the Common Elements immediately in front of their Residential Unit. All other services of the Condominium will be contracted for and performed by independent contractors who are not employees of the Condominium on an as needed basis. The level of staffing complies with all applicable housing or labor laws for this Condominium, given the Condominium contains a total of four (4) Residential Units and on-site or proximately located janitorial/superintendent services are required for New York City buildings containing nine (9) or more units. The projected budget at Schedule B contains a line item for repairs and maintenance that may be required on an as needed basis. After the first year of Condominium operation, general repairs and/or maintenance will likely be required, and Homeowners should expect this budgetary line item to increase in the future. See Section XVI of the Offering Plan and Schedule B.

34. The Smoke-Free Air Act of New York City 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. Effective as of August 28, 2018, Local Law 147 of the City of New York became effective. Local Law 147 amends the Administrative Code of the City of New York to require that all class A multiple dwellings (i.e., buildings with 3 or more residential dwelling Residential Units) adopt a written smoking policy (the "Smoking Policy"). In accordance with Article VIII, Section 2 of the By-Laws, and Local Law 147 the following is the smoking policy that will apply to this Condominium:

(a) Definitions:

(i) 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 designated for people to use to inhale smoke.

(ii) Electronic Cigarette (E-cigarette): A battery-operated device that heats a liquid, gel, herb, or other substance and produces a vapor for people to inhale.

(b) Policy:

(i) All types of Smoking and use of Electronic Cigarettes as defined above are prohibited from all general common areas of the Condominium, including but not limited to any lobby, hallway, stairwell, mailroom, fitness room or other recreational facility, meeting room, laundry room, storage area, mechanical room, equipment room, cellar, basement, elevator, garage, rooftop, play areas, parking areas, shared balconies, shared courtyards, shared patios, shared porches, shared yards and/or any outdoor common area within 15 feet of entrances, exits, windows, and air intake Residential Units on property grounds.

(ii) All types of Smoking and Electronic Cigarette use are prohibited from any balcony and/or terrace or any space designated as an Individual Residential Unit's Limited Common Element appurtenant to the Residential Unit.

(iii) All legal Smoking and Electronic Cigarette use is permitted within the interior area of a Residential Unit.

(iv) The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Condominium.

(v) Any Residential Unit Owner who leases their Residential Unit shall incorporate the provisions of the Smoking Policy into the lease with the Residential Unit Owner's tenant.

(c) Complaints:

Complaints about smoke drifting into a Residential Unit or common area should be made promptly to the Managing Agent. 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.

The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium. Pursuant to the requirements of Article VIII, Section 2 of the By-Laws and Local Law 147 all tenants in the Building are required to receive a copy of the Building's Smoking Policy and the Smoking Policy must be incorporated into all leases or interim leases. The provisions of Local Law 147 of the City of New York shall take precedent in the event of any conflict with the Smoking Policy contained herein. The Smoking Policy is contained in Article VIII (the "Rules and Regulations"), Section 2 of the By-Laws. Purchasers should also refer to Section XIX of the Offering Plan and Paragraph 38 of the Purchase Agreement.

35. No representation is made that the Reserve Fund line item will be adequate for future expenses including repairs or replacements of Common Elements during the first five (5) years of the Condominium. If additional funds are required over and above said funds, it may be necessary to increase the Common Charges payable by the Residential Unit Owners, collect a Special Assessment from each Residential Unit Owner or borrow money for such repairs or replacements. See Section XXIII of the Offering Plan.

36. This Condominium is subject to the Housing Merchant Implied Warranty Law of the State of New York, Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Residential Units. This law is applicable to all Residential Units offered for sale under this Offering Plan. Pursuant to Section 777-b of

said statute the Sponsor is permitted to provide its own Limited Warranty ("Limited Warranty") and as such, the Sponsor is providing its own Limited Warranty to Purchasers of Residential Units in the Condominium. As a result, Sponsor excludes the warranty provisions set forth in Article 36-B of the General Business Law and all other warranties except the Limited Warranty. The Limited Warranty provides for a Limited Warranty to Purchasers on certain items. Certain of the limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage for the first Residential Unit Buyer only; Sponsor's liability is limited to seventy-five thousand ($75,000) dollars, less any insurance proceeds received by Purchaser but including any deductible paid by Purchasers; incidental, special, indirect consequential or other similar damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor as well as detailed procedures for commencing a lawsuit against Sponsor. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Schedule D-5. NOTWITHSTANDING ANYTHING STATED ABOVE, SPONSOR HAS AN ABSOLUTE DUTY TO MAKE ANY IMPROVEMENTS TO THE PREMISES IN ACCORDANCE WITH ALL APPLICABLE CODES AND FILED PLANS AND SPECIFICATIONS SUBJECT TO FIELD CHANGES THAT MEET APPLICABLE CODE. Any conflict with the terms of the Limited Warranty and the obligations of the Sponsor to construct the Condominium in accordance with all applicable laws and the terms of the Plan shall be resolved in favor of the latter. For details see Section XVI of the Offering Plan and the full text of the law set forth in Schedule K of the Offering Plan.

37. The Sponsor has not entered into any management agreement to provide for management of the Condominium for the first year of operation and there is no fee for a managing agent in the proposed budget for the first year of operation of the Condominium. While Sponsor is in control of the Board of Managers, Sponsor shall manage the Condominium. No representation is made as to the ultimate cost, terms, or availability of a managing agent. Notwithstanding said fact, a Condominium of this size may ultimately determine there is a need to hire a managing agent. The current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,000 per annum per Residential Unit to approximately $2,000 per annum per Residential Unit. The Sponsor will not charge a fee for managing the Condominium for the first year of operation. However, in the event that Sponsor is still in control of the Condominium after the first year of operation, Sponsor reserves the right to charge a fee of not more than $8,000 per year in total for its services in managing the Condominium. This additional charge shall increase the Common Charges for Unit Owners.

The Board of Managers of the Condominium, which the Sponsor will initially control, will be responsible for the management of the Condominium during the first year of operation. The duties of a managing agent usually include the following: bill and collect the annual Common Charges, hire and fire employees, supervise alterations and repairs, maintain the Condominium's books and records, advise the Board of Managers of its proposed annual budget, provide each Residential Unit Owner annually with a financial statement prepared and certified by an independent public accountant while Sponsor retains a majority of the Board of Managers, purchase supplies for the Condominium and generally perform the duties of a managing agent for residential property. In performing

its duties, the Board of Managers or a managing agent employed by the Board may engage contractors to carry out the maintenance and repair of the Common Elements. No representation is made as to the costs, terms, or availability of a managing agent in the event the Board decides to hire one in the future, however, Common Charges will increase in the event a managing agent is hired in the second or any subsequent year of operation of the Condominium. See Section XXV of the Offering Plan.

38. At each Closing the Sponsor will collect the equivalent of two (2) months Common Charges from each Purchaser to be paid to the Condominium as initial Working Capital. While Sponsor is in control of the Board of Managers of the Condominium, monies in the Working Capital Fund may be used to reduce the Common Charges. The Working Capital Fund may also be utilized to reimburse Sponsor for prepaid expenses of the Condominium. Specifically, but without limitation, the Sponsor may use the Working Capital Fund to pay expenses accrued during any Waiver Period and/or Reduced Service Period, as described in Special Risk No. 26 and Sections I and XVI of this Offering Plan. The only budgetary item that might require a substantial credit to the Sponsor would be the insurance disclosed in the first-year budget contained in Schedule B. At such time as the Sponsor relinquishes control of the Board of Managers, any remaining balance of the Working Capital Fund will be turned over to the Board of Managers. See Section XXIV of the Offering Plan. See Section XXIV of the Offering Plan.

39. Purchasers should note that pursuant to the Federal Tax Cuts and Jobs Act of 2017 (the "Tax Act"), which went into effect on January 1, 2018, the maximum mortgage in which an individual can deduct the interest on is $750,000. In addition, the Act placed a maximum of $10,000 on the amount an individual can deduct for the combined amount of real estate taxes and State income taxes. The Tax Cuts and Jobs Act of 2017 is scheduled to expire on December 31, 2025. Purchasers are advised to seek the advice of their tax consultant to ascertain the income tax ramifications to the Purchaser pursuant to the Tax Cuts and Jobs Act of 2017. See Section XXI of the Offering Plan.

40. Any failure by Sponsor to insist upon strict performance by Purchaser of any of Purchaser's obligations under the Purchase Agreement shall not be deemed a waiver of such obligations, and Sponsor may at any time insist upon strict performance by Purchaser of any and all obligations to be performed by Purchaser under the Purchase Agreement irrespective of the number of times Purchaser failed to strictly comply with such obligations in the past. As used in this Offering Plan and the Purchase Agreement, the term "strict performance" means literal, precise and complete performance of the applicable party's contractual obligations, with no deviation from the contract terms. For the avoidance of doubt, substantial performance by Purchaser of Purchaser's obligations is inadequate, and Sponsor is entitled to insist upon strict performance by Purchaser of any and all obligations to be performed by Purchaser at any time. See Purchase Agreement set forth in Schedule D-5.

41. Purchaser and Sponsor waive trial by jury in any action, proceeding or counterclaim arising out of the Purchase Agreement, provided such waiver is not prohibited by any laws of the State of New York. Any action or proceeding brought by either party hereto against the other, directly or indirectly, arising out of the Purchase

Agreement, shall be instituted in a court in the County of Kings, State of New York, and all motions in any such action shall be made in the County of Kings, State of New York. Purchaser agrees to waive the right to file a lis pendens if not filed within sixty (60) days of the cancellation of the Purchase Agreement. See Paragraph 35 of the Purchase Agreement.

42. Purchasers should note that any dispute as to the allocation of the Common Charges to Residential Unit Owners would require arbitration pursuant to the terms of the Offering Plan and Article XII of the By-Laws. See Section XIX of the Offering Plan regarding Rights and Obligations of Residential Unit Owners and Board of Managers. Purchasers should be aware that any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents must be submitted for resolution by a single arbitrator in a proceeding held in the local jurisdiction of the Condominium 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 who is not related to any of the parties to the dispute. In the event that the American Arbitration Association is not then in existence and has no successor organization, any such arbitration will be held in New York City before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York. The decision in any arbitration will be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction. The fees, costs and expenses of the arbitrator will be borne by the losing party in the arbitration or, if the position of neither party to the dispute is substantially upheld by the arbitrator, such fees, costs, and expenses will be borne equally by the disputants. Each disputant will also bear the fees and expenses of his counsel and expert witnesses. All costs and expenses paid or incurred by the Condominium Board of Managers in connection with any such arbitration, including, without limitation, the fees and expenses of counsel and expert witnesses will constitute Common Expenses. See Article XII of the By-Laws.

43. The Board of Managers shall have the right to require that a Residential Unit Owner utilize a contractor or sub-contractor of the Board of Manager's choosing for any repairs, maintenance and/or replacement of an Individual Residential Unit's Limited Common Element that is a Residential Unit Owner's obligation at the Residential Unit Owner's sole cost and expense. See Section I of the Offering Plan.

44. Regarding the Common Elements of the Condominium not covered by any Limited Warranty, the Sponsor will correct any defects in the renovation of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan as may be changed by Sponsor from time to time provided and on condition that Sponsor is notified of or becomes aware of such defect(s) within twelve (12) months from the issuance of a temporary or permanent Certificate of Occupancy, whichever is then applicable upon the Closing of Title to the first Residential Unit. In no event will Sponsor be liable for consequential damages (whether based on negligence, breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligations under the Offering Plan will be to repair or, at Sponsor's option, replace (or cause to be repaired or replaced) any defective item of construction (whether arising as a result of defects in

material or improper workmanship or material substantially at variance with the Plans and Specifications), subject to the terms and conditions (and within the time limits) set forth in this paragraph. The quality of renovation shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications. The provisions of this paragraph shall in no way act to abrogate Sponsor's obligation to build and complete the Condominium in accordance with the plans and specifications identified in this Offering Plan and Purchaser's rights and remedies stemming therefrom. See Section XVI of the Offering Plan.

45. Although it is anticipated that real estate taxes for the first year of condominium operation will be partly based on an assessment of the Building that occurred prior to the completion of renovations, the projected real estate taxes contained in Schedule A are based on an assessment of the Building after renovation is complete. Notwithstanding, Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after renovation is complete. See footnote number 5 to Schedule A for more information regarding the projected assessed valuation after completion of renovation. In addition, the actual assessed value of the Residential Units will be determined by the City of New York may be higher than what is currently estimated and therefore may result in greater total estimated taxes on said Residential Units of the Condominium. See Section XXII of the Offering Plan and the Opinion of Counsel contained in Section XXIV of the Offering Plan.

46. Purchasers should note that the Board of Managers will have an easement in and through Residential Unit #1 for access to adjacent installations, including, but not limited to, installations in the rear yard and the water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit #2 for access to adjacent installations, as well as an easement in and through Residential Unit #3 for access to adjacent installations, including, but not limited to, those located on Residential Unit #3's rooftop terrace, as well as an easement in and through Residential Unit #4 for access to adjacent installations, including, but not limited to, those located on Residential Unit #4's rooftop terrace, all of which easements will be for maintenance or repair and/or for any other reason the Board of Managers may need access to same. The Board of Managers will provide the applicable Residential Unit Owner(s) with a minimum of three (3) days' notice in the event access is necessary, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required. The Owner(s) of Residential Units #2, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #1 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s). The Owner(s) of Residential Units #1, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #2 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s). The Owner(s) of Residential Units #1, #2 and #4 will each have an easement in and through such portion(s) of Residential Unit #3 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the

responsibility of such Owner(s). The Owner(s) of Residential Units #1, #2 and #3 will each have an easement in and through such portion(s) of Residential Unit #4 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s). Any Residential Unit Owner seeking access to or through another Residential Unit Owner's Unit and/or appurtenant Limited Common Elements will provide the Residential Unit Owner with a minimum of three (3) days' notice thereof, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required. In addition, every Residential Unit Owner will have an easement in common with the owners of other Residential Units to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and public utility lines located in other Residential Units and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit. All Residential Unit Owners and their invitees and permitees and the Board of Managers and its invitees and contractors will have an egress easement in and through such portions of the Condominium as may be needed to exit the Building in the event of an emergency, including, without limitation, the roof top terrace appurtenant to Residential Unit #4 as a Limited Common Element thereof, for access to the bulkhead roof and fire escape, as well as the rear yard appurtenant to Residential Unit #1 as a Limited Common Element thereof, for egress through the rear yard from the fire escape. See Section XIX.

47. The Board of Managers will have a Right of First Refusal on the sale or lease of a Residential Unit as provided in Section XIX of the Offering Plan.

48. Purchasers are advised that the Building was initially constructed in or about 1920. The Sponsor will be effectuating a renovation of the previously existing structure. Notwithstanding, Purchasers should be aware that buildings constructed prior to 1979 may contain lead paint, and buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children. Purchasers are advised to familiarize themselves with New York City Local Law 1 of 2004, a copy of which is included as an exhibit to this Plan. Purchasers for investment are advised that there are certain occupancy and turnover requirements contained therein. Purchasers of a Unit for their own occupancy, particularly those with young children, are additionally advised to consult with a professional to determine the existence of, and any appropriate remediation for, lead paint. See Schedule D-6.

49. Each Residential Unit will be provided with one (1) washer, one (1) electric dryer and one (1) hot water heater located within the Residential Unit or its appurtenant Limited Common Elements. See Schedule G Description of Property Report.

50. Electrical service will be provided to the Building for all applicable facilities, including ovens, dryers and hot water heaters, in the Condominium. Each Residential Unit will be individually metered for electric usage, and the cost thereof will be an individual expense of each Residential Unit Owner. Any electricity consumed for the General Common Elements will be metered and paid for as part of the Common Charges. The Building will have one (1) common water meter, and all water and sewer costs will be a Common Expense of the Condominium. See Section IV of the Offering Plan.

51. Every Residential Unit Owner must promptly perform all maintenance and repair work to such Owner's Residential Unit and any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use which is their sole responsibility, and each Residential Unit Owner is expressly responsible for the damages and liabilities that the failure to do so may engender. Purchasers should note in particular that each Residential Unit Owner will be solely responsible for maintenance and repair of the drains and water apparatuses located in that Owner's Residential Unit and any Individual Residential Unit's Limited Common Elements. The Board of Managers shall perform all maintenance and repair work to drains and water apparatuses located in the General Common Elements and the cost thereof shall be a Common Expense, unless such maintenance or repairs were necessitated by the negligence or misuse of a Residential Unit Owner or the Owner's occupant, tenant or guest, or any other person residing in, visiting, doing work or having done work on behalf of Residential Unit Owner, whereupon all costs and expenses of the maintenance and/or repairs shall be assessed to and paid by the applicable Residential Unit Owner. In the event that a water leak occurs for which a particular Residential Unit Owner is individually responsible and such leak causes damage to one (or more) other Owner's Residential Unit and/or any other such Unit's Limited Common Elements, then the Residential Unit Owner who is individually responsible for the leak shall also be responsible for the costs and expenses associated with repairing the damage caused thereby to any other Owner's Residential Unit and/or any other such Unit's Limited Common Elements. In the event that a water leak occurs for which a particular Residential Unit Owner is individually responsible and such leak causes damage to the General Common Elements, unless such leak was caused by the negligence or misuse of the applicable Residential Unit Owner or the Owner's occupant, tenant or guest, or any other person residing in, visiting, doing work or having done work on behalf of Residential Unit Owner, then the costs and expenses associated with repairing damage to the General Common Elements shall be a Common Expense. Subject to the right of the Board of Managers to designate or approve any and all contractor(s) performing work at the Condominium in its sole discretion, each Residential Unit Owner shall have the right to designate or approve the contractor performing work on or to that Owner's Residential Unit and/or appurtenant Limited Common Elements.

52. The project description for the Condominium is, as follows: renovation of a previously existing structure to create four (4) Residential Units with Common Elements located in a 4-story walk-up Building with a cellar and a rooftop. As of the date hereof, the job status is, as follows: in process. Accordingly, no post-approval amendment ("PAA") number has been assigned to this project. Sponsor anticipates substantial completion of the project work by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions.

53. Purchasers should be aware that, as more fully described in the Description of Property Report set forth in Schedule G, the roof of the Building will be pitched toward roof drains and/or scuppers, as may be required, and the roof will be provided with a new granule-surfaced APP modified bitumen membrane. The roof membrane is subject to a limited two- (2) year installation guarantee covering labor and materials, which guarantee is issued by the installer and begins to run on the date of completion of installation of the

roof membrane The Sponsor is not offering and expressly disclaims any guarantee or warranty covering the roof membrane, except to the extent provided in the Sponsor's Limited Warranty, as contained in the Rider to the Purchase Agreement set forth in Schedule D-5. See Special Risk No. 36, Sections III and XVI of this Offering Plan, the Description of Property Report set forth in Schedule G, and the Purchase Agreement set forth in Schedule D-5.

54. The Sponsor is not aware of any existing elements of the Building that are not subject to replacement or repair during the course of renovation and that are in poor condition or not up to current standards, near or beyond their anticipated remaining life, or contain any existing materials which are unknown.

55. Purchasers should note that the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury issued a revised Geographic Targeting Order ("GTO") dated November 8, 2019, as renewed on October 22, 2023, and April 19, 2024, requiring U.S. title insurance companies and any of its subsidiaries and agents to report to FinCEN the personal identity of purchasers in residential transactions in which:

(1) Residential real property is purchased by a legal entity as defined in the GTO as follows: a corporation, limited liability company, partnership or other similar business entity, whether formed under the laws of a state or of the United States or a foreign jurisdiction, other than a business whose common stock or analogous equity interests are listed on a securities exchange regulated by the Securities Exchange Commission ("SEC"), or a self-regulatory organization registered with the SEC, or an entity solely owned by such a business;

(2) the Purchaser purchases residential real property located in the Boroughs of Brooklyn, Queens, Bronx, Staten Island, or Manhattan in New York City;

(3) the total purchase price is in the amount of $300,000 or more;

(4) such purchase is made without a bank loan or other similar form of external financing; and

(5) such purchase is made at least in part, using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, a money order in any form, a funds transfer or virtual currency.

The Order, as renewed on April 19, 2024, affects all residential real property closings effective April 19, 2024 and ending on October 15, 2024. A copy of the renewed GTO is available at:

https://www.fincen.gov/sites/default/files/shared/RRE-GTOs-Phase-18-Order.pdf

All questions about the Order should be directed to the FinCEN Resource Center at FRC@FinCEN.gov.

426 2ND STREET CONDOMINIUM

PLAN OF CONDOMINIUM OWNERSHIP

I. INTRODUCTION

This is an Offering Plan (the "Offering Plan") for the sale of four (4) Residential Units ("Residential Units") to Residential Unit Owners in a Condominium consisting of a Building with Common Elements to be known as the 426 2nd Street Condominium located at 426 2nd Street, Brooklyn, New York 11215.

The purpose of the Offering Plan is to set forth all material terms of the offer for the benefit of Prospective Purchasers.

The Offering Plan may be amended at any time and from time to time provided that the amendment is duly filed with the Department of Law of the State of New York and is served on Purchasers and Residential Unit Owners.

A Declaration of Condominium submitting the property to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") and By-Laws will be recorded prior to conveyance of title to the first Residential Unit by the Sponsor. The property will be subject to the Condominium Act. The Declaration of Condominium and By-Laws will be substantially similar to those set forth in this Offering Plan and will not be changed so as to adversely affect the Purchaser. This Offering Plan and the accompanying documentation should be carefully studied by Prospective Purchasers and their attorneys prior to the purchase of a Residential Unit.

The Sponsor of the Offering Plan is 426 Holdings, LLC, with an address at 754 Carroll Street, Unit 1, Brooklyn, New York 11215, a New York limited liability company. Sponsor is the owner of the property having acquired it by deed dated as of April 19, 2024.

The Condominium will be a renovation of a previously existing structure and as proposed will consist of four (4) Residential Units with Common Elements located in a 4-story walk-up Building with a cellar and a rooftop. As of the date hereof, the job status is, as follows: in process. Accordingly, no post-approval amendment ("PAA") number has been assigned to this project. Sponsor anticipates substantial completion of the project work by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions.

There are no air rights or transferable development rights benefitting or encumbering the Condominium property, except as any of same may be disclosed in the title exceptions set forth in Section XIV of this Offering Plan.

The purpose of the Offering Plan is to set forth all the terms of the offer for the benefit of Prospective Purchasers.

All portions of the Condominium, excluding the Residential Units, are Common Elements of the Condominium. The Common Elements of the Condominium are described as follows:

A. General Common Elements – General Common Elements are those shared by all Residential Unit Owners and include all portions of the Condominium except for the individual Residential Units and the Individual Residential Unit's Limited Common Elements (irrevocably restricted in use to specified Residential Units or Residential Unit Owners) and include without limitation the following:

1. The land on which the Condominium is erected and all other land within the boundaries of the Property that is not restricted for the exclusive use of Residential Unit #1, #2, #3 or #4, respectively, as a Limited Common Element thereof;

2. All portions of the roof of the Building, including any gutters and leaders, ladders, parapets, roof drains, flashing, copings and bulkheads that are not restricted for the exclusive use of Residential Unit #1, #2, #3 or #4, respectively, as a Limited Common Element, and which are intended for the common use, service or benefit of the entire Building;

3. All exterior walls of the Building;

4. All foundations, footings, columns, girders, beams, supports, floor slabs and ceilings that are not part of a Residential Unit and any interior load bearing walls that are not part of a Residential Unit;

5. Stairs, stairways, common hallways which do not exclusively service or are not located wholly within a Residential Unit, and entrances and exits to and from the Condominium other than entrances to the individual Residential Units;

6. All improved and unimproved areas of the Condominium located outside the boundaries of the Residential Units that is not restricted for the exclusive use of any Residential Unit Owner as a Limited Common Element and which is intended for the common use of the Residential Unit Owners;

7. All central and appurtenant installations for services such as power, light, telephone, television, any gas, hot and cold water and heat (including all boilers, pipes, ducts, wires, chutes, cables and conduits used in connection therewith located in the Common Elements) and all other mechanical equipment spaces, including but not limited to refuse rooms, utility meters, telephone and cable rooms and storage areas (as applicable) that are intended for the common use of the Condominium;

8. All drainage systems, sanitary systems, sanitary house lines, house trap, sewers and/or storm sewer, pipes, drywells, or detention tanks or facilities intended for the common use of the Condominium;

9. Any heating, cooling or other mechanical system located in the Common Elements intended for the common use of the Condominium;

10. Any intercommunication system and equipment intended for the common use and service of the Condominium;

11. Any rooms located in the cellar that are designated to facilitate water, sewer, sprinkler, mechanical, any gas, electric, fire protection or alarm system services or storage for the common benefit of residents of the Condominium, subject to the Board's right to restrict access to authorized personnel;

12. The fences on the Property of the Condominium;

13. All tanks, pumps, motors, fans, compressors, and control equipment intended for the common use of the Condominium;

14. The fire escapes and fire sprinkler systems located in the Common Elements and intended for the common use of the Condominium;

15. Any plantings and landscaping intended for the common use of the Condominium;

16. Any pedestrian walkways, stairways or ramps intended for the common use and service of the Condominium;

17. All flues, chimneys and vent caps for the common use and service of the Condominium; and

18. All other parts of the Condominium, Building and all apparatus and installations existing in the Building or Property for common use and necessary or convenient to the existence, maintenance, or safety of the Condominium.

B. Individual Residential Unit's Limited Common Elements - Certain portions of the Common Elements are irrevocably restricted in use to specified Residential Units subject to the right of the Board of Managers of the Condominium to enter upon any restricted area for maintenance, repair or improvement of a Residential Unit or Common Elements and subject to the Rules and Regulations of the Board of Managers (see By-Laws, Article VIII). Said irrevocably restricted Common Elements are also referred to as an Individual Residential Unit's Limited Common Element. Any portion of the Common Elements which is not restricted in use may be used by any Residential Unit Owner. Following are descriptions of the Individual Residential Unit's Limited Common Elements:

1. Any hot water tank, boiler, air conditioning condenser, heat pumps and any other heating, cooling or other mechanical system exclusively servicing an individual Residential Unit that is located in or on the Common Elements;

2. Any portion of a hot water flue exclusively servicing an individual Residential Unit that is located in the Common Elements;

3. The rear yard, including porch, stairs and grass area, which are appurtenant to Residential Unit #1;

4. The rooftop terrace appurtenant to Residential Unit #3;

5. The rooftop terrace appurtenant to Residential Unit #4;

6. Any other area not included in a Residential Unit that is restricted in use to and/or exclusively services or benefits such Residential Unit; and

7. All apparatus, installations, systems equipment, and facilities in the Common Elements (including pipes, wire ducts, vents, cables, conduits, and lines) which will serve or benefit a Residential Unit exclusively.

See Article Fifth, Section 2 of the Declaration of Condominium regarding the Limited Common Elements.

C. Provisions Applicable to All Common Elements –

1. The Common Elements shall remain undivided and no Residential Unit Owner shall bring any action for partition or division unless otherwise provided by law.

2. The Common Elements are not subject to partition nor are they severable from the Residential Units except in accordance with the Real Property Law.

3. The Percentage of Common Interest in the Common Elements established herein shall not be changed except with the consent of all of the Residential Unit Owners affected as expressed in a duly recorded amendment to the Declaration of Condominium.

4. The Percentage of Common Interest in the Common Elements shall not be separated from the Residential Units to which it appertains and shall be deemed conveyed or encumbered with the Residential Units even though such interest is not expressly mentioned or described in the conveyance or other instrument.

The Board of Managers shall have the right to require that a Residential Unit Owner utilize a contractor or sub-contractor of the Board of Manager's choosing for any repairs, maintenance and/or replacement of an Individual Residential Unit's Limited Common Element that is a Residential Unit Owner's obligation at the Residential Unit Owner's sole cost and expense.

The Common Expenses associated with the Condominium, General Common Elements, and Individual Residential Unit's Limited Common Elements, that are the obligation of the Condominium to repair maintain and replace, as necessary and other costs designated as a Condominium obligation or Common Expense shall be paid for by all Residential Unit Owners based upon their Percentage of Common Interest in the Condominium as reflected in Schedule A of the Offering Plan, except as provided in Section 339-m of the Real Property Law. See Special Risk No. 28.

Each Residential Unit has a different floor plan. See Schedule G-2 in Part II of the Offering Plan for a detailed description of each Residential Unit. The land and all improvements to be erected thereon are hereinafter referred to as the "Development" or the "Community" or the "Condominium".

Sponsor will endeavor in good faith to market and sell the Residential Units in the Condominium; however, Sponsor is retaining the unconditional right to rent rather than sell the Residential Units after consummation of the Offering Plan. Because Sponsor is retaining the unconditional right to rent rather than sell the Residential Units, this Offering Plan may result in the creation of a condominium in which a majority of the Residential Units are not owned by owner-occupants or investors unrelated to the Sponsor. As a result, Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of the Offering Plan. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell Residential Units, there is no commitment to sell more Residential Units than the fifteen (15%) percent necessary to declare the Offering Plan effective and owner-occupants may never gain effective control and management of the Condominium. In the event Sponsor makes a bulk sale of all or some of its unsold Residential Units, the transferee successor Sponsor will be bound by Sponsor's representations regarding its commitment to sell Residential Units. A bulk sale consists of the transfer of all four (4) Residential Units in the Condominium.

Sponsor did not finance its acquisition of the Property and has not entered into any loan agreement(s) to construct the Property. In the event Sponsor does obtain a construction loan, Sponsor will amend the Offering Plan to disclose such loan. In addition, in the event Sponsor obtains a subsequent construction loan, the Sponsor will be obligated to pay off and otherwise comply with the terms of any mortgage on the entire Condominium. After the recording of the Declaration and before the Closing of Title to the first Residential Unit the lender of any mortgage that encumbers the Property at the time of conveyance of the first Residential Unit will either: (i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium Residential Units; (ii) subordinate the lien of its mortgage to the Declaration of Condominium; or (iii) release its lien on the condominium Residential Unit being conveyed and its interest in the Common Elements.

As in the ownership of a private one (1) family Home, the Purchaser of a Residential Unit in a Condominium (the "Residential Unit Owner") owns their Residential Unit in fee simple absolute and is entitled to exclusive possession of their Residential Unit. Each Purchaser of a Residential Unit will also own an undivided interest in and right to use the General Common Elements and a right to use the Individual Residential Unit's Limited Common Elements that pertain to an individual Residential Unit for the Individual Residential Unit's Limited Common Elements. A full description of the General and applicable Individual Residential Unit's Limited Common Elements is provided above.

The approximate (within reasonable tolerances) physical dimensions of each Residential Unit consist of the area measured horizontally from the exterior face of the exterior walls to the centerline of walls separating one Residential Unit from corridors, stairs, and other mechanical spaces or any common elements (as herein defined). Each Residential Unit will consist of the area measured vertically from the top of the structural slab to the underside (of any fire protection) of the structural members above. As such the areas are not based upon measurements from interior surfaces of interior walls, and the actual living area comprising the Residential Unit may be significantly less than the area listed in Schedule A. A decrease in a Residential Unit's area of five (5%) percent or less will not affect a Purchaser's obligations unless such a decrease is determined to be a material change. There is a rebuttable presumption that an area that is diminished by five (5%) percent or less is not material.

A Residential Unit Owner is required to pay monthly Common Charges assessed by the Board of Managers for the operation and maintenance of the Condominium pursuant to Sections 339(i) and (m) of the New York Condominium Act. Monthly Common Charges may commence with the Closing of the first Residential Unit which is expected to be May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. During the Sponsor Control Period, Sponsor shall have the right, in its sole and absolute discretion, to cause the Condominium Board to waive the collection of some or all of the Common Charges, as set forth in the Condominium's budget from Residential Unit Owners. During said period, Sponsor in its sole and absolute discretion; provided, however, that Sponsor shall have the right to either (a) be solely responsible for the payment of all actual expenses to operate the Condominium (the "Waiver Period"), or (b) cause the Condominium Board to assess Residential Unit Owners their proportionate share of all actual operating expenses of the Condominium based on their respective Common Interests or as otherwise set forth in the budget, including, but not limited to, insurance premiums and any Reserve Fund payments included in the budget (the "Reduced Service Period"). In connection with the Waiver Period or Reduced Service Period, (i) Sponsor will disclose the implementation of such Waiver Period or Reduced Service Period in the amendment to the Plan that discloses the occurrence of the First Closing; (ii) Sponsor or the Managing Agent will notify Purchasers and Residential Unit Owners of the expiration of the Waiver Period or Reduced Service Period at least 30 days prior to the expiration thereof, and (iii) Sponsor will disclose the expiration of the Waiver Period or Reduced Service Period in the next substantive amendment to the Plan. During any Waiver Period, Sponsor and/or Residential Unit Owners will timely pay all actual

expenses of the Condominium, including but not limited to insurance premiums and any Reserve Fund payments included in the budget. At such time as the Condominium Board commences the collection of Common Charges in accordance with the total proposed budget contained in Schedule B (the "Total Budget"), there will not be an assessment for any expense line item set forth in the budget, or maintenance fee that would have been due prior to the expiration of the Waiver Period or Reduced Service Period. Sponsor is not obligated to collect Common Charges based on a Waiver Period or Reduced Service Period and can commence collection of the Common Charges based upon the total Common Expenses reflected in the Total Budget provided in Schedule B of the Offering Plan.

Until title to a Residential Unit has passed to a Purchaser, the Sponsor will pay such Common Charges and Special Assessments as are assessed by the Board of Managers on the Residential Units to which title has not passed based upon the above paragraph. Once title has passed to a Purchaser, the Purchaser will be responsible for all costs, including all Common Charges, in the event the collection of Common Charges has commenced, and individual expenses associated with the Residential Unit, as well as any costs associated with the Individual Residential Unit's Limited Common Elements that pertain to the Purchasers' Residential Unit.

A Residential Unit Owner, upon acquiring title to their Residential Unit, will be obligated to comply with the Declaration of Condominium, Condominium By-Laws and its Rules and Regulations and any other requirements of the Board of Managers of the Condominium.

The Condominium Board does not have any right to approve or disapprove Purchasers and there is no restriction upon ownership of a Residential Unit. Occupancy of a Residential Unit, however, may only be for residential purposes as described in Section XIX of the Offering Plan. The Board of Managers will have a Right of First Refusal on the sale or rental of a Residential Unit as provided in Section XIX of the Offering Plan. Residential Units can be sold by a Residential Unit Owner, subject to said Right of First Refusal and provided that the Residential Unit Owner is not in arrears on the payment of Common Charges (except where the payment of such unpaid Common Charges is paid by the Grantee or provided for out of the proceeds of the sale) and subject to restrictions contained in the mortgage, if any, covering their Residential Unit. A Purchaser is free to make a gift of their Residential Unit to anyone during their lifetime or to devise their Residential Unit by will, or to have it pass by intestacy without any restriction. No Residential Unit can be sold without a simultaneous sale of the undivided interest in the Limited Common Elements that pertain to the Residential Unit.

Each Residential Unit Owner can sell their Residential Unit to whomever they desire. Residential Unit Owners may lease their Residential Units subject to the conditions contained in Section XIX of the Offering Plan.

The Residential Units can be purchased for all cash or may be purchased partly for cash and partly by mortgage. The Purchase Agreement is not conditioned upon a Purchaser securing satisfactory mortgage financing. Obtaining a mortgage shall be the

sole responsibility of each Purchaser. In no event will the Sponsor be obligated to return a Purchaser's Deposit in the event a Purchaser is unable to obtain a mortgage. In addition, the Purchase Agreement will remain in full force and effect and the Purchaser will be obligated to pay the balance of the purchase price at Closing regardless of the availability of financing. In the event a Purchaser does not Close Title to the Residential Unit as a result of Purchaser's inability to obtain a mortgage Purchaser will be deemed in default of the Purchase Agreement and after Sponsor complies with the required notices may, at its option, retain as liquidated damages all or any part of the monies paid on account of the Purchase Agreement plus Extras paid by Purchaser which Extras have been installed by Sponsor, paid for but not installed by Sponsor or which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay, unless the Offering Plan has been abandoned. In the event the Offering Plan is abandoned, a Purchaser will be entitled to a return of all funds paid for Extras.

A Residential Unit Owner may mortgage their Residential Unit at any time after they acquire title to the Residential Unit in whatever amount and under whatever terms they can obtain. Any Residential Unit Owner may also, upon the resale of their Residential Unit, grant a purchase money mortgage to a purchaser of the Owner's Residential Unit. A Residential Unit Owner may mortgage the Owner's Residential Unit only if all arrears for Common Charges and/or Special Assessments, if any, are provided for at the closing of the mortgage.

Primary responsibility for operating the Condominium rests with the Board of Managers who are elected by the Residential Unit Owners. See the By-Laws contained in Part II of the Offering Plan. For information concerning Sponsor's initial control of the Board of Managers, see Section XVII of the Offering Plan.

Each Residential Unit Owner, upon obtaining title, will automatically have one (1) vote at all meetings of Residential Unit Owners for each of the Residential Units owned by such Residential Unit Owner.

Each Residential Unit will be taxed separately for real estate tax purposes and may be separately mortgaged. Therefore, no Residential Unit Owner is liable for the payment of real estate taxes or mortgage payments on any other Residential Unit. In the opinion of counsel, a Residential Unit Owner is presently entitled to deductions for federal income tax purposes for payments for state and local income taxes and real estate taxes applicable to their Residential Unit to a maximum of $10,000 as currently permitted by law under the Federal Tax Cuts and Jobs Act of 2017 (the "Tax Act"). In addition, provided the Residential Unit will be the Purchaser's principal residence, a Residential Unit Owner may also deduct the interest on a mortgage, up to a maximum mortgage of $750,000, they procure to finance the purchase of their Residential Unit for income tax purposes pursuant to the Tax Act. The Tax Cuts and Jobs Act of 2017 is scheduled to expire on December 31, 2025. See Section XXI of the Offering Plan.

Fire and liability insurance covering the General Common Elements and Individual Residential Unit's Limited Common Elements are included with other items as part of Common Charges; however, fire and liability insurance for the Purchaser's personal

effects, the interior of the Residential Unit and the Individual Residential Unit's Limited Common Elements for an Individual Residential Unit Owner's exclusive use must be carried by the individual Purchaser. Common Charges are levied in proportion to the Percentage of Common Interest in the "Common Elements" appurtenant to each Residential Unit. However, Purchasers should see Special Risk No. 28 which provides that as permitted in Section 339-m of the Real Property law of the State of New York, the Board of Managers may also make allocations and assessments of Common Charges to the General Common Elements and in accordance with sub-metering, contract allocations and usage (both projected and actual) so long as such allocations are reasonable under the circumstances and are based on special or exclusive use or availability or exclusive control of particular Residential Units or common areas by particular Residential Unit Owners. For possible increases in Common Charges upon default in payment by a Residential Unit Owner see Section XIX of the Offering Plan. Each Residential Unit Owner is responsible for the cost of their own interior repairs and decoration in their Residential Unit after Closing.

The price of the Residential Units will include only the appliances and fixtures detailed in the Description of Property Report contained in Part II of the Offering Plan. Installation and the cost of any extras, upgraded appliances, upgraded fixtures or appliances or fixtures not provided is the sole responsibility of each Residential Unit Owner. The Sponsor reserves the right to provide fixtures and appliances by different manufacturers which are of Equal or Better Quality than noted in the Description of Property found in Part II of the Offering Plan.

The prices for the Residential Units are set forth in Schedule A. THESE PRICES HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

This Offering Plan contains all of the material terms of this transaction. Parts I and II along with Parts A, B, C and D of the Schedules submitted along with the Offering Plan together constitute the entire Offering Plan. Copies of the Offering Plan and Parts A, B, C and D of the Schedules will be available for inspection by Prospective Purchasers and their attorneys without charge and for copying at a reasonable charge at the Condominium site whenever the on-site sales office is open, at the office of the Sponsor or any Selling Agent engaged by Sponsor and at the New York State Department of Law, 28 Liberty Street, 21st Floor, New York, New York 10005.

See Section XIX as to the Right of First Refusal on the sale or rental of a Residential Unit.

THE PURCHASE OF A CONDOMINIUM RESIDENTIAL 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.

II. DEFINITIONS

The following words as hereinafter referred to shall be defined as follows:

1. "Annual Meeting" – The meeting of the Residential Unit Owners of the Condominium held on a yearly basis or such other convenient date as the Board of Managers may designate subsequent to the First Annual Meeting.

2. "Board of Managers" – The governing body of the Condominium that is responsible for the Condominium's affairs.

3. "Board Member" or "Member" – Each individual representative elected, designated, or appointed to the Board of Managers.

4. "Building" – The one (1) building including the Residential Units and Common Elements of the Condominium.

5. "Building Department" – The Building Department of the City of New York.

6. "By-Laws" – The document governing the operation of the Condominium.

7. "Certificate of Occupancy" – A document issued by a local government to a developer which permits a structure to be legally occupied.

8. "City" – The City of New York.

9. "Closing" or "Close Title" or "Closing of Title" or "Title Closing" – The consummation of the sale of the Residential Unit transferring title via a deed from the Sponsor to the Purchaser.

10. "Closing Costs" or "Closing Adjustments" or "Closing Fees" or "Closing Apportionments" – Fees and expenses over and above the price of the Residential Unit, incurred by the Purchaser and/or Sponsor at the Closing.

11. "Closing Date" or "Date of Closing" – The date of Closing of Title.

12. "Common Charges" – Each Residential Unit Owner's proportionate share of Common Expenses of the Condominium.

13. "Common Elements" - All portions of the Condominium, other than the Residential Units. The Common Elements are divided as follows:

    (a) General Common Elements, which are Common Elements shared by all Residential Unit Owners; and

(b) Individual Residential Unit's Limited Common Elements, which are Common Element for the exclusive use of an individual Residential Unit Owner or Owners.

14. "Common Expenses" – (a) Expenses incurred by all Residential Unit Owners for the purpose of paying costs of the Condominium in connection with the repair, maintenance, replacement, restoration or operation of, and any alteration, addition, or improvement to the General Common Elements; and (b) All sums designated common expenses by or pursuant to the provisions of the Condominium Act, the Declaration of Condominium or the By-Laws.

15. "Community" or "Development" – As used herein is equivalent in meaning to the term "Condominium" as same is used in Article 9-B of the Real Property Law.

16. "Condominium" – 426 2nd Street Condominium, which includes the Residential Unit Owners, the Residential Units, and the Common Elements. The term "Condominium" is as used in Article 9-B of the Real Property Law.

17. "Condominium Act" – Article 9-B of the Real Property Law of the State of New York.

18. "Condominium Documents" – The Declaration of Condominium, the By-Laws, the As-Built Floor Plans of the Residential Units, and the Condominium Residential Unit Designation Map (as provided in the Condominium Act) as the same may be amended from time to time.

19. "Condominium Property" or "Property" – The overall area of the Condominium.

20. "Consummation of the Offering Plan" – the filing of the Declaration of Condominium and the first transfer of title to a condominium unit to at least one purchaser under the Offering Plan following a Declaration of Effectiveness by the Sponsor and the acceptance for filing of an amendment to the Offering Plan by the Department of Law confirming or declaring the Offering Plan effective.

21. "Declaration of Condominium" – The instrument by which the Property is submitted to the provisions of the Condominium Act, as such instrument may from time to time be amended, consistent with the provisions of the Condominium Act and of the By-Laws.

22. "Department of Finance" – The New York City agency that assigs separate tax lots to the individual Units in the Condominium.

23. “Department of Law” – The New York State agency responsible for the review and enforcement of offering plans for the offer and sale to the general public of condominiums, cooperatives, and homeowner associations.

24. “Deposit” – The amount deposited by a Purchaser towards the Purchase Price of a Residential Unit upon execution of the Purchase Agreement.

25. “Description of Property Report” – The report contained as Schedule G in Part II of the Offering Plan.

26. “Equal or Better Quality” – Comparable or better quality as recognized by industry standards for performance, efficiency, longevity, and classifications, as applicable.

27. “Escrow Account” – The attorneys’ accounts where a Purchaser’s Deposit will be held as provided for in Section XI of the Offering Plan.

28. “Escrow Agent” – The attorneys or law firms overseeing the Escrow Accounts as provided for in Section XI of the Offering Plan.

29. “Extras” – All funds received by Sponsor from Purchaser for upgrades, options, extras, custom or special work that is not included in the base price of the Residential Unit.

30. “First Annual Meeting” – The date of the first annual meeting of the Residential Unit Owners as disclosed in the Offering Plan.

31. “First Board of Managers” – The initial Board Members of the Board of Managers appointed by the Sponsor and Owner.

32. “Force Majeure” – Unavoidable delays due to acts of God, weather, fire, flood, explosion, war, riot, sabotage, epidemics, pandemics, quarantine, acts of terrorism, freight embargos, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, governmental restrictions, preemptions or approvals, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the control of Sponsor.

33. “Grantee” – The person to whom an interest in real property is conveyed.

34. “Grantor” – The person conveying an interest in real property.

35. “Institutional Mortgage” – A first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Sponsor, its successor, designee, or assignee to a purchaser of a Residential Unit or in

which the Sponsor, its successor, designee or assignee participates with one of the above.

36. "Mansion Tax" - The tax paid by a Purchaser at the closing of title pursuant to Sections 1402-a and 1402-b of the Tax Law of the State of New York when the consideration paid for the Unit is $1,000,000 or more.

37. "Notice for Closing" – The written notice of the date of the closing of title to a Residential Unit provided to a Purchaser.

38. "Officer" – One (1) of the officers of the Condominium chosen by the Board of Managers as provided for in Article IV of the By-Laws of the Condominium including the President, Vice President, Secretary and Treasurer.

39. "Percentage of Common Interest" – The proportionate, undivided interest each Residential Unit Owner has in the Common Elements.

40. "Power of Attorney" – The form contained as Schedule E of the Offering Plan that each Purchaser is required to execute at the Closing of Title to their Residential Unit that gives a power of attorney to the Board of Managers and/or the Sponsor to act on behalf of the Purchaser.

41. "Property" – The overall land area of the Condominium.

42. "Purchase Agreement" – The document to be executed by the Purchaser which will obligate the Purchaser to acquire the Residential Unit in the Condominium and which will obligate the Sponsor to sell the Purchaser the Residential Unit in the Condominium.

43. "Purchaser" – The person(s) who have entered into a Purchase Agreement to acquire a Residential Unit in the Condominium.

44. "Reduced Service Period" – Any period during Sponsor Control Period the Board of Managers waives a portion of Common Expenses to be collected as Common Charges from the Residential Unit Owners.

45. "Reserve Fund" – The fund to be held by the Condominium for capital improvements for the Condominium.

46. "Residential Unit" – A Residential Unit includes all the Units in the Condominium designated for residential use as reflected in the Declaration of Condominium and Schedule B of the Declaration of Condominium.

    As used herein the term "Residential Unit is equivalent to the term "Residential Unit" in Article 9-B of the Real Property Law of the State of New York.

47. "Residential Unit Owner" – The owner of a Residential Unit.

48. “Right of First Refusal” – The right of the Board of Managers to match a bona fide offer of a sale or lease of a Residential Unit as provided for in the By-Laws.

49. “Rules and Regulations” – The Rules and Regulations contained in Article VIII of the By-Laws as the same may be amended, altered, waived, or added to by the Board of Managers.

50. “Special Assessment” – A Common Expense of the Condominium that is not included in the monthly Common Charges applicable to a Residential Unit.

51. “Special Meeting” – A special meeting of the Residential Unit Owners called by pursuant to Article II, Section 10 of the By-Laws.

52. “Sponsor” – 426 Holdings, LLC, a New York limited liability company and its successors, assigns and designees.

53. “Sponsor Control Period” – The period of time the Sponsor has the right to retain control of the Board of Managers of the Condominium.

54. “Sponsor’s Counsel” – Certilman Balin Adler & Hyman LLP, 90 Merrick Avenue, East Meadow, New York 11554 (Offering Plan) and Romanick & Skolnick, PLLC, 142 Joralemon Street, Suite 5C, Brooklyn, New York 11201 (Closing Attorney).

55. “Tax Act” – The Federal Tax Cuts and Jobs Act of 2017.

56. “Tax Consultant” – The tax expert who has provided the opinion letter regarding real estate taxes applicable to this Condominium.

57. “Unsold or Untitled Residential Unit” – Any Residential Unit in which title is retained by the Sponsor and any successors or assigns or designees until such time as the same has been sold and title conveyed to a third party. It shall not include units in contract. It shall not include a Residential Unit which is used for personal occupancy of the Sponsor, any of its principals or any of its successors or assigns or designees.

58. “Waiver Period” – Any period during Sponsor Control Period the Board of Managers waives all Common Expenses of the Budget and during which period Sponsor is responsible for all actual expenses in the Condominium.

59. “Working Capital” – The funds paid by each Purchaser at Closing to the Condominium to be used towards expenses of the Condominium and to reimburse Sponsor for prepaid expenses of the Condominium as described in Section XXIV of the Offering Plan.

60. “Working Capital Fund” – The fund created for the Working Capital monies to be deposited.

III. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location, Acreage and Zoning

The Condominium is located at 426 2nd Street, Brooklyn, New York 11215. The Condominium is zoned R6B. The overall zoning lot size of the Condominium is approximately 1,884 square feet.

Topographical Features

The site consists of a renovated building over gently sloped land.

Improvements - General Description

The Building is vacant and was previously used as a residential building. The Building is in the process of being renovated and it is anticipated that the Closing to the first Residential Unit will occur on or about May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. The Building will be a renovation of a previously existing structure and will contain four (4) Residential Units and Common Elements located in a 4-story walk-up Building with a cellar and a rooftop.

The Building Plans have been filed with the Building Department of the City of New York and are available for inspection at the Sponsor's Office.

The Residential Units, the Building containing them and all other improvements will comply with all applicable rules, regulations, laws, and other requirements of all governmental authorities having jurisdiction thereof, including those governing zoning and construction, and the Sponsor and all other persons engaged by the Sponsor in connection with this Offering Plan have complied and will comply with all applicable laws, rules and regulations and other governmental requirements pertaining thereto. Renovation and construction of the Condominium will comply with the Building Code of the City of New York. Before the Closing of Title to a Residential Unit, a temporary or permanent Certificate of Occupancy will be issued for such Residential Unit or the Building in which it is located. At the time of the first Closing of Title to a Residential Unit all Residential Units in that Building will have been partially or substantially completed. The Sponsor reserves the right to provide fixtures and appliances by different manufacturers which are of an Equal or Better Quality than noted in the Description of Property Report found in Part II of the Offering Plan.

There are no lot line windows in the Building. In the event lot line windows are required or desired in the future, all expenses associated with any lot line window will be the Condominium's responsibility and the cost thereof a Common Expense. Under the applicable building code, lot line windows must meet certain requirements. Any future lot line windows must be built in full compliance with all applicable building codes and other

regulations, and all the Residential Units are required to meet light and ventilation requirements without taking lot line windows into account.

The roof of the Building will be pitched toward roof drains and/or scuppers, as may be required, and the roof will be provided with a new granule-surfaced APP modified bitumen membrane. The roof membrane is subject to a limited two- (2) year installation guarantee covering labor and materials, which guarantee is issued by the installer and begins to run on the date of completion of installation of the roof membrane The Sponsor is not offering and expressly disclaims any guarantee or warranty covering the roof membrane, except to the extent provided in the Sponsor's Limited Warranty, as contained in the Rider to the Purchase Agreement set forth in Schedule D-5.

Purchasers are advised that, in New York, 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 ("Building Department"). A TCO is intended to indicate that the property is safe for occupancy but means that not all of the construction work and/or inspections have been performed, or that not all of the required documents have been submitted to the Building Department. 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 Residential Units. In New York City, it is common for sponsors to commence Residential Unit closings when some or all Residential 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 thereof and ultimately for obtaining a FCO covering the entire Building within two years from the date of issuance of the first TCO. However, Sponsor and its principals make no representation or guarantee that the Building Department will issue the PCO within such two (2) year period. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the PCO for the entire Building and shall exercise its best efforts to obtain the PCO within such two-year period while keeping the TCO current. Residential Unit Owners and the Board of Managers shall be obligated to cooperate with and refrain from obstructing Sponsor in these undertakings. Residential Unit Owners will not be permitted to make any changes, additions or alterations to their Residential Unit requiring Building Department approval prior to the issuance of a Permanent Certificate of Occupancy or renewal of a TCO.

<u>Construction Data for Residential Units, Common Elements and Individual Residential Unit's Limited Common Elements</u>

The Building, the Residential Units and Common Elements will be renovated and constructed in the manner set forth in the Building Plans filed with the City of New York, which Plans will not be changed so as to adversely affect the Residential Unit Owners.

For a detailed description of such data see the Description of Property Report in Part II of the Offering Plan. Renovation and construction of the Building has commenced and Closing of Title to the first Residential Unit is expected to take place on May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions.

Unsupervised visits to the Property may present a dangerous circumstance and could incur liability to Sponsor. Unless specifically agreed to by Sponsor in writing and escorted by a representative of Sponsor in each instance, Purchaser shall not visit the Unit or any other portion of the Property and shall only have the right to visit the sales office prior to Closing. Pursuant to Paragraph 13 of the Purchase Agreement, Purchaser will agree to release and indemnify, defend and hold Sponsor harmless from and against any and all claims and liabilities incurred by Sponsor resulting from the presence of Purchaser or Purchaser's family members, agents, licensees or invitees on the Property prior to Closing. Purchaser will also be required to execute the Express Assumption of Risk Form included as Schedule D-4 to the Offering Plan.

Allocation of Common Interest

The Common Interest of the Condominium establishes the Residential Unit Owners' percentage of ownership in the Common Elements and percentage of liability for the payment of Common Charges subject to the provisions of Section 339-m. See Special Risk No. 28. Each Residential Unit Owner has the Percentage of Common Interest in the Condominium set forth on Schedule A. The Percentage of Common Interest of each of the Residential Units has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. See Special Risk No. 24 as to Sponsor's right to adjust the Percentage of Common Interest an immaterial amount so that the Percentage of Common Interest equals 100%.

Recreational Facilities

The Condominium will not have any recreational facilities for common use. Residential Unit #1 will include the rear yard with a porch and grass area for recreational purposes, and Residential Units #3 and #4 will each include a rooftop terrace for recreational use. The rear yard and porch and the terraces of the Condominium may not be enclosed and may not be used for storage. The rear yard and porch and the terraces of the Condominium may not be used for any type of occupancy, including as a bedroom or living room.

IV. LOCATION AND AREA INFORMATION

The Condominium is situated at 426 2nd Street, Brooklyn, New York 11215, in the Park Slope section of Brooklyn.

Transportation

Public transportation is convenient to all parts of New York City by subway or bus. The Grand Army Plaza subway station is 0.6 miles from the Condominium. The Union Street subway station is 0.4 miles from the Condominium. The 4th Avenue-9th Street subway station is 0.4 miles from the Condominium. The 7th Avenue subway station 0.6 miles from the Condominium.

The Atlantic Terminal is approximately 1 mile from the Condominium.

Emergency Services:

The 78th Police Precinct is located at 65 6th Avenue, is approximately .4 miles from the Condominium.

The nearest fire house is FDNY Engine 239, which is located at 395 4th Avenue, approximately 0.5 miles from the Condominium.

Gas

The Condominium will not include gas service.

Electric

Electric service will be provided by Con Edison, as described in the Description of Property Report in Part II of the Offering Plan. Any electricity consumed for the General Common Elements will be metered and paid for as part of the Common Charges. Each Residential Unit will be individually metered for electric usage and the cost thereof will be an individual expense of each Residential Unit Owner.

Telephone

Local telephone service is provided by Verizon. Each Residential Unit Owner will be responsible for their own phone service and activation.

Water and Sewage

Water supply and sewer servicing the Building will be provided by the City of New York as described in the Description of Property Report in Part II of the Offering Plan. Water will be metered through one main building water meter for domestic supply and fire sprinklers.

Refuse Removal

Refuse removal will be provided by the New York City Department of Sanitation.

Snow Removal

Snow removal and road maintenance for all public streets adjoining the Condominium is provided by the New York City Sanitation Department.

Medical, Educational and Religious Facilities

Hospitals

New York-Presbyterian Methodist Hospital, 506 6th Street Brooklyn, is approximately 0.4 miles from the Condominium.

Public schools located in the general vicinity are as follows:

New York City public schools in the Park Slope area will be the schools any school-aged children in the Condominium would attend.

Sponsor makes no representation that the public schools referred to above will be the schools that the children of the Condominium will attend nor whether the children will have school bus service provided.

The above listing is by no means inclusive. No representation is made that the children of Residential Unit Owners will be entitled to attend any particular school.

Religious Institutions

There are numerous houses of worship of the major faiths within the vicinity of the Condominium.

Zoning

The zoning classification of the property is R6B, which permits renovation of the Building for its intended use.

All surrounding areas are fully developed.

Neither Sponsor nor any of its Principals have an option or right to acquire any of the adjoining areas.

V. SCHEDULE A
426 2ND STREET CONDOMINIUM
For the first year of operation May 1, 2025 through April 30, 2026

Unit	Number of Bedrooms (2)	Number of Baths (2)	Square Footage of Each Unit Listed by Floor (2)	Total Square Footage (2)	*Square Footage Roof Top Limited Common Elements	*Square Footage Rear Yard Top Limited Common Element (2)	Total Square Footage Including Limited Common Elements (2)	Estimated Offering Price (1)	Percentage of Common Interest (3)	**Projected Monthly Real Estate Tax (5)	**Projected Annual Real Estate Tax (5)	Projected Monthly Common Charges (4)	Projected Annual Common Charges (4)	Total Estimated Monthly Carrying Charges
1	2 Bed	2 Full/1 Half	Cellar 1,170 1st Floor 1,160.5	2,330.5		436.5	2,767	$ 2,975,000	30%	$ 630.25	$ 7,563.00	$ 587.50	$ 7,050.00	$ 1,217.75
2	3 Bed	2	2nd Floor 1,156	1,156		0	1,156	$ 2,250,000	20%	$ 420.17	$ 5,042.00	$ 587.50	$ 7,050.00	$ 1,007.67
3	3 Bed	2	3rd Floor 1,156	1,156	433	0	1,589	$ 2,350,000	25%	$ 525.21	$ 6,302.50	$ 587.50	$ 7,050.00	$ 1,112.71
4	3 Bed	2	4th Floor 1,156	1,156	584.5	0.0	1,741	$ 2,350,000	25%	$ 525.21	$ 6,302.50	$ 587.50	$ 7,050.00	$ 1,112.71
TOTAL				**5,798.5**	**1,017.5**	**436.5**	**7,252.5**	**$ 9,925,000**	**100.00%**	**$2,100.83**	**$ 25,210.00**	**$ 1,958.33**	**$ 23,500.00**	**$ 3,338.13**

Purchasers should refer to the Description of Property Report and Floor Plans for a detailed description of the Residential Units and areas appurtenant to the Residential Units.

***The cellar, roof top and rear yard areas are uninhabitable and are not permitted to be used for a bedroom or livingroom. Use of this space improperly may result in a building code violation being issued.**

****Although it is anticipated that real estate taxes for the First Year of Condominium Operation will be partly based on an assessment of the building that occurred prior to the completion of renovations, the projected real estate taxes contained in Schedule A are based on an assessment of the building after renovation is complete. Notwithstanding, Purchasers are advised that real estate taxes may increase materially when the building is reassessed after rehabilitation is complete. See Footnote 5 to Schedule A and Section XX of the Offering Plan.**

FOOTNOTES TO SCHEDULE A

1. No change in the sales prices will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Offering 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 Residential Unit purchase. See Section IX of the Offering Plan as to other terms of the offering which are negotiable. See Section XV of the Offering Plan for estimated Closing Costs and Adjustments, which costs are in addition to the sale prices set forth herein.

2. Purchasers should refer to the floor plans in Schedule G-2 of Part II of the Offering Plan for details of each type of Residential Unit. The room count has been made in accordance with the standards set forth by the New York City Department of Buildings as reflected in the Description of Property Report set forth in Part II of this Offering Plan. The approximate floor area, within reasonable tolerances, of each Residential Unit consists of the exterior face of the exterior walls to the centerline of walls separating one Residential Unit from corridors, stairs, and other mechanical spaces or any common elements (as herein defined). Each Residential Unit will consist of the area measured vertically from the top of the structural slab to the underside (of any fire protection) of the structural members above. As such the areas are not based upon measurements from interior surfaces of interior walls, and the actual living area comprising the Residential Unit may be significantly less than the area listed in Schedule A. The areas displayed in Schedule A consist of habitable and uninhabitable space. Any uninhabitable space appurtenant to a Residential Unit may not be legally used as a bedroom or living room and the cellar is for non-habitable accessory use only, may not be used for living, eating, sleeping or cooking, and may not be rented independently. To do so may result in the issuance of a building code violation by the New York City Department of Buildings. The cellar has less light and air than ordinary living space and is more susceptible to dampness. A decrease in a Residential Unit's area of five (5%) percent or less will not affect a Purchaser's obligations unless such a decrease is determined to be a material change. There is a rebuttable presumption that an area that is diminished by five (5%) percent or less is not material. Purchasers should refer to the Description of Property Report and the floor plans of the various model types in Schedule G and G-3 respectively, as to the description and location of the Residential Units.

3. The Percentage of Common Interest of each of the Residential Units has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Based upon final specifications, construction conditions and/or "as-built" plans for the Building reflecting relative measurements, areas and uses of portions of the Building,

application of such method of allocation the Percentage of Common Interest may justify a minor increase or decrease in the aggregate Percentage of Common Interest appurtenant to Residential Units. In such event, the Percentage of Common Interest appurtenant to each individual Residential Unit would be adjusted pro rata. Sponsor expressly reserves the right, from time to time, prior to the first Closing, to affect an immaterial change in the Percentage of Common Interests and to amend the Plan so as to reflect the same. Notwithstanding, unless an affected Purchaser consents, no material change will be made in the Percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Residential Unit and the Purchaser is not in default. Purchasers should note that, although there is a rebuttable presumption that a change of five (5%) percent or less of a Residential Unit's square footage may be immaterial, there is no such presumption regarding a change in common interest.

4. Common Charges have been estimated by the Sponsor and include fire and liability insurance for the Residential Units and Common Elements and maintenance and operation of the General Common Elements and Individual Residential Unit's Limited Common Elements that are the obligation of the Condominium to repair, maintain and replace, as necessary. Common Charges exclude repair and decoration to the inside of a Residential Unit, utilities for each Residential Unit and insurance for personal belongings. See Schedule C for estimated heating and electrical costs for the Residential Units.

5. Real estate tax estimates are based upon information received from Metropolitan Realty Exemptions, Inc., 381 South 5th Street, Brooklyn, New York 11211. A tax opinion letter dated April 10, 2024, provided by Metropolitan Realty Exemptions, Inc., is contained in Section XXII of the Offering Plan. The projected figures in the opinion letter assume the applicability of a 2023/2024 residential class 2 tax rate of $12.502 per $100 of assessed valuation for the Residential Units for a total tax of $12,841.00 for tax year 2024/2025 and a total tax of $25,210.00 for tax year 2025/2026.

   Sponsor anticipates that the renovation of the Condominium will be completed by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. Per the opinion letter of Metropolitan Realty Exemptions, Inc., it is anticipated that the New York City Department of Finance ("Department of Finance") will reassess the value of the Property on the taxable status date of January 5, 2026. The Department of Finance releases tentative assessments of property value in New York City every January and issues final assessments every May, prior to the beginning of each tax year, which commences on July 1st.

   The first year of Condominium operation is scheduled to commence on May 1, 2025, and end on April 30, 2026 (subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions). As such, it is anticipated that taxes for the first year of operation

will be assessed partly (approximately 16.67%) based on the valuation and rate applicable for tax year 2024/2025 and partly (approximately 83.33%) based on the valuation and rate applicable for tax year 2025/2026. The total projected real estate taxes for the first year of operation, being a total of $23,149.00, were calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Blended Taxes for First Year of Condominium Operation			
	Assessed Value	Tax Rate	Real Estate Tax
16.67% of 2024/2025	$17,119.00	12.502%	$2,140.00
83.33% of 2025/2026	$168,043.00	12.502%	$21,009.00
TOTAL	$185,162.00		$23,149.00

Although it is anticipated that real estate taxes for the first year of condominium operation will be partly based on an assessment of the Building that occurred prior to the completion of renovations, the projected real estate taxes contained in Schedule A are based on an assessment of the Building after renovation is complete. Notwithstanding, Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after renovation is complete. In addition, the actual assessed value of the Residential Units will be determined by the City of New York may be higher than what is currently estimated and therefore may result in greater total estimated taxes on said Residential Units of the Condominium. See Section XX of the Offering Plan and below for more information regarding projected assessed valuation after completion of renovation.

The total projected real estate taxes for all the Residential Units upon completion of renovation, as indicated in Schedule A, being a total of $25,210.00, were calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Taxes Upon Assessment After Renovation Is Complete			
	Assessed Value	Tax Rate	Real Estate Tax
2025/2026	$201,651.00	12.502%	$25,210.00

Based on the opinion of Metropolitan Realty Exemptions, Inc., the above projection assumes the applicability of a 2023/2024 tax class 2 rate of 12.502. Sponsor has been advised by its consultant that it is the policy and practice of the Department of Finance to apportion the assessed valuation of a condominium among the various units based upon the percentage of common interest contained in the Declaration of Condominium. Estimated real property taxes by unit once fully assessed after renovation is complete based on relative percentages of Common Interest set forth in Schedule A in the Offering Plan are, as follows:

Unit	% of Common Interest	Estimated Assessed Value	Estimated Annual Taxes
1	30%	$60,495.30	$7,563.00
2	20%	$40,330.20	$5,042.00
3	25%	$50,412.75	$6,302.50
4	25%	$50,412.75	$6,302.50

It should be noted that, although it is currently Finance's stated policy to apportion the assessed values of condominium properties among the various units on this basis, Finance has used different methodologies in the past. No warranty or guarantee is made herein that assessed values will not be apportioned based on a different method.

The figures set forth above are approximations derived from material submitted by the Sponsor and publicly available tax records and are subject to amendment. No government agency has passed upon these figures or the estimates of assessed valuation and taxes above. Neither the Sponsor nor its counsel have passed on the accuracy of any figures or estimates contained in the Offering Plan, and offer no warranties on real estate assessments, tax classifications, taxes or tax rates for any period. All prospective Purchasers are advised that, although the estimates of assessed valuations upon conversion are good faith estimates, such assessed valuations when actually made may be less or greater than as estimated above.

The above estimates do not take into account any future increases in the level of assessed valuation applied to residential property or any increase in the real estate tax rates. The above estimates are based upon interpretations of The New York State Real Property Tax Law and The Administrative Code of the City of New York and are not intended to be a guarantee or assurance that the actual or transitional tax assessments, tax rates, or actual taxes will be as estimated.

No representation is made that the provisions of law or New York City Department of Finance policies and practices will apply at the time the property's conversion is complete. Purchasers should be aware that the laws, regulations and practices of the Department of Finance upon which the above estimates are predicted may in the future be revised in a manner adverse to a Purchaser's interests, or that there may be an adverse interpretation of the law or regulation by one or more agencies of the City of New York, or Courts of competent jurisdiction.

The above estimates are not intended and should not be construed as representations or warranties that assessments, tax rates, and taxes will not be determined in a different amount. The foregoing analysis is based upon the knowledge of the making and review of assessments by the Real Property Assessment Department and the Tax Commission of the City of New York with respect to "class 2" residential properties held in the condominium form of ownership. Application of a particular approach to valuation by an individual assessor may yield a different result.

Each Residential Unit will be given a separate block and lot designation.

Although the aforesaid estimate of Actual Assessed Valuation is a good faith estimate, it is not possible to estimate the same with any degree of certainty. Assessed valuations, when actually made, may be lesser or greater based on interpretation of the administrative code and the applicable rules and regulations

of the City of New York. The estimates are not intended and should not be construed as warranties as to future assessed valuations of the Property.

See Section XX for a full discussion of the real estate taxes applicable to the Residential Units. A copy of the opinion letter from Metropolitan Realty Exemptions, Inc. is contained in Section XXII of the Offering Plan.

After the Condominium is divided into individual tax lots, each Residential Unit will be taxed as a separate tax lot for real estate tax purposes and the Residential Unit Owner will not be responsible for the payment of, nor will the Residential Unit be subject to, any lien arising from the non-payment of taxes on other Residential Units. In the opinion of counsel, a Residential Unit Owner is presently entitled to deductions for federal income tax purposes for payments for state and local income taxes and real estate taxes applicable to their Residential Unit to a maximum of $10,000 as is currently permitted by law under the Federal Tax Cuts and Jobs Act of 2017 (the "Tax Act"). In addition, provided the Residential Unit will be the Purchaser's principal residence, a Residential Unit Owner may also deduct the interest on a mortgage, up to a maximum mortgage of $750,000, they procure to finance the purchase of their Residential Unit for income tax purposes pursuant to the Tax Act. The Tax Cuts and Jobs Act of 2017 is scheduled to expire on December 31, 2025. See Section XXI of the Offering Plan. Any projected tax deduction (where applicable) may vary in future years due to changes in the interest rate on the Residential Unit Owner's mortgage (if any) 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 of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property.

6. The Sponsor is not offering and has not procured mortgage financing. As a result, the projected monthly carrying charges for financing have not been included in Schedule A. In the event a Purchaser obtains a mortgage, a Purchaser's monthly carrying charges will increase. Any Purchaser who applies for a mortgage from a lending institution should check with that institution as to the monthly mortgage costs as well as any Closing Costs that the Purchaser will be obligated to pay the lending institution.

VI. SCHEDULE B

426 2ND STREET CONDOMINIUM
PROJECTED BUDGET FOR FIRST YEAR OF OPERATION
Beginning May 1, 2025, through April 30, 2026

INCOME

1. Common Charges	
TOTAL INCOME	**$ 23,500.00**

EXPENSES

2. Labor	$ --
3. Common Utilities	$ 919.00
4. Water Charges/Sewer Rents	$ 5,761.00
5. Building Repairs, Maintenance	$ 1,000.00
6. Insurance	$ 7,000.00
7. Management Fee	$ --
8. Accounting/Legal	$ 4,750.00
9. Contingency	$ 1,931.00
YEARLY OPERATING EXPENSES	21,360.00
10. Reserve	$ 2,140.00
TOTAL YEARLY EXPENSES	**$ 23,500.00**

* In the event the actual first year budget differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Offering Plan to include a revised budget. See explanatory footnotes. If amended budget exceeds this budget by twenty-five (25%) percent or more, the Sponsor will offer all Purchasers the right to rescind their Purchase Agreement and have their Deposits returned, with interest, if any within a reasonable period of time that is not less than fifteen (15) days. In addition, in the event the estimated commencement date of the first year of operation of the Condominium is delayed by twelve (12) months or more, Purchasers will be offered a right of rescission unless Purchaser enters into a Purchase Agreement subsequent to an amendment disclosing a revised estimated date of the first Closing. In such an event the Purchaser will be offered a right of rescission by an amendment to the Offering Plan if the estimated date of the Closing of the first Residential Unit is delayed by twelve (12) months or more from the estimated date disclosed in the amendment. An amendment to the Offering Plan does not negate the right of rescission for a Purchaser who entered into a Purchase Agreement prior the amendment, if the Closing of the first Residential Unit is delayed by twelve (12) months or more from the estimated date disclosed in the amendment. An amendment to the Offering Plan revising the estimated date of the first Closing does not negate any Purchaser's right of recession who entered into a Purchase Contract prior to the date of the amendment revising the estimated date of the first Closing twelve (12) months after the initial Closing date contained in the Offering Plan prior to the amendment. Sponsor may not declare a plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the Offering Plan.

FOOTNOTES TO PROJECTED BUDGET

1. **COMMON CHARGES**

The estimate of the Annual Common Charges to be collected during the first year of Condominium operation is based upon a projection of the total amount of Common Charges that will be levied against the Residential Units and is based upon full occupancy of the Condominium.

2. **LABOR**

The Condominium will not have any employees. All services of the Condominium will be contracted for and performed by independent contractors who are not employees of the Condominium on an as needed basis. The level of staffing complies with all applicable housing or labor laws for this Condominium, given the Condominium contains a total of four (4) Residential Units and on-site or proximately located janitorial/superintendent services are required for New York City buildings containing nine (9) or more units. Individual Residential Unit Owners will be responsible for the following janitorial services: taking out household refuse for removal by the New York City Department of Sanitation and sweeping, vacuuming, mopping and/or dusting the Common Elements immediately in front of their Residential Unit. The projected budget contains a line item to pay independent contractors for repairs and maintenance that may be required on an as needed basis.

3. **COMMON ELECTRIC/HOT WATER**

Based on the letter from R & W / Engineers, P.C., 380 Townline Road, Hauppauge, New York as follows:

Common Area Electric Costs:

Based on a $0.28/KWH rate (Con Edison Simplified Delivery & Supply)

Building Exterior Entrance, Lobby, Cellar Rooms, Hallways & Stairways Lighting (LED): 0.25 Watt/sf x 425 sf x 24 hrs/day x 365 days x $0.28/KWH/1,000 x 1.065 = $277.55/year

Exterior Lighting: 4 Fixtures (assumed) x 0.025 KW/fixture x 10 hrs/dy x 365 dy/yr x $0.28/KWH x 1.065 = $108.84/year

Common Area Heating (assumed electric): 5 Watts/SF x 425 SF x 4 hrs/dy x 210 dys/yr *x* $0.28/KWH/1,000 x 1.065 = $532.29/year

Combined utility purveyor commodity and delivery costs with several averaging assumptions were applied to derive at the single unit and common area cost for each utility. The calculations include many assumptions on the amount of appliances and common use. It is not possible to predict how closely the estimated

costs will reflect the actual costs for providing water, sewer and electricity to the individual and common spaces during the first year of operation, in part because such costs will vary with the levels of consumption, the unit price for water and electric, weather and any conservation measures adopted by the owners, residents and staff. It is believed that the projected figures should be sufficient to cover the cost of water, sewer and electricity during the first year of operation. However, the prices for utilities such as water and electricity have been highly volatile and unpredictable. No budgeted item is warranted.

The cost factor of 6.5% added to each item in the estimate is based on a utility sales tax rate of 2.5% (simplified average) and an inflation factor of 4.0% over the next year. All Residential Units have their own individual electric meter, as well as there being a separate electric meter for the common area. The budget is for the cost of the electricity in the common area only and does not include the cost for electricity use in each Residential Unit, which shall be separately metered and billed directly to each Residential Unit Owner.

It is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of Condominium operation due to the level of consumption being an estimate. Many factors affect the cost of electricity, gas (where applicable), and water and rates may increase as a result.

Purchasers should refer to Schedule C as to individual utility costs.

4. **WATER CHARGES/SEWER RENTS**

Based on the letter of R & W/Engineers, P.C., 380 Townline Road, Hauppauge, New York as follows (includes an inflation factor of 6.5%):

Water Consumption: (Does not include sewer charge)

New York City charge = $4.30/100 cubic feet or $4.30/748 gallons

Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area
Common Area = 425 sf (approximate)

Residential Water Use = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $4.30/748 gal x 1.065 = $2,233.48/year

Sewage Charge:

New York City charge = $6.82/100 cubic feet or $6.82/748 gallons

Sewage Charge Based on Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area

Sewer Charge = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $6.82/748 gal x 1.065 = $3,526.54/year

The projected rates are not guaranteed, and it must be expected that these rates may increase with the passage of time and could be affected by many factors, which are beyond the control of the Sponsor. Actual consumption will be metered and will vary based on the personal needs of the occupants and weather conditions.

5. BUILDING REPAIRS, MAINTENANCE

It is estimated that no general repairs or maintenance will be required to maintain the public areas for the first year of Condominium operation, with the only foreseen expenses at this time consisting of cleaning, painting of public halls and ceiling, waxing floors and polish. Individual Residential Unit Owners will be responsible for the following janitorial services: taking out household refuse for removal by the New York City Department of Sanitation and sweeping, vacuuming, mopping and/or dusting the Common Elements immediately in front of their Residential Unit (i.e., the entranceway, etc.). The Board of Managers shall be responsible for all other routine maintenance. Such services will be contracted for and performed by independent contractors who are not employees of the Condominium on an as needed basis. The level of staffing complies with all applicable housing or labor laws for this Condominium, given the Condominium contains a total of four (4) Residential Units and on-site or proximately located janitorial/superintendent services are required for New York City buildings containing nine (9) or more units. After the first year of Condominium operation, general repairs and/or maintenance will likely be required, and Homeowners should expect this budgetary line item to increase in the future.

The budgeted figure does not include improvements and repairs to, maintenance of, or supplies for individual Residential Units. Each individual Residential Unit Owner is responsible for improvements and repairs to, maintenance of, and supplies for their Residential Unit and any Individual Residential Unit's Limited Common Elements that are not the obligation of the Condominium, restricted to their use and subject to the requirements contained in the Declaration of Condominium and By-Laws. This line item of the budget does not include the costs of repairs, hardware supplies, painting, or extermination for the interior of Residential Units, which are the sole responsibility of the Residential Unit Owner.

6. INSURANCE

The budget figure for insurance is based on an estimate provided by Brooklyn Brokerage, Corp., 383 Kingston Avenue, Suite 165, Brooklyn, New York 11213, as follows:

Condo/Dwelling Fire Policy, Location: 426 2nd Street, Brooklyn, NY, 11215

Valuation: RCV / Special Form
Co-Insurance: NIL
Building Limit: $1,800,000
Business Income: $80,000
Equipment Breakdown / Boiler & Machinery: Included
Ordinance or Law Coverage A: Included
Ordinance or Law Coverage B & C: Included
Flood & Quake: $1,000,000
Deductible: $10,000
Flood & Quake Deductible: $25,000

Commercial General Liability

Limits of liability
Occurrence: $1,000,000
General Aggregate: $2,000,000
Products Completed Operations: $2,000,000
Personal and Advertising Injury: $1,000,000
Damages to Premises Rented to You: $100,000
Med-Pay: $5,000
Non-Owned Auto & Hired Car: $1,000,000
Water Damage & Elevator Collision: Included
Annual Premium: $3,900

Commercial Excess Liability

Limits of liability
Per Occurrence: $5,000,000
General Aggregate: $5,000,000
Deductible/SIR: $10,000
Annual Premium: $1,900

Directors & Officers

Limits of liability: $1,000,000
Annual Premium: $700

Fidelity/Crime
Limits of liability: $300,000
Annual Premium: $500

Total Annual Premium: $7,000

The coverage amount stated above for casualty insurance is based on a full replacement value of $350/square foot and includes an estimated inflation rider of 2%. The Condominium Board of Managers should review said amount annually.

The above quotation does not include workers compensation insurance, which may be obtained at additional expense to the Condominium.

The coverage amount limit stated above for casualty insurance is based on full replacement value and should be sufficient to avoid the effects of co-insurance. The fire, casualty and general liability insurance policies must provide that (i) each Residential Unit Owner is an additional insured with respect to Common Areas; (ii) there will be no cancellation without notice to the Condominium Board; (iii) the right to subrogation against Residential Unit Owners is waived; (iv) the defense of invalidity because of acts of the insured and Residential Unit Owners is waived; and (v) any right to a pro-rata reduction if a Residential Unit Owner obtains separate or additional coverage is waived.

The above coverage will be in place prior to or simultaneously with the closing of the first Residential Unit in the Condominium.

No coverage is provided for fire and casualty losses to the contents of each Residential Unit, nor does the coverage take into account any future replacements or additions to the Residential Units or the fixtures and improvements contained therein. In addition, no liability coverage for an individual Residential Unit Owner is included in the coverage provided above for occurrences not within the Common Elements. Prospective Purchasers must obtain insurance against liability and fire and casualty losses with respect to the contents of each Residential Unit and Common Elements which are the responsibility of individual Residential Unit Owners.

Inflationary increases in property values and other changes in the exposures of property make it necessary to periodically review and update the coverage detailed above.

IN RECENT YEARS, PREMIUMS FOR INSURANCE (ESPECIALLY FIRE AND LIABILITY INSURANCE) HAVE INCREASED SUBSTANTIALLY. IT IS NOT POSSIBLE TO PREDICT WHETHER FUTURE PREMIUMS WILL CONTINUE TO INCREASE OR WILL LEVEL OFF. NO REPRESENTATION IS MADE REGARDING THE ACTUAL COST OF INSURANCE AT THE TIME OF CLOSING. PURCHASERS ARE ADVISED TO PROCURE THEIR OWN FIRE AND LIABILITY COVERAGE FOR THE INTERIOR OF THE RESIDENTIAL UNIT AND THE PURCHASER'S PERSONAL AFFECTS.

7. **MANAGEMENT FEE**

The Condominium will initially be self-managed by the Board of Managers. The Board of Managers will be responsible for bookkeeping, billing, contracting for essential services, maintaining insurance on the premises, procuring a financial statement yearly and other services normally performed by a Managing Agent. In the event the Board of Managers hires a Managing Agent at the end of the first year of operation, the budget will increase accordingly. No representation is made as to the cost, terms or availability of a third-party Managing Agent.

Notwithstanding said fact, a Condominium of this size may ultimately determine there is a need to hire a Managing Agent. The current costs for a managing mgent to manage a Condominium of this size may vary from approximately $1,000 to approximately $2,000 per annum per Residential Unit.

The Sponsor has not entered into any management agreement to provide for management of the Condominium for the first year of operation and there is no fee for a managing agent in the proposed budget for the first year of operation of the Condominium. During the Sponsor Control Period, the Sponsor will be in control of the Board of Managers and will de facto manage the Condominium. The Sponsor will not charge a fee for managing the Condominium for the first year of operation. However, in the event that Sponsor is still in control of the Condominium after the first year of operation, Sponsor reserves the right to charge a fee of not more than $8,000 per year in total for its services in managing the Condominium. This additional charge shall increase the Common Charges for Unit Owners.

8. ACCOUNTING/LEGAL

The budgeted accounting costs are based on an estimate of $4,000 provided by Frendel, Brown & Weissman LLP, CPAs, with offices located at 655 Third Avenue, Suite 1400, New York, New York 10017, for the preparation of tax returns and the certification of yearly financial statements.

Based on an estimate of $750 from Certilman Balin Adler & Hyman, LLP, Sponsor has budgeted a small expense for legal fees for the first year of operation, to be used by the Board of Managers elected by the Residential Unit Owners when consulting with an attorney of their selection to review contracts and collect delinquent charges. The cost of litigation and other legal services, if any, would be additional.

9. CONTINGENCY

The budgeted figure is allocated for contingent costs or expenses that may exceed the estimated operating budget.

10. RESERVES

The Sponsor has estimated reserves for major capital improvements at approximately ten percent (10%) of the estimated operating budget. Said amount is sufficient to comply with Fannie Mae and FHA guidelines but Sponsor makes no representation regarding the Condominium's compliance with any other requirements of Fannie Mae and FHA. It shall be the obligation of the Board of Managers to collect and utilize this Reserve fund strictly and solely for capital expenditures for the Common Elements of this Condominium regime.

No representation is made that the Reserve Fund line item will be adequate for future expenses including repairs or replacements of Common Elements during the first five (5) years of the Condominium. If additional funds are required over

and above said funds, it may be necessary to increase the Common Charges payable by the Residential Unit Owners, collect a Special Assessment from each Residential Unit Owner or borrow money for such repairs or replacements.

IN THE OPINION OF FAIRWAY REALTY GROUP, INC. (SET FORTH IN "CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET," IN PART II OF THIS OFFERING PLAN), THE PROJECTED RECEIPTS APPEAR REASONABLE AND ADEQUATE BASED ON PRESENT PRICES (ADJUSTED TO REFLECT CONTINUED INFLATION AND PRESENT LEVELS OF CONSUMPTION FOR COMPARABLE RESIDENTIAL UNITS SIMILARLY SITUATED) TO MEET THE ESTIMATED EXPENSES FOR THEIR FIRST YEAR OF CONDOMINIUM OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE YEAR COMMENCING MAY OF 2025. THE FOREGOING BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A WARRANTY THAT THE ANNUAL COMMON CHARGES OR COMMON EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN SAID BUDGET. IT IS LIKELY THAT THE ACTUAL COMMON EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.

VII. SCHEDULE C

The projected energy costs for the individual Residential Units have been provided by R & W / Engineers, P.C., 380 Townline Road, Suite 150, Hauppauge, New York 11788 as per the attached projections. Con Edison Electric costs are based on a rate of $0.28/KWH (Simplified Delivery & Supply), as projected by R & W / Engineers, P.C.

Common Area Electric Costs:

Building Exterior Entrance, Lobby, Cellar Rooms, Hallways & Stairways Lighting (LED): 0.25 Watt/sf x 425 sf x 24 hrs/day x 365 days x $0.28/KWH/1,000 x 1.065 = $277.55/year

Exterior Lighting: 4 Fixtures (assumed) x 0.025 KW/fixture x 10 hrs/dy x 365 dy/yr x $0.28/KWH x 1.065 = $108.84/year

Common Area Heating (assumed electric): 5 Watts/SF x 425 SF x 4 hrs/dy x 210 dys/yr *x* $0.28/KWH/1,000 x 1.065 = $532.29/year

Combined utility purveyor commodity and delivery costs with several averaging assumptions were applied to derive at the single unit and common area cost for each utility. The calculations include many assumptions on the amount of appliances and common use. It is not possible to predict how closely the estimated costs will reflect the actual costs for providing water, sewer and electricity to the individual and common spaces during the first year of operation, in part because such costs will vary with the levels of consumption, the unit price for water and electric, weather and any conservation measures adopted by the owners, residents and staff. It is believed that the projected figures should be sufficient to cover the cost of water, sewer and electricity during the first year of operation. However, the prices for utilities such as water and electricity have been highly volatile and unpredictable. No budgeted item is warranted.

The cost factor of 6.5% added to each item in the estimate is based on a utility sales tax rate of 2.5% (simplified average) and an inflation factor of 4.0% over the next year. All Residential Units have their own individual electric meter, as well as there being a separate electric meter for the common area. The budget is for the cost of the electricity in the common area only and does not include the cost for electricity use in each Residential Unit, which shall be separately metered and billed directly to each Residential Unit Owner.

It is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of Condominium operation due to the level of consumption being an estimate. Many factors affect the cost of electricity, gas (where applicable), and water and rates may increase as a result. Actual costs may vary depending upon the hours of use, thermostat settings and proper maintenance. These cost figures are estimates and are not intended as guarantees.

In view of the fact that these averages may include the use of energy by persons of varying need 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, fuel shortages and other factors may raise the cost of electricity substantially higher than the current or projected rate.

Based on the letter of R & W/Engineers, P.C., 380 Townline Road, Hauppauge, New York as follows (includes an inflation factor of 6.5%):

Water Consumption: (Does not include sewer charge)

New York City charge = $4.30/100 cubic feet or $4.30/748 gallons

Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area
Common Area = 425 sf (approximate)

Residential Water Use = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $4.30/748 gal x 1.065 = $2,233.48/year

Sewage Charge:

New York City charge = $6.82/100 cubic feet or $6.82/748 gallons

Sewage Charge Based on Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area

Sewer Charge = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $6.82/748 gal x 1.065 = $3,526.54/year

The projected rates are not guaranteed, and it must be expected that these rates may increase with the passage of time and could be affected by many factors, which are beyond the control of the Sponsor. Actual consumption will be metered and will vary based on the personal needs of the occupants and weather conditions.

Although the Sponsor is under obligation to provide accurate information to Prospective Purchasers, factors beyond its control may substantially affect the cost of electricity after the purchase of a Residential Unit or in subsequent years. Sponsor represents however, that it has followed the plans and specifications provided by the manufacturer of the appliances together with the recommendation of the manufacturer and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Further, that it has not been induced to select the appliances etc.,

described herein on the basis of any financial inducement other than the cooperative 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. Although Sponsor is of the opinion the amounts set forth in Schedule C appear reasonable and adequate under existing circumstances to meet the reasonably anticipated costs to provide utility services to the Residential Units, no item is warranted as to its accuracy, sufficiency or otherwise.

R & W / Engineers, P.C.
380 Townline Road – Suite 150
Hauppauge, New York 11788

Larry A. Rubinson, P.E.
Michael L. Williams, P.E.

(631) 969-8535
Fax: 969-8518

April 30, 2024

426 Holdings LLC
426 2nd Street
Brooklyn, NY 11215

Attn: Mr. Aran Scott

Re: 426 2nd Street, Brooklyn, NY
Water, Sewer and Electric Utility Budgets

Dear Mr. Scott:

Per your request, we prepared the following annual individual unit and common utility consumption (electric, sewer and water) estimates and anticipated present day costs. The cost factor of 6.5% added to each item is based on a utility sales tax rate of 2.5% (simplified average) and an inflation factor of 4.0% over the next year. The project Sponsor indicates that the New York City Water Board is the water purveyor and Consolidated Edison will provide electric. The NYC DEP provides the sanitary connection. The sewerage charge is based on the water use. The building contains four (4) residential units.

The building consists of a cellar and four (4) stories above grade. The cellar has utility closets and a portion of Unit 1. The first floor has limited common space and Unit 1. The second, third and fourth floors have limited common space and nearly identical units (2, 3 and 4) on each story. The roof has separate terraces for Unit 3 and 4. The common area consists of stairs on each level, utility meter closet in the cellar and an entry foyer.

The three residential units are as follows:

Unit 1: 2 Bedroom, 2 & 1/2 Baths	2,330.5 sq. ft.	511.5 SF Outside Porch & Rear Yard
Unit 2: 3 Bedroom, 2 Full Baths	1,156 sq. ft.	
Unit 3: 3 Bedroom, 2 Full Baths	1,156 sq. ft.	433 SF Roof Terrace
Unit 4: 3 Bedroom, 2 Full Baths	1,156 sq. ft.	584.5 SF Roof Terrace

This letter report is based on information contained on building plans of the proposed construction signed and stamped by Paul Chistakos, R.A. and a Condominium Report also prepared by Paul Christakos, R.A. Utility rates include supply and deliver in simplified format. It is assumed that the utilities will be metered as follow:

Electric:
Residential units will be separately metered for electricity. A separate electric meter will be provided for common area uses. Electricity is provided by Consolidated Edison Company.

Water and Sewer:
The City of New York will provide water and sewer services to the building. Water and sewer charges will be commonly metered.

Water Consumption: (Does not include sewer charge)
New York City charge = $4.30/100 cubic feet or $4.30/748 gallons

Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area
Common Area = 425 sf (approximate)

Residential Water Use = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $4.30/748 gal x 1.065 = **$2,233.48/year**

Sewage Charge:
New York City charge = $6.82/100 cubic feet or $6.82/748 gallons

Sewage Charge Based on Water Usage: 300 gpd/Unit > 2,001 sf
225 gpd/Unit between 601 and 2,000 sf
0.04 gpd/sf common use area

Sewer Charge = {(300 gpd/unit x 1 unit) + (225 gpd/unit x 3 units) + (0.04 gpd/sf x 500 sf)} x 365 dys/yr x $6.82/748 gal x 1.065 = **$3,526.54/year**

Electric Costs
Con Edison Electric costs are based on a rate of $0.28/KWH (Simplified Delivery & Supply)

Unit 1: Two Bedrooms, Two Full and One Half Baths Residential Electric Costs:
Electric
Refrigerator (Bosch 30"): 50 KWH/month x 12 months x $0.28/KWH x 1.065 = **$178.92/year**
Dish Washer (Bosch 800): 30 KWH/month x 12 months x $0.28/KWH x 1.065 = **$107.35/year**
Oven (Bosch 30"): 1.25 KW (avg.) x 0.5 Hr/Day x 180 Day/Yr x $0.28/KWH x 1.065 = **$33.55/year**
Exhaust (Broan 1,200 cfm Blower): 5 KWH/Month x 12 Mo/yr x $0.28/KWH x 1.065 = **$17.89/year**
Microwave (Sharp 24"): 2.75 KWH x 10 hrs/mo x 12 mo/yr x $0.28/KWH x 1.065 = **$98.41/year**
Clothes Washer (GE): 0.65 KW x 5 hrs/week x 52 weeks/year x $0.28/KWH x 1.065 = **$50.40/year**
Clothes Dryer (GE): 40 KWH/month x 12 months x $0.28/KWH x 1.065 = **$143.14/year**
Small Appliances & Lighting: 1.1 KW/dy x 10 hrs/day x 365 days x $0.28/KWH x 1.065 = **$1,197.27/year**
Bathroom Exhaust Fans: 3 Fans x 75 W x 1 hr/day x 365 days x $0.28/KWH/1,000 x 1.065 = **$24.49/year**
Kitchen Exhaust Fan: 75 W x 0.5 hrs/day x 180 days x $0.28/KWH/1,000 x 1.065 = **$2.01/year**
Heating (48k BTU Total): 48k BTU x 0.000291 KW/BTU x 2 Hrs/Day (average) x 210 dys/yr x $0.28/KWH x 1.065 = **$1,749.41/year**
Cooling (48k BTU): 48k BTU x 0.000291 KW/BTU x 3 Hrs/Day (average) x 120 dys/yr x

$0.28/KWH x 1.065 = **$1,499.49/year**

Out-door Recreation Area Lighting: 0.0015 KW/sf x 511.5 sf x 3 hrs/day (average) x 180 days x $0.28/KWH x 1.065 = **$123.55/year**

Hot Water Heater (50 Gallon): 4.5 KW x 2 Hrs/Dy x 365 Dys/Yr x $0.28/KWH x 1.065 = **$979.59/year**

Units 2, 3 & 4: Three Bedrooms, Two Full Baths Residential Electric Costs:

Electric

Refrigerator (Bosch 30"): 50 KWH/month x 12 months x $0.28/KWH x 1.065 = **$178.92/year**

Dish Washer (Bosch 800): 35 KWH/month x 12 months x $0.28/KWH x 1.065 = **$125.24/year**

Oven (Bosch 30"): 1.25 KW (avg.) x 0.5 Hr/Day x 180 Day/Yr x $0.28/KWH x 1.065 = **$33.55/year**

Exhaust (Broan 1,200 cfm Blower): 5.25 KWH/Month x 12 Mo/yr x $0.28/KWH x 1.065 = **$18.79/year**

Microwave (Sharp 24"): 2.75 KWH x 15 hrs/mo x 12 mo/yr x $0.28/KWH x 1.065 = **$145.53/year**

Clothes Washer (GE): 0.65 KW x 7 hrs/week x 52 weeks/year x $0.28/KWH x 1.065 = **$70.55/year**

Clothes Dryer (GE): 50 KWH/month x 12 months x $0.28/KWH x 1.065 = **$178.92/year**

Small Appliances & Lighting: 0.70 KW/dy x 10 hrs/day x 365 days x $0.28/KWH x 1.065 = **$761.01/year**

Bathroom Exhaust Fans: 2 Fans x 75 W x 1 hr/day x 365 days x $0.28/KWH/1,000 x 1.065 = **$16.33/year**

Kitchen Exhaust Fan: 75 W x 0.5 hrs/day x 180 days x $0.28/KWH/1,000 x 1.065 = **$2.01/year**

Heating (36k BTU): 36k BTU x 0.000291 KW/BTU x 2 Hrs/Day (average) x 210 dys/yr x $0.28/KWH x 1.065 = **$1,312.06/year**

Cooling (36k BTU): 36k BTU x 0.000291 KW/BTU x 3 Hrs/Day (average) x 120 dys/yr x $0.28/KWH x 1.065 = **$1,124.62/year**

Hot Water Heater (50 Gallon): 4.5 KW x 2.5 Hrs/Dy x 365 Dys/Yr x $0.28/KWH x 1.065 = **$1,224.48/year**

Unit 3:

Out-door Recreation Area Lighting: 0.0015 KW/sf x 433 sf x 2 hrs/day (average) x 180 days x $0.28/KWH x 1.065 = **$69.73/year**

Unit 4:

Out-door Recreation Area Lighting: 0.0015 KW/sf x 584.5 sf x 2 hrs/day (average) x 180 days x $0.28/KWH x 1.065 = **$94.12/year**

Common Area Electric Costs:

Building Exterior Entrance, Lobby, Cellar Rooms, Hallways & Stairways Lighting (LED): 0.25 Watt/sf x 425 sf x 24 hrs/day x 365 days x $0.28/KWH/1,000 x 1.065 = **$277.55/year**

Exterior Lighting: 4 Fixtures (assumed) x 0.025 KW/fixture x 10 hrs/dy x 365 dy/yr x

$0.28/KWH x 1.065 = **$108.84/year**

Common Area Heating (assumed electric): 5 Watts/SF x 425 SF x 4 hrs/dy x 210 dys/yr x $0.28/KWH/1,000 x 1.065 = **$532.29/year**

Combined utility purveyor commodity and delivery costs with several averaging assumptions were applied to derive at the single unit and common area cost for each utility. The calculations include many assumptions on the amount of appliances and common use. It is not possible to predict how closely the estimated costs will reflect the actual costs for providing water, sewer and electricity to the individual and common spaces during the first year of operation, in part because such costs will vary with the levels of consumption, the unit price for water and electric, weather and any conservation measures adopted by the owners, residents and staff. It is believed that the projected figures should be sufficient to cover the cost of water, sewer and electricity during the first year of operation. However, the unit prices for water, natural gas and electricity have been highly volatile and unpredictable. No budgeted item is warranted.

Should you have any questions, please call my office. Trusting that the above is as requested, I remain

Very truly yours,
R & W / Engineers, P.C.

Larry A. Rubinson, P.E.
President

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ATTORNEYS

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VIII. COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

November 12, 2024

State of New York
Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005

Re: **426 2nd Street Condominium**

Gentlepeople:

The Sponsor of the Condominium Offering Plan for the captioned property has retained this office to review the Percentage of Common Interest applied to the Residential Units contained in Schedule A of the Offering Plan.

Our experience includes the preparation of hundreds of Condominium Offering Plans and legal representation of numerous Condominium Boards of Managers in the State of New York for over thirty (30) years.

In reviewing said Schedule A, the Percentage of Common Interest for each Residential Unit as contained therein has been determined based upon 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Said method of determining the percentage of Common Interest in a Condominium complies with and is pursuant to Section 339-i(1)(iv) of the Real Property Law of the State of New York.

I hereby authorize inclusion of this opinion in the Offering Plan for this Condominium to be filed with the Department of Law.

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN, LLP

By: _____
Darren Stakey, Partner

IX. CHANGES IN PRICES AND UNITS

The prices for these Condominium interests may be changed from those set forth in this Offering Plan so that Purchasers may pay different prices for similar interests. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Offering Plan at any time during the offering where a reduction in sales prices does not constitute a general offering but is rather the result of an individually negotiated Residential Unit purchase. All changes in prices which are an across the board increase or decrease affecting one (1) or more lines of Residential Units or models or is to be advertised or is a price increase for an individual Purchaser will be done by a duly filed amendment to the Offering Plan.

The Sponsor further reserves the right, but not the obligation, to negotiate with a Purchaser on an individual basis in connection with all aspects of the purchase price, including but not limited to: upgrades to the Residential Unit or the fixtures or equipment contained therein or credits or allowances for fixtures or equipment; extension of period to secure financing; payment of all or part of a Purchaser's acquisition or financing costs such as, but not limited to: origination fees and commitment fees; any and all other costs relating to the cost of acquiring title to a Residential Unit; promotional gifts on purchase of a Residential Unit and application of rent toward the purchase price. As a result, a Purchaser may receive different terms as other Purchasers for a similar Residential Unit. Furthermore, the Sponsor reserves the right to amend the Offering Plan from time to time to add and/or delete negotiable terms or at its sole option to expand the applicability of such negotiable terms to some or all Purchasers pursuant to Section 352-e of the General Business Law.

Sponsor will not make any changes in the size or number of Residential Units and/or their respective Percentage of Common Interest and no material change will be made in the size or quality of Common Elements, except by amendment to the Offering Plan and to the Declaration of Condominium (if the Declaration of Condominium was filed prior to such change). Sponsor reserves the right to change the model mix of the Residential Units as long as the percentage of Common Interest for the Residential Units is not affected, there is no Purchase Agreement in effect for said Residential Unit, as long as the Sponsor does not change the total number of Residential Units being offered for sale or the total number of Buildings in the Condominium.

Unless an affected Purchaser consents, no material change will be made in Residential Unit size, layout, or Percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Residential Unit.

The Percentage of Common Interest of each of the Residential Units has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability

of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Based upon final specifications, construction conditions and/or "as-built" plans for the Building reflecting relative measurements, areas and uses of portions of the Building, application of such method of allocation the Percentage of Common Interest may justify an immaterial increase or decrease in the aggregate Percentage of Common Interest appurtenant to Residential Units. In such event, the Percentage of Common Interest appurtenant to each individual Residential Unit would be adjusted pro rata. Sponsor expressly reserves the right, from time to time, prior to the first Closing, to affect an immaterial change in the Percentage of Common Interests and to amend the Plan so as to reflect the same. Notwithstanding, unless an affected Purchaser consents, no material change will be made in the Percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Residential 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.

X. INTERIM LEASES

The Sponsor will not enter into interim leases with Purchasers for Residential Units prior to Closing. In no event shall Purchaser take possession of the Residential Unit prior to the time of the delivery of the deed, nor shall Purchaser enter the Residential Unit or have the Residential Unit Owner's contractors or agents enter the Residential Unit to perform work prior to Closing without the written authorization of the Sponsor. Should the Purchaser violate this provision, Sponsor will have the right to remove Purchaser from the Residential Unit as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default of the Purchase Agreement and Sponsor may retain as liquidated damages the Deposit (and any interest earner thereon, if applicable) plus the costs incurred by Sponsor for any Extras paid for by Purchaser which Extras have been installed by Sponsor, paid for but not installed by Sponsor or which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay for such Extras unless the Offering Plan has been abandoned. In the event the Offering Plan is abandoned the Purchaser shall be entitled to receive all funds paid to the Sponsor for such Extras.

XI. PROCEDURE TO PURCHASE

The Sponsor hereby offers for sale the Residential Units in the Condominium for occupancy in accordance with applicable municipal zoning regulations. Occupancy of the Residential Units or portion of a Residential Unit by a lessee or lessees of the Residential Unit Owner for the purposes set forth in this paragraph conform with the zoning regulations permitting renovation and construction of this Condominium.

The sales prices at which the Residential Units are being offered for sale are shown in detail in Schedule A. The Sponsor reserves the right to lower the sales prices and to negotiate other terms on an individual basis. All changes in prices which are an across the board increase or decrease affecting one or more lines of Residential Units or models or are to be advertised or is a price increase for an individual Purchaser will be done by a duly filed amendment to the Offering Plan. See Section IX of the Offering Plan. Any such change will not affect the common interest of the Residential Unit; however, some Purchasers may pay less or more for the same model Residential Unit or receive different terms.

Any person may accept Sponsor's offer to sell a Residential Unit by entering into a Purchase Agreement with the Sponsor. The Agreement provides that the Purchaser will purchase from the Sponsor a designated Residential Unit in the Condominium as described in the Declaration of Condominium creating such Condominium. A 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. To the extent there are any inconsistencies between the terms of the Purchase Agreement and the Offering Plan, the terms of the Offering Plan will govern.

Purchaser and Sponsor shall execute four (4) originals of the Purchase Agreement. Upon signing the Purchase Agreement, the Purchaser shall make a Deposit of up to ten percent (10%) of the purchase price of a Residential Unit but not less than $1,000, plus the cost of any Extras ordered by the Purchaser. Upon full payment of the balance of the purchase price and the balance of the cost of any Extras ordered and payable at the Closing, in cash or by mortgage proceeds, Purchaser will receive a bargain and sale deed with covenant against grantor's acts and containing the provisions set forth in Section 13, Subdivision 5, of the Lien Law, which will convey good and marketable title to the ownership of fee ownership in the Residential 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 Section XIV of the Offering Plan. Section 13, Subdivision 5, of the Lien Law provides, among other things, that the seller will receive the consideration for the conveyance as a trust fund to first pay for the cost of improvements. 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. After Purchaser delivers a fully executed Purchase Agreement with the required Deposit Sponsor must either return a fully executed Purchase Agreement within thirty (30) days to the Purchaser or reject the Purchase Agreement and refund the Deposit monies. In the event the Sponsor does not act within said thirty (30) day period the Purchase Agreement will be deemed rejected by the Sponsor.

The Power of Attorney attached to the Purchase Agreement must be executed by Purchaser at the Closing of Title. Failure to execute the Power of Attorney will result in a default under the Purchase Agreement.

The Sponsor anticipates that Closing of the first Residential Unit will occur by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. Purchasers will be offered a right of rescission if: (i) the actual date of Closing of Title to the first Residential Unit; or (ii) the projected date of Closing of Title to the first Residential Unit occurs later than April 30, 2026, twelve (12) months after the projected date of the first Closing. If the Offering Plan is amended to provide for a later projected date of the first Closing, Purchasers who enter into a Purchase Agreement subsequent to the acceptance date of the Amendment will be entitled to an offer of rescission if the first Closing occurs more than twelve (12) months beyond that amended, later date. Purchasers must advise the Sponsor no later than the date provided in an Amendment to the Offering Plan disclosing the later date but not less than fifteen (15) days from the date of the notice. However, if the first Residential Unit Closing occurs before May 1, 2026, the Sponsor may schedule the Closings of Title to other Residential Units significantly later than such date. Each Purchaser's Purchase Agreement will also contain an outside delivery date, as provided in the following paragraph. In the event Sponsor is unable to close title to a Residential Unit within said time frame a Purchaser will be entitled to the applicable provisions therein to rescind Sponsor is not obligated to schedule a Closing within any specified time frame or to ensure that Closing of Title to a Residential Unit will occur by any date certain. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER SUCH RISKS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A RESIDENTIAL UNIT.

Each Purchase Agreement provides that, in the event Sponsor is unable to convey title to a Purchaser's Residential Unit twelve (12) months after the proposed date of delivery set forth in the Purchase Agreement, a Purchaser shall have the option to cancel the Purchase Agreement and have the Deposit advanced by Purchaser returned to Purchaser. Purchaser shall be obligated to notify the Sponsor in writing of its intent to exercise said option no later than fifteen (15) days after the twelve (12) month period of the proposed date of delivery set forth in the Purchase Agreement. Purchaser's failure to so notify Sponsor of Purchaser's intent to cancel Purchaser's Purchase Agreement due to Sponsor being unable to convey title to the Purchaser's Residential Unit within the twelve (12) month period shall be deemed a waiver of said provision, and Purchaser shall continue to be bound by the terms of the Purchase Agreement. Sponsor's obligations with respect to the above dates are subject to Force Majeure. "Force Majeure" shall mean unavoidable delays due to acts of God, weather, fire, flood, explosion, war, riot, sabotage, epidemics, pandemics, quarantine, acts of terrorism, freight embargos, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, governmental restrictions, preemptions or approvals, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the control of Sponsor. In the event of a delay due to Force Majeure, the above time frames shall be tolled for the length of the period during

which such performance was excused, and such tolling shall not entitle Purchaser to any credit, offset, or reduction in Purchase Price or to be relieved of any other obligation under the Purchase Agreement. However, none of Purchaser's rights under the applicable regulations promulgated by the Attorney General, Article 23-A of the General Business Law or under the Plan shall be abridged by virtue of Force Majeure, except as determined in a final decision or order by a court of competent jurisdiction or any governmental agency, or by executive order. Purchasers are specifically advised that the timing of the Closing of title to the Residential Unit may be significantly delayed in the event that Sponsor exercises its tolling rights under the foregoing Force Majeure provision. The Attorney General recommends that Purchasers consult with their attorney as to: (i) whether there exists a final decision or order by a court of competent jurisdiction or any governmental agency, or executive order that impacts the timing of Purchaser's obligations under the Purchase Agreement; and (ii) any risks associated with executing a Purchase Agreement containing the foregoing Force Majeure provision prior to executing the Purchase Agreement.

In addition, each Purchase Agreement provides that, in the event the Sponsor makes a material amendment to the Offering Plan after the date of the applicable Purchase Agreement, including, but not limited to, a delay in closing of title to the first Residential Unit beyond twelve (12) months of the projected date therefor in the Offering Plan, the Purchaser may rescind and cancel the Purchase Agreement by forwarding written notice to Sponsor no later than fifteen (15) days after presentation of Sponsor's written notification that Purchaser has the right to rescind and cancel the Purchase Agreement at such time.

If Purchaser fails to appear and Close Title in accordance with the Purchase Agreement on the date and at the time and place stated in Sponsor's Notice for Closing, or if Purchaser fails to observe or perform any other thing to be observed or performed by Purchaser under the Purchase Agreement, Sponsor shall send Purchaser a written notice of default giving Purchaser thirty (30) days from the date of such notice to cure any such default. Time is of the Essence for Purchaser to cure such default within such thirty (30) day period, and the thirtieth (30^{th}) day of such period will constitute the last date to comply with the terms of the Purchase Agreement. As used herein, the phrase "time is of the essence" means that a Purchaser's failure to strictly comply with Purchaser's obligations within the applicable time period will constitute a material breach of the Purchase Agreement, entitling the Sponsor to declare the Purchaser in default of the Purchase Agreement, deem the Purchase Agreement terminated and of no further force or effect, and retain Purchaser's Deposit and other amounts paid in connection with the Purchase Agreement as liquidated damages. In the event of such uncured default, the Sponsor, in its sole discretion may thereupon terminate the Purchase Agreement. If Sponsor so elects to terminate the Purchase Agreement Sponsor shall have the right to retain, as and for liquidated damages, the Deposit (and any interest earned of the Deposit, if any) plus the costs incurred by Sponsor for any Extras, if any, in the Residential Unit ordered by the Purchaser. Upon the termination of the Purchase Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations under the Offering Plan.

After the Offering Plan is declared effective, the Sponsor will give each Purchaser who enters into a Purchase Agreement not less than thirty (30) days' prior written notice of the date, time and place for the transfer of title to the Residential Unit unless a Purchaser waives such thirty (30) day notice. A form for such waiver is contained as Schedule D- 3 to the Offering Plan.

The Purchase Agreement may not be assigned by Purchaser without the written consent of Sponsor.

The risk of loss or damage to a Residential Unit by fire or any other cause until the delivery of the deed is assumed by the Sponsor. In the event of damage to a Residential Unit prior to a Purchaser taking occupancy the Sponsor will notify the Purchaser within ten (10) days of the damage taking place to advise the Purchaser as to whether or not it will repair the damage from a casualty or other cause and if to be repaired the estimated time frame of the repair. In the event the Sponsor elects not to do the repair, Sponsor will return Purchaser's Deposit and any Extras within ten (10) days of the notice to the Purchaser. Subsequent to the Closing of Title to a Residential Unit the Purchaser assumes all risk of loss to the Residential Unit.

A Purchaser will inspect Purchaser's Residential Unit with a representative of the Sponsor during normal business hours three (3) days prior to the Closing Date and will sign and deliver to Sponsor on or before the Closing Date a Pre-Title Inspection Statement supplied by Sponsor, acknowledging the condition in which Purchaser has received Purchaser's Residential Unit. Sponsor shall agree to complete any open items within six (6) months after Closing, weather and circumstances permitting.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law. Any conflict between the Purchase Agreement and the Offering Plan will be resolved in favor of the Offering Plan. The Purchase Agreement and Offering Plan comply with Section 71.a(3) of the New York Lien Law. Said statute provides that the initial advance of the Purchase Agreement be deposited in an escrow account in a bank, trust company, savings bank, state or federal savings and loan association, located in New York State. The escrow and trust fund provisions disclosed below complies with said statute.

The Purchase Agreement is not conditioned upon a Purchaser securing satisfactory mortgage financing. Obtaining a mortgage shall be the sole responsibility of each Purchaser. In no event will the Sponsor be obligated to return a Purchaser's Deposit in the event a Purchaser is unable to obtain a mortgage. In addition, the Purchase Agreement will remain in full force and effect and Purchaser will be obligated to pay the balance of the purchase price at Closing regardless of the availability of financing. In the event a Purchaser does not Close Title to the Residential Unit as a result of their inability to obtain a mortgage, the Purchaser shall be deemed in default of the Purchase Agreement and Sponsor may retain as liquidated damages the Deposit (and any interest earner thereon, if applicable) plus the costs incurred by Sponsor for any Extras paid for by Purchaser which Extras have been installed by Sponsor, paid for but not installed by

Sponsor or which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay for such Extras unless the Offering Plan has been abandoned. In the event the Offering Plan is abandoned the Purchaser shall be entitled to receive all funds paid to the Sponsor for such Extras.

Neither the Purchase Agreement nor the Deposit or any payment given for Extras is a lien against the Property or the Residential Unit. Purchaser may not record the Purchase Agreement and will be in default if Purchaser records the Purchase Agreement.

Neither the Purchase Agreement nor any provisions thereof, can be orally changed, terminated or waived.

Pursuant to the terms of the Purchase Agreement, upon the occurrence of a Default to pay the balance of the Purchase Price or other obligations pursuant to the Purchase Agreement, Purchaser shall have thirty (30) days from the giving of written notice of such default to cure the specified default. If the default is not cured within such thirty (30) days, TIME BEING OF THE ESSENCE, the Sponsor, in its sole discretion may thereupon terminate the Purchase Agreement. If Sponsor so elects to terminate, the Purchase Agreement shall be deemed terminated, and Sponsor shall have the right to retain, as and for liquidated damages, the Deposit (and any interest earned of the Deposit, if any) plus the costs incurred by Sponsor for any Extras, if any, in the Residential Unit ordered by the Purchaser. Upon the termination of the Purchase Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations under the Offering Plan and the Purchase Agreement, and the Residential Unit may be sold to another as though the Purchase Agreement had never been made, and without accounting to the Purchaser for any of the proceeds for such sale.

The Offering Plan and Purchase Agreement provide that any conflict between the Offering Plan and the Purchase Agreement will be resolved in favor of the Offering Plan.

A complete copy of the Purchase Agreement is contained in Part II of the Plan.

ESCROW AND TRUST FUND PROVISIONS

The Sponsor will comply with the escrow and trust fund requirements of General Business Law ("GBL") Sections 352-e(2-b) and 352-(h) and the Attorney General's regulations promulgated pursuant thereto as amended on November 14, 2012 as follows:

The Escrow Agent:

The law firm of Romanick & Skolnick, PLLC, 142 Joralemon Street, Suite 5C, Brooklyn, New York 11201, telephone number (718) 624-2240, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Jonathan Skolnick, Esq. and Seth Romanick, Esq. are the signatories on the account. Both signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor its 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 Account:

The Escrow Agent has established the escrow account at JPMorgan Chase Bank, 2631 Merrick Road, Bellmore, New York 11710 ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled "Romanick & Skolnick, PLLC - IOLA" ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per Deposit. The maximum deposit insurance amount will be $250,000. Any Deposit in excess of $250,000 will not be insured. It is a Special Risk of this Offering Plan that if an individual makes a Deposit in excess of said amount for the purchase of a Residential Unit; the excess amount will not be federally insured. Purchasers should also note that if the Purchaser has any accounts with the Bank where the funds are being held, the funds in those accounts will count towards the $250,000 FDIC insurance limit.

All Deposits received from 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 Romanick & Skolnick, PLLC, as Escrow Agent.

Any Deposits made for Extras shall initially be deposited into the Escrow Account and released in accordance with the terms of a written agreement between Purchaser and Sponsor as provided for in Paragraph 13 of the Purchase Agreement.

The Escrow Account is an Interest-on-Lawyer Account ("IOLA") account consistent with Section 487 of the Judiciary Law of the State of New York. Pursuant to said law, all interest earned on the IOLA account will be paid to the State of New York.

The Purchase Agreement:

The Purchase Agreement is attached hereto as Schedule D in Part II of the Offering Plan. The relevant escrow trust fund provisions are included in Paragraph 29 of the Purchase Agreement, which must be executed by the Escrow Agent.

Notification to Purchaser:

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. Purchaser shall be required to complete the Tender of Escrow Agreement contained as Schedule D-1 in Part II of the Offering Plan upon execution of the Purchase Agreement. Within ten (10) business days of the placing of the Deposit in the Escrow Account, the Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number of the account. Any Deposits made for Extras shall be deposited initially into the Escrow Account and released in accordance with the terms of the Purchase Agreement.

The Escrow Agent is obligated to send notice to the Purchaser once the 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, Purchaser may cancel the

Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and Deposit to the 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, 28 Liberty Street, 21st Floor, New York, New York. 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.

Release of Funds:

All Deposits, except for advances made for Extras received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and may not be commingled 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 consummation of the Offering Plan as defined in Section 20.1 (c) (6) of the Department of Law regulations which defines consummation of the Offering Plan, as the filing of the Declaration of Condominium and the first transfer of title to a Residential Unit to at least one Purchaser under the Offering Plan following a declaration of effectiveness by the Sponsor and acceptance of the amendment of the declaration of effectiveness by the Attorney General's Office. Consummation of the Offering 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 Funds in escrow if so directed:

(a) pursuant to terms and conditions set forth in the Purchase Agreement upon Closing of Title to the Residential 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 Residential Unit is located and shall give written notice to both parties of such Deposit.

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

(a) a Purchaser who timely rescinds in accordance with an offer or rescission contained in the Offering Plan or an Amendment to the Offering Plan; and

(b) all Purchasers after an Amendment abandoning the Offering Plan is accepted for filing by the Department of Law.

Purchasers should note that it shall be an express condition of Closing of Title that the Purchaser sign the form contained in Part II as Schedule D-2 which will enable the Escrow Agent to release the escrow funds, if not previously released as provided above.

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

Waiver Void:

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit 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 provision in the Purchase Agreement, Offering Plan or any amendments.

General:

Nothing contained herein shall diminish or impair the Sponsor's statutory obligation to each Purchaser pursuant to GBL § 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 Offering Plan does not relieve Sponsor of its obligations pursuant to GBL § 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 Escrow Agent shall maintain all records concerning their Escrow Account for seven (7) years after release of the funds.

Upon the dissolution of the law firm which was the Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of the Escrow Account records by one of them or by the successor firm and shall notify the Department of Law of such transfer.

XII. FINANCING FOR QUALIFIED PURCHASERS

THIS OFFERING PLAN DOES NOT CONTAIN ANY FINANCING ARRANGEMENTS FOR PURCHASERS. PROSPECTIVE PURCHASERS WHO ARE INTERESTED IN SUCH FINANCING SHOULD CONTACT LENDING INSTITUTIONS, SUCH AS MUTUAL SAVINGS BANKS AND COMMERCIAL BANKS, MANY OF WHICH HAVE ADVERTISED THAT THEY OFFER FINANCING TO PURCHASERS OF CONDOMINIUM RESIDENTIAL UNITS.

Any applications for such financing with lending institutions must be done on an individual basis by prospective Purchasers and will involve negotiations exclusively between the lending institution and the applicant. The Sponsor should not be construed hereunder as offering any such financing or representing the availability or terms of such financing.

The Purchase Agreement is not conditioned upon a Purchaser securing satisfactory mortgage financing. Obtaining a mortgage shall be the sole responsibility of each Purchaser. In no event will the Sponsor be obligated to return a Purchaser's Deposit in the event a Purchaser is unable to obtain a mortgage. In addition, the Purchase Agreement will remain in full force and effect and Purchaser will be obligated to pay the balance of the purchase price at Closing regardless of the availability of financing. In the event a Purchaser does not Close Title to the Residential Unit as a result of their inability to obtain a mortgage, the Purchaser shall be deemed in default of the Purchase Agreement and Sponsor may retain a liquidated damages the Deposit (and any interest earner thereon, if applicable) plus the costs incurred by Sponsor for any Extras paid for by Purchaser which Extras have been installed by Sponsor, paid for but not installed by Sponsor or which have been ordered but not installed by Sponsor and for which Sponsor is obligated to pay for such Extras unless the Offering Plan has been abandoned. In the event the Offering Plan is abandoned the Purchaser shall be entitled to receive all funds paid to the Sponsor for such Extras.

Purchaser shall use its best efforts to direct Purchaser's lender (i) to accept an assignment of the existing mortgage(s) encumbering the Property, as severed, to encumber only the Unit and its appurtenant percentage of Common Interest in the Common Elements, and (ii) to cooperate with Seller and Seller's existing lender as necessary to effectuate such assignment. At Closing, Purchaser shall execute the affidavits required pursuant to Section 255 of the Tax Law of the State of New York. It is agreed and understood that Seller shall receive, as a credit from Purchaser at Closing, a sum equal to the full mortgage tax credit which Purchaser may be entitled under any applicable law by reason of mortgage taxes having been previously paid by Seller on the amount of Purchaser's mortgage. The foregoing credit shall be paid by Purchaser regardless of whether Purchaser's lender accepts the assignment of Seller's existing mortgage, as severed. The severance and assignment of a portion of the mortgage n the Property, as contemplated herein, would not result in any additional risk or cost to the Purchaser. Anny severance or assignment transaction will be initiated only after financing has been procured by the Purchaser. Should this transaction fail to take place and result

in the loss of Purchaser's financing commitment, Purchaser will be entitled to an opportunity to obtain new financing, if Purchaser so elects. See Paragraph 7 of the Purchase Agreement contained I Part II of the Offering Plan.

NO REPRESENTATION IS MADE BY THE SPONSOR AS TO WHETHER ANY PURCHASER WILL QUALIFY FOR FINANCING OR AS TO THE TERMS, COST OR AVAILABILITY OF SUCH FINANCING. THE SPONSOR SHALL HAVE NO LIABILITY OR RESPONSIBILITY TO ANY APPLICANT IF THEIR APPLICATION FOR FINANCING IS NOT ACCEPTED.

The Closing of Title to a Residential Unit where the Purchaser has obtained financing will take place simultaneously with the Closing of the mortgage loan and the proceeds will be applied towards the then balance of the purchase price.

XIII. EFFECTIVE DATE OF THE OFFERING PLAN

Sponsor's offer to sell the Residential Units is contingent upon the Offering Plan being declared effective and no Closing to a Residential Unit will be held until the Offering Plan is declared effective. This Offering Plan will not become effective until bona fide Purchasers, including investors, have executed Purchase Agreements which have been accepted by Sponsor for at least fifteen (15%) percent in number of the Residential Units offered for sale under the Offering Plan excluding Residential Units of an ancillary nature (15% x 4 Residential Units = 1 Residential Unit). The Sponsor will declare the Offering Plan effective by personal service of notice on every Purchaser or commencement of service by mail stating that the Offering Plan has been declared effective. Said notice from Sponsor will state the particular date upon which the Offering Plan was declared effective, the percentage used to declare the Offering Plan effective, and a list of the Residential Unit(s) being counted to meet the minimum percentage under the terms of the Offering Plan to declare it effective. In addition, Sponsor will, within five (5) business days of delivering said notice, submit for filing an amendment to the Offering Plan disclosing the Offering Plan's effectiveness, and will file an affidavit of service of the notice on all Purchasers. In the event all Purchase Agreements are either rescinded or terminated prior to the date of the closing of title to the first Residential Unit, regardless of whether the Declaration of Condominium has been recorded, the Sponsor must re-declare the Offering Plan effective prior to closing title to a Residential Unit. The Offering 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) based on Purchase Agreements where the Purchaser has not had at least three (3) business days to review the Offering Plan and all filed amendments; 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 Department of Law establishing that the Purchaser is bona fide.

Further, prior to declaring the Offering Plan effective, the Sponsor has the option not to close title to the Residential Units and to abandon the Offering Plan at any time, if less than eighty (80%) percent in number of Residential Units offered hereby are sold and title to any Residential Unit has not been conveyed (80% x 3 Residential Units being offered for sale = 3 Residential Units). In the event Sponsor exercises such option, it shall

forthwith return to the Purchaser all monies paid with interest, if any, within five (5) days of the abandonment of the Offering Plan. When Purchase Agreements for eighty (80%) percent of the Residential Units have been entered into the Sponsor must declare the Offering Plan effective.

Once the Offering Plan has been declared effective, it may not be abandoned except for (i) a defect in title which cannot be cured for less than one-half percent (½%) of the total amount of the offering or (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than one-half percent (½%) of the total offering, or (iii) the taking of any material portion of the property by condemnation or eminent domain. Any stated dollar amount relied upon as basis for abandonment after effectiveness will exclude all attorneys' fees as well as any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the Offering Plan and are either known to the Sponsor or are a matter of public record. In addition, said amount will exclude any judgments and liens against the property resulting from acts of the Sponsor or any of its Principals which are known to the Sponsor on the acceptance date of the Offering Plan. In the event Sponsor abandons the Offering Plan, it shall do so by means of a filed amendment to the Offering Plan. As of the date of the acceptance for filing of the Offering Plan, ½% of the total offering is equal to $49,625. All monies advanced by Purchasers will be returned to them within five (5) days of the abandonment of the Offering Plan. If Sponsor decides to abandon the Offering Plan before declaring the Offering Plan effective, Sponsor will file an amendment disclosing such abandonment and file a RS-3 Form with the Department of Law. In such event, Sponsor shall return any Deposit paid by Purchaser within five (5) days of acceptance of the amendment abandoning the Offering Plan.

XIV. TERMS OF SALE

After the Offering Plan has been declared effective the Sponsor will fix a date for the Closing of Title to all Residential 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. Notice will be sent to all Purchasers who have executed and delivered Purchase Agreements to the Sponsor and whose Purchase Agreements are then in effect by (i) personal delivery; or (ii) mailing by regular mail or registered or certified mail with or without return receipt requested, addressed to the Purchasers at the last known residence of such Purchaser or, if the Purchaser has provided written information of an alternative address for notices, addressed to the Purchaser at the alternative address. If Sponsor has no information of the last known residence address but has written information of the place of business or employment of such Purchaser, the mailing shall be addressed to such last business or employment address. Said notice will also include notice of the obligation to pay the balance of the purchase price.

Such notice will be served no less than thirty (30) days before the date set for the Closing of the Residential Units for those Purchasers who entered into a Purchase Agreement before the Offering Plan was declared effective. Sponsor may permit Purchasers to waive the thirty (30) day provision by a written waiver. Any Purchaser who enters into a Purchase Agreement after the Offering Plan is declared effective will also receive not less than thirty (30) days written notice of the date, time and place for the Closing of Title to Purchaser's Residential Unit, unless Purchaser gives a written waiver of such thirty (30) day notice. A form for such waiver of the thirty (30) day notice is contained as Schedule D-3 to the Offering Plan.

On the Closing Date, fee title to the Residential Unit will be conveyed to the Purchaser together with the Residential Unit's undivided Percentage of Common Interest in the Common Elements. The Closing of Title to the first Residential Unit is expected to commence by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. Such Closing, however, will only take place after or simultaneously with the happening of the following events:

1. The delivery to the Residential Unit Owner of a Bargain and Sale Deed with covenants against grantor's acts. A copy of the Deed is set forth as Schedule F in Part II of the Offering Plan.

2. The Sponsor's repair of any damage from a casualty or other cause that occurs before the Closing of Purchaser's Residential Unit.

3. The issuance of a temporary or permanent Certificate of Occupancy to the Residential Unit or Building in which the Residential Unit is located and any other necessary permits.

4. The Sponsor has utilized Cornerstone Land Abstract, LLC, as agent for a title company authorized to do business in the State of New York for title insurance, with an address at 248-52 Jericho Turnpike, Bellerose Village, New York 11001, telephone number (516) 327-5400, to provide title insurance. The New York State Department of Insurance does not permit the Sponsor to dictate the title company to be used or to infer that a given company should be selected because of a discount or bulk rate and Purchaser is free to use a title or abstract company of their choosing without incurring a penalty. The insurance rates and fees for recording documents are uniform and will be the same regardless of the title company used. For the avoidance of doubt, Purchasers have the right to obtain title insurance from any title company of their choice that is authorized to do business in the State of New York.

5. All personal property located within the Residential Unit on the date the Purchase Agreement is signed or located within the Common Elements on the date the Declaration of Condominium is filed, that is owned by the Sponsor or the owner of the property, is included in the conveyance unless specifically accepted in the Offering Plan.

6. The Declaration of Condominium, By-Laws, floor plans and engineers and tax authority certification required by Section 339-p of Article 9-B of the Real Property Law of the State of New York shall be recorded or filed as required by law in the Register's Office of the City of New York.

7. The Residential Unit and its undivided Percentage of Common Interest in the Common Elements shall not be subject to the lien of any mortgage at the time of Closing except any mortgage requested by the Purchaser at the time of Closing representing a purchase money mortgage or mortgages taken by the Purchaser.

8. Title to each Residential Unit and its appurtenant interest in the Common Elements will be conveyed to a Purchaser at the Closing free and clear of all liens, encumbrances and title exceptions other than those described in the Offering Plan and the proposed Residential Unit deed.

9. The Sponsor will give each Purchaser who entered into a Purchase Agreement before the Offering Plan was declared effective not less than thirty (30) days' prior written notice of the date, time and place for the transfer of title to Purchaser's Residential Unit unless a Purchaser waives such thirty (30) days' notice. Any Purchaser who enters into a Purchase Agreement after the Offering Plan is declared effective will also receive not less than thirty (30) days' written notice of the date, time and place for the transfer of title to Purchaser's Residential Unit, unless Purchaser waives such thirty (30) day notice. A form for such waiver of the thirty (30) day notice is contained as Schedule D-3 to the Offering Plan.

10. The filing of an amendment to the Offering Plan disclosing that the Offering Plan has been declared effective and that the terms of this Section XIV will be met, that the Residential Units to be closed have been constructed in accordance with the plans and specifications filed with the Building Department of the City of New York and that the Sponsor has complied with the requirements of this Section.

11. Purchaser shall receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the Residential Unit and Sponsor shall assign any warranties with respect to equipment and appliances installed in Common Elements to the Board of Managers.

12. The Purchaser shall execute an instrument in the form annexed to the Purchase Agreement designating the Board of Managers as Purchaser's attorneys-in-fact, coupled with an interest for the sole purpose of managing, selling, mortgaging, leasing, subleasing, voting or otherwise dealing with any Residential Units acquired by the Board of Managers in accordance with any of the provisions of the By-Laws and designating the Sponsor as their attorney-in-fact to file an amendment to the Declaration of Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor plans filed as part of an amended Declaration of Condominium are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate, within reasonable tolerances, dimensions of the Residential Units as built or amending such Declaration of Condominium to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium as described in Article Eleventh, Section (c) of the Declaration of Condominium.

13. Purchasers should note that the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury issued a revised Geographic Targeting Order ("GTO") dated November 8, 2019, as renewed on October 22, 2023, and April 19, 2024, requiring U.S. title insurance companies and any of its subsidiaries and agents to report to FinCEN the personal identity of purchasers in residential transactions in which:

(1) Residential real property is purchased by a legal entity as defined in the GTO as follows: a corporation, limited liability company, partnership or other similar business entity, whether formed under the laws of a state or of the United States or a foreign jurisdiction, other than a business whose common stock or analogous equity interests are listed on a securities exchange regulated by the Securities Exchange Commission ("SEC"), or a self-regulatory organization registered with the SEC, or an entity solely owned by such a business;

(2) the Purchaser purchases residential real property located in the Boroughs of Brooklyn, Queens, Bronx, Staten Island, or Manhattan in New York City;

(3) the total purchase price is in the amount of $300,000 or more;

(4) such purchase is made without a bank loan or other similar form of external financing; and

(5) such purchase is made at least in part, using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, a money order in any form, a funds transfer or virtual currency.

The Order, as renewed on April 19, 2024, affects all residential real property closings effective April 19, 2024 and ending on October 15, 2024. A copy of the renewed GTO is available at:

https://www.fincen.gov/sites/default/files/shared/RRE-GTOs-Phase-18-Order.pdf

All questions about the Order should be directed to the FinCEN Resource Center at FRC@FinCEN.gov.

Title to the Residential Unit will be subject to the following:

1. State of facts of the property as shown on a survey to be made prior to the Closing of Title provided such facts would not render title unmarketable and any state of facts which an accurate survey of the Building would show provided such state of facts would not render title unmarketable.

2. Any sewer, water, gas, electric, drainage, telephone, cable television or utility easements granted or to be granted hereafter.

3. All of the terms, covenants and conditions of the Declaration of Condominium, the By-Laws of the Condominium and the Building Plans, as they are subsequently filed or recorded, the Offering Plan and any amendment thereto.

4. All easements set forth in the By-Laws and Declaration of Condominium of the Condominium as they are subsequently recorded in the Offering Plan and Purchase Agreement, including:

   (a) Easements in favor of the Residential Unit Owners of other Residential Units to use the pipes, wires, conduits, cable television, and public utility lines located in the Common Elements or in the

Residential Unit itself servicing such other Residential Units and/or the Common Elements.

(b) Easements in favor of the Board of Managers, its agents, contractors or employees to have a right of access to any Residential Unit and to the Common Elements to inspect, maintain or repair or to make repairs to any Residential Unit to prevent damage to the Common Elements or any other Residential Units, to make repairs to the Common Elements, to any wires, pipes, conduits or cable television system servicing any of the Residential Units or to make repairs to any other Residential Unit, regardless of the nature of the Common Element.

(c) Easements in favor of those Residential Units having restricted use to portions of the Common Elements.

(d) Easements for the continuance of encroachments on any Residential Unit and on the Common Elements by other Residential Units or portions of the Common Elements, now existing by reason of the renovation or construction of the Residential Units, or hereafter occurring by reason of the settling or shifting of the Residential Units, or by reason of the repair and/or restoration by the Board of Managers of the Residential Units or such other Residential Units or such Common Elements, after damage by fire or other casualty or after taking in condemnation or eminent domain proceedings, or by reason of an alteration to the Common Elements made by the Board of Managers, so that any such encroachments may remain as long as the Residential Units stand.

(e) Standard title exceptions, including the following covenants and restrictions:

1. Rights of tenants or persons in possession, if any.

2. Taxes, tax liens, tax sales, water rates, sewer rates, sewer rents and assessments set forth herein.

3. Mortgages returned herein.

4. Any state of acts which a guaranteed survey of current date would disclose.

5. Terms, restrictions, conditions, and easements set forth in the Declaration of Condominium and By-Laws of 426 2nd Street Condominium to be recorded in the New York City Register's Office.

(f) Any covenants, restrictions, easements, charges or liens of record:

5. Without limitation, the following covenants, restrictions, easements, liens, agreements contained in the title report of a reputable agency licensed to do business in New York.

6. Any additional declarations, covenants, restrictions, reservations, exceptions, easements and agreements which have been recorded or appear in recorded documents, or are yet to be recorded, provided they do not prevent use of the Residential Unit as a one (1) family residence permitted by applicable law Any additional declarations, covenants, restrictions, reservations, exceptions, easements and agreements which have been recorded or appear in recorded documents, or are yet to be recorded, provided they do not prevent use of the Residential Unit as a one (1) family residence permitted by applicable law and the Common Elements for their intended use and purpose and do not constitute a lien against the Residential Unit or any of the Common Elements.

If any existing mortgages or construction loans will not be satisfied at or prior to the Closing of the first Residential Unit then at the time of conveyance of the first Residential Unit each mortgagee will either:

(i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold Condominium Residential Units;

(ii) subordinate the lien of its mortgage to the Declaration of Condominium; or

(iii) release its lien on the Condominium Residential Unit being conveyed and its interest in the Common Elements.

The Sponsor has been advised by its counsel that in counsel's opinion, none of the exceptions to title herein above set forth are contrary to the terms of the Purchase Agreement nor will they interfere with the quiet use or enjoyment of the Purchaser's Residential Unit or the Common Elements of the Condominium.

The risk of loss or damage to the Residential Unit by fire or any other cause until delivery of the deed is assumed by the Sponsor. In the event a substantial portion of the Residential Unit or Condominium shall be destroyed or damaged prior to Closing, Sponsor shall be entitled to cancel the Purchase Agreement by written notice to the Purchaser, together with a check in the amount of the Deposit paid by Purchaser, with interest, if any and any Extras paid by Purchaser. The parties shall thereafter be released from any further liability. In the event a Purchaser takes actual possession prior to Closing, said Purchaser will assume the risk of losses not covered by insurance upon production of the policy by the Sponsor to the Purchaser which provides that actions of interim lessees are not covered under the then existing policy. If Purchaser is or becomes the

occupant or tenant of the Residential Unit prior to Closing, then, as of the date of Purchaser's occupancy, Purchaser shall be responsible for any and all damage caused by any acts or omissions of Purchaser, or Purchaser's agents, employees, invitees or family members. If any part of the Residential Unit is damaged or destroyed by any casualty prior to Closing, Sponsor will have the option to restore the Residential Unit to its previous condition as soon as reasonably possible. In the event Sponsor elects to restore the Residential Unit then the Closing Date and any other applicable date or deadline will be extended in a reasonable manner by Sponsor. The additional time required to restore a damaged Residential Unit will not affect the outside date provided in the Purchase Agreement unless agreed to by both the Sponsor and Purchaser. Sponsor agrees to notify Purchaser of Sponsor's decision within ten (10) business days of the date of such casualty. In the event Sponsor elects not to restore the Residential Unit, then the Purchase Agreement will terminate, and the Sponsor will return Purchaser's Deposit and any Extras within ten (10) days of the notice to the Purchaser. The Purchaser and Sponsor shall thereafter be released from any further liability.

XV. CLOSING COSTS AND ADJUSTMENTS

At Closing, each Purchaser shall be required to pay certain costs and expenses. The following is a list of the types and amounts of costs and expenses Purchasers should expect to pay and are based on current rates and charges which are subject to change without prior notice.

1. If a Purchaser elects to obtain fee title insurance and for mortgage title insurance, the Purchaser will pay the premium therefor which will vary depending upon the purchase price and whether or not a mortgage title policy is obtained simultaneously with the fee title policy. Title insurance rates are set by the New York Board of Title Underwriters and filed with the New York State Insurance Department. The Purchaser is free to obtain title insurance from any company of their choice without incurring a penalty.

2. Purchasers should anticipate additional fees for Endorsements to the Owner and Mortgage Title Insurance, as applicable, and fees for municipal and other searches. These fees can be estimated at approximately $3,008.

3. Fees for the recording of the mortgage, deed, condominium unit power of attorney and any affidavit required in connection with the mortgage tax credit available under RPL §339-ee will total approximately $725.

4. In the event the Purchaser obtains a purchase money first mortgage, Purchaser shall pay recording fees for the mortgage of approximately $100. For first mortgages in an amount less than $500,000, Purchaser shall be required to pay a mortgage tax of 2.05% of the amount of the mortgage less $25 and for first mortgages in an amount in excess of $500,000, Purchaser shall pay mortgage tax of 2.175% of the amount of the mortgage less $25. In addition, the Purchaser will be required to pay the lending institution's attorney's fees, any mortgage origination fees, bank credit and appraisal fees and other expenses that the lending institution may charge incident to the making of the permanent loan. 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 may have previously paid in connection with existing mortgage on the Condominium. There will be no mortgage closing costs pursuant to this paragraph 7 on Residential Units which are not covered by mortgages.

5. As of July 1, 2019, the New York State Transfer Tax will be $2.00 per $500 of the purchase price where the purchase price is under $3,000,000 and $3.25 per $500 where the consideration is $3,000,000 or greater and New York City Real Property Transfer Taxes of one (1%) percent of the Purchase Price where the consideration is less than $500,000 and 1.4259% where the consideration is $500,000 or greater. These taxes are normally an expense of Sponsor; however, by contractual arrangement they will be paid

by the Purchaser. As a result, when a Purchaser assumes the obligation to pay these taxes, the amount of New York City Real Property Transfer Tax will be included in the consideration subject to such tax. Pursuant to Section 1404(a) of the Tax Law, effective July 1, 2021, where New York State Real Estate Transfer Tax is paid by the Purchaser pursuant to contractual agreement, such tax will be excluded from the total calculation of consideration. However, the amount of New York City Real Property Transfer Tax will be included in the consideration subject to such tax. The steps to compute the taxes are:

(a) Multiply the purchase price by the State Tax Rate to compute the total New York State Transfer Tax due.

(b) Multiply the purchase price by the City Tax Rate to compute a tentative amount.

(c) Add the tentative amount to the purchase price.

(d) Multiply the tentative amount by the City Rate to compute the total New York City Transfer Tax due.

EXAMPLE: Purchase Price = $2,975,000

(1) $2,975,000 x .0065 = $19,338 = State Transfer Tax.

(2) $2,975,000 x .014259 = $42,421 (tentative amount)

(3) $2,975,000 + $42,421 = $3,017,421 (amount subject to City Tax)

(4) $3,879,541 x .014259 = $43,025 = City Transfer Tax.

6. Residential Units that are being offered for sale for $1,000,000 or more are also subject to the provisions of Section 1402-a and 1402-b of the Tax Law of the State of New York which requires a New York State Tax (Mansion Tax) of the Purchase Price as follows based on the following total consideration:

Total Consideration	**Mansion Tax (as of July 1, 2019)**
Less than $1,000,0000	Not subject to tax
$1,000,000 to $1,999,999.99	1%
$2,000,000 to $2,999,999.99	1.25%
$3,000,000 to $4,999,999.99	1.5%
$5,000,000 to $9,999,999.99	2.25%
$10,000,000 to $14,999,999.99	3.25%
$15,000,000 to $19,999,999.99	3.5%
$20,000,000 to $24,999,999.99	3.75%
$25,000,000 or more	3.9%

Pursuant to the provisions of the statute, the obligation to pay the Mansion Tax is upon the Purchasers. The New York City Real Property Transfer Tax amount will be included in the consideration to determine the Mansion Tax. Therefore, the purchase price and City transfer taxes payable by Purchaser are added together to arrive at a total consideration for Mansion Tax purposes. As a result, a Residential Unit priced at $980,000 or more, where Purchaser pays the transfer taxes and legal fees of Sponsor, could subject Purchaser to liability for the Mansion Tax, as the aggregate price plus tax would exceed $1,000,000.

7. Working capital equal to two (2) months Common Charges to be paid to the Condominium. While Sponsor is in control of the Board of Managers, the working capital fund may be used to reduce the Common Charges of the Condominium.

8. Each Purchaser shall pay $3,000 to Sponsor's counsel, Romanick & Skolnick, PLLC, representing a fee for services in connection with preparing the Residential Unit Deed and transfer documents, the Residential Unit Owner's Power of Attorney and for coordinating and attending the Closing. Such fee shall be payable at or prior to the Closing by Purchaser's certified or attorney escrow check made payable directly to the order of Sponsor's attorney.

9. Any mortgage tax credit received pursuant to Section 339-ee of the Real Property Law will inure to the benefit of Sponsor.

10. Reimbursement to the Sponsor based on each Residential Unit's percentage of Common Interest for Sponsor's advancement for the cost of the Condominium's insurance for the first year of operation.

As an example, a Purchaser of a Residential Unit in which the purchase price is $2,975,000, procuring a first mortgage in the amount of $2,380,000 and with a 30% Percentage of Common Interest, will pay the following approximated Closing Costs:

Owners Policy and Endorsements:		
Fee Title Insurance	$	11,154
Loan Policy and Endorsements:		
Mortgage Insurance	$	2,273
Mortgage	$	50
TIRSA-8.1 Environmental Lien	$	50
Waiver of Arbitration	$	50
TIRSA-4 Condominium	$	50

Miscellaneous Charges:		
Municipals	$	395
Bankruptcy Search	$	25
Patriot Search	$	25
Escrow Service Fee	$	50
Estimated Sales Tax	$	40
State and Local Taxes:		
Mortgage Tax	$	45,785
New York State Transfer Tax	$	19,692
New York City Transfer Tax	$	43,168
Mansion Tax	$	45,440
Recording Fees:		
Mortgage Recording (up to 25 pgs + $5 per Additional page)	$	250
Deed Recording Fee (up to 3 pgs + $5 per Additional page)	$	275
Condominium POA	$	100
Assignment (if applicable)	$	100
Additional Expenses		
Condominium Working Capital	$	1,175
Pro-Rata Insurance	$	2,100
Sponsor Attorney Fees for Preparation of Deed, Power of Attorney and other Closing Documents:	$	3,000
Water Tap Fee	$	1,000
Sewer Tap Fee	$	1,000
Survey Fee	$	1,000
Fee for completion of any Lender's Mortgage questionnaire	$	150
TOTAL:	**$**	**178,397**

Purchasers obtaining mortgage loans are also advised that they will be responsible for the payment of all closing costs and expenses in connection therewith in amounts determined by the lender. These costs customarily include origination fees (or "points"), commitment fees, fees for credit checks, mortgage title insurance, lender's attorneys' fees and appraisal fees. Also, a Purchaser obtaining a mortgage may be required by the lending institution to deposit monthly with the lending institution, commencing with the Closing Date, an escrow for the payment of annual real estate taxes and insurance premiums. The amount of such escrow deposit to be made at Closing will depend on the number of months remaining between the Closing of Title and the date these amounts are next due to be paid and the estimated amounts then payable, as well as the custom and practice of the particular lender involved.

To the extent that the Purchaser is entitled to any credit against the mortgage recording tax by reason of any prior mortgage against the Residential Unit or the Property, the Purchaser shall pay to Sponsor at the Closing for such Residential Unit the amount of any such credit, if applicable, which may be available pursuant to Section 339-ee(2) of the New York State Condominium Act. If a Purchaser's Lender assumes or consents to the assignment of a mortgage lien encumbering only such Purchaser's Residential Unit and as a result is entitled to an exemption of all or a portion of the mortgage tax which would have been available to the Purchasers and shall pay to Sponsor the amount of such exemption.

In addition, if a Closing takes place, at the request of Purchaser, at any location other than Sponsor's attorney's office, Romanick & Skolnick, PLLC, 142 Joralemon Street, Suite 5C, Brooklyn, New York 11201, Purchaser shall pay to Sponsor's attorney a travel fee in the sum of $450.

In the event a Closing is adjourned with Sponsor's consent, at the request of Purchaser or Purchaser's attorney within forty-eight (48) hours of the scheduled time of Closing, Purchaser shall also pay Sponsor's attorney an adjournment fee in the sum of $350.

In the event the Residential Units have not been separately assessed for real estate tax purposes prior to the Closing of Title to the first Residential Unit, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the Residential Units in the Condominium for the six (6) month period following the first Closing. Thereafter, at each Closing during said period, each Purchaser will reimburse the Sponsor for the pro-rata amount paid on behalf of said Residential Unit. Alternatively, the Sponsor may place in escrow, in the name of Board of Managers, an amount equal to the real estate taxes attributable to the unsold Residential Units for such six (6) month period and may collect at each Closing the estimated amount of taxes attributable to such Residential Unit for the balance of the six (6) month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable. After the Residential Units are separately assessed, the funder of the escrow account and the Residential Unit Owner will be reimbursed for any overpayment of taxes or assessed for an underpayment.

Purchaser shall also pay, or reimburse to Sponsor, if Sponsor has already made payment, the following charges: (a) inspections and (b) appraisals.

If through no fault of Sponsor, Purchaser fails for any reason to Close Title after the date originally scheduled in Sponsor's Notice of Closing or such later date (if applicable) to which Sponsor in a subsequent Notice for Closing adjourned the Closing, all of the aforementioned apportionments shall be made as of midnight of the day preceding (i) the date originally scheduled for Closing or (ii) Sponsor's adjourned Closing Date (as the case may be). In addition, Purchaser shall pay to Sponsor at or prior to the actual Closing an amount equal to .0438% per day (which equals an annual rate of 16%) of the purchase price for the Residential Unit for each day beyond such originally

scheduled or Sponsor adjourned Closing Date, to and including the date of actual Closing, for reimbursement and defrayal of Sponsor's carrying costs and other charges.

The fee title policy premiums and the recording charges set forth above are estimates based on the rates in effect as of the date of this Offering Plan. If said premiums, charges or rates are subsequently revised by the title company, the State, or Municipality, each Purchaser shall be required to pay the title policy premiums, recording charges and Closing Costs in effect as of the date of the Closing of Title to their Residential Unit.

The Sponsor anticipates that the only items which will be apportioned at the Closing of Title to the Residential Units will be real estate taxes and sewer charges, if any, and Common Charges, if they have been declared by the Board of Managers. The 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, said items will be adjusted at the Closing. The Sponsor will advise the Purchaser of the Closing Date by giving Purchaser written notice at least thirty (30) days prior to the Closing Date.

XVI. RIGHTS AND OBLIGATIONS OF THE SPONSOR

No bond or other security has been furnished to secure performance of the following obligations. All obligations pertaining to the Common Elements shall be enforceable only by the Board of Managers on behalf of the Residential Unit Owners and not by the individual Residential Unit Owners. During the time the principals of the Sponsor control the Board of Managers, it is within their sole power to enforce the obligations of the Sponsor pertaining to the Common Elements. The following shall pertain to the Sponsor:

1. Sponsor will endeavor in good faith to market and sell the Residential Units in the Condominium. Notwithstanding, Sponsor retains the unconditional right to rent rather than sell the Residential Units after consummation of the Offering Plan. Because Sponsor is retaining the unconditional right to rent rather than sell Residential Units after consummation of the Offering Plan, this Offering Plan may result in the creation of a condominium in which a majority of the Residential Units are not owned by owner-occupants or investors unrelated to the Sponsor. As a result, Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of the Offering Plan. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell Residential Units, there is no commitment to sell more Residential Units than the fifteen (15%) percent necessary to declare the Offering Plan effective and owner-occupants may never gain effective control and management of the Condominium Sponsor shall not rent a Residential Unit in the Condominium prior to consummation of the Offering Plan as defined in Title 13 NYCRR § 20.1(c)(6).

2. The Sponsor has the obligation to defend any suits or proceedings arising out of Sponsor's acts or omissions under applicable law and regulations and the obligations in the Offering Plan, and to indemnify the Board of Managers and the Residential Unit Owners.

3. 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.

4. Until title to a Residential Unit is passed to a Purchaser, the Sponsor will pay such Common Charges, Special Assessments and real estate taxes, as are assessed by the Board of Managers of the Condominium, and the City of New York on the Residential Units to which title has not passed. Once title is passed to a Purchaser the Purchaser shall be solely responsible for all Common Charges, Special Assessments, real estate taxes and all other costs applicable to the Residential Unit, as are assessed by the Board of Managers of the Condominium and the City of New York. No bond or other security has been posted to secure such obligations.

Sponsor will fund its financial obligations to the Condominium from the income derived from the sale of the Residential Units and Sponsor's assets. Sponsor currently has the resources necessary to meet its obligations under the Offering Plan.

During the Sponsor Control Period, Sponsor shall have the right, in its sole and absolute discretion, to cause the Condominium Board to waive the collection of some or all of the Common Charges, as set forth in the Condominium's budget from Residential Unit Owners. During said period, Sponsor in its sole and absolute discretion; provided, however, that Sponsor shall have the right to either (a) be solely responsible for the payment of all actual expenses to operate the Condominium (the "Waiver Period"), or (b) cause the Condominium Board to assess Residential Unit Owners their proportionate share of all actual operating expenses of the Condominium based on their respective Common Interests or as otherwise set forth in the budget, including, but not limited to, insurance premiums and any Reserve Fund payments included in the budget (the "Reduced Service Period"). In connection with the Waiver Period or Reduced Service Period, (i) Sponsor will disclose the implementation of such Waiver Period or Reduced Service Period in the amendment to the Plan that discloses the occurrence of the First Closing; (ii) Sponsor or the Managing Agent will notify Purchasers and Residential Unit Owners of the expiration of the Waiver Period or Reduced Service Period at least 30 days prior to the expiration thereof, and (iii) Sponsor will disclose the expiration of the Waiver Period or Reduced Service Period in the next substantive amendment to the Plan. During any Waiver Period, Sponsor and/or Residential Unit Owners will timely pay all actual expenses of the Condominium, including but not limited to insurance premiums and any Reserve Fund payments included in the budget. At such time as the Condominium Board commences the collection of Common Charges in accordance with the total proposed budget contained in Schedule B (the "Total Budget"), there will not be an assessment for any expense line item set forth in the budget, or maintenance fee that would have been due prior to the expiration of the Waiver Period or Reduced Service Period. Sponsor is not obligated to collect Common Charges based on a Waiver Period or Reduced Service Period and can commence collection of the Common Charges based upon the total Common Expenses reflected in the Total Budget provided in Schedule B of the Offering Plan.

5. The Sponsor has the option to repair any damage from a casualty or other cause that occurs before the Closing of a Purchaser's Residential Unit.

6. Sponsor will initially procure fire and casualty insurance for the Condominium on the terms set forth in the budget. The fire and casualty insurance will either be for an agreed amount replacement value or in an amount sufficient to avoid co-insurance. Each Purchaser will be required

to pay a pro-rata portion of the first year Condominium insurance based on each Residential Unit's percentage of common interest.

7. In the event of the dissolution or liquidation of the Sponsor or the transfer of ten (10) or more Residential Units or twenty percent (20%) or more of the total number of Residential Units in the Condominium, whichever is less, the Principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all the obligations of the Sponsor for those Residential Units under the Offering Plan, applicable laws or regulations.

8. Sponsor did not finance its acquisition of the Property and has not entered into any loan agreement(s) to construct the Property. In the event Sponsor does obtain a construction loan, Sponsor will amend the Offering Plan to disclose such loan. In addition, in the event Sponsor obtains a subsequent construction loan, the Sponsor will be obligated to pay off and otherwise comply with the terms of any mortgage on the entire Condominium. After the recording of the Declaration and before the Closing of Title to the first Residential Unit the lender of any mortgage that encumbers the Property at the time of conveyance of the first Residential Unit will either: (i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium Residential Units; (ii) subordinate the lien of its mortgage to the Declaration of Condominium; or (iii) release its lien on the condominium Residential Unit being conveyed and its interest in the Common Elements. In addition, before the Closing of Title to the first Residential Unit all liens and mortgages affecting the Condominium shall be paid and satisfied on the Residential Unit being conveyed and its appurtenant interest in the Common Elements shall be released therefrom by partial release duly recorded.

9. The Sponsor will diligently and expeditiously complete renovation of the Condominium substantially in accordance with the plans and specifications described herein and will diligently perform all of its obligations set forth in this Offering Plan and will deliver to the Board of Managers a copy of the "as built" plans filed with the recording of the Declaration of Condominium or any amendment thereto and in addition will provide the Board of Managers with a full set of building plans filed with the City of New York together with any "field changes" made during the course of construction and renovation. Although the Sponsor intends to use the materials, fixtures, appliances and equipment described herein and in the building plans, the Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of Equal or Better Quality or design for any of those set forth. Sponsor reserves the right to change the size, number and location of the improvements or Common Elements, provided such changes do not change or adversely affect the Percentage of Common Interest of any Residential Unit to which title has closed or for which a Purchase Agreement

has been executed and is in effect unless all affected Residential Unit Owners and Purchasers consent in writing to such a change. Sponsor further reserves the right to determine the location of electric, any gas and water meters, electric transformers, air conditioning compressors, other Building wide equipment, mailboxes, and to make any other changes required by the City of New York.

10. The Sponsor and its principals will obtain a permanent or temporary Certificate of Occupancy and any other certificate or permit required by law for the Building or Residential Unit before the Closing of Title to a Residential Unit and will, at its own cost, perform any work and supply any materials necessary to obtain the Certificates or permits. In the event a permanent Certificate of Occupancy is not issued as of the Date of Closing of a Residential Unit, Sponsor and its principals anticipate obtaining the permanent Certificate of Occupancy within two (2) years of the Closing of the Residential Unit. However, Sponsor and its principals make no representation or guarantee that the New York City Department of Buildings will issue the permanent Certificate of Occupancy within such two (2) year period. The Sponsor and its principals will renew any temporary Certificate of Occupancy until a permanent Certificate of Occupancy is issued for the Building. Sponsor and its principals have the right to Close Title with a temporary Certificate of Occupancy.

    In the event a permanent Certificate of Occupancy for the Building or Residential Unit has not been issued as of the Date of Closing for said Residential Unit, the Sponsor will continue to hold all deposits and funds in the special escrow account required pursuant to Section 352-e (2-b) and 352-h as described in Section XI of the Offering Plan unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy. Any sum of money exceeding the amount certified by the Sponsor's engineer or architect will be released to the Sponsor and its principals. Upon the issuance of the permanent Certificate of Occupancy, such escrow deposit will be released to Sponsor and its principals without the consent of any other party. Alternatively, Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond in the amount certified by Sponsor's engineer or architect. In such event, it will disclose such fact by duly filed amendment to the Plan prior to releasing any of the funds from the escrow account.

    Residential Unit Owners will not be permitted to make any changes, additions or alterations to their Residential Unit that will prevent the issuance of a permanent Certificate of Occupancy or extension or renewal of a temporary Certificate of Occupancy for the Residential Unit and/or Building. Residential Unit Owners will be permitted to make standard improvements to their Residential Units such as painting, installation of

flooring, cabinetry, fixtures etc. as long as the improvements do not affect the ability of the Sponsor and its principals to obtain a permanent Certificate of Occupancy or extension or renewal of a temporary Certificate of Occupancy. Residential Unit Owners are responsible for obtaining all necessary permits from the City of New York and any other required municipal agencies for any changes the Residential Unit Owner makes to their Residential Unit subsequent to the Closing of Title with the Sponsor. Sponsor will not be liable for nor responsible to a Residential Unit Owner in the event an inspection by the Department of Buildings of the City of New York prevents the issuance of a renewal and/or extension of a temporary Certificate of Occupancy or permanent Certificate of Occupancy as a result of changes made to the Residential Unit by a Residential Unit Owner. In the event a Residential Unit Owner makes any changes, additions or alterations to their Residential Unit prior to the issuance of a Permanent Certificate of Occupancy for the Residential Unit and/or Building, the Residential Unit Owner shall reimburse Sponsor within ten (10) days following Sponsor's demand therefore, for any and all costs incurred by Sponsor with respect to Residential Unit Owner's changes to the Residential Unit that prevent the extension or renewal of a Temporary Certificate of Occupancy or the issuance of a final Certificate of Occupancy by the Department of Buildings of the City of New York.

11. At the Closing of Title, the Sponsor will deliver the certificates and warranties delivered to it and transferable to Purchaser. Sponsor's liability pursuant to any manufacturers' warranties covering heating, appliances, electricity, plumbing and roofing are limited solely to the extent that such warranties are delivered to Sponsor, transferable to the Purchaser or to the Condominium Board of Managers and then only as against such manufacturer.

12. The acceptance of a deed by a Purchaser will be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be performed under the Offering Plan except those (if any) which may be expressly stated in the Offering Plan, in the Purchase Agreement, in 13 NYCRR, Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of this Offering Plan), and in General Business Law Section 352-e to survive delivery of the deed. The Purchaser of a Residential Unit will inspect such Residential Unit three (3) days prior to the Closing Date and will execute at such time an inspection statement acknowledging Purchaser's acceptance of the Residential Unit in good condition and in accordance with the terms of the Offering Plan, provided that if Purchaser finds that Sponsor's improvements have not been completed as described in the Offering Plan then Sponsor and the Purchaser in question will agree to include on the inspection statement a list of incomplete work of a material nature to be completed in the Residential Unit by Sponsor as provided in the Purchase Agreement.

Sponsor will have no obligation to complete any work which is not specifically designated by the Purchaser on the inspection statement. A Purchaser will receive prior notice that a Residential Unit is available for inspection pursuant to this Paragraph, as more particularly set forth in the Purchase Agreement in Part II of the Offering Plan. A Purchaser who fails to inspect such Residential Unit will be deemed to have accepted the Residential Unit in good condition and in accordance with the terms of the Offering Plan. Notwithstanding the foregoing, Purchaser will retain the right to pursue any remedy available under their individual Limited Warranty. After Closing of Title to each Residential Unit the Purchaser thereof must comply with the procedures established by the Managing Agent or the Board of Managers regarding such Purchaser's move in and out of the Residential Unit. This may include "move in" and/or "move out" fees which will be refunded to the Purchaser unless the Purchaser or the Purchaser's agents cause damage to the Building during the move in or move out of the Residential Unit. In such an event the move in or move out fees will be used to repair said damage. In the event the move in and move out fees paid are less than any damage caused, the Purchaser will be responsible for the additional amount of the damage. In the event the move in or move out fees paid are greater than the damage caused, the Purchaser will be refunded the excess amount.

13. This Condominium is subject to the New York State Housing Merchant Implied Warranty Law, Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Residential Units. This law is applicable to all Residential Units offered for sale under this Offering Plan. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers which provides for a Limited Warranty on certain items. The limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage for the first Residential Unit Buyer only; Sponsor's liability is limited to seventy-five thousand ($75,000) dollars exclusive of options and less any insurance proceeds received by Purchaser but including any deductible paid by Purchaser; incidental, special, indirect consequential or other similar damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor, and for commencing a lawsuit against Sponsor. The Limited Warranty provides the following coverages for the Residential Units:

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of the Warranty (as shown on page 1 thereon), the Residential Unit will be free from latent defects that constitute:

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

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

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

(d) defective installation of appliances sold as part of the Residential Unit by the Sponsor or an agent, employee or subcontractor of the Sponsor.

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Effective Date of the Warranty, the plumbing, electrical, heating, cooling and ventilation systems of the Residential Unit which have been installed by the Sponsor are warranted to be free from latent defects resulting from defective installation by the Sponsor.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six (6) years from the Effective Date of the Warranty, the Residential Unit will be free from latent major structural Defects that result from:

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

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

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

As permitted in Article 36-B of the General Business Law, the Sponsor excludes the specific warranties set forth in Article 36-B of the General Business Law, and all other warranties, express or implied, and instead is providing each Purchaser with the Limited Warranty. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Schedule D-5 and Article 36-B of the General Business Law set forth in Schedule K.

To the extent any coverage under this warranty applies to Common Elements of the Condominium, such coverage shall be deemed given to the Board of Managers of the Condominium.

Regarding the Common Elements of the Condominium not covered by any Limited Warranty, the Sponsor will correct any defects in the renovation of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan as may be changed by Sponsor from time to time provided and on condition that Sponsor is notified of or becomes aware of such defect(s) within twelve (12) months from the issuance of a temporary or permanent Certificate of Occupancy, whichever is then applicable upon the Closing of Title to the first Residential Unit. In no event will Sponsor be liable for consequential damages (whether based on negligence, breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligations under the Offering Plan will be to repair or,

at Sponsor's option, replace (or cause to be repaired or replaced) any defective item of construction (whether arising as a result of defects in material or improper workmanship or material substantially at variance with the Plans and Specifications), subject to the terms and conditions (and within the time limits) set forth in this paragraph. The quality of renovation shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications. The provisions of this paragraph shall in no way act to abrogate Sponsor's obligation to build and complete the Condominium in accordance with the plans and specifications identified in this Offering Plan and Purchaser's rights and remedies stemming therefrom.

In no event will Sponsor be responsible for any condition in the Residential Unit or the Common Elements resulting from (i) normal wear and tear or natural deterioration or from the normal movement, settlement and/or shrinkage of the Building and/or Building materials; (ii) defects of an immaterial nature, such as, without limitation, partial or total loss of any trees, shrubs, bushes or other landscape improvements that may abut the Building, nail pops, protruding dry wall fastenings, ridging on gypsum board, lumber shrinkage, door or window sticking, door warpage including, without limitation, warpage of the main entrance door within reasonable tolerances of doors of similar size and weight, scratches in plastic laminate, vitreous china, natural stone, wood, stainless steel or porcelain surfaces; bathroom finish grouting; adjustment of doors; walls not square; electrical plates not straight; discoloration or shrinkage; slight separation between base and floors; (iii) normal settlement and deflection or any consequential damage resulting therefrom including, without limitation, cracks in roof ballast, or concrete cracks which do not reduce the structural integrity of the Building; (iv) immaterial deviations in the level of ceilings, and imperfections in ceiling finishes; (v) imperfections in painting finishes; (vi) immaterial deviations in the level of a floor or failure of finished floors and walls to be straight or on plane or at less than 90º from each other; (vii) alignment of bathroom finishes and variation in grouting thickness; (viii) air infiltration and water infiltration from windows in accordance with customary practice and professional standards; (ix) noise from normal plumbing and the HVAC system; (x) normal floor noises and creaking; (xi) carpet or floor discoloring or stretching; (xii) scratches and imperfections or variations in width, length, thickness, finish or color range of wood floor strips or other flooring or floor finishes, also, normal shrinkage or expansion of wood flooring due to changes in moisture content of wood; (xiii) repair of chips, scratches, mars, breaks, dents, cracks or other defects in: exterior stone; windows, window glass, frames and hardware; insulation attached to the curtain wall; sliding glass doors, frames, door glass and hardware; louvers; shower doors; lighting fixtures, lenses, baffles and globes; all painted surfaces; all sinks, tubs, basins, water closets; kitchen cabinets, back splashes and countertops; vanity tops and cabinets; all tile or natural stone floors and walls; saddles; all appliances; woodwork, millwork and doors; mirrors and

after the Residential Unit Closing, paint touch-ups, repair of dented appliances, or replacement of light bulbs; (xiv) cracks or variations in tone or color of natural stone or variations in tone or color of vanity tops or variations in veining of any natural stone surfaces; (xv) leaching or color variation in color mortar and colored brick, and dimensional variations in brick joints, and mortar droppings on bricks; (xvi) ponding and/or controlled drainage on the roof surface; (xvii) cracks in pressure-treated lumber used or intended for use outside the Building; (xviii) cracks or discoloration in concrete and/or paving; (xix) discoloration to hardware and plumbing finishes; (xx) stains, runs, lumps, shags or imperfections in weave in fabric panels; (xxi) scratched, dirty or cracked lenses in light fixtures; or (xxii) terrace or balcony tiles not laid flat, or color variation in tiles or mortar, or stained tiles; (xxiii) subsequent to the Residential Unit Closing, paint touch-ups, repairs of dented appliances or replacement of fluorescent light ballasts, or (xxiv) salting or color variation in exterior colored mortar and deep colored brick; (xxv) remove mold from the Building or any Residential Unit therein, or (xxvi) or normal water penetration in frameless shower doors. Sponsor will be obligated to repair only abnormally chipped stone, formica and porcelain surfaces, which repair will be made by filling the stone or formica or refinishing the porcelain, but Sponsor will not be obligated to replace such stone, formica or porcelain surfaces. THE ITEMS AND CONDITIONS DESCRIBED IN THIS PARAGRAPH ARE NOT DEFECTS AND MAY BE FOUND IN ANY NEWLY CONSTRUCTED OR RENOVATED BUILDING OR RESIDENTIAL UNIT. PURCHASERS WHO PURCHASE A RESIDENTIAL UNIT IN THE BUILDING OR IN ANY OTHER NEWLY CONSTRUCTED OR RENOVATED BUILDING MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR RESIDENTIAL UNIT, THE COMMON ELEMENTS OR ELSEWHERE IN THE BUILDING OR RESIDENTIAL UNIT. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF THESE ITEMS AND CONDITIONS AND WILL NOT BE LIABLE TO ANY PURCHASER OR THE BOARD OF MANAGERS THEREOF. IF PURCHASERS OR ANY BOARD OF MANAGERS DESIRES TO CORRECT OR REPAIR ANY OF THESE ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THEY WILL HAVE TO PROCEED AT THEIR SOLE COST AND EXPENSE BY THEMSELVES AND/OR UNDER ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO THEM BY SPONSOR.

The Sponsor has no obligation to make any repair to the Common Elements except as expressly set forth in the Offering Plan.

Sponsor will not be obligated to correct and will not be liable to any Purchaser as a result of (i) any immaterial variations from the plans and specifications or the description of any portion of the Building or a Residential Unit set forth in the Offering Plan or (ii) immaterial variations from the Plans and Specifications or the description of any portion of the Building or a Residential Unit set forth in the Offering Plan which are neither

in violation of applicable building codes, nor require the approval of any governmental authority having jurisdiction, provided such variations are of substantially similar or better quality than as set forth in the Plans and Specifications or description in this Offering Plan as solely determined by Sponsor's architect. Any such variation affecting the Building or a Residential Unit which is material will be disclosed in a duly filed amendment to the Offering Plan. Notwithstanding the above, regardless of any limitations in a warranty offered under the Offering Plan or in the Offering Plan, the Sponsor's obligation 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.

All personal property located within the Residential Unit on the date the Purchase Agreement is executed or that is located within an Individual Residential Unit's Limited Common Element for the exclusive use of the Residential Unit on the date the Declaration of Condominium is filed, that is owned by the Sponsor or anyone else, will be included in the conveyance to Purchaser of their Residential Unit unless specifically accepted in the Offering Plan or Purchase Agreement.

14. The Sponsor will deliver to the Purchaser and/or the Board of Managers upon the recording of the Declaration of Condominium all manufacturers' and sub-contractors heating, electrical, plumbing, roofing and appliance warranties and bonds relating to the Purchaser's Residential Unit or the Common Elements respectively, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties and bonds are assignable.

15. The Sponsor will pay all contractors, subcontractors and material men and all others involved in the construction and renovation of the Building containing the Residential Units in the Condominium for work performed and fixtures, material and equipment supplied or installed in the renovation and construction of the Building containing the Residential Units in the Condominium and will cause all mechanics' liens arising out of the renovation and construction of the Building containing the Condominium or the furnishing or installation of fixtures or equipment, to be discharged or bonded promptly after the liens are filed.

The Sponsor will pay all expenses incurred prior to the establishment of the Condominium 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 Residential Units held or owned by the Sponsor and will pay all selling expenses including, but not limited to, advertising and printing costs, architectural and engineering fees, and costs of filing this Offering Plan and amendments thereto.

The Sponsor has the financial resources to complete the renovation of the Condominium and Sponsor's obligations under the Offering Plan.

16. No bond or other security has been posted to secure Sponsor's obligations.

17. The Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Common Elements of the Condominium for the purpose of completing its renovation, construction and sale or rental of Residential Units and facilities in the Condominium and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the Common Elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities and for any other materials or services necessary for the completion of the work. Sponsor also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the Common Elements. Sponsor will be obligated to pay for the cost of any utilities it uses as a result of its use of the easements, licenses, rights and privileges of a right-of-way. The Sponsor reserves the right to continue to use the Common Elements and any facilities, sales offices, model or unsold Residential Units and signs located on the Common Elements, in its efforts to market or lease the Residential Units in the Condominium. Sponsor will be obligated to repair any damage to the Common Elements and Residential Units caused as a result of its use of the easements, licenses, rights and privileges of a right-of-way to complete the renovation of the Building containing the Residential Units in the Condominium. Upon reasonable notice to a Residential Unit Owner, Sponsor shall have a right of access to any Residential Unit for the purpose of carrying out any of the above easements, licenses, rights and privileges. During the construction and renovation period some obstructions, detours, storage of materials and equipment will likely be necessary. Patience and understanding of these conditions will be required of Residential Unit Owners. Sponsor shall not unreasonably interfere with the use of an Owner's Residential Unit during the construction and renovation period.

18. Pursuant to Section 352-e (9) of the General Business Law, copies of all documents mentioned in this Offering Plan, including without limitation the following, are and will be kept on file at the office of Sponsor set forth on the cover page of this Offering Plan for six (6) years from the date the Declaration of Condominium is recorded for examination by any person who has purchased a condominium interest offered by this Offering Plan or otherwise has participated in this offering: This Offering Plan; the proposed Declaration of Condominium and By-Laws of the Condominium; public liability, fire and casualty policy, and Schedules submitted to the Department of Law in conjunction with this Offering Plan. A copy of the form

of Residential Unit Owner's Purchase Agreement is submitted with this Offering Plan as Schedule D in Part II of the Offering Plan.

19. In accordance with Section 339-p of the 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 of Condominium are an accurate copy of portions of the plans of the Building as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings.

20. Article III, Section 7(a)(16) of the Condominium By-Laws provide that the Board of Managers has the right to act as an agent for one (1) or more Residential Unit Owners to file a single complaint and bring a special proceeding on behalf of Residential Unit Owners who wish to contest the real estate tax assessments of their Residential Unit if applicable, pursuant to Section 339-y(4) of the New York Property Law. In such event, the Board of Managers on behalf of the Condominium could retain counsel on behalf of such Residential Unit Owners and charge each Residential Unit Owner for whom it is acting a pro rata share of expenses, disbursements and legal fees, the payment for which would be secured by a lien on each Residential Unit. The Board of Managers on behalf of the Condominium is not obligated to perform such services and it is necessary to obtain the written authorization of the Residential Unit Owners.

XVII. CONTROL BY THE SPONSOR

The First Board of Managers will consist of three (3) Sponsor-appointed Members. At such time as all Residential Units in the Condominium have been sold and closed, the then Sponsor-controlled Board will call a meeting of the Residential Unit Owners to elect a new Board. After said meeting of the Residential Unit Owners in which the Residential Unit Owners elect a new Board of Managers and thereafter the Board of Managers shall consist of a total of three (3) elected Members to the Board of Managers. The Sponsor, as the owner of Unsold Residential Units, will be entitled to designate all of the Members of the Board of Managers of the Condominium until all of the Residential Units in the Condominium have been sold or transferred to Residential Unit Owners other than the Sponsor, its Principals, successors, assignees and/or designees. There is no limit on the period of time it may take Sponsor to convey all the Residential Units in the Condominium and as a result the Sponsor may control the board indefinitely. At such time as all of the Residential Units are Closed, Sponsor will not be entitled to any representation of the Members on the Board of Managers. The First Annual Meeting of the Residential Unit Owners will be held within two (2) years of the Closing of Title to the first Residential Unit in the Condominium or thirty (30) days after the end of the Sponsor Control Period, whichever occurs first. At such time that all Residential Units in the Condominium have been sold and closed, and within thirty (30) days of the end of the Sponsor Control Period, the then Sponsor-controlled Board will call a meeting of the Residential Unit Owners to elect a new Board ("Turnover Meeting"). The Turnover Meeting, at which the Residential Unit Owners will elect the Board of Managers, will be within thirty (30) days after the expiration of the Sponsor Control Period, which may occur later than one (1) year after the date of the Closing of Title to the first Residential Unit in the Condominium. Notwithstanding said fact, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed.

As a result of the above, the Sponsor will have voting control of the Board of Managers during this period. As a result of the fact Sponsor may retain all of the Members of the Board of Managers for said period, Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of this Offering Plan. Purchasers individually, or as a group, may take legal or administrative action to enforce the Sponsor's obligations to the Condominium. However, they will be unable to do so in the name of the Condominium. In addition, the funds utilized for such actions will either have to be obtained by a Special Assessment of all Residential Unit Owners excluding the Sponsor or obtained through independent funds of the Residential Unit Owners. The Sponsor will also, during this indeterminate period, have control of maintenance, facilities and services to be provided to the Condominium and will determine the Common Expenses to be paid by all Residential Unit Owners, including the Sponsor and will also be responsible for the enforcement of the Sponsor's obligations through the Board of Managers. Purchasers should further note that the By-Laws do not contain any provision that provides that after the Sponsor relinquishes control of the Board a majority of the Members of the Board of Managers must be owner occupants who are unrelated to the Sponsor or its principals. Owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the Condominium should be managed as a result of their different reasons for purchasing, i.e., purchasing as a Residential Unit to live in as

opposed to purchasing as an investment. Notwithstanding, the Board of Managers has a fiduciary duty to the Condominium and the Residential Unit Owners to act in the best interest of the Condominium and the Residential Unit Owners during the period the Sponsor retains control of the Board of Managers. In the event there is a vote to enforce Sponsor's obligations to the Condominium, the Sponsor will be required to abstain from the vote.

The First Board of Managers of the Condominium will consist of Aran Scott, Paula Stolowicz Ras and Jennifer Polei. Aran Scott is the principal of the Sponsor. Jennifer Polei is Mr. Scott's spouse. Paula Stolowicz Ras is a business associate of Mr. Scott. The Sponsor shall retain the right to substitute other persons in the place of the above-named individuals until the resignation of the first Board as set forth below. Thereafter the Sponsor shall have the right to substitute Members of the Board it has appointed as Sponsor so determines. The First Annual Meeting of the Residential Unit Owners will be held within two (2) years of the Closing of Title to the first Residential Unit in the Condominium or thirty (30) days after the end of the Sponsor Control Period, whichever occurs first. At such time that all Residential Units in the Condominium have been sold and closed, and within thirty (30) days of the end of the Sponsor Control Period, the then Sponsor-controlled Board will call a meeting of the Residential Unit Owners to elect a new Board ("Turnover Meeting"). The Turnover Meeting, at which the Residential Unit Owners will elect the Board of Managers, will be within thirty (30) days after the expiration of the Sponsor Control Period, which may occur later than one (1) year after the date of the Closing of Title to the first Residential Unit in the Condominium. Notwithstanding said fact, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed. Until such time as the Sponsor relinquishes control of the Board of Managers, the Sponsor shall appoint the three (3) Members of the Board of Managers for one (1) year terms and shall continue to appoint the three (3) members of the Board of Managers until the Sponsor is required to relinquish control of the Board of Managers. The Sponsor, as the owner of Unsold Residential Units, will be entitled to designate all of the Members of the Board of Managers of the Condominium until all of the Residential Units in the Condominium have been sold or transferred to Residential Unit Owners other than the Sponsor, its Principals, successors, assignees and/or designees.

At such time as all of the Residential Units are Closed, Sponsor will not be entitled to any representation of the Members on the Board of Managers. Upon the election and designation of the new Board of Managers at a duly-called meeting of the Residential Unit Owners, the Members of the First Board will resign. Members of the Board of Managers may be removed for cause by an affirmative vote of sixty-six and two thirds' percent (66⅔rds) of the Residential Unit Owners. In the event a Sponsor designee is removed for cause, the Sponsor shall have the sole right to designate a replacement. Officers of the Condominium may be removed with or without cause, at any time, by the affirmative vote of a simple majority (i.e., greater than fifty [50%] percent) of the Members of the Board of Managers.

As long as the Sponsor retains at least one (1) Unsold Residential Unit in the Condominium, the Board of Managers may not, without the Sponsor's prior written consent (i) make any additions, alterations or improvements to the General Common

Elements, Individual Residential Unit's Limited Common Elements of the Condominium that is not a Residential Unit Owner's obligation and/or to any Residential Unit costing cumulatively more than $50,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of the reserve for contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to in the Offering Plan; or (iv) enter into any contracts not in existence on the date of the first Closing of Title to a Residential Unit; or (v) borrow money on behalf of the Condominium; or (vi) reduce the services or maintenance set forth in Schedule B; (vii) charge any Special Assessment for a non-budgeted item unless required by law, municipal agency, emergency or for the health and safety of the Condominium; or (viii) increase the Common Charges of the Condominium more than ten (10%) from the prior year's budget, unless documentation is provided to the Sponsor in the nature of a financial statement, bids from contractors or verified increases in utility rates evidencing the need for an increase greater than ten (10%) percent, or (ix) utilize Condominium funds or assess the Sponsor for the purpose of commencing a lawsuit against the Sponsor or any of its principals.

As noted above, the Sponsor has the right to retain control over certain expenditures and fiscal actions of the Board of Managers. Notwithstanding said fact, Sponsor may not exercise veto power over expenses described in Schedule B (the proposed first year budget), or over expenses required:

(i) to comply with applicable laws or regulations; or

(ii) to remedy any notice of violation; or

(iii) to remedy any work order by an insurer; or

(iv) necessary for the preservation or safety of the Condominium or for the safety of occupants of the Condominium or required to avoid the suspension of any necessary service to the Condominium.

The above provisions provide that during said period, significant financial decisions of the Board of Managers will be decided by the Sponsor. Examples of such decisions are, in part, the ability to borrow money, as provided in The Condominium Act (Article 9-B of the Real Property Law, §339-jj), for a capital improvement all Residential Unit Owners are in favor of, or the ability to enter into a contract with a lawyer and fund legal fees if the Sponsor fails to comply with provisions in the offering.

Notwithstanding the above the Members of the Board of Managers have a fiduciary obligation to act within the best interests of the Condominium. Residential Unit Owners are entitled to pursue all available remedies if Members of the Board of Managers (including without limitation Sponsor designated Members of the Board of Managers) breach such obligations.

The detailed provisions for the management of the Condominium are set forth in the attached By-Laws. The By-Laws contain provisions, among others, dealing with the election of the Board of Managers, and Condominium officers, powers of the Board of

Managers, voting rights of Residential Unit Owners, assessment of Common Charges, foreclosure of liens for non-payment of Common Charges, management of the Condominium and the use of the Residential Units. The By-Laws provide that the Condominium shall be governed by the Board of Managers, but that the Board of Managers shall have the right to designate Committees or a Managing Agent to carry out such function.

Members and officers of the Board of Managers serve without compensation.

XVIII. BOARD OF MANAGERS

The form of the By-Laws and the Declaration of Condominium referred to in the Offering Plan appear in Part II as Schedules I and J.

The following is a summary of certain provisions of the By-Laws and Declaration of Condominium.

Board of Managers

The affairs of the Condominium shall be governed by a Board of Managers. The First Board of Managers shall consist of three (3) Members designated by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the First Annual Meeting of the Residential Unit Owners which shall be held within two (2) years of the Closing of Title to the first Residential Unit or thirty (30) days after the Sponsor Control Period, whichever is sooner (the "First Annual Meeting"). The First Board of Managers of the Condominium will consist of Aran Scott, Paula Stolowicz Ras and Jennifer Polei. Aran Scott is the principal of the Sponsor. Jennifer Polei is Mr. Scott's spouse. Paula Stolowicz Ras is a business associate of Mr. Scott. Until succeeded by the Members elected at a duly-called meeting of the Residential Unit Owners, Members need not be Residential Unit Owners; thereafter, all Members, other than designees or nominees of the Sponsor, shall be Residential Unit Owners. The Members shall be elected or designated at the Annual Meeting of the Residential Unit Owners.

At the First Annual Meeting of Residential Unit Owners a total of three (3) Members shall be elected or designated. All Members, other than those the Sponsor can designate, shall be elected by the Residential Unit Owners. The term of office of all Members shall be fixed for one (1) year term.

Each Residential Unit Owner shall be entitled to cast one vote for each Member to be elected to the Board of Managers. At the expiration of the initial term of office of each respective Member, their successor shall be elected to serve a term of one (1) year. The Members shall hold office until their successors have been elected and hold their first meeting.

Any Residential Unit Owner in default of the payment of Common Charges, Special Assessments, late fees, interest and/or penalties shall be ineligible to be elected to the Board of Managers and/or vote at any general, Annual or Special Meeting.

The Sponsor shall have the right to designate the initial Members of the Board of Managers until the closing of title to all Residential Units in the Condominium. This Section may not be amended without the written consent of Sponsor.

In addition to the Members designated by the Sponsor, as long as Sponsor retains an unsold Residential Unit in the Condominium, Sponsor may vote as Sponsor so determines for any other Members, so long as the Members are not on Sponsor's slate of Members for the Board of Managers, Sponsor's payroll or as long as they did not

receive other financial backing from the Sponsor other than any mortgage that may be held by the Sponsor or affiliated entity of the Sponsor, if applicable.

Sponsor is entitled to designate the Members to the First Board of Managers and shall be entitled to retain control of the Board of Managers until the First Annual Meeting or the closing of title to all Residential Units in the Condominium whatever occurs last. Sponsor Members shall be appointed for one (1) year terms. At the expiration of the Sponsor Member terms, if Sponsor is still entitled to nominate Members to the Board of Managers, the Sponsor Members shall thereafter continue to be appointed as Members for one (1) year terms until the Sponsor is required to relinquish the position or Sponsor voluntarily resigns the position. When the designated Members of the Sponsor are required to relinquish their position on the Board of Managers the Sponsor will call for the First Annual Meeting of the Residential Unit Owners within a reasonable period of time thereafter. In the event the Sponsor voluntarily relinquishes a position on the Board of Managers the Board of Managers will either (a) call for a Special Meeting of the Residential Unit Owners pursuant to the provisions of Article II, Section 10 of the By-Laws to elect a Residential Unit Owner for the balance of the Sponsor Member term or (b) the remaining Members of the Board of Managers will appoint a Residential Unit Owner to the Board of Managers for the balance of the Sponsor Member term. At the expiration of the term the Residential Unit Owners shall have a meeting to elect a Residential Unit Owner to a full one (1) year term. Notwithstanding the aforementioned, in the event the Sponsor voluntarily relinquishes a position on the Board of Mangers before the Sponsor is obligated to do so, upon notice from the Sponsor to the Board of Managers that the Sponsor desires to reclaim said position the Member appointed or elected to said position shall resign and the Sponsor shall reappoint a Member to the Board of Managers.

Compensation

Members of the Board of Managers and Officers of the Condominium will serve without compensation.

Removal/Suspension of Members of the Board of Managers

Members may be removed with or without cause by an affirmative vote of sixty-six and two-thirds percent (66⅔rds) in number of the Residential Unit Owners entitled to vote at a special meeting called pursuant to Article II, Section 10 of the By-Laws. No Member other than a Member designated by the Sponsor shall continue to serve on the Board of Managers if, during their term of office, they shall cease to be a Residential Unit Owner. In the event a Sponsor designee Member is removed, the Sponsor shall have the sole right to designate the Sponsor Member replacement.

Any Member of the Board of Managers in default of the payment of Common Charges, Special Assessments, late fees, penalties and/or interest shall be suspended from the Board of Managers until such time as all Common Charges, Special Assessments, late fees, penalties and/or interest are paid in full to the Condominium.

Powers and Duties of Board of Managers

(a) The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration of Condominium or by the By-Laws, directed or required to be exercised or done by the Residential Unit Owners personally. These powers shall specifically include, but not be limited to, the following items:

1. To determine and levy monthly assessments ("Common Charges") to cover the cost of Common Expenses. The Common Charges are payable in advance as determined by the Board of Managers. The Board of Managers may increase the monthly Common Charges or vote a Special Assessment in excess of the Common Charges, if required, to meet any additional necessary Common Expenses, but said increases can only be assessed among the Residential Unit Owners pro-rata according to their respective Percentage of Common Interest as reflected in Schedule B of the Declaration of Condominium or in such other manner as provided in Article VI, Section 9 of the By-Laws.

2. To determine and impose penalties, late fees and interest against Residential Unit Owners delinquent in the payment of their Common Charges and to revise the amount of such fees as the Board of Managers so determines.

3. To determine and impose move in and move out fees and to revise said fees in its good faith discretion.

4. To collect, use, and expend the Common Charges collected to maintain, care for and preserve the General Common Elements, and Individual Residential Unit's Limited Common Elements that have been designated to the Condominium to repair, replace and maintain and any other Common Expenses of the Condominium.

5. To make repairs, restore or alter any Residential Unit or the Common Elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

6. To enter in and upon the Residential Units when necessary and at as little inconvenience to the Residential Unit Owners as possible in connection with the maintenance, care, and preservation of the property, including any inspection or repairs necessitated by mold. 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 Condominium or its property, or the Residential Units, or for the safety of Condominium residents or other

persons or required to avoid the suspension of any necessary service to the Condominium. Any repairs required as the result of negligence of a Residential Unit Owner will be at the expense of the Residential Unit Owner.

7. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts.

8. To insure and keep insured the Common Elements and Residential Units in accordance with Article VII of the By-Laws.

9. To collect delinquent Common Charges, Special Assessments, late fees, penalties and/or interest by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Residential Unit Owners of the Condominium for violations of the Declaration of Condominium, By-Laws or the Rules and Regulations of the Condominium.

10. To make reasonable Rules and Regulations applicable to all Residential Units and all Residential Unit Owners and to amend the same from time to time, and such Rules and Regulations and amendments shall be binding upon all the Residential Unit Owners when the Board of Managers has approved them in writing. A copy of such Rules and Regulations and all amendments shall be delivered to each Residential Unit Owner.

11. 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 powers of a manager in connection with the matters herein above set forth.

12. To bring and defend actions by or against one (1) or more Residential Unit Owners that are pertinent to the operation of the Condominium and to levy Special Assessments to pay for the cost of such litigation, subject to the provisions regarding the Sponsor as contained in Article III, section 7 (c) of the By-Laws.

13. To acquire a Residential Unit in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Residential Unit so acquired and to vote as a Residential Unit Owner subject to any restrictions contained in the By-Laws, offer such Residential Unit for sale or lease or take any other steps regarding such Residential Unit as shall be deemed proper by the Board of Managers.

14. To make additions, alterations, or improvements to the General Common Elements and Individual Residential Unit's Limited Common Elements that have been delegated to the Condominium to maintain, repair and/or replace as provided in the Declaration of Condominium and/or the By-Laws.

15. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, or for capital expenditures such as repair or replacement of Building components or systems or to remedy a major Building defect, provided, however, that no lien to secure repayment of any sum borrowed may be created on any Residential Unit or its appurtenant interest in the Common Elements without the written consent of the Owners of said Residential Unit.

16. To act as an agent for one (1) or more Residential Unit Owners to file a single complaint and bring a special proceeding on behalf of Residential Unit Owners who wish to contest the real estate tax assessments of their Residential Unit pursuant to Section 339-y(4) of the New York Real Property Law. In such an event, the Board of Managers could retain counsel on behalf of such Residential Unit Owners and charge each Residential Unit Owner for whom it is acting a pro-rata share of expenses, disbursements and legal fees, based upon the Residential Unit's Percentage of Common Interest as reflected in Schedule B of the Declaration of Condominium, the payment for which would be secured by a lien on each Residential Unit. The Board of Managers is not obligated to perform such services and it is necessary to obtain the written authorization of the Residential Unit Owners it will perform such service for.

17. To determine and impose penalties, late fees and interest against Residential Unit Owners delinquent in the payment of their Common Charges and/or Special Assessments and in violation of the Rules and Regulations. The Board of Managers shall have the right to revise the amount of such fees as the Board of Managers so determines.

18. To enter into contracts, settlement agreements and/or other matters on behalf of the Condominium.

19. To enter into revocable license agreements for the use of space within the General Common Elements so long as the license agreement does not hinder or encroach upon the rights of Residential Unit Owners to use the General Common Elements, and/or Individual Residential Unit's Limited Common Elements.

20. To grant utility or other easements over or to the Common Elements as may, at any time, be required for the benefit of the Condominium and the Residential Unit Owners without the necessity of the consent thereto, or joinder therein, by the Residential Unit Owners or any mortgagee (except that if the granting of such easement impairs the ability of one or more Residential Unit Owners who have the right to use such Common Elements to the exclusion of any other Residential Unit Owners, the consent of all such affected Residential Unit Owners shall be required in writing before such easement shall be granted);

(b) The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board of Managers, designate one or more committees, each of such committees to consist of at least one (1) Member of the Board of Managers, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board of Managers as required.

(c) As long as the Sponsor retains at least one (1) Unsold Residential Unit in the Condominium, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the General Common Elements, or individual Residential Unit's Common Elements and/or to any Residential Unit, costing cumulatively more than $50,000, the foregoing not to include necessary repairs and maintenance work, (ii) assess any Common Charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, (iii) hire any employee in addition to the employees referred to in the Budget for the first year of operation of the Condominium, (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first Closing, (v) borrow money on behalf of the Condominium, (vi) reduce the services or maintenance set forth in the Condominium budget for the first year of operation, (vii) charge any Special Assessment for a non-budgeted item unless required by law, municipal agency, emergency or for the health and safety of the Condominium, (viii) increase the Common Charges of the Condominium more than ten (10%) percent from the prior year's budget, unless documentation is provided to the Sponsor in the nature of a financial statement, bids from contractors or verified increases in utility rates, evidencing the need for an increase greater than ten (10%) percent, or (ix) utilize Condominium funds or assess the Sponsor in order to commence a lawsuit against the Sponsor or any of its

principals. The provisions of this paragraph may not be amended without the written consent of the Sponsor.

(d) Notwithstanding Article III, Section 7(c) of the By-Laws Sponsor may not exercise veto power over expenses described in the proposed first year budget, as described in the Offering Plan, or over expenses required:

1. to comply with applicable laws or regulations; or

2. to remedy any notice of violation; or

3. to remedy any work order by an insurer, or

4. 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.

(e) Sponsor may exercise veto power over expenses described herein, other than those described in Article III, Section 7(d) of the By-Laws, for a period ending not more than five (5) years after the Closing of the first Residential Unit or whenever the unsold Residential Units constitute less than twenty-five (25%) percent of the common interest, whichever is sooner.

The provisions of this Section may not be amended without the written consent of Sponsor.

Liability and Indemnification of Board of Managers, Officers and Residential Unit Owners

No Member of the Board of Managers or Officer of the Condominium shall have any personal liability to the Condominium or to any Residential Unit Owner for damages for any breach of duty in the Member's capacity as a Member of the Board of Managers or Officer of the Condominium, provided that this provision does not eliminate or limit the liability of a Member of the Board of Managers or Officer of the Condominium if a judgment or other final adjudication adverse to the Member establishes (a) that the Member's or Officer's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or (b) that the Member or Officer personally gained in fact a financial profit or other advantage to which the Member was not legally entitled.

The Condominium, through the Residential Unit Owners, shall indemnify to the fullest extent permitted by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of the Condominium to procure a judgment in its favor or an action other than one by or in the right of the Condominium and including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, which any Member of the Board of Managers or Officer of the Condominium served in any capacity at the request of the Condominium, by reason of the fact that the Member, the Officer, the Member's or

Officer's testator, was a Member of the Board of Managers, Officer of the Condominium or officer of the joint venture, trust, employee benefit plan or other enterprise in any capacity; provided that no indemnification may be made to or on behalf of any Member of the Board of Managers or Officer of the Condominium if a judgment establishes that the Member's or Officer's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that the Member or Officer personally gained in fact a financial profit or the advantage to which the Member or Officer was not legally entitled.

The Residential Unit Owners shall indemnify and hold harmless each of the Members of the Board of Managers and Officers of the Condominium against all contractual liability to others arising out of contracts made by the Board of Managers or Officers of the Condominium on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration of Condominium or of the By-Laws. It is intended that the Members of the Board of Managers and Officers of the Condominium shall have no personal liability with respect to any contract made by them on behalf of the Condominium (except as Residential Unit Owners). It is understood and permissible for the Board of Managers or Officer of the Condominium, who may be members of or be employed by the Sponsor, to contract with the Sponsor and affiliated corporations and entities on reasonable terms and prevailing rates without incurring any liability for self-dealing. It is also intended that the liability of any Residential Unit Owner arising out of any contract made by the Board of Managers, or Officer of the Condominium or out of the aforesaid indemnity in favor of the Member of the Board of Managers or Officer of the Condominium shall be limited to such proportion of the total liability thereunder as the Residential Unit Owner's Percentage of Common Interest in the Common Elements bears to the Percentage of Common Interest of all the Residential Unit Owners in the Common Elements. Every agreement made by the Board of Managers, a managing agent, by a Member of the Board of Managers or Officer of the Condominium on behalf of the Condominium shall provide that the Members of the Board of Managers, or the managing agent, or the Member, or Officer of the Condominium as the case may be, are acting only as agent for the Residential Unit Owners and shall have no personal liability thereunder (except as Residential Unit Owners).

Each Residential Unit Owner's liability pursuant to this Section shall be limited to such proportion of the total liability there under as the Residential Unit Owner's Percentage of Common Interest in the Common Elements bears to the Percentage of Common Interest of all Residential Unit Owners in the Common Elements.

Officers

The Officers of the Condominium shall be chosen by the Board of Managers and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Managers may also choose one or more Assistant Secretaries and Assistant Treasurers and such other Officers as in their judgment may be necessary. All Officers must be Residential Unit Owners or Members of the Board of Managers except any Assistant Secretaries or Assistant Treasurers. In addition, the President must be both a Residential

Unit Owner and a Member of the Board of Managers. Two (2) or more offices may be held by the same person.

The President shall be the Chief Executive Officer of the Condominium, shall preside at all meetings, shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect.

The Vice President shall take the place of the President and perform the duties of the President whenever the President is unable to do so.

The Secretary shall record all votes and the minutes of all proceedings in a book.

The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

The Treasurer shall disburse the funds of the Condominium.

The Treasurer shall keep detailed financial records and books of account of the Condominium, including a separate account for each Residential Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Residential Unit, the date when due, the amounts paid thereon and the balance remaining unpaid.

Repairs, Alterations and Improvements to Common Elements

All maintenance, painting, repairs and replacement to the General Common Elements including but not limited to exterior walls, roof and roof members of the Building, as well as painting, repair and/or maintenance of the exterior surfaces, roof, windows and doors which open from the Building, as well as all maintenance, repairs and replacements of foyers and stairways of the Building, and of any pipes, wires, conduits and utility lines, or any portion of which is located in one Residential Unit and services another Residential Unit or more than one Residential Unit or so much of any pipes, wires, conduits and utility lines as are located in the General Common Elements shall be the responsibility of the Board of Managers and the cost thereof shall be a Common Expense except if such maintenance, painting, repair or replacement is necessitated because of the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in the Residential Unit, or the prior alteration of the Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located within each Residential Unit for

the exclusive use of a Residential Unit Owner shall be the sole obligation of such Residential Unit Owner at the Residential Unit Owner's sole cost and expense.

All maintenance, repair and replacement to any portion of any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in the General Common Elements shall be the responsibility of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in a Limited Common Element and servicing two (2) or more Residential Units shall be the responsibility of the Condominium and a Common Expense of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance and repairs to the interior portion of Residential Units, other than to any General Common Elements contained therein, are the responsibility of the respective Residential Unit Owners at their sole expense. All structural changes to a Residential Unit shall comply with the provisions of Article VIII, Section 1(f) of the By-Laws.

All maintenance and repair to the interior portion of the window area and doors which open from a Residential Unit are the responsibility of the Residential Unit Owner who owns the applicable Residential Unit. All maintenance, repair and any replacement to the external portion of the window area, the actual window and external portion of the doors (including painting if necessary) which open from a Residential Unit will be the responsibility of the Condominium and the cost thereof shall be a Common Expense of the Condominium and paid for by all Residential Unit Owners as provided in Article VI of the By-Laws. Notwithstanding the above, should the maintenance, repair or replacement of the external portion of the window, the actual window and external portion of the doors which open from a Residential Unit be caused as a direct result of the negligence or act of a Residential Unit Owner, occupant, tenant, guest or any other person residing, visiting or doing work in the Residential Unit, the Condominium will repair or replace the external portion of the window, the window or the external portion of the doors which open from a Residential Unit and the cost of such repair or replacement shall be charged to the Residential Unit Owner as an additional Common Charge or Special Assessment.

The interior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner's sole cost and expense. The exterior surfaces of all Residential Unit windows shall be cleaned by the Board of Managers and the cost shall be a Common Expense. Broken window glass in a Residential Unit shall be replaced by the Residential Unit Owner at the Residential Unit Owner's sole cost and expense, unless

such breakage was caused by the Board of Managers or its agents, in which case replacement shall be made by the Board of Managers as a Common Expense.

Entrance doors to Residential Units and the roof of the Building shall be maintained and repaired by the Board of Managers unless the damage thereto was caused by a Residential Unit Owner, in which case the Board of Managers shall make the repair and charge the Residential Unit Owner accordingly.

The rear yard and porch and the terraces of the Condominium may not be enclosed and may not be used for storage. The rear yard and porch and the terraces of the Condominium may not be used for any type of occupancy, including as a bedroom or living room. The cellar has less light and air than ordinary living space and is more susceptible to dampness. The cellar is for non-habitable accessory use only, may not be used for living, eating, sleeping or cooking, and may not be rented independently. Drains located in or on the Property must be kept clean and open at all times to prevent flooding. Residential Unit Owners will not be permitted to store any combustible material or other items in or on any yard, deck, balcony, patio or terrace. Neither the Condominium nor any Residential Unit Owner will be permitted to enclose or make any structural changes to any yard, balcony, deck, patio or terrace, except as required for repair or replacement with the consent of the Board of Managers.

General maintenance and repairs to, and landscaping of, any portion of the rear yard that is a Limited Common Element of Residential Unit #1 will be the responsibility of the Residential Unit Owner of Residential Unit #1. Notwithstanding the foregoing, all maintenance, repairs, and replacement of any fence surrounding the rear yard will be the responsibility of the Condominium the costs thereof a Common Expense of the Condominium. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to the rear yard that is the Residential Unit Owner of Residential Unit #1's responsibility at said Residential Unit Owner's sole cost and expense. In the event the Residential Unit Owner of Residential Unit #1 does not maintain, repair, or landscape any portion of the rear yard that is the responsibility of said Residential Unit Owner, the Board of Managers shall have the right to make the necessary maintenance, landscaping, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) and to charge said Residential Unit Owner for the cost of all such repairs, and/or landscaping, and/or maintenance and/or replacement work. In the event that the Board of Managers charges said Residential Unit Owner for repairs, landscaping, maintenance and/or replacement to the rear yard that is a Limited Common Element of Residential Unit #1 the Board of Managers shall have the right to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

All structural repairs and replacements to the roof underneath areas that are Limited Common Elements of a Residential Unit Owner, and to any balcony, patio, deck or terrace area that is a Limited Common Element of any Residential Unit will be the responsibility of the Condominium and a Common Expense of the Condominium. All

general maintenance and repairs to a Limited Common Element of any Residential Unit Owner, including any balcony, patio, yard, pavers, deck and/or terrace that is a Limited Common Element of any Residential Unit, including cleaning, snow removal and all repairs not structural in nature, (including, without limitation, the repair of leaks, painting or staining, and the replacement of pavers) shall be the responsibility of the applicable Residential Unit Owner. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to any roof top area, yard, deck, balcony, patio and/or terrace that is the Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost.

All repairs, maintenance and any replacement and all costs associated therewith of any hot water tank, boiler, air conditioning compressor and/or condenser, air handler or any other heating, cooling or other mechanical system servicing an individual Residential Unit that is located in the Residential Unit or is an Individual Residential Unit's Limited Common Element located in or on the Common Elements and/or all apparatus, installations, systems equipment and facilities in the Common Elements (including pipes, wire, ducts, vents, cables, conduits and lines) which serve or benefit a Residential Unit exclusively shall be the responsibility of the applicable Residential Unit Owner for such equipment, services, etc. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to said equipment that is a Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost and expense.

The Board of Managers shall repair all plumbing stoppages and electrical repairs occurring in the General Common Elements and the cost thereof shall be a Common Expense payable by all the Residential Unit Owners as provided in Article VI of the By-Laws. Notwithstanding, the cost of any maintenance or repairs necessitated due to the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in a Residential Unit, or caused by any prior alteration of a Residential Unit, shall be assessed to and paid by the applicable Residential Unit Owner.

Every Residential Unit Owner must promptly perform all maintenance and repair work to such Owner's Residential Unit and any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use which is their sole responsibility, and each Residential Unit Owner is expressly responsible for the damages and liabilities that the failure to do so may engender. In particular, but without limitation, each Residential Unit Owner will be solely responsible for maintenance and repair of the drains and water apparatuses located in that Owner's Residential Unit and any appurtenant Individual Residential Unit's Limited Common Elements. The Board of Managers shall perform all maintenance and repair work to drains and water apparatuses located in the General Common Elements and the cost thereof shall be a Common Expense, unless such maintenance or repairs were necessitated by the negligence or misuse of a Residential Unit Owner or the Owner's occupant, tenant or guest, or any other person residing in, visiting, doing work or having done work on behalf of Residential Unit Owner, whereupon all costs and expenses of the maintenance and/or repairs shall be

assessed to and paid by the applicable Residential Unit Owner. In the event that a water leak occurs for which a particular Residential Unit Owner is individually responsible and such leak causes damage to one (or more) other Owner's Residential Unit and/or any other such Unit's Limited Common Elements, then the Residential Unit Owner who is individually responsible for the leak shall also be responsible for the costs and expenses associated with repairing the damage caused thereby to any other Owner's Residential Unit and/or any other such Unit's Limited Common Elements. In the event that a water leak occurs for which a particular Residential Unit Owner is individually responsible and such leak causes damage to the General Common Elements, unless such leak was caused by the negligence or misuse of the applicable Residential Unit Owner or the Owner's occupant, tenant or guest, or any other person residing in, visiting, doing work or having done work on behalf of Residential Unit Owner, then the costs and expenses associated with repairing damage to the General Common Elements shall be a Common Expense. Subject to the right of the Board of Managers to designate or approve any and all contractor(s) performing work at the Condominium in its sole discretion, each Residential Unit Owner shall have the right to designate or approve the contractor performing work on or to that Owner's Residential Unit and/or appurtenant Limited Common Elements.

All snow removal and cleaning of any sidewalks and entranceways that abut the Condominium that is not the responsibility of the City of New York and all snow removal to the General Common Elements shall be the responsibility of the Condominium and a Common Expense of all the Residential Units in the Condominium.

The Board of Managers and their agents, employees and contractors shall have the right of access to any Residential Unit for the purpose of making any repairs or replacements to any Common Elements, no matter how classified, contained therein or elsewhere in the Condominium or to remedy any condition which would result in damage to any other Residential Unit or any other Common Element, no matter how classified, or which would violate the provisions of any mortgage covering another Residential Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof or for the purpose of carrying out any of its obligations under the By-Laws or the Declaration of the Condominium. Such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Residential Units but 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 Condominium or its property, or the Residential Units, or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

All repairs, painting or maintenance, whether made by the Residential Unit Owner or the Board of Managers, to the doors, windows, or the exterior surface of the Building or to any generally visible portion of the General Common Elements or Individual Residential Unit's Limited Common Elements shall be carried out in such a manner as to conform to the materials, style and color initially provided by the Sponsor, unless varied by the Board of Managers.

In the event that a Residential Unit Owner fails to maintain, repair or replace its Residential Unit or any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use, which maintenance, repair or replacement is necessary to protect any of the General Common Elements, or any other portions of the Building or any other Residential Unit or other Individual Residential Unit's Limited Common Element, the Board of Managers shall have the right to make the necessary maintenance, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) of the Residential Unit or Limited Common Elements for a Residential Unit's exclusive use and to charge said Residential Unit Owner for the cost of all such repairs and/or maintenance and/or replacement. In the event that the Board of Managers charges a Residential Unit Owner for repairs, maintenance and/or replacement to their Residential Unit or for repairs to any Common Elements restricted in use to such Residential Unit Owner, and the Residential Unit Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

The Board of Managers shall have the right to designate or approve a contractor to do any such work required by a Residential Unit Owner at the Residential Unit Owner's sole expense.

Restoration or Reconstruction After Fire or Other Casualty

In the event of damage to or destruction of the Building as a result of fire or other casualty (unless seventy-five [75%] percent or more of the Residential Units are destroyed or substantially damaged and seventy-five [75%] percent or more of the Residential Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged Residential Unit, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed or changed by Residential Unit Owners in the Residential Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Residential Unit Owners for such deficit as part of the Common Charges.

If seventy-five (75%) percent or more of the Residential Units are destroyed or substantially damaged and seventy-five (75%) percent or more of the Residential Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Residential Unit Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration

pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Residential Unit Owners in proportion to the respective Percentage of Common Interest, after first paying out of the share of each Residential Unit Owner the amount of any unpaid liens on his or her Residential Unit, in the order of the priority of such liens.

Insurance

The Board of Managers shall be required to obtain and maintain, to the extent obtainable from generally acceptable insurance carriers, the following insurance: blanket property insurance, liability insurance as provided below, flood insurance (if applicable), fidelity bond coverage and worker's compensation, insuring all of the Common Elements, no matter how classified and the Residential Units in the Building of the Condominium (except land, foundations, excavation and other items normally excluded from coverage) including fixtures, to the extent they are part of the Common Elements of the Condominium, building service equipment and supplies and other common personal property belonging to the Condominium. In addition, any fixtures, equipment or other property within the Residential Units which are to be financed by a mortgage (regardless of whether or not such property is part of the Common Elements, but not including wall, ceiling or floor decoration, furniture, furnishings or other personal property supplied or installed by the Residential Unit Owners, contained therein, covering the interest of the Condominium, the Board of Managers and all Residential Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the Building, exclusive of land, foundation, excavation and other items normally excluded from coverage. Each of such policies shall be in favor of the Condominium, and shall contain a New York standard mortgagee clause in favor of each mortgagee of a Residential Unit which shall provide that the loss, if any, there under shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee as defined below, hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if $100,000 or less, shall be payable to the Board of Managers, and if more than $100,000 shall be payable to the Insurance Trustee. Each Residential Unit Owner and each Residential Unit Owner's mortgagee, if any, shall be beneficiaries of the policy in the Percentage of Common Interest applicable to said Residential Unit.

The blanket property insurance as provided above will commence with the Closing of Title to the first Residential Unit.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Residential Unit Owners or of the invalidity arising from any acts of the insured or any Residential Unit Owners and shall provide that such policies may not be canceled or

substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of a Residential Unit. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of a Residential Unit at least ten (10) days prior to expiration of the current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Building, including all the Common Elements appurtenant thereto for the purpose of determining the amount of fire insurance to be affected pursuant to this Section.

All policies must also provide for the following: recognition of any, Insurance Trust Agreement; a waiver of the right of subrogation against Residential Unit Owners individually; that the insurance is not prejudiced by any act or neglect of individual Residential Unit Owners which is not in the control of such Residential Unit Owners collectively; and that the policy is primary in the event the Residential Unit Owner has other insurance covering the same loss. All policies shall include the standard form of a "Special Condominium Endorsement" or its equivalent. All policies shall include an "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement".

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering the Common Elements, each Member and Officer of the Board of Managers, the managing agent and each Residential Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Residential Unit Owners meeting, such public liability insurance shall be a minimum of $1,000,000 covering all claims for bodily injury, deaths and property damage arising out of one occurrence in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Condominium. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Condominium and to each holder of a first mortgage on any Residential Unit in the Condominium which in listed as a scheduled holder of a first mortgage in the insurance policy. Such coverage may also include protection against such other risks as are customarily covered with respect to condominiums similar in construction, location and use, including, but not limited to, host liquor liability, employer's liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance. Such public liability insurance shall commence on the closing of title to the first Residential Unit.

In addition to the above, blanket fidelity bond coverage shall be required to be maintained by the Condominium for all officers, directors and employees of the Condominium and all other persons handling or responsible for, funds of or administered by the Condominium. In the event a management agent has the responsibility for handling or administering funds of the Condominium, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or

responsible for funds of, or administered on behalf of the Condominium. Such fidelity bonds or insurance shall name the Condominium as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Condominium or the management agent, as the case may be, at any given time during the term of each bond. In no event may the aggregate amount of such bonds be less than a sum equal to 3 months aggregate assessments on all Residential Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall be paid by the Condominium as a Common Expense. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Condominium or Insurance Trustee. Such bonds shall also provide that, if applicable, the Federal National Mortgage Association, ("Fannie Mae") Servicers on behalf of Fannie Mae, also receive such notice of cancellation or modification.

Residential Unit Owners shall be required to carry individual insurance on their Residential Units as provided below.

Residential Unit Owner Insurance

Each Residential Unit Owner is required to carry insurance covering their contents, fixtures, personal property and improvements and betterments (collectively "Contents") and liability insurance covering their Residential Unit and extended to include the Board of Managers, the Condominium, any Managing Agent and other Homeowners as additional insured's. Such insurance is subject to the approval of the Board of Managers in advance of the purchase of a Residential Unit, in the Board of Manager's sole discretion. The policy shall be extended to include any additional insured including but not limited to the Sponsor, other Residential Unit Owners and any Mortgagees. All such insurance must be provided by a carrier that is recognized as a licensed admitted carrier in the State of New York with a rating equal to a Best Rating Guide of AV or better. The Board of Managers reserves the right to alter or increase the coverage required hereunder at any time and from time to time. In addition to the foregoing, Residential Unit Owners are instructed to carry coverage for loss of rents, water damage, sewer and drain back up and such other coverage for their contents as they may determine to be in their best interests. The Board of Managers shall have the right to require that a Residential Unit Owner provide evidence to the Board of Managers of the insurance required herein as requested by the Board of Managers.

Reports to Residential Unit Owners

All Residential Unit Owners will receive within four (4) months of the end of each fiscal year, copies of an annual report of the Condominium including a balance sheet and profit and loss statement prepared by an independent public accountant, a statement regarding any taxable income attributable to the Residential Unit Owners, and a notice of the holding of the annual Residential Unit Owners meeting. During such time as the

Sponsor retains a majority of the Board of Managers, the Board of Managers shall provide a certified annual statement at the cost of the Condominium.

Amendments to Declaration of Condominium

The provisions of the Declaration of Condominium may be modified or amended by an instrument executed by the Board of Managers upon a vote of sixty-six and two-thirds (66⅔%) percent of the Residential Unit Owners in number held at a duly-called meeting of the Residential Unit Owners, provided however, that:

a. No amendment altering a Residential Unit Owner's Percentage of Common Interest shall be made without the consent of all Residential Unit Owners affected.

b. No amendment shall be passed which shall affect, impair or prejudice the validity, interest, rights and priorities of mortgagees.

c. No amendment, modification, addition or deletion of, to or from the Declaration of Condominium, the By-Laws or any Rules and Regulations shall be effective in any way against Sponsor or its successors, assigns or designees or against any Unsold Residential Unit, as long as the Sponsor, its successors, assigns, or designees owns an Unsold Residential Unit in the Condominium unless the Sponsor, its successors, assigns or designees has given its prior written consent thereto. This provision is not subject to amendment.

d. The Declaration of Condominium may not be altered, amended or repealed in such a manner as would adversely affect the Sponsor, its successors, assigns or designees without the written consent of the Sponsor, its successors, assigns or designees. This provision is not subject to amendment.

e. The Board of Managers and the Sponsor, as long as the Sponsor owns an Unsold Residential Unit in the Condominium, shall have the right to amend the Declaration of Condominium without the vote or consent of the Residential Unit Owners or the holders of any Residential Unit mortgages and to execute and record in the New York City Registrar's Office, such amendment as may be required to reflect (i) changes in the Declaration of Condominium (including Schedule B), As-Built Floor Plans and Condominium or Unit Designation Map that are corrective in nature or (ii) to resolve or clarify any inconsistency or which is patently a mistake or a scrivener's error, or (iii) technical corrections; or (iv) to comply with any federal, state or city law or regulation that may affect the Condominium, or (v) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the

Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association (FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or State or Local Funding Agencies. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest to the Board of Managers of the Condominium and to the Sponsor to amend the Declaration of Condominium for said purposes.

f. In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least fifty-one (51%) percent of the votes of Residential Units that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the General Common Elements or Individual Residential Unit's Limited Common Elements, or rights to their use; boundaries of any Residential Unit; convertibility of Residential Units into Common Elements or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; revisions to the selling and leasing provisions of Residential Units contained in Article XI of the By-Laws; imposition of any restrictions on a Residential Unit Owner's right to sell or transfer the Residential Unit Owner's Residential Unit; a decision by the Condominium to establish self-management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors. An addition or amendment to the Declaration of Condominium shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request by certified or registered mail, return receipt requested, to approve amendments who does not deliver to the Condominium a negative written response within sixty (60) days of the receipt of the request shall be deemed to have approved such amendment.

There shall be a presumption for a period of eight (8) days subsequent to the recording of the amendment that the vote of the Residential Unit Owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the eight (8) day period such presumption will be deemed conclusive.

The Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units shall have the right without vote or consent of the Residential Unit Owners, the Board of Managers or the holders of Residential Unit mortgages to execute or (on its request) to require the Board of Managers to execute and record in the Register's Office of the City of New York, and elsewhere, if required by law, an amendment or amendments to the Declaration of Condominium (together with such other documents, plans and maps as may be required to effectuate the same) to reflect (i) the certification by a registered architect or professional engineer, certifying that the floor plans and/or amended As-Built Floor Plans, Condominium or Residential Unit Designation Map filed as part of an amended Declaration of Condominium are an accurate copy of portions of the Building Plans and fully and fairly depict the layout, location, designation and approximate dimensions of the Residential Units as built, or (ii) utility easements, or (iii) technical corrections to the Declaration of Condominium and By-Laws to conform to other documents including but not limited to the Offering Plan or as-built plans (iv) to amend Schedule B of the Declaration of Condominium to conform the model type, square footage and type and number of rooms and any other required information for a specified Residential Unit, so long as the appurtenant Percentage of Common Interest does not change for said Residential Unit subject to the rights provided in subsections 3 (v), (vii) and (viii) hereof or (v) to amend Schedule B prior to the first closing, to effect a change in the Percentage of Common Interest of all or specific Residential Units and revise Schedule B accordingly or (vi) to amend Schedule B of the Declaration of Condominium to assign or revise a Residential Unit's Individual Residential Unit's Limited Common Elements appurtenant to another Residential Unit, this cannot affect a Unit Owner with a valid Purchase Agreement if it is a material change, without that purchaser's acceptance, or (vii) to amend Schedule B of the Declaration of Condominium to consolidate or subdivide Residential Units subject to all necessary approvals by the Building Department of the City of New York, or other municipality or administrative agency, to revise the square footage and type and number of rooms and any other required information for a specified Residential Unit and to change the appurtenant Percentage of Common Interest so long as the new Percentage of Common Interest equals the Percentage of Common Interest of the Residential Units that were consolidated or subdivided, or (viii) to effectuate permissible changes in unsold Residential Units including the Percentage of Common Interest of one (1) or more of the Unsold Residential Units as long as it does not change the Percentage of Common Interest of a sold Residential Unit and to amend Schedule B accordingly, or (ix) to amend Schedule B to make technical corrections to said Schedule including, but not limited to, square footage of Residential Units, assign or revise Individual Residential Unit's Limited Common Elements appurtenant to a Residential Unit or to revise the number and description of rooms contained in a Residential Unit or (x) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies, or (xi) to make corrections that are patent errors, inconsistencies,

scrivener's errors and technical errors, or (xii) to comply with any federal, state or city law or regulation that may affect the Condominium; or (xiii) the carrying out of other provisions of the Offering Plan of the Condominium. In connection thereof, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units to amend the Declaration of Condominium for the above purposes.

Any amendment to the Declaration of Condominium shall not take effect until it is recorded in the New York City Register's Office.

Regardless of any other provision of the Declaration of Condominium, no action for partition or division of the Common Elements shall be brought nor shall this Offering Plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

Amendments to By-Laws

The By-Laws may be altered, amended or added to at any duly called Residential Unit Owners meeting; provided: (a) that the notice of the meeting shall contain a full statement of the proposed amendment; (b) that the amendment shall be approved by not less than sixty-six and two-thirds (66⅔%) percent of the Residential Unit Owners in number and Percentage of Common Interest and (c) said amendment shall be set forth in a duly recorded amendment to the Declaration. In addition, the following shall apply to amendments to the By-Laws:

(a) No amendment shall be passed which will affect or impair the validity of the Residential Unit Owners' interest in a Residential Unit.

(b) No amendment, modification, addition or deletion of, to or from the By-Laws or any Rules and Regulations shall be effective in any way against Sponsor or its designee, assignee or successor or any Unsold Residential Unit, as long as the Sponsor, its designee, assignee or successor owns an Unsold Residential Unit in the Condominium unless Sponsor, its designee, assignee or successor has given its prior written consent thereto. This provision is not subject to amendment.

(c) The Board of Managers shall have the right to amend the By-Laws without the consent of the Residential Unit Owners to make corrections to the By-Laws that are patent errors, inconsistencies, scrivener's errors or technical errors, or to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association (FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration

("VA") and/or State or Local Funding Agencies. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Board of Managers to amend the By-Laws for said purposes.

(d) No amendment to the By-Laws shall be passed which shall impair or prejudice the validity, interest, rights and priorities of a mortgagee.

(e) The Sponsor shall have the right to amend the By-Laws without the consent of the Residential Unit Owners or the Board of Managers to (a) make corrections that are patent errors, inconsistencies, scrivener's errors or technical errors, to conform to other documents, or (b) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies, or (c) to reduce the Sponsor control period of the Board of Managers, or (d) to comply with any federal, state, city or local law or regulation that may affect the Condominium. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units, to amend the By-Laws for said purposes.

(f) In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least fifty-one (51%) percent of the votes of Residential Units that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; method of assessments, assessment liens, or subordination of assessment liens; responsibility for maintenance and repairs; reallocation of interests in the General or Individual Residential Unit's Limited Common Elements, or rights to their use; convertibility of Residential Units into Common Elements or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; revisions to the selling and leasing provisions of Residential Units contained in Article XI of the By-Laws; imposition of any restrictions on a Residential Unit Owner's right to sell or transfer the Residential Unit Owner's Residential Unit; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or in the event condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors. An addition or amendment to the By-Laws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request by certified or

registered mail, return receipt requested, to approve amendments who does not deliver to the Condominium a negative written response within sixty (60) days of the receipt of the request shall be deemed to have approved such amendment.

Residential Units Acquired by the Board of Managers

All Residential Units which are acquired by the Board of Managers, or its designee as a result of foreclosure of a lien for non-payment of Common Charges or a Right of First Refusal shall be held by the Board of Managers on behalf of all Residential Unit Owners. The Percentage of Common Interest acquired by the Board of Managers shall remain as designated in Schedule B of the Declaration of Condominium and the Board of Managers shall be responsible for paying all Common Charges appurtenant to said Residential Unit. The Board of Managers shall be entitled to cast all votes that are appurtenant to the Residential Unit s at any Residential Unit Owners meeting for all purposes except for the election of Members to the Board of Managers.

Termination of Condominium

The Property shall not be withdrawn from the provisions of Article 9-B of the Real Property Law unless at least eighty percent (80%) of the Residential Unit Owners entitled to vote in number and Percentage of Common Interest and the first mortgagees, if any, of these same Residential Units agree to the withdrawal of this Property from the provisions of such Article. The Sponsor or its nominee will not cast any of its votes for withdrawal unless eighty percent (80%) of Residential Unit Owners other than Sponsor so vote.

Covenant Against Partition of Common Elements

The Common Elements are not subject to partition nor are they severable from the Residential Units except in accordance with the Real Property Law.

XIX. RIGHTS AND OBLIGATIONS OF RESIDENTIAL UNIT OWNERS AND BOARD OF MANAGERS

Sale or Lease of Residential Units

Any Residential Unit may be conveyed subject to local zoning ordinances, by its Residential Unit Owner free of any restrictions except that no Residential Unit Owner shall convey, mortgage, pledge, hypothecate or sell their Residential Unit unless and until all unpaid Common Charges, Special Assessments and any other fees or charges owed the Condominium that have been assessed against the Residential Unit Owner's Residential Unit shall have been paid to the Board of Managers of the Condominium. However, such unpaid Common Charges can be paid out of the proceeds of the sale of a Residential Unit. In addition, all sales are subject to the Right of First Refusal of the Board of Managers as provided for in Article XI, Section 2 of the By-Laws.

Right of First Refusal

Any Residential Unit Owner who receives a bona fide offer to purchase the Residential Unit Owner's Residential Unit and intends to accept such offer, must give notice by certified or registered mail to the Board of Managers of the receipt of such bona fide offer within ten (10) days of such offer. The giving of such notice shall constitute an offer by such Residential Unit Owner to sell the Residential Unit Owner's Residential Unit to the Board of Managers or its designee, corporate or otherwise, on behalf of all other Residential Unit Owners, upon the same terms and conditions as contained in such bona fide offer. No later than ten (10) days after the receipt of such notice, the Board of Managers may elect, by sending written notice to such Residential Unit Owner before expiration of said ten (10) day period, by certified or registered mail, return receipt requested, to purchase such Residential Unit as the case may be. In such event, title shall close at the office of the attorneys for the Condominium, in accordance with the terms of the bona fide offer, within forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. See Article XI, Sections 2 through 6 of the By-Laws.

The purchase of a Residential Unit by the Board of Managers or its designee, on behalf of all Residential Unit Owners, may be made from funds deposited in the Working Capital Fund and/or any expense account of the Condominium other than the Reserve Fund, which is to be used only for future major capital improvements of the Condominium. If the funds in such accounts are insufficient to effectuate any such purchase, the Board of Managers may levy an assessment against each Residential Unit Owner, in proportion to each Residential Unit's Percentage of Common Interest as a Special Assessment, and/or the Board of Managers may in its discretion finance the acquisition of the Residential Unit; provided, however, that no such financing may be secured by an encumbrance, or an hypothecation of any portion of the Property other than the Residential Unit to be purchased. If financed. all costs of the financing and any debt service on the financing shall be paid solely by the Residential Unit Owners in proportion

to each Residential Unit's Percentage of Common Interest as a Special Assessment of just the Residential Units.

Permissible Use

During the period a Residential Unit is owned by the Condominium it may be rented or used for any other permissible use under the applicable zoning laws. Any Residential Unit owned by the Condominium may be sold or leased. All proceeds of any sale or lease will become income to the Condominium to be used towards Common Expenses or other Condominium purposes.

No Discrimination

The Board of Managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, sexual orientation, age, disability, marital status or other grounds prohibited by law if it rents or sells a Residential Unit acquired through its Right of First Refusal. See the By-Laws in Part II of the Plan.

Conveyance to the Board of Managers

Any Residential Unit Owner may convey the Residential Unit Owner's Residential Unit and Percentage of Common Interest appurtenant thereto, to the Board of Managers on behalf of all Residential Unit Owners free of any cost to the Board of Managers or the Residential Unit Owners and upon such conveyance such Residential Unit Owner shall not be liable for any Common Charges thereafter accruing against such Residential Unit.

Right to Lease

Any Residential Unit may be leased subject to the Board of Managers' Right of First Refusal and to the leasing requirements contained in Section 7 of Article XI of the By-Laws. In addition, any Residential Unit Owner who wishes to enter into a lease for the Residential Unit Owner's Residential Unit shall be required to provide the Board of Managers of the Condominium with a copy of the lease at least thirty (30) days prior to its execution. All Residential Unit Owners who wish to enter into a new lease for the Residential Unit Owner's Residential Unit shall be required to submit all documentation required by the Board of Managers as set forth in Section 7 of Article XI of the By-Laws to the Managing Agent or the Board of Managers in the absence of a Managing Agent. All leases must comply with all the requirements contained in said Section 7. Failure to comply will be deemed an automatic violation of the By-Laws of the Condominium.

The Board of Managers reserves the right to deny a prospective tenant of a Residential Unit's application if the Board of Managers determines that the prospective tenant may constitute a threat to the health, safety and/or protection of the Residential Unit Owners or may result in substantial physical damage to the Common Elements of the Condominium without having to exercise the Board of Managers' Right of First Refusal. The Board of Managers' right to deny a prospective tenant will be in accordance with all applicable laws and regulations and will not be implemented in a discriminatory

manner. In the event the Board of Managers of the Condominium, in its sole discretion, determines that the prospective tenant of the Residential Unit does not meet its criteria for tenancy of a Residential Unit as provided herein and in Sections 1 and 7 of Article XI of the By-Laws, the Board of Managers shall issue a denial to the Residential Unit Owner within ten (10) days of such determination. The Residential Unit Owner shall thereafter have the right to procure a second prospective tenant for the Board of Managers' Right of First Refusal, review and approval pursuant to all of the terms of Article XI of the By-Laws.

The provisions contained herein shall not apply to the acquisition or sale of a Residential Unit by a mortgagee who shall acquire title to such Residential Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagees.

Whenever the term "Residential Unit" is referred to in this section, it shall include the Residential Unit, the Residential Unit Owners' undivided Percentage of Common Interest in the Common Elements and the Residential Unit Owners' interest in any Residential Units acquired by the Board of Managers.

Any sale or lease of any Residential Unit in violation of this section shall be voidable at the election of the Board of Managers.

Except as noted below, every lease on every Residential Unit in the Condominium is subject to the following rules and regulations, regardless of whether stated in the lease:

(a) The Right of First Refusal as provided in Article XI, Section 2 of the By-Laws;

(b) No later than thirty (30) days prior to execution of a lease, the Residential Unit Owner must provide the Board of Managers of the Condominium with a copy of the lease, name of the proposed tenant and terms of the lease, credit and background check (including criminal background), a minimum of two (2) referrals and any other information that may be requested by the Board of Managers;

(c) the lease must be in writing;

(d) the lease must be for the entire Residential Unit;

(e) the lease must be for a minimum term of twelve (12) months. Renewal terms shall also have a minimum of twelve (12) months.

(f) the form of the lease and any renewal lease must contain a provision that the tenant has thoroughly read and agrees to be subject to the Declaration, the By-Laws and Rules and Regulations of the Condominium and agrees to accept the power of attorney of the Condominium to evict the tenant for any violation by the tenant of the Declaration, the By-Laws and the Rules and Regulations of the Condominium and agrees to be jointly and severally

liable with the Residential Unit Owner for any and all fines and costs levied against the tenant for any violation of the provisions of the Rules and Regulations, By-Laws and/or Declaration of Condominium;

(g) the use of the premises is subject to the Declaration, the By-Laws and the Rules and Regulations of the entire Condominium;

(h) within thirty (30) days of occupancy by the tenant or renewal of any lease, the name and telephone number of the tenant, together with a clear and complete copy of the executed lease, must be furnished to the Managing Agent or if no Managing Agent to the Board of Managers of the Condominium;

(i) the Residential Unit cannot be used as a youth hostel, bed and breakfast, motel or hotel or otherwise for transient tenants or listed in Airbnb or similar service;

(j) no Residential Unit Owner, Resident or tenant shall be permitted to place any signs for rent in or on the Residential Unit or the Common Elements of the Condominium;

(k) all leases and tenants are subject to all municipal requirements applicable to rentals, if any;

(l) all leases of a Residential Unit shall contain the following language: “This agreement and the rights and obligations of the parties hereunder are hereby made expressly subject to the right if any, of the Board of Managers of the Condominium with respect to the transaction embodied herein pursuant to the terms of the By-Laws of the Condominium, as the same may have been amended;

(m) the lease must contain the Smoking Policy provisions contained in Article VIII, Section 2 of the By-Laws; and

(n) if any Residential Unit Owner (landlord) or tenant is in violation of any of the provisions of the Declaration or By-Laws, or both, including any Rules and Regulations, the Board of Managers of the Condominium may bring an action in its own name or in the name of the Residential Unit Owner, or both, to have the tenant evicted or to recover damages, or both.

The Board of Managers, in its sole discretion, may add or change any of the criteria above with respect to the requirements of leasing Residential Units.

The Board of Managers reserves the right to deny a prospective tenant of a Residential Unit’s application if the Board of Managers determines that the prospective tenant may constitute a threat to the health, safety and/or protection of the Residential Unit Owners or may result in substantial physical damage to the Common Elements of

the Condominium without having to exercise the Board of Managers' Right of First Refusal. In the event the Board of Managers of the Condominium, in its sole discretion, determines that the prospective tenant of the Residential Unit does not meet its criteria for tenancy of a Residential Unit as provided herein and in Article XI of the By-Laws, the Board of Managers shall issue a denial to the Residential Unit Owner within ten (10) days of such determination. The Residential Unit Owner shall thereafter have the right to procure a second prospective tenant for the Board of Managers' Right of First Refusal, review and approval pursuant to all of the terms of Article XI of the By-Laws.

In order to carry out the provisions of Article XI of the By-Laws and pursuant to the provisions of Article XIV of the Declaration of Condominium each Residential Unit Owner shall upon becoming a Residential Unit Owner grant an irrevocable power of attorney, to nominate, designate, constitute and appoint the Members of the Board of Managers of the Condominium and their successors, jointly, their true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in their name and on their behalf, the right to act in their behalf to take any and all action necessary against any tenant(s) that may be residing in a Residential Unit Owner's Condominium Residential Unit including but not limited to, the right to seek an eviction in a court of law for failure to adhere to any of the provisions of the Declaration of Condominium, By-Laws and/or Rules and Regulations of the Condominium. The remedy provided herein is not exclusive and is in addition to any other remedy or remedies available to the Board of Managers of the Condominium. If permitted by present or future law, the Condominium may recover all of its costs, including court costs and reasonable attorney's fees, and these costs shall be a continuing lien on the Residential Unit that shall bind the Residential Unit in the hands of the then Residential Unit Owner and the Residential Unit Owner's successors and assigns. The Board of Managers of the Condominium shall give the tenant and the Residential Unit Owner written notice of the nature of the violation of the Rule and Regulation, and thirty (30) days from the mailing of the notice in which to cure the violation before the Board of Managers of the Condominium may file for eviction.

By becoming a tenant, each tenant will be bound by the Declaration, the By-Laws and the other Rules and Regulations of the Condominium and recognizes and accepts the right and the power of the Condominium to evict the tenant for any violation by the tenant of the Declaration, the By-Laws and the other Rules and Regulations of the Condominium.

To protect first mortgage lenders and to encourage first mortgage lenders to make loans on Residential Units in the Condominium, only subsections (d), (f), (g), (h), (i), (j), (k) and (l) above shall apply to a first mortgage lender who has title to the Residential Unit through (a) foreclosure of its first mortgage on the Residential Unit; or (b) a deed in lieu of foreclosure of its first mortgage on the Residential Unit. Any subsequent purchaser from the first mortgage lender is subject to all the terms of Article XI of the By-Laws. In addition. the provisions of Article XII of the Declaration of Condominium regarding an Institutional Mortgage shall be applicable regarding unpaid Common Charges accrued before acquisition of title of a Residential Unit by the mortgagee.

Sponsor Rights

The foregoing restrictions regarding the Right of First Refusal and the sale or lease of a Residential Unit shall not apply to Sponsor-owned Residential Units. The Sponsor, its successors, assignees or designees shall have the right to freely sell a Residential Unsold Residential Unit or to freely lease all or any part thereof without any interference or any restrictions by the Board of Managers as long as the lease and use by a tenant is in compliance with the permitted use of the Residential Unit under applicable zoning and occupancy requirements.

Real Property Law Section 339-kk

Pursuant to the provisions of Section 339-kk of the Real Property Law of the State of New York, any non-occupying Residential Unit Owner who rents any Residential Unit in the Condominium to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for such Residential Unit within sixty (60) days of the expiration of any grace period after they are due is subject to the following: Upon notice in accordance with the statute, all rental payments from the tenants shall thereafter be directly payable to the condominium association. The provisions of Section 339-kk of the Real Property Law shall control any dispute pursuant to the applicable provision of the By-Laws. A complete copy of Section 339-kk of the Real Property Law is contained in Part II of the Offering Plan as Schedule L.

Restrictions on Occupancy and Use

There is no restriction upon ownership of a Residential Unit. Occupancy of a Residential Unit Owner, however, may only be for residential purposes in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Condominium.

The By-Laws of the Condominium contain the following use restrictions regarding the Residential Units: No immoral, improper, offensive or unlawful use shall be made of the Condominium nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Residential Unit Owners, their families, employees, guests and any permitted pets shall not use or permit the use of the Residential Units and Common Elements in any manner that would be illegal, disturbing or a nuisance to other Residential Unit Owners. No resident shall put any advertisement, poster, or signs, including for-sale signs of any kind in or on a Residential Unit or the Common Elements without the consent of the Board of Managers. It is prohibited to use any of the Common Elements for storage except as may be provided in the Condominium. No Residential Unit Owner shall paint the exterior surfaces of the windows, walls or doors opening out of their Residential Unit. All Residential Unit Owners must maintain their thermostat at a minimum of 60 degrees Fahrenheit to avoid pipes from freezing. Any Residential Unit Owner failing to adhere to this provision shall be responsible for any and all damage to the Condominium or any other Residential Unit as a result thereof. Any improvements beyond the interior walls of a Residential Unit will require the approval of the Board of Managers.

Restrictions on Pets

Residential Unit Owners will be permitted to keep dogs, cats or other common household pets in their Residential Unit subject to the provisions of this regulation. The foregoing notwithstanding, no breed or mix of dog, including American Pit Bulls, Terrier or Rottweiler, deemed to be dangerous to the safety of the residents of the Condominium shall be permitted to be kept or harbored in the Condominium or any Residential Unit. No exceptions will be permitted unless the same in each instance be expressly permitted in writing by the Board of Managers of the Condominium and unless the dog is a qualified service dog under the American Disabilities Act required for a qualified resident, tenant and/or guest. No animals may be kept or maintained in a Residential Unit 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 upon fifteen (15) days written notice from the Board of Managers. All Residential Unit Owners shall advise the Board of Managers of any household pet intended to be kept in their Residential Unit prior to the household pet residing therein. In addition to the above restrictions, the Board of Managers shall have the right to further adopt additional rules and regulations regarding pets including, but not limited to limiting the number, size and type of pet including but not limited to the type of breed of such pet permitted to be kept in a Residential Unit. In no event shall any animal be permitted in any of the public corridors or lobbies of the Condominium unless carried or on leash and in compliance with the local and municipal rules and regulations regarding pets. All Residential Unit Owners shall be responsible for picking up and disposing of their pet's waste and for any damage caused by their pets to any Common Elements of the Condominium.

Smoking Policy

The 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. Effective as of August 28, 2018, Local Law 147 of the City of New York became effective. Local Law 147 amends the Administrative Code of the City of New York ("NYC Administrative Code") to require that all class A multiple dwellings (i.e., buildings with 3 or more residential dwelling units) adopt a written smoking policy (the "Smoking Policy"). Pursuant to the requirements of Local Law 147 of the City of New York the following constitutes the Smoking Policy applicable to the Condominium and to all Residential Unit Owners, residents, tenants, guests, licensees, employees and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium:

(a) Definitions:

(i) 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 designated for people to use to inhale smoke.

(ii) Electronic Cigarette (E-Cigarette): A battery-operated device that heats a liquid, gel, herb or other substance and produces a vapor for people to inhale.

(b) Policy:

(i) All types of Smoking and use of Electronic Cigarettes as defined above are prohibited from all general common areas of the Condominium, including but not limited to any lobby, hallway, stairwell, mailroom, fitness room or other recreational facility, meeting room, laundry room, storage area, mechanical room, equipment room, cellar, basement, elevator, garage, rooftop, play areas, parking areas, shared balconies, shared courtyards, shared patios, shared porches, shared yards and/or any outdoor common area within 15 feet of entrances, exits, windows, and air intake Residential Units on property grounds.

(ii) All types of Smoking and use of Electronic Cigarettes are prohibited from any balcony and/or terrace or any space designated as an Individual Residential Unit's Limited Common Element appurtenant to the Residential Unit.

(iii) All legal Smoking and use of Electronic Cigarettes is permitted within the interior area of a Residential Unit.

(iv) The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees and all persons that may be in or on any portion of the Condominium.

(v) Any Residential Unit Owner who leases their Residential Unit shall incorporate the provisions of the Smoking Policy into the lease with the Residential Unit Owner's tenant.

(c) Complaints:

Complaints about smoke drifting into a Residential Unit or common area should be made promptly to the Managing Agent. 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.

The provisions of Local Law 147 of the City of New York shall take precedent in the event of any conflict with the Smoking Policy contained herein.

The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium. The

Smoking Policy is contained in Article VIII (the "Rules and Regulations"), Section 2 of the By-Laws.

Mortgage of Residential Units by Residential Unit Owners

A Residential Unit Owner may mortgage the Residential Unit Owner's Residential Unit at any time after the Residential Unit Owner acquires title to the Residential Unit in whatever amount and under whatever terms the Residential Unit Owner can obtain provided the Residential Unit Owner first notifies the Board of Managers. Any Residential Unit Owner may, upon the resale of their Residential Unit, grant a purchase money mortgage to a purchaser of their Residential Unit. A Residential Unit Owner may mortgage their Residential Unit only if all arrears for Common Charges, if any, are provided for at the closing of the mortgage.

Common Charges Assessment and Collection

The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and supplement to the budget to every Residential Unit Owner. The Board of Managers shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the General Common Elements, Individual Residential Unit's Limited Common Elements that are the obligation of the Condominium and other Common Expenses including but not limited to the Common Expenses provided in Article VI, Section 3 of the By-Laws, as well as charges to cover any deficits from prior years.

The total annual requirements shall be assessed as a single sum against all Residential Units and prorated against each of said Residential Units according to the provisions of Section 9 of Article VI of the By-Laws.

Said assessments shall be payable monthly or in such other manner as determined by the Board of Managers and shall be referred to as Common Charges.

The Board of Managers may also charge additional assessments in excess of the Common Charges for expenses not contemplated, foreseen or which exceed the amount budgeted. Said assessments shall be known as Special Assessments. The Board of Managers shall be entitled to charge a Special Assessment as a single sum or over a period of time as it may determine. Residential Unit Owners shall pay their portion of any Special Assessments in accordance with Section 9 of Article VI of the By-Laws.

The Residential Unit Owner agrees to pay promptly when due the monthly Common Charges and all Special Assessments assessed against the Residential Unit. In the event any Residential Unit Owner fails to make payment of the Residential Unit Owner's Common Charge payment, the Residential Unit Owner who owns such Residential Unit shall be obligated to pay (a) a "late fee" of $.15 for each $1.00 of such amounts which remain unpaid for more than ten (10) days from their due date, with

additional late fee(s) assessed each and every month on the compounded amount that is then more than ten (10) days past due, without limitation to or cap on such compounded late fees, subject to adjustment in the Board's sole and absolute discretion (although nothing herein shall be deemed to extend the period within which such amounts are to be paid) and (b) all expenses, including, without limitation, attorneys' fees paid or incurred by the Board of Managers or by any Managing Agent in any proceeding brought to collect such unpaid Common Charges and/or Special Assessments or in an action to foreclose the lien on such Residential Unit Owner's Residential Unit arising from said unpaid Common Charges and/or Special Assessments in the manner permitted by applicable law. All such "late fees," interest and expenses shall be cumulative and shall be added to and shall constitute Common Charges payable by such Residential Unit Owner.

In addition, in the event of a default in payment of Common Charges by any Residential Unit Owner, the Board of Managers, at its sole option, may declare the Common Charge assessment on said Residential Unit Owner's Residential Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board of Managers shall send notice to the delinquent Residential Unit Owner and the mortgagee, if any, of such Residential Unit giving the Residential Unit Owner a five (5) day grace period in which to make the late payment.

The Board of Managers may place a lien and take action to collect any past due Common Charges from any Residential Unit Owner which remains unpaid as provided in Article IX of the By-Laws from its due date by way of foreclosure of the lien on such Residential Unit in accordance with Section 339-aa of the Real Property Law or otherwise.

No Residential Unit Owner shall be liable for any Common Charges, Special Assessments or other charges against a Residential Unit which accrue against the Residential Unit Owner's Residential Unit subsequent to a sale, transfer or other conveyance of the Residential Unit Owner in accordance with the By-Laws and the Declaration of Condominium. A Residential Unit Owner shall be liable for the payment of all Common Charges. Special Assessments or other charges assessed by the Board of Managers against the Residential Unit after acquiring title to the Residential Unit, as well as any unpaid Common Charges, Special Assessments or other charges assessed against the Residential Unit by the Board of Managers at the time the Residential Unit is conveyed by means of a deed or other legal means of the conveyance, except for a mortgagee of an Institutional Mortgage whom shall be exempt for a portion of the Common Charges as provided below.

Notwithstanding any other provision in the Declaration of Condominium or the By-Laws any mortgagee of an Institutional Mortgage as defined in the Declaration of Condominium of Condominium who obtains title to a Residential Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six (6) months of the Residential Unit's unpaid Common Charges accrued before acquisition of the title to the Residential Unit by the mortgagee unless otherwise required by law. If the Condominium's lien priority includes costs of collecting unpaid Common Charges and/or Special Assessments, the mortgagee of the Institutional Mortgage will be liable for any fees or costs related to the collection of unpaid Common Charges and/or Special Assessments. The unpaid balance of such Common Charges and/or Special

Assessments that may be waived will be charged to all other Residential Unit Owners as a Common Expense. Upon acquisition of title the Institutional Mortgagee shall be responsible for all Common Charges, Special Assessments and/or any other costs and expenses of the Condominium thereafter due and payable.

The estimate of Condominium expenditures in Schedules A and B were made by the Sponsor and passed upon by Fairway Realty Group, Inc. Although the Sponsor is of the opinion that such estimates are accurate and reasonable, they are not intended and cannot be construed as an assurance of the actual expenses and are merely based upon information available at this time. Actual costs may be lesser or greater than as set forth herein.

It is presently anticipated that the Common Charges are to be used primarily to pay for the expenses detailed in Schedule B of the Offering Plan. The Common Charges and Common Expenses do not include maintenance, repairs or decoration of interior of the Residential Units or portions thereof, payments required pursuant to the terms of Residential Unit Owners' mortgages or real estate taxes covering the individual Residential Units.

The Common Charges which may be collected monthly by the Board of Managers and other costs of maintenance of the Residential Units are set forth on Schedule A. However, additional services which the Residential Unit Owners may desire, or other factors can increase these charges. Purchasers should refer to Schedule C for estimated utility costs applicable to an individual Residential Unit.

During the Sponsor Control Period, Sponsor shall have the right, in its sole and absolute discretion, to cause the Condominium Board to waive the collection of some or all of the Common Charges, as set forth in the Condominium's budget from Residential Unit Owners. During said period, Sponsor in its sole and absolute discretion; provided, however, that Sponsor shall have the right to either (a) be solely responsible for the payment of all actual expenses to operate the Condominium (the "Waiver Period"), or (b) cause the Condominium Board to assess Residential Unit Owners their proportionate share of all actual operating expenses of the Condominium based on their respective Common Interests or as otherwise set forth in the budget, including, but not limited to, insurance premiums and any Reserve Fund payments included in the budget (the "Reduced Service Period"). In connection with the Waiver Period or Reduced Service Period, (i) Sponsor will disclose the implementation of such Waiver Period or Reduced Service Period in the amendment to the Plan that discloses the occurrence of the First Closing; (ii) Sponsor or the Managing Agent will notify Purchasers and Residential Unit Owners of the expiration of the Waiver Period or Reduced Service Period at least 30 days prior to the expiration thereof, and (iii) Sponsor will disclose the expiration of the Waiver Period or Reduced Service Period in the next substantive amendment to the Plan. During any Waiver Period, Sponsor and/or Residential Unit Owners will timely pay all actual expenses of the Condominium, including but not limited to insurance premiums and any Reserve Fund payments included in the budget. At such time as the Condominium Board commences the collection of Common Charges in accordance with the total proposed

budget contained in Schedule B (the "Total Budget"), there will not be an assessment for any expense line item set forth in the budget, or maintenance fee that would have been due prior to the expiration of the Waiver Period or Reduced Service Period. Sponsor is not obligated to collect Common Charges based on a Waiver Period or Reduced Service Period and can commence collection of the Common Charges based upon the total Common Expenses reflected in the Total Budget provided in Schedule B of the Offering Plan. Sponsor shall remain obligated to update the budget and provide certified financial statements for the Condominium as provided for in the governing regulations.

Where a Residential Unit is damaged by casualty and the proceeds of insurance are not sufficient to cover the repair of the damage, the amount necessary to restore the Residential Unit over and above the proceeds from any fire insurance on the Residential Units will be a Common Charge to all Residential Unit Owners. In order to protect the Residential Unit Owner against the possibility of such Common Charges, the Board of Managers determines the amount of blanket casualty insurance covering all Residential Units (the cost of such insurance is part of the Common Charges) and reviews the amount of such coverage annually.

Once title has passed to a Purchaser, the Purchaser will be responsible for all costs, including all Common Charges, in the event the collection of Common Charges has commenced, and all individual expenses associated with the Residential Unit, as well as any costs associated with Individual Residential Unit's Limited Common Elements that are the Residential Unit Owner's responsibility and pertain to the Purchaser's Residential Unit.

Liens for the Non-Payment of Common Charges

Under Section 339-z of the Real Property Law of the State of New York, the Board of Managers shall have a lien against each Residential Unit for its unpaid Common Charges and legal interest thereon prior to all other liens except liens for the payment of taxes and all sums unpaid on a first mortgage of record. The lien shall continue in force even after resale of a Residential Unit except that the Board of Managers shall, in accordance with the Declaration of Condominium, release the lien and right to collect unpaid Common Charges against any Purchaser of a Residential Unit where such purchase arises out of a foreclosure of a first institutional mortgage when the Board of Managers has been made a party to the foreclosure action.

The Board of Managers may foreclose the lien in the same manner as a mortgage on real property or bring a separate action to collect the unpaid Common Charges and Special Assessments and in doing so shall be entitled to recover all costs incurred including reasonable attorney's fees. The liability of each Residential Unit Owner for the payment of Common Charges and Special Assessments thereafter assessed against the Residential Unit Owner's Residential Unit shall terminate upon a sale, transfer or conveyance of such Residential Unit in accordance with the provisions of the Condominium Declaration of Condominium and By-Laws. Further, any Residential Unit Owner may convey their Residential Unit to the Board of Managers or its nominee, on behalf of all other Residential Unit Owners, without any compensation and in accordance with the Declaration of Condominium and By-Laws, and in such event the Residential

Unit Owner shall be exempt from any Common Charges and Special Assessments thereafter assessed, but not relieved of their obligation to pay the Residential Unit Owner's mortgage. However, a Residential Unit Owner may not be exempt from liability for the Residential Unit Owner's Common Charges and Special Assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Residential Unit Owner's Residential Unit.

Upon a resale, the Purchaser of a Residential Unit shall be liable for the payment of unpaid Common Charges and Special Assessments assessed against such Residential Unit prior to the acquisition of such Residential Unit by the Purchaser. Notwithstanding any other provision in the Declaration of Condominium or the By-Laws any mortgagee of an Institutional Mortgage who obtains title to a Residential Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six (6) months of the Residential Unit's unpaid Common Charges accrued before acquisition of the title to the Residential Unit by the mortgagee unless otherwise required by law. If the Condominium's lien priority includes costs of collecting unpaid Common Charges the mortgagee of the Institutional Mortgage will be liable for any fees or costs related to the collection of unpaid Common Charges. The unpaid balance of such Common Charges and/or Special Assessments that may be waived will be charged to all other Residential Unit Owners as a Common Expense. Upon acquisition of title the Institutional Mortgagee shall be responsible for all Common Charges, Special Assessments and/or any other costs and expenses of the Condominium thereafter due and payable.

During the period of time the Sponsor retains a majority of the seats of the Board of Managers, 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 Residential Units in which Sponsor is more than thirty (30) days in arrears of Common Charges and Special Assessments.

Repairs, Alterations and Improvements to the Residential Units

All maintenance, painting, repairs and replacement to the General Common Elements including but not limited to exterior walls, roof and roof members of the Building, as well as painting, repair and/or maintenance of the exterior surfaces, roof, windows and doors which open from the Building, as well as all maintenance, repairs and replacements of foyers and stairways of the Building, and of any pipes, wires, conduits and utility lines, or any portion of which is located in one Residential Unit and services another Residential Unit or more than one Residential Unit or so much of any pipes, wires, conduits and utility lines as are located in the General Common Elements shall be the responsibility of the Board of Managers and the cost thereof shall be a Common Expense except if such maintenance, painting, repair or replacement is necessitated because of the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in the Residential Unit, or the prior alteration of the Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located within each Residential Unit for

the exclusive use of a Residential Unit Owner shall be the sole obligation of such Residential Unit Owner at the Residential Unit Owner's sole cost and expense.

All maintenance, repair and replacement to any portion of any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in the General Common Elements shall be the responsibility of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in a Limited Common Element and servicing two (2) or more Residential Units shall be the responsibility of the Condominium and a Common Expense of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance and repairs to the interior portion of Residential Units, other than to any General Common Elements contained therein, are the responsibility of the respective Residential Unit Owners at their sole expense. All structural changes to a Residential Unit shall comply with the provisions of Article VIII, Section 1(f) of the By-Laws.

All maintenance and repair to the interior portion of the window area and doors which open from a Residential Unit are the responsibility of the Residential Unit Owner who owns the applicable Residential Unit. All maintenance, repair and any replacement to the external portion of the window area, the actual window and external portion of the doors (including painting if necessary) which open from a Residential Unit will be the responsibility of the Condominium and the cost thereof shall be a Common Expense of the Condominium and paid for by all Residential Unit Owners as provided in Article VI of the By-Laws. Notwithstanding the above, should the maintenance, repair or replacement of the external portion of the window, the actual window and external portion of the doors which open from a Residential Unit be caused as a direct result of the negligence or act of a Residential Unit Owner, occupant, tenant, guest or any other person residing, visiting or doing work in the Residential Unit, the Condominium will repair or replace the external portion of the window, the window or the external portion of the doors which open from a Residential Unit and the cost of such repair or replacement shall be charged to the Residential Unit Owner as an additional Common Charge or Special Assessment.

The interior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner's sole cost and expense. The exterior surfaces of all Residential Unit windows shall be cleaned by the Board of Managers and the cost shall be a Common Expense. Broken window glass in a Residential Unit shall be replaced by the Residential Unit Owner at the Residential Unit Owner's sole cost and expense, unless

such breakage was caused by the Board of Managers or its agents, in which case replacement shall be made by the Board of Managers as a Common Expense.

Entrance doors to Residential Units and the roof of the Building shall be maintained and repaired by the Board of Managers unless the damage thereto was caused by a Residential Unit Owner in which case the Board of Managers shall make the repair and charge the Residential Unit Owner accordingly.

The rear yard and porch and the terraces of the Condominium may not be enclosed and may not be used for storage. The rear yard and porch and the terraces of the Condominium may not be used for any type of occupancy, including as a bedroom or living room. The cellar has less light and air than ordinary living space and is more susceptible to dampness. The cellar is for non-habitable accessory use only, may not be used for living, eating, sleeping or cooking, and may not be rented independently. Drains located in or on the Property must be kept clean and open at all times to prevent flooding. Residential Unit Owners will not be permitted to store any combustible material or other items in or on any yard, deck, balcony, patio or terrace. Neither the Condominium nor any Residential Unit Owner will be permitted to enclose or make any structural changes to any balcony, deck, patio or terrace at the Condominium, except as required for repair or replacement with the consent of the Board of Managers.

General maintenance and repairs to, and landscaping of, any portion of the rear yard that is a Limited Common Element of Residential Unit #1 will be the responsibility of the Residential Unit Owner of Residential Unit #1. Notwithstanding the foregoing, all maintenance, repairs, and replacement of any fence surrounding the rear yard will be the responsibility of the Condominium the costs thereof a Common Expense of the Condominium. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to the rear yard that is the Residential Unit Owner of Residential Unit #1's responsibility at said Residential Unit Owner's sole cost and expense. In the event the Residential Unit Owner of Residential Unit #1 does not maintain, repair, or landscape any portion of the rear yard that is the responsibility of said Residential Unit Owner, the Board of Managers shall have the right to make the necessary maintenance, landscaping, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) and to charge said Residential Unit Owner for the cost of all such repairs, and/or landscaping, and/or maintenance and/or replacement work. In the event that the Board of Managers charges said Residential Unit Owner for repairs, landscaping, maintenance and/or replacement to the rear yard that is a Limited Common Element of Residential Unit #1 the Board of Managers shall have the right to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

All structural repairs and replacements to the roof underneath areas that are Limited Common Elements of a Residential Unit Owner, and to any balcony, patio, deck or terrace area that is a Limited Common Element of any Residential Unit will be the responsibility of the Condominium and a Common Expense of the Condominium. All

general maintenance and repairs to a Limited Common Element of any Residential Unit Owner, including any balcony, patio, yard, pavers, deck and/or terrace that is a Limited Common Element of any Residential Unit, including cleaning, snow removal and all repairs not structural in nature, (including, without limitation, the repair of leaks, painting or staining, and the replacement of pavers) shall be the responsibility of the applicable Residential Unit Owner. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to any roof top area, yard, deck, balcony, patio and/or terrace that is the Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost.

All repairs, maintenance and any replacement and all costs associated therewith of any hot water tank, boiler, air conditioning compressor and/or condenser, air handler or any other heating, cooling or other mechanical system servicing an individual Residential Unit that is located in the Residential Unit or is an Individual Residential Unit's Limited Common Element located in or on the Common Elements and/or all apparatus, installations, systems equipment and facilities in the Common Elements (including pipes, wire, ducts, vents, cables, conduits and lines) which serve or benefit a Residential Unit exclusively shall be the responsibility of the applicable Residential Unit Owner for such equipment, services, etc. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to said equipment that is a Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost and expense.

The Board of Managers shall repair all plumbing stoppages and electrical repairs occurring in the General Common Elements and the cost thereof shall be a Common Expense payable by all the Residential Unit Owners as provided in Article VI of the By-Laws. Notwithstanding, the cost of any maintenance or repairs necessitated due to the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in a Residential Unit, or caused by any prior alteration of a Residential Unit, shall be assessed to and paid by the applicable Residential Unit Owner.

All snow removal and cleaning of any sidewalks and entranceways that abut the Condominium that is not the responsibility of the City of New York and all snow removal to the General Common Elements shall be the responsibility of the Condominium and a Common Expense of all the Residential Units in the Condominium.

The Board of Managers and their agents, employees and contractors shall have the right of access to any Residential Unit for the purpose of making any repairs or replacements to any Common Elements, no matter how classified, contained therein or elsewhere in the Condominium or to remedy any condition which would result in damage to any other Residential Unit or any other Common Element, no matter how classified, or which would violate the provisions of any mortgage covering another Residential Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof or for the purpose of carrying out any of its obligations under the By-Laws or the Declaration of the Condominium. Such right of access shall be exercised in such a manner as will not unreasonably interfere with the

use of the Residential Units but 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 Condominium or its property, or the Residential Units, or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

All repairs, painting or maintenance, whether made by the Residential Unit Owner or the Board of Managers, to the doors, windows, or the exterior surface of the Building or to any generally visible portion of the General Common Elements or Individual Residential Unit's Limited Common Elements shall be carried out in such a manner as to conform to the materials, style and color initially provided by the Sponsor, unless varied by the Board of Managers.

In the event that a Residential Unit Owner fails to maintain, repair or replace its Residential Unit or any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use, which maintenance, repair or replacement is necessary to protect any of the General Common Elements, or any other portions of the Building or any other Residential Unit or other Individual Residential Unit's Limited Common Element, the Board of Managers shall have the right to make the necessary maintenance, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) of the Residential Unit or Limited Common Elements for a Residential Unit's exclusive use and to charge said Residential Unit Owner for the cost of all such repairs and/or maintenance and/or replacement. In the event that the Board of Managers charges a Residential Unit Owner for repairs, maintenance and/or replacement to their Residential Unit or for repairs to any Common Elements restricted in use to such Residential Unit Owner, and the Residential Unit Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

The Board of Managers shall have the right to designate or approve a contractor to do any such work required by a Residential Unit Owner at the Residential Unit Owner's sole expense.

Insurance

Purchasers should refer to Section VI of the Offering Plan and the footnotes to the budget for a complete description of the insurance applicable to the Condominium.

THE CONDOMINIUM INSURANCE COVERAGE DOES NOT COVER FIRE AND LIABILITY INSURANCE FOR THE PURCHASER'S PERSONAL EFFECTS AND INTERIOR OF THE RESIDENTIAL UNIT. PURCHASERS ARE REQUIRED TO SECURE SUCH COVERAGE.

Access by Board of Managers

The Board of Managers and its agents, employees and contractors shall have a right of access to any Residential Unit and to all portions of the Common Elements for the purpose of carrying out any of its obligations under the Declaration of Condominium and By-Laws.

Compliance with terms of the Declaration of Condominium, By-Laws and Rules and Regulations

Ownership of a Residential Unit in the Condominium subjects the Residential Unit Owner to compliance with the provisions of the Declaration of Condominium and By-Laws as well as the Rules and Regulations contained in the Declaration of Condominium or By-Laws or established by the Condominium in accordance therewith. The Rules and Regulations set forth in the Declaration of Condominium and By-Laws can be found in Part II of the Offering Plan in Schedule J, Article VIII of the By-Laws. The Board of Managers can institute legal actions to enforce compliance with the provisions of the Declaration of Condominium and By-Laws as well as the Rules and Regulations established therewith.

The provisions of the By-Laws which requires Members of the Board of Managers to be Residential Unit Owners will not apply to the first Board of Managers or any Sponsor designees to the Board of Managers.

Easements

Every Residential Unit Owner shall have an easement in common with the owners of other Residential Units to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and public utility lines located in other Residential Units and/or an Individual Residential Unit's Limited Common Element and servicing such Residential Unit Owner's Residential Unit. Each Residential Unit shall be subject to an easement in favor of the Residential Unit Owners of other Residential Units to maintain and use the pipes, sewers and/or drainage lines, wires, conduits and public utility lines servicing such other Residential Units located in such Residential Unit and/or an Individual Residential Unit's Limited Common Elements. The Board of Managers shall have a right of access to each Residential Unit and/or Individual Residential Unit's Limited Common Elements for maintenance, repair or improvements to any mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and public utility lines and any other equipment or infrastructure located in any Residential Unit and/or Individual Residential Unit's Limited Common Elements and servicing the Building, the Condominium Property and/or any other Residential Unit or causing damage or in imminent danger of causing damage to the Building, the Condominium Property and/or any other Residential Unit or any Common Element, no matter how classified. The cost of such maintenance, replacement and/or repairs shall be a Common Expense unless any damage was the result of the negligence of a Residential Unit Owner or tenant, occupant, employee or other person a Residential Unit Owner may be responsible for, in which case the cost of such maintenance, replacement and/or repairs shall be the responsibility of the Residential Unit Owner who is responsible or whose tenant,

occupant, employee or other person the Residential Unit Owner is responsible for causing such damage. The Board of Managers shall have a right of access to all Common Elements for maintenance, repair, replacement, inspection and/or improvement whether such Common Elements are restricted or not. All mechanical equipment, pipes, sewers and/or drainage lines and wires, conduits and public utility lines located within each Residential Unit for the exclusive use of a Residential Unit shall be maintained by such Residential Unit Owner at the Residential Unit Owner's sole cost and expense. Any portion of such mechanical equipment, pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in the Common Elements or in an Individual Residential Unit's Limited Common Elements that service two (2) or more Residential Units will be a General Common Element and all maintenance, repairs, improvements and replacement thereto shall be a Common Expense and the responsibility of the Condominium.

All Residential Unit Owners and their invitees and permitees, and the Board of Managers and its invitees and contractors, will have an egress easement in and through such portions of the Condominium as may be needed to exit the Building in the event of an emergency, including, without limitation, the roof top terrace appurtenant to Residential Unit #4 as a Limited Common Element thereof, for access to the bulkhead roof and fire escape, as well as the rear yard appurtenant to Residential Unit #1 as a Limited Common Element thereof, for egress through the rear yard from the fire escape.

The Board of Managers and their agents, employees and contractors shall have an easement for access in, over and through the entire Condominium (including all Common Elements, no matter how classified, and the individual Residential Units) for the purpose of maintenance, repair, improvement and/or replacement to any Common Elements, no matter how classified, contained therein or elsewhere in the Condominium or to remedy any condition which would result in damage to any Residential Unit or any other Common Element, no matter how classified, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof or for the purpose of carrying out any of its obligations under the By-Laws or the Declaration of Condominium or for the health and safety of the Condominium and its residents. Access to a Residential Unit and any Individual Residential Unit's Limited Common Element shall be exercised in such a manner as is required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Condominium or its Property, or the Residential Units, or the Common Elements (no matter how classified) or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

Each utility and cable company servicing any mechanical equipment, water pipes, sewer lines, sewer pipes, drainage lines or pipes, any gas pipes, electric lines, electric wires, cable lines, cable towers, conduits or any other facility the utility or cable company services in or on the Property of the Condominium, shall have a right of access in, under, over and through the Property of the Condominium (including all Common Elements, no matter how classified and the individual Residential Units) for maintenance, repair, inspections, improvements and/or replacement to any mechanical equipment, water

pipes, sewer lines, sewer pipes, drainage lines or pipes, any gas pipes, electric lines, electric wires, cable lines, cable towers, conduits or any other facility the utility or cable company services in or on the Property of the Condominium. Access in, under, over and through the Property of the Condominium shall be exercised in such a manner as shall not unreasonably interfere with the use of any Residential Unit for its permitted purposes by its owner, tenants or occupants unless access is immediately necessary for the preservation or safety of the Condominium or its Property, or the Residential Units, or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

The Board of Managers shall have the right to grant such additional electric, any gas, water, sewer, drainage or other utility easements or relocate any existing utility easement in any portion of the Condominium as the Board of Managers shall deem necessary or desirable for the proper operation and maintenance of the Condominium, or any portion thereof, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of any Residential Unit for its permitted purposes unless required by law. Access in, under, over and through the Property of the Condominium shall be exercised in such a manner as shall not unreasonably interfere with the use of any Residential Unit for its permitted purposes by its owner, tenants or occupants unless access is immediately necessary for the preservation or safety of the Condominium or its Property, or the Residential Units, or for the safety of Condominium residents or other persons, or required to avoid the suspension of any necessary service to the Condominium.

The Board of Managers shall have an easement in, through, under and over the Residential Units and/or Individual Residential Unit's Limited Common Elements for access, installation, inspection, maintenance, repair and replacement of any flues, vents, air-conditioning, any gas, heating, ventilating, water and other mechanical equipment, lines and fixtures and any other machinery, pipes, wires, conduits, equipment or meters servicing any portion of the Condominium.

Sponsor shall have and each Residential Unit Owner shall be deemed to grant a right of access in, under, over and through the Residential Unit and/or Individual Residential Unit's Limited Common Elements to Sponsor or its designee, assignee or successor and any contractors, subcontractors, agents, and employees of the foregoing for the purposes of the repair and completion of any installation, construction, modification, alteration, renovation, maintenance, repair, restoration, inspection, replacement, or change being performed or to be performed by or on behalf of Sponsor with respect to the Common Elements, no matter how classified, and/or the Residential Units.

The Board of Managers shall have an easement in and through Residential Unit #1 for access to adjacent installations, including, but not limited to, installations in the rear yard and the water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit #2 for access to adjacent installations, as well as an easement in and through Residential Unit #3 for access to adjacent installations, including, but not limited to, those located on Residential Unit #3's rooftop terrace, as well as an easement in and through Residential Unit #4 for access to

adjacent installations, including, but not limited to, those located on Residential Unit #4's rooftop terrace, all of which easements shall be for maintenance or repair and/or for any other reason the Board of Managers may need access to same. The Board of Managers shall provide the applicable Residential Unit Owner(s) with a minimum of three (3) days' notice in the event access is necessary, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required.

The Owner(s) of Residential Units #2, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #1 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #2 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #2 and #4 will each have an easement in and through such portion(s) of Residential Unit #3 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #2 and #3 will each have an easement in and through such portion(s) of Residential Unit #4 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

Any Residential Unit Owner seeking access to or through another Residential Unit Owner's Unit and/or appurtenant Limited Common Elements shall provide the Residential Unit Owner with a minimum of three (3) days' notice thereof, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required.

The Board of Managers will have and each Residential Unit will be subject to, an easement (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace the General Common Elements and any Individual Residential Unit's Limited Common Elements that have been delegated to and are the obligation of the Condominium to repair, maintain and replace, located in, over, under, through or upon any Residential Unit, or any other Common Elements or elsewhere in the Condominium and (b) to maintain, repair and/or replace any encroachment on any Residential Unit or Common Elements, no matter how designated, resulting from the repair, alteration, rebuilding, restoration and/or replacement of the General Common Elements or Individual Residential Unit's Limited Common Elements.

Each Residential Unit will have an easement of support from all structural members (including, but not limited to, columns, footings, bracings, foundations, slabs, and exterior walls) supporting or serving the Building and any replacement thereof and

additions thereto and an easement of necessity, and each Residential Unit will be subject to an easement of support and necessity in favor of all other Residential Units and the Common Elements, no matter how designated.

Each Residential Unit will have an easement for lateral and vertical support among all adjoining Residential Units and Common Elements.

Any easements granted to Sponsor, the Board of Managers, any Residential Unit or any Residential Unit Owner under the Declaration of Condominium and the By-Laws may be exercised by such Sponsor's, Board of Managers' or Residential Unit Owner's employees, agents, contractors, suppliers, customers, guests, invitees, licensees, servants, tenants, subtenants, members, and visitors, as the case may be, to the extent necessary to effectuate the purpose for the easement or as otherwise authorized by the Sponsor, the Residential Unit Owner or Board of Managers.

Each Residential Unit Owner will have a right and easement to use its Residential Unit and the Individual Residential Unit's Limited Common Elements, subject to and in accordance with the terms and conditions of the Declaration of Condominium and By-Laws.

All Residential Unit Owners, residents, guests, tenants and anyone else needing access to a Residential Unit shall have an easement of ingress and egress, in, through and over the Property of the Condominium, including the Common Elements regardless of how classified for access to their Residential Unit.

The Board of Managers on behalf of the Condominium will have an easement and unlimited access to all Residential Units and to any Individual Residential Unit's Limited Common Elements for the purpose of making inspections, maintenance, repairs and replacement of any General Common Elements and any Limited Common Elements of the Condominium that the Condominium may be responsible to maintain, repair and/or replace.

All emergency vehicles and personnel, including, but not limited to, police, fire and medical vehicles and personnel shall be granted an easement of ingress and egress over, upon and through all areas of the Property. This provision may not be amended by the Residential Unit Owners in the Condominium.

Allocation of Common Interest

The Percentage of Common Interest of the Condominium establishes the Residential Unit Owners percentage of ownership in the Common Elements of the Condominium and percentage of liability for the payment of Common Charges subject to the rights under Section 339-m of the Real Property Law of the State of New York as described in Special Risk No. 28. Each Residential Unit Owner has the Percentage of Common Interest in the Condominium set forth on Schedule A. Such allocation has been based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium the uniqueness of the Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Said method of determining the percentage

of Common Interest in a Condominium complies with and is pursuant to the provisions of Section 339-i(1)(iv) of the Real Property Law of the State of New York.

The Percentage of Common Interest of each of the Residential Units has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act, 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 Residential Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Residential Unit. Based upon final specifications, construction conditions and/or "as-built" plans for the Building reflecting relative measurements, areas and uses of portions of the Building, application of such method of allocation the Percentage of Common Interest may justify a minor increase or decrease in the aggregate Percentage of Common Interest appurtenant to Residential Units. In such event, the Percentage of Common Interest appurtenant to each individual Residential Unit would be adjusted pro rata. Sponsor expressly reserves the right, from time to time, prior to the first Closing, to affect a de minimis change in the Percentage of Common Interests and to amend the Plan so as to reflect the same. Notwithstanding, unless an affected Purchaser consents, no material change will be made in the Percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Residential Unit and the Purchaser is not in default. Although there is a rebuttable presumption that a change of five (5%) percent or less of a Residential Unit's square footage may be immaterial, there is no such presumption regarding a change in common interest.

Copies of both the Declaration of Condominium and By-Laws are contained in Part II of the Offering Plan.

XX. REAL ESTATE TAXES

In accordance with the New York State Condominium Act, real estate taxes applicable to each Residential Unit will be separately assessed. The estimated monthly costs and charges to be incurred by the owner of each Residential Unit in the first year in which the property will be fully subject to real estate taxes together with estimated Common Charges on each Residential Unit and other carrying costs are set forth on Schedule A. Real estate tax estimates are based upon information received from Metropolitan Realty Exemptions, Inc., 381 South 5th Street, Brooklyn, New York 11211. A tax opinion letter dated April 10, 2024, provided by Metropolitan Realty Exemptions, Inc., is contained in Section XXII of the Offering Plan. The projected figures in the opinion letter assume the applicability of a 2023/2024 residential class 2 tax rate of $12.502 per $100 of assessed valuation for the Residential Units for a total tax of $12,841.00 for tax year 2024/2025 and a total tax of $25,210.00 for tax year 2025/2026.

Sponsor anticipates that the renovation of the Condominium will be completed by May 1, 2025, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions. Per the opinion letter of Metropolitan Realty Exemptions, Inc., it is anticipated that the New York City Department of Finance ("Department of Finance") will reassess the value of the Property on the taxable status date of January 5, 2026. The Department of Finance releases tentative assessments of property value in New York City every January and issues final assessments every May, prior to the beginning of each tax year, which commences on July 1st.

The first year of Condominium operation is scheduled to commence on May 1, 2025, and end on April 30, 2026 (subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, acts of God and sales conditions). As such, it is anticipated that taxes for the first year of operation will be assessed partly (approximately 16.67%) based on the valuation and rate applicable for tax year 2024/2025 and partly (approximately 83.33%) based on the valuation and rate applicable for tax year 2025/2026. The total projected real estate taxes for the first year of operation, being a total of $23,149.00, were calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Blended Taxes for First Year of Condominium Operation			
	Assessed Value	Tax Rate	Real Estate Tax
16.67% of 2024/2025	$17,119.00	12.502%	$2,140.00
83.33% of 2025/2026	$168,043.00	12.502%	$21,009.00
TOTAL	$185,162.00		$23,149.00

Although it is anticipated that real estate taxes for the first year of condominium operation will be partly based on an assessment of the Building that occurred prior to the completion of renovations, the projected real estate taxes contained in Schedule A are based on an assessment of the Building after renovation is complete. Notwithstanding, Purchasers are advised that real estate taxes may increase materially when the Building

is reassessed after renovation is complete. In addition, the actual assessed value of the Residential Units will be determined by the City of New York may be higher than what is currently estimated and therefore may result in greater total estimated taxes on said Residential Units of the Condominium. See footnote number 5 to Schedule A for more information regarding the projected assessed valuation after completion of renovation.

The total projected real estate taxes for all the Residential Units upon completion of renovation, as indicated in Schedule A, being a total of $25,210.00, were calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Taxes Upon Assessment After Renovation Is Complete			
	Assessed Value	Tax Rate	Real Estate Tax
2025/2026	$201,651.00	12.502%	$25,210.00

Based on the opinion of Metropolitan Realty Exemptions, Inc., the above projection assumes the applicability of a 2023/2024 tax class 2 rate of 12.502. Sponsor has been advised by its consultant that it is the policy and practice of the Department of Finance to apportion the assessed valuation of a condominium among the various units based upon the percentage of common interest contained in the Declaration of Condominium. Estimated real property taxes by unit once fully assessed after renovation is complete based on relative percentages of Common Interest set forth in Schedule A in the Offering Plan are, as follows:

Unit	% of Common Interest	Estimated Assessed Value	Estimated Annual Taxes
1	30%	$60,495.30	$7,563.00
2	20%	$40,330.20	$5,042.00
3	25%	$50,412.75	$6,302.50
4	25%	$50,412.75	$6,302.50

It should be noted that, although it is currently Finance's stated policy to apportion the assessed values of condominium properties among the various units on this basis, Finance has used different methodologies in the past. No warranty or guarantee is made herein that assessed values will not be apportioned based on a different method.

The figures set forth above are approximations derived from material submitted by the Sponsor and publicly available tax records and are subject to amendment. No government agency has passed upon these figures or the estimates of assessed valuation and taxes above. Neither the Sponsor nor its counsel have passed on the accuracy of any figures or estimates contained in the Offering Plan, and offer no warranties on real estate assessments, tax classifications, taxes or tax rates for any period. All prospective Purchasers are advised that, although the estimates of assessed valuations upon conversion are good faith estimates, such assessed valuations when actually made may be less or greater than as estimated above.

The above estimates do not take into account any future increases in the level of assessed valuation applied to residential property or any increase in the real estate tax rates. The above estimates are based upon interpretations of The New York State Real Property Tax Law and The Administrative Code of the City of New York and are not intended to be a guarantee or assurance that the actual or transitional tax assessments, tax rates, or actual taxes will be as estimated.

No representation is made that the provisions of law or New York City Department of Finance policies and practices will apply at the time the property's conversion is complete. Purchasers should be aware that the laws, regulations and practices of the Department of Finance upon which the above estimates are predicted may in the future be revised in a manner adverse to a Purchaser's interests, or that there may be an adverse interpretation of the law or regulation by one or more agencies of the City of New York, or Courts of competent jurisdiction.

The above estimates are not intended and should not be construed as representations or warranties that assessments, tax rates, and taxes will not be determined in a different amount. The foregoing analysis is based upon the knowledge of the making and review of assessments by the Real Property Assessment Department and the Tax Commission of the City of New York with respect to "class 2" residential properties held in the condominium form of ownership. Application of a particular approach to valuation by an individual assessor may yield a different result.

Each Residential Unit will be given a separate block and lot designation.

Although the aforesaid estimate of Actual Assessed Valuation is a good faith estimate, it is not possible to estimate the same with any degree of certainty. Assessed valuations, when actually made, may be lesser or greater based on interpretation of the administrative code and the applicable rules and regulations of the City of New York. The estimates are not intended and should not be construed as warranties as to future assessed valuations of the Property.

Although in the Sponsor's opinion this method of calculating the real estate taxes applicable to each Residential Unit is reasonable, there can be no assurance that this method of calculation of real estate taxes applicable to each Residential Unit will be the final method used by the New York City taxing authorities in establishing the real estate tax assessment for each Residential Unit. If for any reason a different method of calculation is used, or a different assessment is placed upon any of the Residential Units by such authorities, or the tax rates change, real estate taxes may increase or decrease, depending upon the final decision of such taxing authorities.

The New York State Condominium Act provides that real estate taxes will be separately assessed against each individual Residential Unit Owner. In the event the Residential Units have not been separately assessed for real estate tax purposes prior to the Closing of Title to the first Residential Unit, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the Residential Units in the Condominium for the six (6) month period following the first Closing. Thereafter, at each Closing during said period, each Purchaser

will reimburse the Sponsor for the pro-rata amount paid on behalf of said Residential Unit. Alternatively, the Sponsor may place in escrow, in the name of Board of Managers, an amount equal to the real estate taxes attributable to the unsold Residential Units for such six (6) month period and may collect at each Closing the estimated amount of taxes attributable to such Residential Unit for the balance of the six (6) month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable. After the Residential Units are separately assessed, the funder of the escrow account or the Residential Unit Owner will be reimbursed for any overpayment of taxes or assessed for an underpayment.

After the Residential Units are separately assessed Residential Unit Owners will not be responsible for the payment of or subject to any lien arising from the non-payment of real estate taxes on any other Residential Unit.

There are no tax certiorari proceedings currently pending for the property. The By-Laws empower the Board of Managers to bring such proceedings on behalf of the Residential Unit Owners. Specifically, Article III, Section 7(a)(16) of the Condominium By-Laws provide that the Board of Managers has the right to act as an agent for one (1) or more Residential Unit Owners to file a single complaint and bring a special proceeding on behalf of Residential Unit Owners who wish to contest the real estate tax assessments of their Residential Unit if applicable, pursuant to Section 339-y(4) of the New York Property Law.

The Sponsor anticipates that the real estate tax rate will vary in future years rather than remain constant. The estimates of projected real estate taxes in this Offering Plan have been prepared by the Sponsor and cannot be construed as an assurance of the final tax costs but are merely estimates based upon information available to the Sponsor at this time. In no event will the Sponsor or Sponsor's Counsel or Sponsor's Tax Consultant be liable to any Purchaser under this Offering Plan, nor will any Purchaser have the right to rescind their Purchase Agreement, should the amount of the taxes differ from those projected in the event that the critical facts presented by the Sponsor and Sponsor's experts were, are or prove incorrect or there are changes in the applicable law and regulations, decisional law or Internal Revenue Service rulings.

A copy of the opinion letter from Metropolitan Realty Exemptions, Inc. is contained in Section XII of the Offering Plan.

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

The Sponsor has been advised by its counsel, Certilman Balin Adler & Hyman, LLP that each Residential Unit Owner will be entitled under present law to a deduction for Federal, New York State and New York City income tax purposes for the real estate taxes paid by each Residential Unit Owner covering their Residential Unit and, provided the Residential Unit is used as the Residential Unit Owner's primary residence or one (l) other residence that the Residential Unit Owner selects pursuant to Section 163(h) of the Internal Revenue code of 1986, for the interest paid by the Residential Unit Owner on any mortgage, covering the Residential Unit Owner's Residential Unit. Purchasers should note that pursuant to the Federal Tax Cuts and Jobs Act of 2017 (the "Tax Act"), which went into effect on January 1, 2018, the maximum mortgage in which an individual can deduct the interest on is $750,000. In addition, the Tax Act placed a maximum of $10,000 on the amount an individual can deduct for the combined amount of real estate taxes and State income taxes. The Tax Cuts and Jobs Act of 2017 is scheduled to expire on December 31, 2025. Purchasers are advised to seek the advice of their tax consultant to ascertain the income tax ramifications to the Purchaser pursuant to the Tax Act. See the Opinion of Counsel in Section XXII of the Offering Plan. Similarly, the Sponsor has been advised by counsel that certain Residential Unit Owners who are veterans of the Residential United States Armed Forces may be entitled to deductions covering part of the real estate taxes applicable to their respective Residential Units.

Purchasers are advised to seek the advice of their tax consultant to ascertain the income tax ramifications to the Purchaser pursuant to the Tax Cuts and Jobs Act of 2017.

The Sponsor has been advised by its counsel that the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated source income include interest earned on reserve and other invested funds, income from concessions and income from dues or fees received from persons other than the Residential Unit Owners. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional Common Charge.

Sponsor has also been advised that pursuant to Section 528 of the Internal Revenue Code, certain Condominiums, substantially all of whose Residential Units are used for residences, are afforded the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty (60%) percent or more of the gross income of each must consist of amounts received as membership dues, fees or assessments from the Residential Unit Owners and ninety (90%) percent or more of the expenditures of each must be for the acquisition, construction, management, maintenance and care of the Condominium Properties, which properties, as defined in Section 528 of said Code, include property held by the Condominium, property commonly held by the Residential Unit Owners of the Condominium, or property within the Condominium held by the Residential Unit Owners of the Condominium. This Condominium has been structured so that it will meet the requirements of Section 528 of the Internal Revenue Code and as a result the Condominium will be eligible to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code. Purchasers should refer to the Opinion of Counsel in Section XXII of the Offering Plan.

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PARTNER
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November 12, 2024

426 Holdings, LLC
754 Carroll Street, Unit 1
Brooklyn, New York 11215

Re: **426 2nd Street Condominium**

Gentlepeople:

We note that the Offering Plan for the above-captioned Condominium states that it is believed that the monthly payments of interest on any mortgage, up to a maximum mortgage of $750,000, which becomes a lien on a condominium Residential Unit and real estate taxes payable by a Residential Unit Owner, which are assessed against the Residential Unit by any governmental taxing authority, are a proper deduction in connection with Federal, New York State and New York City Income Taxes payable by the owner of such Condominium Residential Unit to the aforesaid maximum amount currently allowed by law pursuant to the Federal Tax Cuts and Jobs Act of 2017 (the "Tax Act"), which went into effect on January 1, 2018. In addition, the Tax Act placed a maximum of $10,000 on the amount an individual can deduct for Federal income taxes for the combined amount of real estate taxes and State income taxes. The Tax Cuts and Jobs Act of 2017 is scheduled to expire on December 31, 2025.

We have given this matter careful study, and it is our opinion that, pursuant to the provisions of the Internal Revenue Code (the "Code") the provision of the New York State Law (See Section 615 of the Tax Law), such interest payments and the aforesaid real estate payments are proper deductions by the owner of a Condominium Residential Unit, in connection with their Federal income taxes to the maximum amount currently allowed by the Act and New York State and City income taxes to maximum allowed in each jurisdiction. Similarly, we are of the opinion that each Condominium Residential Unit Owner whose Residential Unit is their principal residence will be entitled, under the Code and Section 615 (a) of the State Law, to deduct interest paid or accrued by the Residential Unit Owner on any mortgage which becomes a lien on a Condominium Residential Unit to the maximum amount allowed by applicable law.

Pursuant to Section 528 of the Code, certain Condominiums, substantially all of whose Residential Units are used for residences, have the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty (60%) percent or more of the gross income of each must consist of amounts received as membership dues, fees or assessments from the Residential Unit Owners and ninety (90%) percent or more of the expenditures of each must be for the acquisition, construction, management,

maintenance and care of the Condominium properties, which properties, as defined in 528 of the Code, include property held by the Condominium, or property within the Condominium. Based upon our examination of the Offering Plan and subject to the Condominium, actually satisfying the minimum percentage income and expenditure criteria set forth above, it is our opinion that the Condominium will be eligible to be treated as a tax-exempt organization under Section 528 of the Code.

Such an election will exempt from Federal, New York State and New York City Income Taxation all amounts received by the Condominium from the Residential Unit Owners as membership dues, fees or assessments. The Condominium will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Residential Unit Owners. In the event the Condominium fails to qualify for and elect Section 528 taxation status in any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees and assessments received from Residential Unit Owners not expended in any taxable year, be subject to Federal, New York State and New York City Income Taxation (see Rev. Ruling 74-99, 1974-1 C.B. 131).

We have considered the relevant cases and rulings on the tax status of the Condominium including Revenue Rulings 74-17, 74-99, 75-370 and 75-371. These rulings, under certain circumstances, permit assessments for capital replacements and new or replacement equipment to be excluded from the Condominium's income and be treated for tax purposes as additional capital contributions. In such case each Residential Unit Owner's assessment for such purposes would add to their tax basis. Although the Condominium described in the Offering Plan may be deemed a taxable entity under such Rulings, assuming that all expenses are designated and accounted for, and that certain other special purpose assessments are properly treated as trust funds, the Condominium should not realize any significant amount of taxable income, other that with respect to incidental investment income, such as interest earned on reserve funds deposited in bank accounts.

We have examined the exceptions to title set forth in Section XIV of the Offering Plan, and we are of the opinion that none of such exceptions of title are contrary to the terms of the Purchase Agreement nor do they interfere with the quiet use or enjoyment of the Purchaser's Residential Unit as set forth in the Offering Plan.

We have examined the Declaration of Condominium and By-Laws pertaining to the proposed Condominium. It is our opinion that the Declaration of Condominium and By-Laws, when recorded, will validly create a Condominium in accordance with Article 9-B of the Real Property Law of the State of New York.

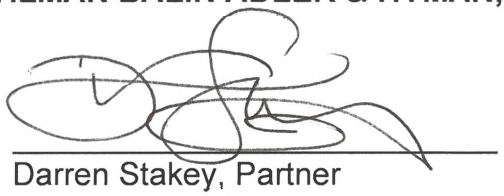
In addition, we note that the Percentage of Common Interest for each Residential Unit as contained in Schedule A has been determined based upon floor space, subject to the location of such space and the additional factors of relative value to other space in

the Condominium, the uniqueness of the Residential Unit, the availability of Common Elements for exclusive or shared use, and overall dimensions of the particular Residential Unit. In our opinion, this is a proper method of determining the percentage of common interest in a Condominium and complies with Section 339-i(1)(iv) of the Real Property Law.

In our opinion, the Condominium will be eligible for tax exempt status, if it so elects, and Residential Unit Owners will be entitled to the above-mentioned income tax deductions. However, this opinion is not a guarantee; it is based on existing rules of law applied to the given facts and documents referred to above. No assurances can be given that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Managers of the Condominium, any 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 statues, 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 Code or the New York State tax law as amended or New York City tax law and Residential Unit Owners not to be entitled to income tax deductions. All Purchasers are advised to consult with their personal tax consultant as to purchasing and owning a Residential Unit in the Condominium.

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN, LLP

By: 

Darren Stakey, Partner

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April 10, 2024

426 Holdings LLC
426 2nd Street
Brooklyn, NY 11215

RE: 426 2nd Street
Brooklyn, NY 11215
Block & Lot: 975-37

Letter of Opinion regarding proposed real estate tax liabilities for the project located at 426 2nd Street, Brooklyn NY 11215

Project Details: Four (4) Residential Condominium Units

Dear Sir;

You have requested us to advise you with our opinion in respect to determining the projected Annual Assessment and tax liabilities regarding the above captioned real property according to our experiences.

In order to prepare this letter and the opinion set forth herein, you have supplied us with the following information upon which we have relied:

1. The proposed is to renovate/convert a 4-unit multiple dwelling building to include four (4) residential condominium units.

2. The building will aggregate 5,798 gross square feet;

3. There will be separate condominium tax lots filed with the DOF for each residential unit.

4. Based on assessment guidelines, the DOF Surveyor's Office shall class the condominium units as a tax class 2C and thus levy the assessed value on a 45% rate of the market value.

DOF Assessment Guidelines

The New York City Department of Finance assesses the values in regard to all New York City residential and commercial properties annually. Based on the assessor's determination of the assessment on taxable status date January 5th, the Department of Finance releases tentative assessments of the property value in January of every year and final assessments every May, prior to the beginning of each tax year. Assessments in New York City are made on a fiscal year basis, beginning on July 1st of each year and ending on June 30th the following year.

The property tax assessment process commences when the city's assessors determine the market value of the property. Property tax is only levied on a portion of the market value. This portion is called the assessed value. Regarding 1-3 family homes and condominiums with no more than three (3) stories, provided such property was previous classified as class one (1), the assessed values are levied on 6% of the market value. Regarding all other properties, taxes are levied on 45% of the market value.

Real Property Tax Law Section 581 provides that cooperative and condominium apartments shall be assessed for tax purposes as if the building was a comparable rental property. Thus, the Department of Finance is prohibited from utilizing the sales prices of the individual condominium units in determining the assessed valuation. Therefore, the prices that you set in your offering plan and any subsequent sales or re-sales are not relevant in determining the assessed value of the property or of the individual condominium units. Upon conversion to a condominium and after an application is submitted by you, the New York City Department of Finance shall assign individual tax lot numbers to each of the condominium units. The residential units will be designated as tax class 2C property and will pay on the class 2 tax rate. Real Property tax rates set each year by the City Council are applied to these property values, to determine each homeowner's annual tax liability. The current 2023/24 class 2 tax rate is 12.502%.

Tax Class 2a, 2b and 2c CAP

Per New York Real Property Tax Law Section 1805, tax class 2a, 2b and 2c properties are subject to an assessment cap of 8%. Specifically, the law states that an assessor of any special assessing unit "shall not increase the assessed value of any tax class 2a, 2b and 2c properties" in a single year by more than 8% of the previous year's assessed value, as listed on the assessment roll. Additionally, the assessor may not increase the tax class 2a, 2b and 2c properties assessed, value by more than 30% within any five-year period. The assessment cap does not apply to increases in assessed value due to physical alterations or the expiration of any tax exemptions or abatements.

We assume there will be a substantial increase in assessed value for tax year 2025/26 due to the renovation/conversion, and that such increase will be placed on the assessment roll immediately and not subject to the limitation on increases described above. In future tax years, increases in assessed value cannot exceed 8% annually and 30% over any five-year period.

Proposed Real Estate Tax Liabilities

We have taken the following factors in account when formulating our opinion: (a) the recent tax assessment history on the property; (b) the potential income for the new structure (if operated as a rental); (c) comparable condominium projects in the above-mentioned neighborhood which have been recently constructed; (d) market conditions in the general area; (e) proposed estimate of the cost of construction; and (f) calculation of the gross floor area mentioned above.

Blended taxes for the first year of condominium operation

The first year of condominium operation will begin on May 01 2025 and end on April 30 2026. Taxes for the first year of condominium operation will be approximately as follows:

ESTIMATED FULL TAX LIABILITY
2024/2025 AND 2025/2026 TAX YEARS

	Assessed Value	Tax Rate	Real Estate Tax
2024/2025 TAX YEAR	$102,714	12.502%	$12,841
2025/2026 TAX YEAR	$201,651	12.502%	$25,210

ESTIMATED TAXES FIRST YEAR OF CONDOMINIUM OPERATION

	Assessed Value	Tax Rate	Real Estate Tax
16.67% of year 2024/2025	$17,119	12.502%	$2,140
83.33% of year 2025/2026	$168,043	12.502%	$21,009
First year of condo	$185,162		$23,149

Taxes for the first year of condominium operation will be comprised of the taxes due for the 2024/2025 tax year (2 months) and 83.33% of the taxes due for the 2025/2026 tax year.

The blended tax for the first year of condominium operation is forecasted at $23,149 for all units.

In determining the assessed values for the individual units, the Department of Finance may use the common interest percentages set forth in the condominium declaration if such percentages are rationally and fairly determined.

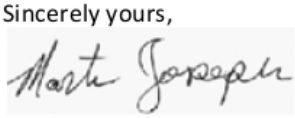
Disclaimer

Though the aforesaid estimate of the Actual Assessed Valuation is a good-faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, when made, may be lesser or greater based on the interpretation of the administrative code and the applicable rules and regulations of the City of New York.

Although we believe our opinions are well-founded, they are not intended, and should not be construed as warranties or guaranties or representations as to future assessed valuations of the property under discussion and we accept no responsibility or liability in the event that the figures or projections set forth herein are incorrect or inaccurate. In no event will this firm, the Sponsor, the Sponsor's counsel or any other person be liable if the assessed valuation, when actually made, is lesser or greater that that estimated above, or if the administrative code and the

applicable rules and regulations of the City of New York are changed in the future, or if the facts as represented prove to be untrue.

Sincerely yours,



Martin Joseph
Metropolitan Realty Exemptions, Inc.

XXIII. RESERVE FUND

The Condominium budget includes a Reserve Fund line item to be used for future major capital improvements of the Condominium. No representation is made that the Reserve Fund line item will be adequate for future expenses including repairs or replacements of Common Elements during the first five (5) years of the Condominium. If additional funds are required over and above said funds, it may be necessary to increase the Common Charges payable by the Residential Unit Owners, collect a Special Assessment from each Residential Unit Owner or borrow money.

During the period Sponsor is in control of the Board of Managers, the Reserve Fund will not be used to reduce the estimated Common Charges.

Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of the Reserve Fund.

Article VI, Section 3 of the By-Laws authorizes the establishment of a Reserve Fund.

Article III, Section 3 of the By-Laws authorizes the Board of Managers to borrow money on behalf of the Condominium when required in connection with needed capital expenditures such as repair or replacement of Building components or systems or to remedy major Building defects, provided, however, that no lien to secure repayment of any sum borrowed may be created on any Residential Unit or its appurtenant interest in the Common Elements without the written consent of the Owners of said Residential Unit. No representation is made by the Sponsor as to the availability or cost of such financing. In the event the Condominium is unable to borrow the money, the Board of Managers may be required to assess each Residential Unit Owner for its applicable pro-rata share of the cost of the needed capital expenditure.

XXIV. WORKING CAPITAL FUND

At Closing the Sponsor will collect the equivalent of two (2) months Common Charges from each Purchaser to be paid to the Condominium as initial Working Capital. While Sponsor is in control of the Board of Managers of the Condominium, monies in the Working Capital Fund may be used to reduce the Common Charges. The Working Capital Fund may also be utilized to reimburse Sponsor for prepaid expenses of the Condominium. Specifically, but without limitation, the Sponsor may use the Working Capital Fund to pay expenses accrued during any Waiver Period and/or Reduced Service Period. The only budgetary item that might require a substantial credit to the Sponsor would be the insurance disclosed in Schedule B. At such time as the Sponsor relinquishes control of the Board of Managers, any remaining balance of the Working Capital Fund will be turned over to the Board of Managers. The Offering Plan does not provide for any minimum Working Capital Fund to be turned over to the Board of Managers (i.e., there will not be a minimum Working Capital Fund maintained regardless of adjustments that may be due for prepaid expenses between the Sponsor and the Board of Managers).

Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of the Working Capital Fund.

XXV. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

The Sponsor has not entered into any management contract to provide for management of the Condominium. While Sponsor is in control of the Board of Managers, Sponsor shall manage the Condominium.

The Board of Managers of the Condominium will be responsible for the management of the Condominium, and may perform this function itself or hire a managing agent to bill and collect the Common Charges, hire and fire employees, supervise alterations and repairs, maintain the Condominium's books and records, advise the Board of Managers of its proposed annual budget, provide each Residential Unit Owner annually with a Financial Statement prepared by an independent public accountant, purchase supplies for the Condominium and generally perform the duties of a managing agent for a Condominium. During the period Sponsor maintains a majority of the Board of Managers, the financial statement will be certified. In performing its duties, the Board of Managers or a managing agent employed by it, may engage contractors for the purpose of carrying out the maintenance and repair of the Condominium. No representation is made as to the costs, terms or availability of a managing agent in the event the Board decides to hire one in the future. Notwithstanding said fact, a Condominium of this size may ultimately determine there is a need to hire a managing agent. The current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,000 per annum per Residential Unit to approximately $2,000 per annum per Residential Unit. Prospective Purchasers should see the footnotes to Schedule B regarding other contractual arrangements the Condominium may be subject to.

XXVI. IDENTITY OF PARTIES

Sponsor and Selling Agent

The Sponsor and Selling Agent is 426 Holdings, LLC, a New York limited liability company created on October 3, 2023, with an address at 754 Carroll Street, Unit 1, Brooklyn, New York 11215. The principal of the Sponsor is Aran Scott with the same business address as the Sponsor. The principal of the Sponsor resides in the City and State of New York.

Aran Scott has been a licensed real estate broker for over twelve (12) years in the metropolitan area selling high end homes and apartments. Mr. Scott is a principal of 389 Bergen LLC, the sponsor of 389 Bergen Condominium, Brooklyn, New York, File No. CD20-0011, accepted for filing on 07/17/2020 and declared effective on 10/01/2020. 389 Bergen LLC does not currently own more than 10% percent of the untitled units to 389 Bergen Condominium. Mr. Scott is a principal of 617 Warren, LLC, the sponsor of 617 Warren Street Condominium, 617 Warren Street, Brooklyn, New York, File No. CD21-0061, accepted for filing on 09/28/21. 617 Warren, LLC does not currently own more than 10% percent of the untitled units to 617 Warren Street Condominium. Mr. Scott was a principal of 83 St Marks LLC, the sponsor of 83 Saint Marks Condominium, 83 St. Marks Place, Brooklyn, New York, File No. CD21-0106, accepted for filing on 12/13/21 and abandoned by RS-3 filed as of 12/12/22. Mr. Scott is a principal of 184 Ventures LLC, the sponsor of 184 Saint Marks Avenue Condominium, 184 St. Marks Avenue, Brooklyn, New York, File No. CD21-0323, accepted for filing on 5/10/22. 184 Ventures LLC does not currently own more than 10% percent of the untitled units to 184 Saint Marks Avenue Condominium. Mr. Scott is a principal of 371 Douglass St, LLC, the sponsor of 371 Douglass Street Condominium, 371 Douglass Street, Brooklyn, New York, File No. CD22-0123, accepted for filing on 10/14/22. 371 Douglass St, LLC owns one hundred (100%) percent of the untitled units to 371 Douglass Street Condominium. Mr. Scott is a principal of 442 3rd St LLC, the sponsor of 442 3rd Street Condominium, 442 3rd Street, Brooklyn, New York, File No. CD23-0264, accepted for filing on 12/18/23. 442 3rd St LLC does not currently own more than 10% percent of the untitled units to 442 3rd Street Condominium. Mr. Scott is a principal of 577 Ventures LLC, the sponsor of 577 10th Street Condominium, 577 10th Street, Brooklyn, New York, File No. CD23-0136, accepted for filing on 11/1/23. 577 Ventures LLC owns approximately thirty-three (33%) percent of the untitled units to 577 10th Street Condominium. Mr. Scott is the principal of 359 13th LLC, the sponsor of 359 13th Street Condominium, 359 13th Street, Brooklyn, New York, File No. CD24-0073, submitted on 2/29/24 and not yet accepted for filing by the Department of Law. 359 13th LLC owns one hundred (100%) percent of the untitled units to 359 13th Street Condominium.

Neither the Sponsor entity nor its principal have had any other prior public offerings of condominiums, cooperatives, or homeowners' association. In addition, except as provided above, neither the Sponsor nor its principals own 10% or more of the unsold shares, units or homes in any other cooperative, condominium or homeowners' association.

Neither the Sponsor nor its member or principal have any prior felony convictions and there are no prior bankruptcies, convictions, injunctions and judgments against Sponsor or its principal or any entity in which a principal of Sponsor was principal. The Sponsor does not have any pending litigations or judgments against the Sponsor or its principal that may be material to this offering.

The Sponsors of said developments are current in their financial obligations, including but not limited to payment of common charges, taxes, reserve and working capital fund payments, assessments, payments for repairs and improvement promised in the plan, and payments of underlying mortgages and loans for which shares or units have been pledged or mortgaged to the respective Condominiums and have been so for the past twelve (12) months.

In connection with the Sponsor's additional roles as Selling Agent and de facto managing agent during the Sponsor Control Period, neither the Sponsor nor any of its principals have been convicted of a felony. In addition, neither the Sponsor nor any of its principals have had any prior convictions, injunctions or judgments, whether against the Selling Agent or any of its principals, that may be material to the Offering Plan or an offering of securities generally, that occurred within 15 years prior to the submission of this Offering Plan. With respect to the Sponsor's role as de facto managing agent during the Sponsor Control Period, the Sponsor or its principal have comparable experience in connection with 389 Bergen Condominium, Brooklyn, New York, File No. CD20-0011, among other de facto managed properties.

Attorneys

All legal matters in connection with the establishment of the Condominium, the tax opinion of counsel contained herein, and the preparation of this Offering Plan have been passed upon for the Sponsor by Certilman Balin Adler & Hyman, LLP. The individual partner in said firm responsible for said work is Richard Herzbach, Esq.

Romanick & Skolnick, PLLC will represent the Sponsor in connection with the individual Residential Unit Closings and will also act as the Escrow Agent as described in Section XI of the Offering Plan.

The firm does not have any financial interest in the Property, the Sponsor, the Condominium or any other party involved in this transaction, except for its fee for services rendered in connection with the Condominium.

Architect

The architectural firm that prepared the report in Part II and which executed the Certification in Part II is Paul Christakos of Paul Christakos Architecture, PLLC with an address at 23-83 33rd Street, Astoria, New York 11105. The architect has no financial interest in the Property, the Sponsor, the Condominium or any other party involved in this transaction, except for its fee for services rendered in connection with the Condominium. The architect has had prior experience in the preparation of Offering Plans and specifications for other condominiums in the Metropolitan area.

XXVII. REPORTS TO RESIDENTIAL UNIT OWNERS

It is the obligation of the Board of Managers of the Condominium to give all Residential Unit Owners annually:

(i) a financial statement of the Condominium prepared by a certified public accountant or public accountant by a specific date; such statement shall be certified while the Sponsor retains a majority of the Members of the Board of Managers, and such statement shall be provided no later than four (4) months after the close of the fiscal year;

(ii) prior notice of the annual Residential Unit Owners' meeting; and

(iii) a copy of the proposed annual budget of the Condominium within thirty (30) days of the date set for adoption by the Board of Managers. While Sponsor is in control of the Board of Managers such budget will be certified in accordance with the regulations of the Department of Law.

XXVIII. DOCUMENTS ON FILE

Sponsor shall keep copies of the Offering Plan, all documents referred to in the Offering Plan and all Schedules submitted to the Department of Law in connection with the filing of the Offering Plan, on file and available for inspection without charge and copying at a reasonable charge at Sponsor's office for six years from the date of first Closing. The Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the Closing of the first Residential Unit.

XXIX. GENERAL

Pending Litigation

As of the date of this Offering Plan, there is no litigation or administrative proceedings pending against the Condominium or the Sponsor or any other party which would affect their ability to perform their obligations relating to this offering, or which would in any way affect this offering.

Prior Offerings

This property has not been the subject of any prior public offerings. No contracts or agreements, written or oral, have been entered into for the sale or transfer of any of the Residential Units being offered for sale in the Offering Plan and no deposits or advances of funds have been taken by or on behalf of Sponsor in connection with the reservation, sale or transfer of such Residential Units, prior to submission of the Offering Plan to the Department of Law. There are no residential or non-residential tenants occupying the Building or the premises that will form the Condominium.

Non-Discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his or her race, creed, sex, sexual orientation, color, disability, marital status, national origin or ancestry in the sale of Residential Units under this Offering Plan.

Amendment of Offering Plan

The Offering Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Offering Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than thirty (30) days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the Deposit made therewith with interest, if any. No person has been authorized to make any representation which is not expressly contained herein. This Offering Plan may not be changed or modified orally.

XXX. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION

Sponsor adopts the Description of Property set forth in Part II of the Offering Plan. Sponsor has no knowledge of any material defects or need for major repairs except as set forth in the Description of Property Report set forth in Part II of the Offering Plan. Purchasers should be aware that they may be living in an active construction site after they close on their Residential Unit. During this period of construction there may be dirt and debris and construction material on site, construction vehicular traffic, construction noises, unfinished areas of the Condominium and other inconveniences which are normal in a community undergoing construction. Notwithstanding the foregoing, any such noise or vibration shall not violate any building code related thereto and the Sponsor shall not allow conditions at the Building to fall below the warranty of habitability, as required by law.

426 HOLDINGS, LLC,
Sponsor

Date of Offering Plan: _____, 2024
East Meadow, New York

O F F E R I N G S TA T E M E N T

426 2ND STREET CONDOMINIUM

426 2ND Street
Brooklyn, New York 11215

PART II

SCHEDULE D

PURCHASE AGREEMENT

RESIDENTIAL UNIT PURCHASE AGREEMENT

Residential Unit No. _____ **Date** _____

Anticipated Closing Date: _____

Seller: 426 HOLDINGS, LLC

Address: 754 CARROLL STREET, UNIT 1, BROOKLYN, NEW YORK 11215

Purchaser(s): _____

Home Address: _____

Residential Telephone Number: _____
Business Telephone Number(s): _____
Email Address: _____

Purchaser's Attorney: _____
Attorney's Contact Information: _____

_____
Phone:_____ Fax: _____
Email: _____

Seller and Purchaser agree as follows:

1) **PURCHASE PRICE:**

Residential Unit	$_____
Builder upgrades, extras, options, custom or special work (collectively, "Extras")	$_____
	TOTAL $_____

PAYABLE AS FOLLOWS:

On the signing of this Purchase Agreement, __% of the Purchase Price ("Deposit") to be deposited with Escrow Agent (hereinafter defined) by check subject to collection or wire	$_____
Purchaser's certified or teller's check (drawn on a bank that is a member of the New York Clearinghouse) payable directly to the order of Seller or Seller 's designee on the Closing of Title	$_____
TOTAL	**$**_____

Any payment made by check is accepted subject to collection. If any check tendered is not honored, Purchaser shall deliver a certified check or official bank teller's check to Seller to replace the dishonored check within seventy-two (72) hours after demand for replacement therefore at law or in equity.

Notwithstanding the foregoing, if for any reason whatsoever the check given by Purchaser as the Deposit hereunder is dishonored, Seller shall have the right to cancel this Purchase Agreement. Seller's election to cancel shall not be deemed a waiver by Seller of its right to pursue other remedies.

ALL PAYMENTS DUE AT CLOSING IN ACCORDANCE WITH THIS PURCHASE AGREEMENT ON ACCOUNT OF THE PURCHASE PRICE MUST BE MADE AT SELLER'S OPTION BY WIRE OR BY PURCHASER'S CERTIFIED CHECK OR OFFICIAL BANK TELLER'S CHECK DRAWN ON A BANK THAT IS A MEMBER OF THE NEW YORK CLEARINGHOUSE PAYABLE DIRECTLY TO SELLER OR SELLER'S DESIGNEE. IF PAYMENT SHALL BE MADE TO SELLER'S DESIGNEE, SELLER SHALL GIVE PURCHASER PRIOR INSTRUCTIONS. UNCERTIFIED CHECKS OF FUNDING COMPANIES, ATTORNEY ESCROW CHECKS AND CHECKS PAYABLE TO PURCHASER OR ANOTHER PARTY AND ENDORSED TO SELLER WILL NOT BE ACCEPTED AND TENDER OF SAME WILL NOT CONSTITUTE COMPLIANCE BY PURCHASER OF PURCHASER'S OBLIGATIONS HEREUNDER.

2) **DESCRIPTION OF UNIT** - Seller agrees to sell and convey, and, at its own cost and expense, renovate, erect and complete, and Purchaser shall purchase from Seller, the condominium unit(s) known as Residential Unit No. ____ (the "Residential Unit") together with a _____ Percentage of Common Interest in the Common Elements of the condominium (the "Common Elements") known as 426 2nd Street Condominium (the "Condominium") located at 426 2nd Street, Brooklyn, New York 11215, and as described in the Declaration of Condominium to be recorded in the Register's Office of the City of New York, renovated, built or to be built by Seller and the unit designation map (the "Condominium Map") on the Condominium Property as described in Exhibit A of the Declaration of Condominium filed or to be filed in the Register's Office of the City of New York. The Residential Unit shall hereinafter be referred to as the "Unit". The Unit shall be renovated in accordance with the requirements as to materials and workmanship of the Building Department of the City of New York, which, when completed, will be in substantial accordance with the plans as filed or to be filed with the Building Department of the City of New York.

The Unit may vary from any models displayed to Purchaser, and Purchaser shall not rely on any model depiction of the units in the Condominium. All dimensions are approximate and may vary from the floor plans of the Condominium.

The Unit shall not include any of the following if displayed in any unit or model unit: decorative fixtures, furniture, furnishings, paint, wallpaper, carpeting, shelves, wall and window treatments, built-ins, burglar alarm systems, site lighting, central vacuum systems, high-hat lighting, additional fixtures and switches added for decorative purposes

and other optional fixtures or features exhibited in any model units and/or any sales office except as specifically set forth in the Plan (as hereinafter defined) and/or this Purchase Agreement. Purchaser acknowledges that the above features, as contained in any model Unit and/or sales office are for display purposes only and are not included in this sale unless specifically provided for in the Plan and/or this Purchase Agreement.

3) **OFFERING PLAN** - Seller has exhibited and delivered to Purchaser, and Purchaser acknowledges having received, read and understood the Offering Plan for condominium ownership of the Property and all amendments thereto filed to date, all of which are incorporated by reference and made a part of this Purchase Agreement, with the same force and effect as if fully set forth herein. Purchaser agrees to be bound by the Offering Plan, including all amendments thereto now or hereafter filed by Seller (collectively, the "Plan"). Seller may freely amend the Plan in any respect from time to time, without Purchaser's approval or consent, subject to the provisions of applicable law and the terms of the Plan, including without limitation, Section IX thereof respecting Changes in Prices and Units. Purchaser acknowledges having received and read the Plan at least three (3) business days prior to signing this Purchase Agreement and having had full opportunity to examine all papers and documents and investigate all matters set forth in the Plan. Any defined term set forth in this Purchase Agreement which is not specifically defined herein shall have the meaning ascribed to them in the Plan.

Purchaser shall deliver all documents to Seller and perform all acts required by Seller to carry out the provisions of the Plan, establish the Condominium and conform to all applicable laws and regulations. This Paragraph shall survive Closing and delivery of the deed.

4) **MORTGAGE FINANCING** - This Purchase Agreement is not conditioned upon Purchaser obtaining mortgage financing. In the event Purchaser is unable to obtain a mortgage, this Purchase Agreement shall remain in full force and effect and Purchaser shall have an ongoing obligation to consummate the transaction contemplated by this Agreement. If Purchaser does not consummate this transaction and close title to the Unit as a result of Purchaser's inability to obtain a mortgage, Purchaser will be in default under this Purchase Agreement and Seller may retain all monies as provided for in Paragraph 22 herein.

5) **CLOSING -** The act of transferring ownership of the Unit in return for payment in full of the Purchase Price and all other sums due from Purchaser under this Purchase Agreement is known as the "Closing". The date of the transfer of title on the Unit to Purchaser is the Closing Date. The closing date set forth on the first page of this Purchase Agreement is an approximate date (the "Anticipated Closing Date") and Seller cannot make any guarantees that such date will be the actual Closing Date. Seller shall have the right to adjourn or advance the Closing Date as provided herein. The Closing shall take place at such time and place and on such date as Seller shall designate by prior written notice (the "Notice for Closing") delivered in accordance with Paragraph 30 herein, which shall be given no less than thirty (30) days before the date set for Closing. Purchaser may waive the thirty (30) day notice period by execution and delivery of a waiver in the form set forth as Schedule D-3 to this Purchase Agreement.

Should Seller be unable to convey title to Purchaser in accordance with the Notice for Closing, Seller shall have the right, from time to time, to adjourn the date and time for Closing on written notice to Purchaser. In such event, Seller shall, by a new Notice for Closing, fix a new date and time for Closing, which shall be no less than ten (10) days before the new scheduled date and time for Closing. The Closing shall take place at the office of the Seller's attorney.

If the Closing takes place, at the request of Purchaser or Purchaser's Lender, at any location other than the office of Seller's attorney, Purchaser shall pay to Seller's attorney a travel fee in the sum of $450.00. The Closing may not take place in any location other than the office of Seller's attorney without Seller's prior written consent.

In the event the Closing is adjourned at the request of Purchaser, Purchaser's attorney, or Purchaser's lender (or lender's attorney), if any, within forty-eight (48) hours of the scheduled time of Closing, Purchaser shall pay Seller's attorney an adjournment fee in the sum of $350.00.

If Purchaser is not in default under this Purchase Agreement and the Closing has not taken place within twelve (12) months after the Anticipated Closing Date, Purchaser may cancel this Purchase Agreement by forwarding written notice of cancellation ("Notice of Cancellation") to Seller no later than fifteen (15) days after expiration of such twelve (12) month period. Failure to timely and properly notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of this Purchase Agreement. Upon receipt of the Notice of Cancellation, Escrow Agent shall refund to Purchaser, subject to the escrow provisions as disclosed in Section XI of the Plan and Paragraph 29 of this Purchase Agreement, all Deposits, other than Extras which have been (i) installed by Seller, (ii) not installed but paid for by Seller or (iii) not installed but which have been ordered by Seller and for which Seller is obligated to pay, unless the Plan has been abandoned. In the event the Plan is abandoned Purchaser shall be entitled to receive a refund of all funds paid to Seller for such Extras. Thereafter, neither party shall have any further liability or obligation to the other in connection with this Purchase Agreement. Seller's obligations with respect to the above dates are subject to Force Majeure. "Force Majeure" shall mean unavoidable delays due to acts of God, weather, fire, flood, explosion, war, riot, sabotage, epidemics, pandemics, quarantine, acts of terrorism, freight embargos, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, governmental restrictions, preemptions or approvals, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the control of the Seller. In the event of a delay due to Force Majeure, the above time frames shall be tolled for the length of the period during which such performance was excused, and such tolling shall not entitle Purchaser to any credit, offset, or reduction in Purchase Price or to be relieved of any other obligation under the Purchase Agreement. However, none of Purchaser's rights under the applicable regulations promulgated by the Attorney General, Article 23-A of the General Business Law or under the Plan shall be abridged by virtue of Force Majeure, except as determined in a final decision or order by a court of competent jurisdiction or any governmental agency, or by executive order.

In addition, in the event the Seller makes a material amendment to the Offering Plan after the date of this Purchase Agreement, including, but not limited to, a delay in closing of title to the first Residential Unit beyond twelve (12) months of the projected date therefor in the Offering Plan, Purchaser may rescind and cancel this Purchase Agreement by forwarding written notice to Seller no later than fifteen (15) days after presentation of Seller's written notification that Purchaser has the right to rescind and cancel the Purchase Agreement at such time.

6) **CLOSING COSTS** - In addition to all other sums payable or reimbursable elsewhere under this Purchase Agreement, at Closing Purchaser shall pay, or reimburse to Seller if Seller has already made payment, or pay to any lender, all applicable charges for:

(a) any lender's charges for inspections, appraisals, title examination and policy insuring the lender's interest, lender's attorneys' fees for preparation of all loan documents, all commitment fees, points, origination fees and other fees and charges (however characterized) imposed or exacted by the lender or incurred by Seller or Purchaser in connection with Purchaser's mortgage loan;
(b) any mortgage recording taxes on Purchaser's mortgage;
(c) governmental charges which may be assessed on account of any mortgage loan;
(d) mortgage insurance, if required, on Purchaser's mortgage;
(e) New York State Real Estate Transfer Tax on the deed;
(f) New York City Real Property Transfer Tax on the deed;
(g) Mansion Tax pursuant to Section 1402-a and 1402-b of the Tax Law of the State of New York, if applicable;
(h) all recording and filing charges payable on account of the transfer of title and the recording of all documents in connection with this transaction, including, without limitation, any mortgage, the deed, any power of attorney (including the condominium unit power of attorney), affidavits required pursuant to Section 339-ee of the New York State Real Property Law, any documents required to be recorded in connection with this Purchase Agreement and any mortgage releases, terminations (including terminations of assignments of leases and rents) and UCC-3 partial terminations and any mortgage pick-up fee or similar fee that shall be imposed by Purchaser's title company in connection with the payoff and/or release of Seller's mortgages;
(i) in the event that any mortgage of Seller shall be assigned to Purchaser's lender and/or assumed by Purchaser at Closing, a sum equal to the partial mortgage tax credit to which Purchaser may be entitled under any applicable law by reason of mortgage taxes having been previously paid by Seller;
(j) an initial non-reimbursable capital contribution equal to the equivalent of two (2) months Common Charges to the Condominium;

(k) a pro-rata reimbursement of the Condominium's current year's insurance premium;
(l) $150 fee for the completion of any lender's mortgage questionnaire;
(m) any other municipal and/or utility company fees applicable to the Unit;
(n) $3000 to Seller's attorney for the preparation of the closing documents;
(o) $450 travel fee for Seller's attorney to travel to and from the Closing, if closing occurs at any location other than the office of Seller's attorney; and
(p) $350 adjournment fee in the event the Closing is adjourned within forty-eight (48) hours of the actual Closing Date;
(q) $1,000 water tap fee;
(r) $1,000 sewer tap fee; and
(s) $1,000 survey fee.

Seller shall also be entitled to any other costs referenced to in Section XV of the Plan if not specifically contained herein.

Purchaser shall also apportion with Seller as of the end of the day prior to Closing, and pay to Seller at Closing, the apportioned amount due for taxes, Condominium Common Charges, one (1) month advanced additional Common Charge, sewer use (if applicable), water use, fuel oil, electricity, gas, and any other utility costs. Purchaser shall also pay the deposits required by Purchaser's lender to establish the estimated or escrow fund for future payment of taxes, Condominium Common Charges, sewer use and insurance premiums (if applicable).

If through no fault of Seller, Purchaser fails for any reason to close title on the date originally scheduled in the Notice for Closing, or such later date (if applicable) to which Seller in a subsequent Notice for Closing adjourned the Closing, all of the aforementioned apportionments shall be made as of the end of the day preceding (i) the date originally scheduled for Closing or (ii) Seller's adjourned Closing Date, as the case may be.

If Purchaser fails to close title to the Unit on or before the date set forth in the Notice for Closing, Purchaser shall pay to Seller at or prior to the date of the actual adjourned Closing, an amount equal to .0438% per diem (which equals an annual rate of 16%) of the Purchase Price for each day beyond such originally scheduled or Seller adjourned Closing Date, to and including the date of actual Closing, for reimbursement and defrayal of Seller's carrying costs and other charges, which amount Purchaser acknowledges to be reasonable and proper.

Any errors or omissions in computing apportionments or any other sums payable under this Purchase Agreement which are communicated to the other party within six (6) months after the Closing Date shall be corrected and payment made to the proper party promptly after such communication. This Paragraph shall survive Closing and delivery of the deed.

7) **SEVERANCE OF MORTGAGE -** Purchaser shall use its best efforts to direct Purchaser's lender (i) to accept an assignment of the existing mortgage(s) encumbering the Property, as severed, to encumber only the Unit and its appurtenant percentage of

Common Interest in the Common Elements, and (ii) to cooperate with Seller and Seller's existing lender as necessary to effectuate such assignment. At Closing, Purchaser shall execute the affidavits required pursuant to Section 255 of the Tax Law of the State of New York. It is agreed and understood that Seller shall receive, as a credit from Purchaser at Closing, a sum equal to the full mortgage tax credit which Purchaser may be entitled under any applicable law by reason of mortgage taxes having been previously paid by Seller on the amount of Purchaser's mortgage. The foregoing credit shall be paid by Purchaser regardless of whether Purchaser's lender accepts the assignment of Seller's existing mortgage, as severed.

8) **MORTGAGE(S) -** All terms and provisions of this Purchase Agreement and all payments made hereunder are and shall be subject and subordinate to the lien of any acquisition, improvement, interim or building loan mortgage heretofore or hereafter made and any advances heretofore or hereafter made thereon, to the full extent thereof without the execution of any further documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the loan schedule of payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. Seller shall satisfy all such mortgages or obtain a release of the Unit and its appurtenant percentage of Common Interest in the Common Elements from the liens of such mortgage(s) at or prior to Closing, unless Purchaser shall be required to take title subject to the existing mortgage(s), as severed and converted to Purchaser's individual mortgage encumbering the Unit.

9) **DEED AND ENCUMBRANCES UPON OWNERSHIP** - The deed to be given by Seller to Purchaser at Closing shall be a Bargain and Sale Deed with Covenant Against Grantor's Acts, but subject, nevertheless, to the matters set forth in sub-paragraphs (a) through (f) below and any additional exceptions stated in Section XV of the Plan, as it may be amended, which need not be recited in the deed given at Closing, but shall survive Closing, and Seller's covenant in the deed against encumbrances shall be deemed modified accordingly. The deed shall be duly executed and acknowledged by Seller in proper statutory form for recording (except for payment of the New York State and New York City transfer and Mansion taxes, which is the obligation of Purchaser) so as to convey to Purchaser fee simple title to the Unit, free and clear of all liens and encumbrances, except as herein stated. The deed shall also contain the covenant required by subdivision 5 of Section 13 of the Lien Law of the State of New York. Purchaser shall accept such title to the Unit subject to the liens, encumbrances and other matters set forth in this Purchase Agreement, as Cornerstone Land Abstract, LLC, as agent for a title company authorized to do business in the State of New York (the "Title Company") with an address at 248-52 Jericho Turnpike, Bellerose Village, New York 11001, telephone number (516) 327-5400, is willing to approve and insure without additional premium. Purchaser may obtain title insurance from any other title insurance company or abstract company, or Purchaser may decline to obtain any title insurance at all.

Purchaser shall be responsible for payment to the title insurance company or abstract company, as the case may be, of the entire premium for Purchaser's title

insurance, and shall also pay the applicable New York State Real Estate Transfer Tax, New York City Real Property Transfer Tax, and Additional (Mansion) Tax, if applicable.

Purchaser will be obligated to pay the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax, which by law are the primary obligation of the Sponsor but have been transferred to a Purchaser under the terms of this Purchase Agreement. The New York State Real Estate Transfer Taxes are at the rate of $2.00 per $500 of consideration where the consideration is less than $3,000,000 and $3.25 per $500 where the consideration is $3,000,000 or more. New York City Real Property Transfer Tax is at the rate of one (1%) percent of the Purchase Price for Residential Units where the consideration is less than $500,000 and 1.4259 percent where the consideration is $500,000 or greater. Pursuant to Section 1404(a) of the Tax Law, effective July 1, 2021, where New York State Real Estate Transfer Tax is paid by the Purchaser pursuant to contractual agreement, such tax will be excluded from the total calculation of consideration. However, the amount of New York City Real Property Transfer Tax will be included in the consideration subject to such tax.

In addition, pursuant to Sections 1402-a and 1402-b of the Tax Law of the State of New York, Purchaser is required to pay an Additional Tax for any Residential Unit where the consideration is $1,000,000 or more (the "Mansion Tax"). The following are the rates applicable to the Mansion Tax in New York City effective as of July 1, 2019:

Total Consideration	**Mansion Tax (as of July 1, 2019)**
Less than $1,000,000	Not subject to tax
$1,000,000 to $1,999,999.99	1%
$2,000,000 to $2,999,999.99	1.25%
$3,000,000 to $4,999,999.99	1.5%
$5,000,000 to $9,999,999.99	2.25%
$10,000,000 to $14,999,999.99	3.25%
$15,000,000 to $19,999,999.99	3.5%
$20,000,000 to $24,999,999.99	3.75
$25,000,000 or more	3.9%

Pursuant to the provisions of the statute, the obligation to pay the Mansion Tax is upon the Purchasers. The New York City Real Property Transfer Tax amount will be included in the consideration to determine the Mansion Tax. Therefore, the purchase price and City transfer taxes payable by Purchaser are added together to arrive at a total consideration for Mansion Tax purposes. As a result, a Residential Unit priced at $980,000 or more, where Purchaser pays the transfer taxes and legal fees of Sponsor, could subject Purchaser to liability for the Mansion Tax, as the aggregate price plus tax would exceed $1,000,000.

Purchaser shall also be responsible for payment to the title company or abstract company, as the case may be, of the entire cost of the premium for Purchaser's lender, if any, and any and all recording charges in connection with Purchaser's mortgage loan, if any, title insurance and title charges.

The sale and transfer of ownership of the Unit to Purchaser shall, even though not stated in the deed, be subject to:

(a) Ordinances, rules, regulations, requirements, and approvals of applicable governmental authorities provided not violated by the Unit to be renovated.

(b) Rights for installation, use and/or maintenance of easements and rights of way for utilities, sewer, cable television, drainage, scenic purposes, screening and planting which have already been granted or may be granted after this Purchase Agreement is signed or after Closing, provided they do not prevent use of the Unit or the Common Elements for their intended purposes.

(c) Declarations, covenants, restrictions, reservations, exceptions, easements, and agreements which have been recorded, or appear in recorded documents, or are yet to be recorded, provided they do not prevent use of the Unit or the Common Elements for their intended purposes.

(d) Unpaid taxes and any liens provided the title insurance company shall insure against collection of same out of the Unit.

(e) The filed Condominium Map and all matters reflected thereon.

(f) The Declaration and By-Laws of the Condominium and any amendments or supplements thereto.

(g) All exceptions listed in Section XIV of Part I of the Plan.

Purchaser shall deliver to Seller's attorney within thirty (30) days of Purchaser's attorney's receipt of a fully executed copy of this Purchase Agreement, a written notice setting forth each objection to title, if any (other than those specifically set forth herein subject to which the Unit is being sold), and a copy of Purchaser's title report. Seller shall have the right to a reasonable adjournment of Closing, not to exceed sixty (60) days, for the purpose of curing any title defect; however, no such action taken by Seller shall be deemed an admission by Seller that such defect is one that would entitle Purchaser to cancel this Purchase Agreement.

10) **PERSONAL PROPERTY INCLUDED IN SALE** - All articles of personal property, fixtures and equipment for the Unit which are included in this sale will be delivered free and clear of all liens and encumbrances, except as stated in Paragraph 9 herein, if applicable.

11) **POWER OF ATTORNEY -** At Closing, Purchaser shall execute, acknowledge and deliver to Seller in recordable form, a power of attorney in the form set forth as Schedule E to the Plan ("Power of Attorney"), in favor of the Board of Managers of the Condominium relative to leasing and purchasing of units in the Condominium under certain circumstances and to foreclose upon units in the Condominium for which the payment of Common Charges is delinquent, and in favor of Seller relative to amending the Condominium documents to the extent provided for in the Plan, the Declaration and By-

Laws of the Condominium. Purchaser further agrees to execute and pay for any recording fees in the event the form required to be used for a Power of Attorney is revised subsequent to the date of the Closing. This Paragraph shall survive Closing and delivery of the deed.

12) **ENCUMBRANCES/LIENS EXISTING AT CLOSING** - The existence of anything affecting the transfer of title of the Unit at Closing, including unpaid taxes or liens of any kind, shall not constitute an objection to title provided the Title Company or another title or abstract company licensed to do business in the State of New York selected by Purchaser is willing to insure Purchaser's title clear of the matter or is willing to insure against enforcement or collection out of the Unit upon Seller's doing whatever acts as may be reasonably required by said company and/or the depositing of money not to exceed the net Purchase Price due Seller after payment of Seller's closing expenses and mortgage release amount.

13) **EXTRA WORK AND EXTRA ITEMS ORDERED BY PURCHASER -** Any Extras ordered from Seller by Purchaser which are not included in the plans or standard model of the Unit shall, except as may otherwise be provided in this Purchase Agreement or in a writing signed by Seller, be paid for in full by Purchaser at the time they are ordered. The failure of Seller to perform or supply and install such Extras shall not entitle Purchaser to cancel this Purchase Agreement even if Purchaser has already paid for such Extras. Purchaser's only right, in the event of Seller's failure to perform the work required to install or actually install such Extras, is to receive a refund or credit at Closing equal to the total payments made to Seller for such Extras. All Extras must be ordered prior to commencement of construction/renovation and must not delay construction/renovation. In the event Purchaser orders Extras, other than the standard Extras offered by Seller, if any, Seller or Seller's contractors shall not be responsible or liable for any defects in quality of materials or workmanship in installation. Failure to make any payments due in accordance with the payment schedule of Seller, Seller's contractors or sub-contractors, as applicable, shall constitute a breach in accordance with Paragraph 22 herein. **All funds received by Seller for Extras will initially be placed in the Escrow Account (as provided in Paragraph 29 herein). Such funds may be released from the Escrow Account as long as Seller uses the funds for such Extras.** As noted as a Special Risk in the Plan, in the event Purchaser is entitled to rescission, Purchaser will not receive a refund of any funds paid for Extras which have been (i) installed by Seller, (ii) not installed but paid for by Seller or (iii) not installed but which have been ordered by Seller and for which Seller is obligated to pay unless the Plan has been abandoned. In the event the Plan is abandoned, Purchaser shall be entitled to receive a refund of all funds paid to Seller for such Extras. Seller shall have no responsibility for any work, fixtures, appliances, equipment or materials not ordered directly from Seller by Purchaser. Any orders which Purchaser places directly with Seller's contractors, sub-contractors or suppliers shall not be deemed to have been ordered directly from Seller and Seller shall not be responsible or liable with respect to same.

14) **OPTIONS AND COLOR SELECTIONS** – Any options offered by Seller to Purchaser with respect to colors, products, materials, design, features and similar matters shall be made by Purchaser in writing at Seller's office or the sales office, within ten (10) days after notification to Purchaser to select such options. If Purchaser fails to inform Seller of Purchaser's final selections within such ten (10) day period, Seller shall make the selection on Purchaser's behalf and Purchaser shall accept such selection. No claim or objection to Closing shall be made by Purchaser because of any selection made by Seller in the event Purchaser failed to give Seller timely notice of Purchaser's final selections.

15) **NO INSPECTIONS DURING RENOVATION** - Purchaser acknowledges that unsupervised visits to the Property present a dangerous circumstance and could incur liability to Seller. **Unless specifically agreed to by Seller in writing, Purchaser shall not visit the Unit or any other portion of the Property and shall only have the right to visit the sales office.** Purchaser hereby releases and indemnifies, defends, and holds Seller harmless from and against any and all claims and liabilities incurred by Seller resulting from the unauthorized presence of Purchaser or Purchaser's family members, agents, licensees or invitees on the Property prior to Closing. Purchaser further agrees to execute the Express Assumption of Risk Form as Schedule D-4 to the Plan annexed hereto and made a part hereof together with Purchaser's execution of this Purchase Agreement.

16) **PURCHASERS' INTERFERENCE** - Purchaser acknowledges that it may not interfere with Seller's ability to renovate the Unit or other unit(s) or facilities, including, without limitation, interference with work performed on the Property by Seller's staff, contractors and/or sub-contractors in connection with the construction/renovation of the Unit or any other unit(s), attempts to hire any of Seller's staff, contractors or subcontractors, and/or attempts to bring contractors, materialman, sub-contractors or workers onto the Property for work on the Unit prior to Closing, unless otherwise agreed to in writing by Seller.

17) **POSSESSION OF THE UNIT PRIOR TO CLOSING** - Neither Purchaser nor anyone acting on Purchaser's behalf may enter or take possession of all or any part of the Unit nor have any work performed or materials supplied or installed at the Unit prior to Closing without the prior written consent of Seller.

Seller will not accept any liability whatsoever for any property belonging to Purchaser, their agents, employees, licensees, invitees, family, or belonging to any party other than Seller which is placed on the Property and/or in the Unit prior to Closing. No act of Seller, whatever its nature, shall constitute a waiver of this Paragraph.

18) **CHANGES BY SELLER -** In improving and renovating the Unit and performing any other work on the Property, Seller reserves the right to: (a) make changes or substitutions of materials or construction/renovation from those shown in the model or building plans, provided any such changes or substitutions are of substantially similar or better quality; (b) determine the exterior color and design of the Building; (c) change the location and type of units to be constructed in the Condominium; (d) change appliances

as long as they are equal to or better than originally offered; and (e) make any other changes required by the City of New York or any other municipal or governmental agency having jurisdiction over the Property.

19) **COMPLETION OF CONSTRUCTION/RENOVATION; PURCHASER'S INSPECTION -** Purchaser shall accept title (without abatement or credit against the Purchase Price or provision for escrow) notwithstanding that construction or renovation of (a) minor details of the Unit or the Building, or (b) other unit(s) in the Condominium, or (c) any landscaped areas of the Property, or (d) other portions of the Common Elements have not been completed. Purchaser shall inspect the Unit with a representative of Seller during normal business hours approximately three (3) days prior to Closing and will sign and deliver to Seller on or before Closing, a Pre-Title Inspection Statement supplied by Seller, acknowledging the condition of the Unit. Purchaser agrees to accept the Pre-Title Inspection Statement wherein Seller shall agree to complete all unfinished items within six (6) months from the date of Closing, weather and other circumstances permitting. Any such incomplete items shall not constitute an objection to Closing. Purchaser shall allow Seller, its agents, servants and/or employees the right to enter the Unit and shall provide reasonable access thereto subsequent to Closing to complete any incomplete items. In the event Seller is required to make any repair or complete any item of work to be performed by Seller after Closing, the limit of Seller's liability shall be to make said repair and/or to complete such item. This Paragraph shall survive Closing and delivery of the deed.

20) **CERTIFICATE OF OCCUPANCY** - In New York, 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. The TCOs and PCOs are issued by the New York City Department of Buildings ("Building Department)". A TCO is intended to indicate that the property is safe for occupancy but means that not all of the construction work and/or inspections have been performed, or that not all of the required documents have been submitted to the Building Department. 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 Residential Units. In New York City, it is common for sponsors to commence Residential Unit closings when some or all Residential 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 thereof and ultimately for obtaining a PCO covering the entire building within two years from the date of issuance of the first TCO. However, Sponsor and its principals make no representation or guarantee that the Building Department will issue the PCO within such two (2) year period. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the PCO for the entire building and shall exercise its best efforts to obtain the PCO within such two (2) year period while keeping the TCO current. Residential Unit Owners and the Board of Managers shall be obligated

to cooperate with and refrain from obstructing Sponsor in these undertakings. Residential Unit Owners will not be permitted to make any changes, additions or alterations to their Residential Unit requiring Building Department approval prior to the issuance of a Permanent Certificate of Occupancy or renewal of a temporary Certificate of Occupancy. This Paragraph shall survive Closing and delivery of the deed.

21) **UNIT PART OF DEVELOPMENT -** Purchaser acknowledges that they may be living in an active construction site after Closing on the Unit. During the period of construction/renovation, there may be dirt and debris and construction material on the Property, construction vehicular traffic, construction noises, unfinished areas of the Condominium and other inconveniences which are normal in a community undergoing construction/renovation. Purchaser further acknowledges that other units and infrastructure may presently be in construction at the Property and that Seller anticipates that such construction shall continue until the Condominium is completed in accordance with the Plan. Accordingly, Purchaser agrees that such continuing construction shall not be deemed a nuisance nor an interference with Purchaser's quiet enjoyment of the Unit after Closing. This Paragraph shall survive Closing and the delivery of the deed.

22) **PURCHASER'S DEFAULT** - If Purchaser fails to appear and close title in accordance with this Purchase Agreement on the date and at the time and place stated in the Notice for Closing, or if Purchaser fails to observe or perform any other obligation on the part of Purchaser to be observed or performed under this Purchase Agreement, Seller may send Purchaser a written notice of default giving Purchaser thirty (30) days from the date of such notice to cure any such default. Upon Purchaser's failure to cure such default within such thirty (30) day period, this Purchase Agreement shall, at Seller's option, be deemed canceled and Seller shall have the right to retain, as and for liquidated damages, all sums paid by Purchaser to Seller on account of the Purchase Price plus all additional sums paid and/or payable by Purchaser for all Extras in accordance with Paragraph 13 of this Purchase Agreement. Purchaser acknowledges said amount to be fair and reasonable.

Prior to such funds being released to Seller, Escrow Agent shall send a notice to Purchaser of Escrow Agent's intent to release the funds being held in escrow on behalf of Purchaser pursuant to the escrow regulations as set forth in Section XI of the Plan and Paragraph 29 of this Purchase Agreement.

TIME IS OF THE ESSENCE FOR PURCHASER TO CURE SUCH DEFAULT WITHIN SUCH THIRTY (30) DAY PERIOD.

Upon cancellation of this Purchase Agreement for Purchaser's failure to timely cure any default, Seller shall be released and discharged of any and all further liability and obligations to Purchaser under this Purchase Agreement. Thereafter, the Unit may be sold or disposed of as though this Purchase Agreement had never existed and without any accounting to Purchaser for the proceeds of any subsequent sale. The foregoing remedy shall be in addition to any and all other remedies available to Seller under this Purchase Agreement, at law or in equity for any default by Purchaser under this Purchase Agreement.

23) **SELLER'S RIGHT TO CANCEL** - Seller may cancel this Purchase Agreement by forwarding a full refund of the Deposit and the funds paid for Extras to Purchaser, together with written notice of cancellation, in the event of the occurrence of any of the following:

(a) any governmental authority imposes a ban on the construction/renovation or completion of the Building and/or the Unit or imposes restrictions on the manufacture, sale, distribution and/or use of materials from Seller's regular suppliers or from using same in the construction, renovation and/or completion of the Unit and/or the Building; or

(b) Seller is unable to obtain materials from its usual sources due to labor troubles, lockouts, war, military operations and requirements, civil unrest, act of God, force majeure, or national emergencies; or

(c) the installation of public utilities is restricted or curtailed; or

(d) zoning and/or building restrictions and/or regulations, imposed by any governmental body having jurisdiction over the construction/renovation of residential housing and appurtenances and/or the non-residential units of the Condominium, either presently in effect or as enacted or promulgated in the future, which create or impose requirements upon Seller which are not presently contemplated; or

(e) the Plan is abandoned, withdrawn or not consummated for any reason.

Upon such cancellation and refund, this Purchase Agreement shall be terminated and neither party shall have any further rights, obligations or liability to or against the other and the parties shall be released and discharged from all obligations and liability under this Purchase Agreement and the Plan.

24) **INABILITY OF SELLER TO TRANSFER OWNERSHIP** - Except for Seller's willful default, if Seller is unable to transfer ownership of the Unit in accordance with this Purchase Agreement, Seller shall only be liable to Purchaser for the return to Purchaser of the Deposit. Thereafter, this Purchase Agreement shall be deemed canceled and neither party shall have any further liability to the other in connection with this Purchase Agreement or transaction. Seller shall not be required to commence any action or proceeding or incur any expense in order to remove the condition which prevents Seller from transferring ownership of the Unit in accordance with this Purchase Agreement.

25) **PROHIBITION AGAINST ASSIGNMENT OR RECORDING OF PURCHASE AGREEMENT**- Neither this Purchase Agreement nor Purchaser's interest hereunder may be assigned by Purchaser without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. In addition, neither shall this Purchase Agreement nor any memorandum thereof be recorded in the Office of the Register of the City of New York, by Purchaser or on behalf of Purchaser. Should Purchaser violate the provisions of the foregoing sentence, this Purchase Agreement, at Seller's option, shall become null and void, whereupon all rights of Purchaser shall cease and terminate and

Seller shall have the right to retain, as liquidated damages, the Deposit and all amounts paid by Purchaser for Extras which have been (i) installed by Seller, (ii) not installed, but paid for by Seller or (iii) not installed, but which have been ordered by Seller and for which Seller is obligated to pay, pursuant to the default provisions of Paragraph 22 of this Purchase Agreement. Seller shall have the right to assign this Purchase Agreement to a successor and/or designee of Seller.

26) **PROHIBITION AGAINST SIGNS ON THE UNIT** - Purchaser shall not place any sign on the Unit or Property until Seller has closed title to all of the units in the Condominium. This paragraph shall survive Closing and delivery of the deed.

27) **PROHIBITION AGAINST ADVERTISING OF THE UNIT FOR SALE** - From and after the date hereof through Closing, Purchaser shall not place an advertisement for the sale of the Unit in any newspaper or other publication or media or list the Unit with any real estate broker. Such action shall constitute a material breach of this Purchase Agreement entitling Seller to retain all monies paid on account of this Purchase Agreement as liquidated damages pursuant to the provisions of Paragraph 22 of this Purchase Agreement.

28) **BROKER** – Purchaser represents that no broker brought about this sale. Purchaser hereby indemnifies and shall hold Seller harmless from and against any claim brought by any broker for brokerage commission based upon Purchaser's acts. In the event Purchaser is represented or has consulted with an outside, Purchaser shall be responsible for all costs, expenses and commissions associated therewith and Seller shall not be responsible for any broker or co-broker commission. This Paragraph shall survive Closing and delivery of the deed.

29) **TRUST FUNDS/ESCROW PROVISIONS** - The Deposit and all other deposits or advances (collectively "Deposits") made by Purchaser prior to Closing shall initially be held in a segregated escrow account held by Escrow Agent (as hereinafter defined) pursuant to the following:

(a) The law firm of Romanick & Skolnick, PLLC, 142 Joralemon Street, Suite 5C, Brooklyn, New York 11201, telephone number (718) 624-2240, shall serve as an escrow agent ("Escrow Agent") for Seller and Purchaser. Escrow Agent has designated Seth Romanick, Esq. and Jonathan Skolnick, Esq. to serve as signatories. All designated signatories are admitted to practice law in the State of New York. Neither Escrow Agent nor its authorized signatories on the account are Seller, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

(b) 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 Purchase Agreement or otherwise concerning the maintenance or release of the Deposit from escrow.

(c) The Escrow Agent has established the escrow account at JP Morgan Chase Bank, 2631 Merrick Road, Bellmore, New York 11710 ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled "Romanick & Skolnick, PLLC - IOLA" ("Escrow Account"). The Escrow Account is an IOLA account pursuant to Judiciary Law § 497. The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per Deposit. Any Deposit in excess of $250,000 will not be insured.

(d) All monies received from Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments approved by Seller, and shall be made payable to or endorsed by Purchaser to the order of Romanick & Skolnick as Escrow Agent.

(e) Pursuant to Section 497 of the Judiciary Law of the State of New York, all interest earned on the IOLA account will be paid to the State of New York. No fees of any kind may be deducted from the Escrow Account, and Seller shall bear all costs associated with the maintenance of the Escrow Account.

(f) Within five (5) business days after this Purchase Agreement has been tendered to Escrow Agent along with the Deposit, Escrow Agent shall sign this Purchase Agreement and place the Deposit into the Escrow Account. Within ten (10) business days of placing the Deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Seller, confirming that the Deposit has been deposited into the Escrow Account. The notice shall provide the account number. Any deposits made for Extras shall initially be deposited into the Escrow Account and released, as long as Seller uses the funds for such work as per Paragraph 13 of this Purchase Agreement.

(g) Escrow Agent is obligated to send notice to Purchaser once the Deposit is placed in the Escrow Account. If Purchaser does not receive notice of such Deposit within fifteen (15) business days after tender of the Deposit, Purchaser may cancel this Purchase Agreement within ninety (90) days after tender of this Purchase Agreement and the 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, 28 Liberty Street, 21st Floor, New York, New York 10005. Rescission shall not be afforded where proof satisfactory to the Office of the Attorney General of the State of New York 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 Purchaser.

(h) All Deposits, except for advances made for Extras, received in connection with this Purchase Agreement are and shall continue to be Purchaser's money, and may not be comingled with any other money or pledged or

hypothecated by Seller, as per Section 352-h of the General Business Law of the State of New York.

(i) Under no circumstances shall Seller seek or accept release of the Deposit of a defaulting Purchaser until consummation of the Plan as defined in Section 20.1 (c) (6) of the Department of Law regulations, which defines consummation of the Plan as the filing of the Declaration of Condominium and the first transfer of title to a unit to at least one (1) purchaser under the Plan following a declaration of effectiveness by Seller and acceptance of the amendment of the declaration of effectiveness by the Office of the Attorney General of the State of New York. Consummation of the Plan does not relieve Seller of its obligations pursuant to Sections 352-e(2-b) and 352-h of the General Business Law of the State of New York.

(j) Escrow Agent shall release the Deposit if so directed:

(i) pursuant to terms and conditions set forth in this Purchase Agreement, upon closing of title to the Unit; or

(ii) in a subsequent writing signed by both Seller and Purchaser; or

(iii) by a final, non-appealable order or judgment of a court of competent jurisdiction.

If Escrow Agent is not directed to release the Deposit pursuant to paragraphs (i) through (iii) above, and Escrow Agent receives a request by either party to release the Deposit, then Escrow Agent must give both Purchaser and Seller 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 such thirty (30) day period, the Deposit shall be released, and Escrow Agent shall provide further written notice to both parties informing them of said release. If Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (i) through (iii) above. Notwithstanding the foregoing, Escrow Agent shall have the right at any time to deposit the Deposit with the clerk of the county where the Unit is located and shall give written notice to both parties of such Deposit. Escrow Agent shall disburse Purchaser's Deposit(s) escrowed under this Purchase Agreement within twenty (20) business days after the escrowed funds are permitted to be released in accordance with this Purchase Agreement.

Seller shall not object to the release of the Deposit to:

(i) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or

(ii) all purchasers after an amendment to the Plan 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.

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

(l) Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

(m) 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).

(n) Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Purchase 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.

(o) No disbursement will be made by Escrow Agent until the Deposit has actually and finally cleared Escrow Agent’s account.

(p) Escrow Agent shall only be responsible for monies actually received and cleared, and monies earned thereon, if any.

(q) Escrow Agent undertakes to perform only such duties as are expressly set forth in this Purchase Agreement and the Escrow Regulations, as amended on November 14, 2012, promulgated by the Office of the Attorney General of the State of New York, and no implied duties or obligations shall be read into this Purchase Agreement against Escrow Agent.

(r) Seller agrees that Seller and its agents, including any selling agents, shall deliver the Deposit received by them prior to closing of the Unit to a designated attorney who is a member of or employed by Escrow Agent within five (5) business days of tender of the Deposit by Purchaser.

(s) Seller 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.

(t) The following record keeping provisions shall apply:

(i) Escrow Agent shall maintain all records concerning the Escrow Account for seven (7) years after the release of the funds.

(ii) Upon dissolution of a law firm which was Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

(u) Prior to release of the Deposit, Escrow Agent's fees and disbursements shall neither be paid by Seller from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

(v) Seller agrees to defend, indemnify and hold Escrow Agent harmless from and against any and all costs, claims, expenses, demands, causes of action, liability, judgments and damages incurred in connection with or arising out of Escrow Agent's responsibilities in connection with this Purchase Agreement or the performance or non-performance of Escrow Agent's duties under this Purchase Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Purchase 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.

(w) Escrow Agent shall not be liable for Seller's failure to tender Purchaser's funds to Escrow Agent within five (5) business days, for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by Escrow Agent's willful misconduct or gross negligence.

(x) Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner or execution, or validity of any written instructions delivered to it, nor as to the identity, authority, or rights of any person executing the same.

(y) The duties of Escrow Agent shall be limited to the safekeeping of the Deposits and for disbursements of same in accordance with the written instructions described in this Purchase Agreement.

(z) This Paragraph 29 shall remain in effect unless and until the following:

(i) Written notice given by Seller 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 with the Department of Law providing for a successor escrow agent; or

(ii) The resignation of Escrow Agent upon giving notice to Seller of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor escrow agent; or

(iii) All units offered pursuant to the Plan have been sold and all sales transactions have been consummated.

Escrow Agent shall have no responsibility to verify qualifications of any successor escrow agent.

(aa) Upon termination of the duties of Escrow Agent as described in sub-paragraph 29(z) above, Escrow Agent shall deliver any and all funds held by it in the Escrow Account and any and all contracts or documents maintained by Escrow Agent to the successor escrow agent designated in the duly filed amendment related thereto.

(bb) Upon delivery of all funds held by Escrow Agent to the successor escrow agent pursuant to sub-paragraph 29(aa) above, this Paragraph 29 shall be terminated, and Escrow Agent shall be released from all liability hereunder.

(cc) Upon Escrow Agent disbursing the Deposit in accordance with the provisions of this Paragraph 29, Escrow Agent's obligations shall terminate as regards to the Deposit, and Escrow Agent shall thereafter be released of all liability in connection with Purchaser.

(dd) In the event of a good faith disagreement about the interpretation of this Paragraph 29, or about the rights and obligations, or the propriety, of any action contemplated by Escrow Agent hereunder, Escrow Agent may, in its sole discretion, retain the Deposit and payments in escrow and file an action and deposit any applicable funds in a court of competent jurisdiction to resolve said disagreement. Escrow Agent shall be indemnified by Seller for any and all costs, including reasonable attorneys' fees or reasonable value of services rendered by Escrow Agent's litigation attorneys representing Escrow Agent pro se in connection with the aforesaid action. No such action shall be filed where Escrow Agent's required course of action is clearly dictated within this Paragraph 29.

(ee) Any provision of any contract or agreement, whether oral or in writing, by which Purchaser purports to waive or indemnify any obligation of Escrow

Agent holding trust funds is absolutely void. The provisions of the regulations pertaining to escrow funds, as amended on November 14, 2012, shall prevail over any conflicting or inconsistent provision in the Plan, an amendment to the Plan or in this Purchase Agreement.

(ff) This Paragraph 29 shall be construed in accordance with and governed by the laws of the State of New York without giving affect to its conflict of law provisions.

30) **NOTICES** - Any notices, statements, certificates, requests or demands required or permitted to be given or delivered under this Purchase Agreement shall be in writing and may be sent by mail, nationally recognized overnight courier or personal delivery, addressed to Purchaser or to Seller, as the case may be, at their respective addresses shown at the beginning of this Purchase Agreement, or to such other address as Purchaser or Seller may designate in the manner herein provided, or to their respective attorneys. Such notice, statement, certificate, request or demand shall be deemed to have been given:

(a) upon personal delivery actually being made, and

(d) upon receipt, notice of first refusal of delivery or when returned as undeliverable if delivered by: (i) the United States Post Office with proper postage prepaid, if sent by regular mail, registered, or certified mail return receipt requested; or (ii) nationally recognized overnight courier service.

Notwithstanding the foregoing, any notice of default must be delivered only by nationally recognized overnight courier service, personal delivery, or certified mail return receipt requested. Notice given by an attorney for a party shall be deemed effective notice as if given by such party.

31) **PURCHASER GENERAL REPRESENTATIONS -** Purchaser represents that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties or statements, written or oral, of any nature, including, but not limited to, any of the above relating to the description or physical condition of the Building or the Unit or the Property, the size or the dimensions of the Unit or the rooms therein contained or any physical characteristics thereof, the services offered by the Condominium, the estimated Common Charges for the Unit or any other matter or estimate not set forth herein and/or in the Plan. Purchaser further represents that Purchaser has not relied on any verbal or written representations made by Broker or any other agent of Seller. Purchaser further acknowledges having had full opportunity to examine all documents and investigate all facts referred to and stated herein and/or in the Plan. Purchaser agrees that Seller shall have no liability or responsibility to Purchaser and that Purchaser shall not be relieved from Purchaser's obligations hereunder, by reason of any inaccuracy or error in the layout or dimensions of the Unit so long as the layout and specifications as they may be changed or amended are in accordance with the provisions of the Plan. Seller cannot guarantee a firm completion and availability date for the Unit and Purchaser agrees that Seller shall not be obligated to make, provide or

compensate for any accommodations or costs to Purchaser as a result of construction or renovation delays nor shall such delays serve to cancel, amend or diminish any of Purchaser's renovation obligations hereunder.

32) **ACKNOWLEDGMENT THAT THERE ARE NO OTHER UNDERSTANDINGS -** All prior understandings and agreements are hereby superseded and merged into this Purchase Agreement, which alone contains the final and entire understanding and agreement between Seller and Purchaser. Neither Seller nor Purchaser shall be bound by any terms, conditions, statements, or representations, oral or written, not set forth in this Purchase Agreement or in the Plan. Purchaser acknowledges that Purchaser is buying a unit in a condominium development which may not yet have been formed at the time this Purchase Agreement is signed, and that, except as stated in this Purchase Agreement, the Declarations, By-Laws, Exhibits, Schedules and Plan, Purchaser has not relied on any representations or other statements of any kind or nature made by Seller or anyone else except as set forth in the Plan or any amendment thereto and this Purchase Agreement, including but not limited to, the description, size or dimensions of the Unit or rooms therein, or the estimated common charges, or other expenses relative thereto.

Purchaser also acknowledges that none of Seller's representatives has the authority to modify this Purchase Agreement or to make any oral promise, agreement, or representation inconsistent or contrary to the terms of this Purchase Agreement. This Purchase Agreement may be changed only by a written document signed by both Purchaser and Seller. The invalidity or unenforceability of any particular provision of this Purchase Agreement will not affect the other provisions, and this Purchase Agreement will be interpreted in all respects as if such unenforceable provisions were omitted.

33) **RISK OF LOSS** - The risk of loss or damage to the Unit by fire or any other cause until delivery of the deed is assumed by Seller. In the event a substantial portion of the Unit or the Building shall be destroyed or damaged prior to Closing, Seller shall be entitled to cancel this Purchase Agreement by written notice to Purchaser, together with a check in the amount of the Deposit and all Extras paid by Purchaser. The parties shall thereafter be released from any further liability hereunder.

In the event Purchaser takes actual possession of the Unit prior to Closing, Purchaser shall assume the risk of any loss not covered by insurance upon production of the policy by Seller to Purchaser which provides that actions of interim lessees are not covered under the then-existing policy. If Purchaser is or becomes the occupant or tenant of the Unit prior to Closing, then, as of the date of Purchaser's occupancy, Purchaser shall be responsible for any and all damage caused by any acts or omissions of Purchaser, or Purchaser's agents, employees, invitees and/or family members.

If any part of the Unit is damaged or destroyed by any casualty prior to Closing, Seller shall have the option to restore the Unit to its previous condition as soon as reasonably possible. In the event Seller elects to restore the Unit, then the Closing Date and any other applicable date or deadline will be extended in a reasonable manner by Seller. Seller shall notify Purchaser of Seller's decision within ten (10) business days of the date of such casualty. In the event Seller elects not to restore the Unit, then this

Purchase Agreement will terminate, and Purchaser shall receive a refund of all monies paid to Seller. The parties shall thereafter be released from any further liability hereunder.

34) **DAMAGE TO PUBLIC IMPROVEMENTS, AMENITIES AND COMMON ELEMENTS** - Purchaser shall repair and/or restore to their original condition and standards any public improvement, amenity or Common Elements on the Property damaged by Purchaser or Purchaser's agents, employees, contractors or licensees. Upon failure of Purchaser to complete such repair and/or restoration work within thirty (30) days after written notice from Seller, then and in that event, Seller may complete same at the sole cost and expense of Purchaser who shall reimburse Seller for the cost thereof immediately upon demand. This Paragraph shall survive Closing and delivery of the deed.

35) **STRICT COMPLIANCE; WAIVER OF TRIAL BY JURY** - Any failure by Seller to insist upon strict performance by Purchaser of any of Purchaser's obligations under this Purchase Agreement shall not be deemed a waiver of such obligations, and Seller may at any time insist upon strict performance by Purchaser of any and all obligations to be performed by Purchaser under this Purchase Agreement irrespective of the number of times Purchaser failed to strictly comply with such obligations in the past.

Purchaser waives all rights to trial by jury in any action, proceeding or counterclaim in any way arising out of or relating to this Purchase Agreement or the Plan provided such waiver is not prohibited by any laws of the State of New York. Purchaser agrees to pay and shall be liable for any and all court fees, including, without limitation, Seller's reasonable attorney fees, should Purchaser bring an action against Seller in any court of proper jurisdiction (including, without limitation, small claims court) and Seller is deemed the prevailing party in such dispute or action. Purchaser hereby agrees to waive the right to file a lis pendens if not filed within sixty (60) days of the cancellation of this Purchase Agreement. Any action or proceeding brought by either party hereto against the other, directly or indirectly, arising out of this Purchase Agreement, shall be instituted in a court in Kings County, City and State of New York and all motions in any such action shall be made in Kings County, City and State of New York.

This Paragraph shall survive Closing and delivery of the Deed.

36) **LIEN OF DEPOSIT** - All sums paid on account of this Purchase Agreement are hereby made liens upon the Unit, but such liens shall not continue after default by Purchaser under this Purchase Agreement.

37) **MISCELLANEOUS -**

(a) The start of any activity by Seller in connection with the Unit is not to be deemed a waiver of any of Seller's rights under this Purchase Agreement.

(b) The personal property referred to in this Purchase Agreement shall be deemed conveyed by the deed, and no part of the Purchase Price shall be deemed allocated to such personal property.

(c) The attorneys representing Seller, or any lender represent such parties only and not Purchaser. Purchaser may retain independent counsel, at Purchaser's sole cost and expense, in order to protect Purchaser's interest.

(d) Seller's employees, agents and representatives are not authorized to make any representations regarding economic benefits to be derived from the transaction contemplated by this Purchase Agreement. Purchaser is advised that economic benefits to be derived from the transaction contemplated by this Purchase Agreement may vary with individual circumstances and/or market conditions, and Purchaser should rely only upon Purchaser's attorney, accountant, and/or other counsel if guidance in such matters is desired.

(e) Purchaser acknowledges that Seller has the right to lower and/or increase the price paid for a similar unit and/or change the terms applicable to similar units. As a result, Purchaser may pay more or less and may receive better or worse terms than another purchaser for a similar unit.

(f) The delivery of the deed for the Unit to Purchaser or Purchaser's representative at Closing shall be deemed to mean that all things required to be done by Seller under this Purchase Agreement have been done and that Purchaser shall not claim otherwise except as to those things, if any, which are specifically stated in this Purchase Agreement or in a separate writing signed by Seller or Seller's attorney on Seller's behalf, to survive or continue beyond Closing and delivery of the deed. Notwithstanding the foregoing, the Sponsor shall comply with each and all of its obligations under the Offering Plan and applicable law, including without limitation, Article 23-A of the General Business Law.

(g) The paragraph headings set forth in this Purchase Agreement are inserted solely for convenience of reference and in no way deemed to affect, amend, define, describe or limit the scope or intent of the provisions set forth in this Purchase Agreement.

(h) No provision of this Purchase Agreement may be changed, waived, discharged, or terminated orally, by telephone, or by any other means, except an instrument in writing signed by the party against whom enforcement of such change, waiver, discharge, or termination is sought and then only to the extent set forth in such instrument.

(i) Any singular word or term herein shall also be read as in the plural whenever the sense of this Purchase Agreement may require it. The use of the masculine gender shall be deemed to refer to the feminine gender, or neuter, whenever the context so requires.

(j) All capitalized terms shall be given the definition contained in Part I of the Plan unless otherwise defined in this Purchase Agreement.

(k) If two (2) or more persons are named as Purchaser in this Purchase Agreement, (i) each person shall be jointly and severally liable for payment, observance, and performance of all obligations under this Purchase Agreement; and (ii) anyone of them is hereby made agent for the other in all matters of any and every kind or nature with respect to the Unit and/or this Purchase Agreement. The act, assent, election, or approval by one shall conclusively constitute the act, assent, election, and approval by all.

(l) The provisions of this Purchase Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors, and permitted assigns and shall bind and inure to the benefit of Seller and its successors and assigns.

(m) This Purchase Agreement shall not be binding or effective until fully executed and delivered by Seller and Purchaser.

(n) Seller represents that its Federal Employer Identification Number is __; and Purchaser represents that his/her/their social security number(s) is _____ and _____.

(o) Purchaser shall execute the Tender of Escrow form attached hereto, as set forth in Schedule "D-1" upon execution of this Purchase Agreement and shall execute the Release Form attached hereto as Schedule "D-2".

(p) In the event any portion of this Purchase Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal, or unenforceable, such portion shall be deemed severed from this Purchase Agreement and the remaining parts hereof shall remain in full force and effect, as fully as though such invalid, illegal or unenforceable portion had never been part of this Purchase Agreement.

(q) This Purchase Agreement and any schedules, riders, addenda and amendments hereto may be executed in any number of counterparts each of which shall be deemed an original and all of which together shall be deemed to constitute one and the same agreement. Electronic (i.e., portable document format (.pdf), email and facsimile) signatures shall be deemed originals for purposes of this Purchase Agreement.

(r) The parties agree that this Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York.

38) **SMOKING POLICY** – Purchaser acknowledges having received a copy of the Condominium's Smoking Policy a copy of which is contained in the Rules and Regulations in Article VIII, Section 2 of the Condominium By-Laws, and the Rider to this Purchase Agreement as Schedule D-5.

39) **LEAD PAINT** – By signing below, Purchaser affirms that they have read this Purchase Agreement and fully understand the terms. Purchaser also understands that the Lead Paint Rider attached hereto as Schedule D-6 is to be executed by the undersigned.

40) **LIMITED WARRANTY - THE LIMITED WARRANTY SET FORTH IN SCHEDULE D-6 OF THE PLAN AND INCORPORATED HEREIN BY REFERENCE (THE "LIMITED WARRANTY") IS IN PLACE OF AND EXCLUDES THE HOUSING MERCHANT IMPLIED WARRANTY, AS DEFINED IN ARTICLE 36-B OF THE NEW YORK GENERAL BUSINESS LAW, AS SAME MAY BE AMENDED FROM TIME TO TIME, AND ALSO EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THIS PURCHASE AGREEMENT AND THE CONSTRUCTION/RENOVATION AND SALE OF THE UNIT. SELLER MAKES NO HOUSING MERCHANT IMPLIED WARRANTY AND, EXCEPT AS EXPRESSLY SET FORTH IN THE LIMITED WARRANTY, SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THIS PURCHASE AGREEMENT AND THE CONSTRUCTION/RENOVATION AND SALE OF THE UNIT, WHICH EXTEND BEYOND THE FACT THEREOF.**

PRIOR TO THE EXECUTION OF THIS PURCHASE AGREEMENT BY PURCHASER, PURCHASER ACKNOWLEDGES THAT SELLER HAS SUPPLIED TO PURCHASER FOR EXAMINATION AND PURCHASER HAS RECEIVED, READ AND UNDERSTOOD A WRITTEN COPY OF THE EXPRESS TERMS OF THE LIMITED WARRANTY.

PURCHASER FURTHER ACKNOWLEDGES THAT SELLER WILL CORRECT ANY DEFECTS IN THE CONSTRUCTION OR RENOVATION OF THE COMMON ELEMENTS OF THE CONDOMINIUM NOT COVERED BY ANY LIMITED WARRANTY, OR IN THE INSTALLATION OR OPERATION OF ANY MECHANICAL EQUIPMENT THEREIN, DUE TO IMPROPER WORKMANSHIP OR MATERIAL SUBSTANTIALLY AT VARIANCE WITH THE OFFERING PLAN AS MAY BE CHANGED BY SELLER FROM TIME TO TIME PROVIDED AND ON CONDITION THAT SELLER IS NOTIFIED OF OR BECOMES AWARE OF SUCH DEFECT(S) WITHIN TWELVE (12) MONTHS FROM THE DATE OF SUBSTANTIAL COMOPLETION OF THE ALLEGED DEFECTIVE COMMON ELEMENTS. SUBSTANTIAL COMPLETION SHALL MEAN THAT THE COMMON ELEMENTS ARE FUNCTIONAL FOR THEIR INTENDED USE.

41) **NOTICES TO PURCHASER - YOU, AS PURCHASER OF THE UNIT, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR CONTRACT OF INDEMNITY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE.**

WHEN SIGNED BY SELLER AND PURCHASER, THIS PURCHASE AGREEMENT WILL BECOME A LEGALLY BINDING AGREEMENT. PURCHASER

SHOULD READ AND UNDERSTAND ALL PROVISIONS BEFORE SIGNING. IF PURCHASER DOES NOT UNDERSTAND ANY PROVISION, PURCHASER SHOULD SEEK LEGAL ADVICE.

PURCHASER MUST BE GIVEN A COPY OF THE PLAN PRIOR TO THE SIGNING OF THIS PURCHASE AGREEMENT. BY SIGNING THIS PURCHASE AGREEMENT, PURCHASER ACKNOWLEDGES RECEIPT OF THE PLAN AND THAT PURCHASER HAS HAD AN OPPORTUNITY TO READ THE PLAN AT LEAST THREE (3) BUSINESS DAYS PRIOR TO SIGNING THIS PURCHASE AGREEMENT.

[*SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the parties hereto have executed this Purchase Agreement as of the date first above written.

SELLER:

426 HOLDINGS, LLC

By:_____
Name:
Title:

Agreed to as to Paragraph 29
by Escrow Agent:

ROMANICK & SKOLNICK, PLLC

By: _____

_____
Print Name and Title

PURCHASER(S):

_____

_____

SCHEDULE D-1

TENDER OF ESCROW FORM

TENDER OF ESCROW DEPOSIT

Date: _____

Tender of Deposit of $_____, for Unit _____ at 426 2nd Street Condominium, located at 426 2nd Street, Brooklyn, New York 11215.

Purchaser(s) named below has/have tendered on_____, 20__, the above escrow deposit to Sponsor/Selling Agent as a deposit for the above Unit.

Purchaser(s) _____
_____

Address of Purchaser(s) _____
_____

Phone number of Purchaser(s):

Home: _____
Business: _____

Social Security Number(s) or
Tax Identification Number(s)
of Purchaser(s) _____
_____

By: _____
Purchaser

By: _____
Purchaser

RECEIPT

The SPONSOR/SELLING AGENT of the above-named property hereby acknowledges receipt of the above escrow deposit.

By: _____
_____
Title or Position

Date of Receipt: _____

SCHEDULE D-2

FORM TO RELEASE ESCROW FUNDS

FORM FOR THE RELEASE OF ESCROW FUNDS

Date

Re: **426 2nd Street Condominium**
Purchaser:
Residential Unit No.:

Dear Sirs:

You have been holding in a trust account my/our Deposit for the captioned Residential Unit (if applicable) in the amount of $_____. I/we acknowledge that a closing has taken place this date. Accordingly, the Law Firm of Romanick & Skolnick, PLLC is authorized to release the funds being held in said amount to whomever the Sponsor so designates. In addition, the Law Firm of Romanick & Skolnick, PLLC, as Escrow Agent on said account, is hereby released from any and all liability or further obligation to us with respect to said Deposit.

Very truly yours,

_____
Purchaser

_____
Purchaser

_____
Sponsor's representative

SCHEDULE D-3

WAIVER OF NOTICE OF CLOSING

WAIVER OF NOTICE OF CLOSING

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

_____, being duly sworn, does hereby depose and state:

1. I am the Purchaser of Unit # _____ at the 426 2nd Street Condominium.

2. Pursuant to a Purchase Agreement dated_____, 20___, I am entitled to thirty (30) days' written notice of the Closing for my Unit.

3. I hereby waive the applicable notice provision contained in the Purchase Agreement and agree to close on _____, 20___.

_____
Purchaser

Sworn to before me this __ day
of _____ 20___.

_____
Notary Public

SCHEDULE D-4

EXPRESS ASSUMPTION OF RISK

EXPRESS ASSUMPTION OF RISK

I/We _____ understand that by entering onto a construction site there are extraordinary risks of grave bodily injury and/or death. In consideration for being allowed to enter upon the premises herein, I expressly assume all risks associated with the construction site, including but not limited to:

1. Falling debris;
2. Falls associated with excavations, uncleared ice and/or snow incomplete sidewalks and roads and downed trees and/or bushes;
3. Injuries associated with incomplete construction;
4. Injuries associated with operating machinery;
5. Injuries associated with incomplete or no railings; and
6. Injuries associated with incomplete and/or insufficient lighting.

I/We _____ further agree to fully indemnify and hold harmless 426 Holdings, LLC, its members, managers, officers, directors, principals, shareholders, successors and assigns for any and all damage to any personal property.

_____

_____

SCHEDULE D-5

SMOKING POLICY RIDER

PURCHASE AGREEMENT SMOKING POLICY RIDER

The 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. Effective as of August 28, 2018, Local Law 147 of the City of New York became effective. Local Law 147 amends the Administrative Code of the City of New York ("NYC Administrative Code") to require that all class A multiple dwellings (i.e., buildings with 3 or more residential dwelling units) adopt a written smoking policy (the "Smoking Policy"). Pursuant to the requirements of Local Law 147 of the City of New York the following constitutes the Smoking Policy applicable to the Condominium and to all Unit Owners, residents, tenants, guests, licensees, employees and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium:

(a) Definitions:

(i) 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 designated for people to use to inhale smoke.

(ii) Electronic Cigarette (E-Cigarette): A battery-operated device that heats a liquid, gel, herb or other substance and produces a vapor for people to inhale.

(b) Policy:

(i) All types of Smoking and use of Electronic Cigarettes as defined above are prohibited from all general common areas of the Condominium, including but not limited to any lobby, hallway, stairwell, mailroom, fitness room or other recreational facility, meeting room, laundry room, storage area, mechanical room, equipment room, cellar, basement, elevator, garage, rooftop, play areas, parking areas, shared balconies, shared courtyards, shared patios, shared porches, shared yards and/or any outdoor common area within 15 feet of entrances, exits, windows, and air intake units on property grounds.

(ii) All types of Smoking and use of Electronic Cigarettes are prohibited from any balcony and/or terrace or any space designated as an Individual Residential Unit's Limited Common Element appurtenant to the Residential Unit.

(iii) All legal Smoking and use of Electronic Cigarettes is permitted within the interior area of a Residential Unit.

(iv) The Smoking Policy shall be applicable to all Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Condominium.

(v) Any Residential Unit Owner who leases their Residential Unit shall incorporate the provisions of the Smoking Policy into the lease with the Residential Unit Owner's tenant.

(c) Complaints:

Complaints about smoke drifting into a Residential Unit or common area should be made promptly to the Managing Agent. 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.

The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium. Pursuant to the requirements of Local Law 147 all tenants in the Building are required to receive a copy of the Building's Smoking Policy and the Smoking Policy must be incorporated into all leases or interim leases.

The provisions of Local Law 147 of the City of New York shall take precedent in the event of any conflict with the Smoking Policy contained herein.

SELLER

426 HOLDINGS, LLC

By: _____

PURCHASER

_____

SCHEDULE D-6

LEAD PAINT RIDER

RIDER TO PURCHASE AGREEMENT

The U.S. Environmental Protection Agency ("EPA") and the Department of Housing and Urban Development have promulgated Federal regulations under 24 CFR Part 35 and 40 CFR Part 745 ("Regulations") pursuant to the Residential Lead-Based Paint Hazard Reduction Act of 1992 regarding the disclosure of lead-based paint and/or lead-based paint hazards to prospective purchasers of Unsold Units. In accordance with the provisions of the Regulations, there is attached to this Rider a "Lead Warning Statement" and "Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards" to be signed by Seller, Purchaser and Agent, as applicable, simultaneously with the Purchase Agreement to which this Rider is attached. The Regulations do not require any testing or removal of lead-based paint by sellers.

This Agreement is contingent upon a risk assessment or inspection of the Property ("Inspection") for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense. Intact lead-based paint that is in good condition is not necessarily a hazard. Such Inspection shall be performed within ten (10) calendar days after a countersigned Purchase Agreement has been returned to Purchaser or Purchaser's attorney on the following terms and conditions:

(a) Purchaser and Purchaser's consultant, if any ("Consultant"), will be given reasonable access to the Unit and the public areas of the Buildings.

(b) The Inspection shall be held at a mutually convenient time and date.

(c) The Inspection shall be performed in a reasonable manner so as not to disturb or interfere with the use, operation, security or occupancy of the Unit or the Buildings.

(d) Purchaser hereby indemnifies and holds Seller harmless from and agrees to be liable for any damages to the Unit or the Buildings, injuries and all claims and lawsuits caused by the Purchaser or the Consultant during or from the Inspection.

(e) Purchaser or the Consultant will not probe, penetrate, or disturb any painted or covered surface during the Inspection without Seller's prior approval.

This Inspection contingency will terminate at the end of such ten-day period without further notification by Seller unless the Purchaser (or Purchaser's agent) delivers to Seller or Seller's agent a proposed Purchase Agreement Addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report (the "Report). The Seller may, at the Seller's sole option, within five (5) business days after delivery of the Addendum and Report, elect in writing whether to correct the condition(s) prior to Closing. If the Seller will correct the condition, the Seller shall furnish the Purchaser with a certification from the Consultant or from the Seller's risk

assessor or inspector, confirming that the condition has been remedied before the Closing date, as such date may be extended or adjourned, as provided in the Purchase Agreement. If the Seller does not elect to make the repairs or if, within three (3) days, Seller does not make a counteroffer to remove this contingency and sell the Unit in "as is" condition, then this Purchase Agreement shall become void, and the Contract Deposit will be refunded to Purchaser. The Purchaser may remove this contingency at any time without cause.

PURCHASER AGREES THAT IT IS PURCHASING THE UNIT "AS IS" WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE CONDITION OF THE UNIT AND THE BUILDINGS, EXCEPT AS MAY BE OTHERWISE PROVIDED IN THE PLAN. PURCHASER FURTHER AGREES THAT SELLER HAS NO RESPONSIBILITY OR LIABILITY FOR, AND PURCHASER HEREBY UNCONDITIONALLY RELEASES SELLER FROM, ANY AND ALL LIABILITY, BOTH KNOWN AND UNKNOWN, PRESENT AND FUTURE, THAT IS BASED UPON OR RELATED TO, THE EXISTENCE OF LEAD OR LEAD-BASED PAINT OR OTHER SOURCES OF LEAD ON OR ABOUT THE UNIT AND THE BUILDINGS.

_____
, Purchaser

_____
, Purchaser

SELLER:

BY: _____
Name:
Title:

SCHEDULE D-7

LIMITED WARRANTY

RIDER TO PURCHASE AGREEMENT DATED _____, 20__ BY AND BETWEEN **426 HOLDINGS, LLC**, AS SELLER, AND _____, AS PURCHASER.

LIMITED WARRANTY

NAME OF PURCHASER(S): _____

_____

ADDRESS OF PURCHASER(S): _____

DESIGNATION OF RESIDENTIAL UNIT WARRANTED: _____

NAME OF SELLER:	426 Holdings, LLC
ADDRESS OF SELLER:	754 Carroll Street, Unit 1 Brooklyn, New York 11215
EFFECTIVE DATE OF THIS LIMITED WARRANTY:	The date that Purchaser or its family shall first occupy the Residential Unit warranted or the date of delivery of the deed to such Residential Unit to Purchaser, whichever occurs first.
SELLER'S LIMIT OF TOTAL LIABILITY:	In no event shall the Seller's total liability to Purchaser under this Limited Warranty exceed seventy-five thousand ($75,000) dollars less, any insurance proceeds received by Purchaser (the "Maximum Liability of Seller").

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 RESIDENTIAL UNIT 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 RESIDENTIAL UNIT.

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page l while the Purchaser owns the Residential Unit. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, HEIRS, TENANTS, OR MORTGAGEES IN POSSESSION OF THE RESIDENTIAL UNIT, ANYONE 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 Residential Unit. Before the Purchaser moves into the Residential Unit or accepts the deed, the Seller will schedule an appointment for final inspection of the Residential Unit 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 Residential Unit will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Residential Unit 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 Limited Warranty, as shown on page 1 of this Limited Warranty.

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of this Limited Warranty, the Residential Unit 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 Residential Unit 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 Limited Warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Residential Unit 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 duct work, steam, water and refrigerant lines, registers, convertors, 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 Limited Warranty, the Residential Unit 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;

(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 Residential Unit 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 Residential Unit 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 Residential Unit; 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 Residential Unit is located, in effect on the date that the building permit for the Residential Unit 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 Limited Warranty:

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Residential Unit prior to the Effective Date of this Limited Warranty ought to have 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 Residential Unit itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; shading variations and fading of natural material on all cabinets, appliances, vanities, doors, fixtures, floors, counter tops, vanity tops and all exterior 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 weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, window sashes, sliding doors, screens, electric fixtures and globes, woodwork, doors, interior painted surfaces, sinks, tubs,

bowls, counter tops, vanity tops and bases, mirrors, hardware, flooring and cabinets; dented appliances; broken screens; minor chips (nicks) to cultured marble floors and counter tops; nail pops; ridging on sheet rock walls; lumber shrinkage; door warpage of less than 1/4"; warpage and shrinkage of deck wood; normal plumbing, heating and air conditioning noises and paint touch-ups.

(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 by 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 Limited 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 Residential Unit by anyone other than Seller or its employees, agents or subcontractors after the Effective Date of this Limited Warranty;

(j) damage caused by changes, alterations or additions made to the Residential Unit by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective Date of this Limited 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, mud slide, 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 indirect damages;

(t) any claim not filed in a manner set forth in Paragraph 7 of this Limited Warranty;

(u) damage which arises while the Residential Unit is being used for nonresidential purposes; and

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

(w) damage due to ice build-up on the roof.

(x) defects in appliances, fixtures, and items of equipment except if caused by defect in installation by Seller.

(y) fading of color of any natural materials in any improvement.

6. What Seller Will do in the Event of a Defect Covered by This Limited Warranty. If a defect occurs in an item covered by this Limited 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 Limited Warranty is limited in the aggregate to the amount listed on page 1 hereof.

Repair of damage to the load-bearing portions of the Residential Unit will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to repair of those defects which made the Residential Unit 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. Basic coverage is provided for a one-year period, major system coverage is provided for a two-year period, and structural defect coverage is provided for a six-year period, all as more particularly described in Paragraph 4 of this Limited Warranty. Notice of any warranty claim must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If Purchaser's form is not properly completed and/or is received by the Seller after the applicable 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 Limited 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 Residential Unit to which the claim, complaint or request relates. The Purchaser and occupants of the Residential Unit 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 Limited Warranty with respect to the defect(s) set forth on the Notice of Warranty Claim.

(d) The Seller will complete 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 Limited Warranty may 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 Limited Warranty.

(b) No lawsuit against the Seller under this Limited 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 Limited Warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

(b) This Limited Warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this Limited Warranty will 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 Limited Warranty includes the other gender, and use of the plural includes the singular, as may be appropriate.

(e) This Limited Warranty shall be governed in accordance with the laws of the State of New York.

(f) The annexed Building Standards, as they may be amended, establishes the standards by which it will be determined whether the Residential Unit has a problem which is covered by this Limited Warranty and the obligation of the Seller to correct such problem.

INSTRUCTIONS TO COMPLETE
NOTICE OF WARRANTY CLAIM FORM

To ask the Warrantor to correct a defect in your Residential Unit that you think is covered by the Warrantor's Limited Warranty, you must complete this form and deliver it to the Warrantor. This is necessary to protect your rights to warranty performance under the Limited Warranty.

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem. If you do not know the answers to any questions, write "Don't know." **Please do not leave any items blank.**

NOTICE OF WARRANTY CLAIM FORM

I (We) (_____)
insert your name(s)

am the owner of Residential Unit #_____ located at _____

_____.

My mailing address and office and Residential Unit telephone numbers are as follows:

Mailing Address:_____

_____

Residential Unit Telephone No:_____

Office Telephone No:_____

I first occupied the Residential Unit as my residence on_____

I closed title to the Residential Unit on _____

Set forth below are defects in my Residential Unit and the approximate date the defects occurred or I became aware of them:

DATE OCCURRED OR NATURE OF DEFECTS FIRST OBSERVED

_____ _____

(Signature) (Date)

_____ _____

(Signature) (Date)

This completed and signed form must be sent to Warrantor at its address listed on the first page of the Limited Warranty by certified or express mail, return receipt requested.

PERFORMANCE STANDARDS

The following performance standards are the accepted standards for the construction of all homes to be built.

While these performance standards define the builder's responsibility, these performance standards shall not apply, and the builder shall not be responsible to items installed or modified by the owner, or their agents, or to items subject to neglect or abnormal or improper use. Unnecessary service calls or service calls caused by misuse, modification, abuse or changes from original installation and construction shall result in a service call charge to the homeowner of a minimum of $50.00.

In no event shall the builder be responsible for the partial or total death of any trees, shrubs, bushes, or any other landscape improvements. Healthy stock is planted initially.

In no event shall the builder be responsible for normal lumber shrinkage and any ramifications caused by same, i.e. ridging of floor over "built-up" double, or triple, etc. floor beams, or shrinkage of floor or ceiling beams.

ACCEPTED STANDARDS

The performance standards list specific items (defect) within each separate area of coverage. The first section covers workmanship and materials; the second section covers systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

Possible Deficiency:
A brief statement, in simple terms, of problems that may be encountered.

Performance Standard:
A performance standard relating to a specific deficiency.

Responsibility:
A statement of the corrective action required of the builder to repair the deficiency or a statement of the Home Owner's maintenance responsibilities.

Workmanship and Materials, First Year Only:

1. Site Work
2. Concrete
3. Masonry

4. Wood and Plastic
5. Thermal and Moisture Protection
6. Doors and Windows
7. Finishes
8. Specialties
9. Equipment
10. Plumbing
11. Heating and Cooling
12. Ventilation
13. Electrical
14. Roofing

Systems, First and Second Year:
Plumbing, electrical, heating, cooling and ventilation systems shall mean:

a. In the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;

b. In the case of electrical systems: all wiring electrical boxes, switches, outlets and connections up to the public utility connection; and

c. In the case of heating, cooling, and ventilation systems: all duct work, steam, water, and refrigerant lines, registers, convectors, radiation elements and dampers.

Major Structural Material Defects:

"Material Defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

PART I

GENERAL ELECTRICAL, PLUMBING, MECHANICAL AND STRUCTURAL STANDARDS

A. Mechanical, plumbing, structural and electrical standard should be governed by the N.Y.C. building code.

B. The issuance by the appropriate authorities of the documents indicating evidence of compliance, shall be deemed evidence of compliance. Use of the building must always comply with the Certificate of Occupancy issued at title closing to the first purchaser.

C. Appliances, Fixtures and Equipment:

a. Appliances, fixtures and equipment (including their fittings, attachments, controls and appurtenances) shall include but not be limited to furnaces, humidifiers, air purifiers, air handling equipment, ventilating fans, air conditioning condensers and compressors, water heaters, boilers, pumps, stoves, automatic garage door openers, washers and driers, bath tubs, sinks, commodes, faucets and fittings, light fixtures, light switches, convenience outlets, circuit breakers thermostats and controls.

b. The warranty period for appliances, fixtures and equipment (including their fittings, attachments, controls and appurtenances) for which there is no written manufacturer's warranty shall be one year. The initial warranty period for appliances, fixtures and equipment on those items where a manufacturer's warranty is provided by the manufacturer is the builder's warranty under these performance standards and shall be limited to the duration of the manufacturer's warranty but in no event shall the builder's responsibility under these performance standards exceed one year. (This does not, however, limit to one year the stated period of the applicable manufacturer's warranty where such warranty exceeds one year).

PART II

QUALITY STANDARDS

General workmanship and material defects are guaranteed under the initial warranty period. The following quality standards are intended to define the specific limits of permissible defects in materials and general workmanship. These performance standards have been developed after careful analysis of building custom and practices within this jurisdiction. These performance standards may be periodically supplemented; However, if a buyer complaint on a warrantable item should arise which is not governed by any specific performance standard, then determination of builder responsibility through conciliation and arbitration shall be made on the basis of good industry practice within jurisdiction where the home is situated.

These performance standards represent the basis for determining the validity of all home buyer complaints relating to defective materials and workmanship during the initial one-year warranty program. If any specific performance standard listed below conflicts with any of the general standards set forth in Part I, then that standard which requires a greater quality of performance shall govern.

I. SITE WORK

A. Site Drainage

1. Improper draining and water runoff from the site.

Approved Standard: The builder shall be responsible for providing grades and swales to insure proper drainage away from the house as per approved plans, if any. Standing water shall not remain thirty-six hours after a rain, except swales which may drain as long as forty-eight hours. No grading decisions shall be made while there is frost on the ground or while ground is saturated.

Required Remedy: The builder is required only to establish proper grades and swales to effectuate proper drainage. It is the owner's responsibility to maintain such grades and swales once they have been properly established by the builder.

B. Backfill and Excavation

1. Settling of ground around filled areas, including foundation, utility trenches, etc.

Approved Standards: The maximum allowable settling around utility trenches, foundations or other filled areas shall be six inches, and settling foundation shall further not interfere with proper water drainage away from the house.

Required Remedy: The builder shall be responsible for refilling any excessively settled areas. The builder's responsibility shall be limited to one such occurrence during the one-year warranty period. The builder shall not be held responsible for any grass, shrub or other landscaping affected by such settling or by such additional backfilling.

C. Paved Driveways

1. Pooling of water and uneven settling of pavement.

Approved Standard: No standing water more than 1" deep should remain on the paved driveway twenty-four hours after a rain. Improper draining resulting from non-clearance of snow and ice is not the builder's responsibility.

Required Remedy: Builders shall fill in low spots to meet the above standard. However, the builder is not responsible for matching the patch in color or texture to the rest of the driveway.

II. MASONRY

A. Unit Masonry

1. Cracking of foundation and basement walls.

Approved Standard: While it is not unusual for some minor cracking to appear in mortar joints of masonry foundation walls, such cracks are considered excessive if greater than 1/4 inch in width.

Required Remedy: The builder shall repair visible cracks in excess of 1/4 inch by surface patching. Any such repairs should be made near the end of the one-year warranty so as to permit stabilization of the normal settling process of the home. The color or texture of the patch may not match.

2. Cracks in veneer or masonry walls.

Approved Standard: Cracks greater than 1/4 inch in width are considered excessive.

Required Remedy: The builder shall repair cracks in excess of 1/4 inch by surface patching but shall not be responsible for matching color or texture. Any such repairs should be made near the end of one-year warranty period so as to permit stabilization of the normal settling process of the home.

III. CONCRETE WORK

A. Cast-in-Place Concrete

1. Cracks in basement floor.

Approved Standard: Minor cracks in concrete basement floors are not unusual. Cracks exceeding 1/4 inch in width or 1/4 inch in vertical displacement are considered excessive.

Required Remedy: The builder shall repair by surface patching all cracks exceeding maximum tolerances in the performance standard.

2. Cracks in basement or foundations walls.

Approved Standard: While some non-structural cracking is not unusual, such cracks greater than 1/4 inch in width are considered excessive.

Required Remedy: The builder shall repair visible nonstructural cracks in excess of 1/4 inch by surface patching. Such repairs should be done once during the first-year limited warranty period.

3. Settling, cracking, or heaving of steps or stoops.

Approved Standard: Cracks of less than 3/4 inch are acceptable in concrete stoops; however, steps of stoops should not settle or heave in excess of 1-1/2 inch in relative position to the adjacent house.

Required Remedy: Builder shall repair excessive crack by surface patching.

4. Cracks in slab floor of attached garage.

Approved Standard: Cracks in excess of 1/4 inch in width and 1 inch in vertical displacement in slab floor of attached garage are considered excessive.

Required Remedy: Builder shall repair excessive cracks as required by any acceptable method.

5. Water staying on stoops.

Approved Standard: All water should drain from outdoor steps and stoops.

Required Remedy: Builder shall repair by surface patching to assure appropriate drainage.

6. Cracking in attached patio floors.

Approved Standard: Only those cracks greater than 1/4 inch in width or 1 inch in vertical displacement are considered to be excessive.
Required Remedy: Builder shall repair by surface patching providing this deficiency has not been caused by freezing fall action which is beyond the control of the builder.

7. Excess chalking or powdering of concrete surface.

Approved Standard: Excess chalking or powdering of concrete surfaces is not acceptable but shall not be confused with surface dust.

Required Remedy: The builder shall repair surfaces as necessary, utilizing "proper" resurfacing or coating material.

8. Cracking of concrete slab-on-grade floors greater than 1/4 inch.

Approved Standard: Cracks significantly diminishing performance and/or appearance of the flooring material shall not be acceptable.

Required Remedy: The builder shall repair by surface patching the cracks as necessary to diminish visibility when finish flooring material is in place. Builder is not responsible for color differences or discontinued floor covering patters.

IV. MOISTURE PROTECTION

A. Shingles and Roofing Tiles

1. Leaking of the roof or flashing

Approved Standard: Under normal conditions, leaking of roofing or flashing shall not be acceptable.

Required Remedy: The builder shall take corrective action as necessary to repair verified roof or flashing leaks caused by poor workmanship or materials.

B. Waterproofing

1. Leaking of foundation or basement.

Approved Standard: Dampness of foundation or basement walls occurs frequently in newly constructed homes and should not be considered a defect. No leaks producing trickling water shall be acceptable. Any leaking which is caused by faulty landscaping installed by owner or caused by owner's failure to maintain proper grades is not covered by warranty.

Required Remedy: Except when caused by owner negligence, builder shall repair leaks as necessary; builder represents and warrants that the basement will remain free of leaks for a period of one year from date of closing under the following terms and conditions:

a. Seller shall repair said leak and/or seepage, if any, in a manner consistent with standard building practices in the City of New York.

b. In the event that all reasonable attempts to repair said leaks shall fail to resolve said problem, Seller shall have the right at Seller's sole discretion to alleviate said leak and/or seepage condition by the installation of a sump pump or similar liquid transfer system; installation of said system shall constitute complete compliance with the terms of Seller's warranty under this clause and Purchaser agrees, warrants and recognizes that no cause of action shall lie subsequently to sellers installation of said pump or similar system. Seller shall provide manufacturer's warranty on said system if available.

c. This warranty shall be void and of no force and effect in the event that leak or seepage is caused by:

(i) Act of the Purchaser
(ii) Act of God

C. Siding and Cladding

1. Cracks in siding and cladding

Approved Standard: Cracks in excess of ½ inch in joints of siding or cladding are considered excessive. Frequently, bowing in siding appears as a result of shrinkage and drying of lumber.

Required Remedy: The builder shall correct or repair as necessary open cracks in excess of ½ inch but shall not be responsible for bowing caused by shrinkage. Caulking or wood fillers are acceptable remedies.

D. Membrane roofing

1. Leaking.

Approved Standard: Should not leak under normal conditions.

Required Remedy: The builder shall repair or correct as necessary any verified roof leaks caused by poor workmanship or materials.

E. Flashing and Sheet Metal.

See IV.A.I.

F. Sealants

1. Inadequate caulking causing leaking in exterior walls.

Approved Standard: Some shrinkage in caulking is not unusual and is acceptable. Caulking around joints and cracks in exterior wall surfaces and openings to exclude entry of water must be properly maintained by the homeowner.

Required Remedy: The builder shall caulk joints, cracks and openings as necessary in exterior wall surfaces to prevent entry of water. Recaulking is a maintenance item to be done by the owner.

A. LOUVERS AND VENTS:

Possible deficiency:
Leaks due to snow or rain driven into the attic through louvers or vents.

Performance Standard:
Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure. Builder shall not be responsible if homeowner modifies ventilation as provided by builder.

Responsibility:
NONE

B. ROOFING AND SIDING:

1. Possible Deficiency:
Ice build-up on roof.

Performance Standard:
During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up.

Responsibility:
Prevention of ice build-up on the roof is a Home Owner maintenance item.

2. Possible Deficiency:
   Roof or Flashing leaks

Performance Standard:
   Roofs or flashing shall not leak under normally anticipated conditions, except where cause is determined to result from ice build-up or Home Owner action or negligence.

Responsibility:
   Builder will repair any verified roof or flashing leaks not caused by ice build-up or Home Owner action or negligence.

3. Possible Deficiency:
   Standing water on flat roof.

Performance Standard:
   Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention.

Responsibility:
   Builder will take corrective action to assure proper drainage of roof.

H. PLASTIC AND WOOD

A. Exterior Finish Carpentry

1. Unsatisfactory workmanship on exterior trim.

Approved Standard: Cracks in excess of ½ inch in joints between exterior trim elements are considered excessive (this includes siding). Exclusion of the elements is necessary in all cases for exterior trim and siding to be acceptable.

Required Remedy: The builder shall repair as necessary any open cracks in excess of ½ inch by caulking same.

B. Interior Finish Carpentry

1. Unsatisfactory workmanship on interior trim.

Approved Standard: Cracks and/or gaps between moldings and joints and adjacent surfaces should not exceed 1/4 inch in width or vertical displacement, except in the

case of gaps between base or floor mounding and flooring, in which case gaps shall not exceed ½ inch.

Required Remedy: The builder shall repair or correct as necessary defective joints so as to meet the above standard. A shoe molding of quarter round molding may be installed to cover space between floor and base molding.

C. Rough Carpentry

1. Squeaking floors.

Approved Standard: While some squeaking may occur due to normal shrinking in wood floors, excessive squeaking due to loose boards is not acceptable. This applies to sub-floors.

Required Remedy: The builder shall be responsible only for face nailing loose boards. The builder is not responsible for normal squeaking due to shrinkage in wood floors. This applies to sub-floors as well.

2. Floors not level.

Approved Standard: Floor slope within any room shall not exceed 1/240 of the room width, and floors should not be more than 1/4 inch out of level within any 32-inch measurement.

Required Remedy: The builder shall repair uneven floors as necessary to meet the above standard.

3. Carpeting

1. Possible Deficiency: Open carpet seams.

   Performance Standard: Carpet seams will show. However, no visible gap is acceptable.

   Responsibility: Builder will correct.

2. Possible Deficiency: Carpeting becomes loose, seams separate or stretching occurs.

   Performance Standard: Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment.

   Responsibility: Builder will re-stretch or re-secure carpeting as needed, if original installation was performed by Builder.

3. Possible Deficiency: Spots on carpet, minor fading.

Performance Standard: Exposure to light may cause spots on carpet and/or minor fading.

Responsibility: None.

VI. FINISH ITEMS

A. Ceramic Tiles

1. Loosening or cracking of ceramic tiles.

Approved Standard: Loosening or cracking of ceramic tile is unacceptable under normal use conditions.

Required Remedy: The builder shall reseal any loose ceramic tiles and replace any cracked ceramic tiles unless cracking and/or loosening is due to poor owner maintenance or misuse.

2. Grout in joints or junctions with other material (bath, etc.) cracks; ceramic tile cracks.

3. With regard to Tile & Grout, Color and Style will be matched as close as possible. Builder shall not be responsible for discontinued patters or colors.

Approved Standard: Normal shrinkage conditions often results in cracks in the grouting of ceramic tile joints.

Required Remedy: The builder does not warrant against normal shrinkage or separation of ceramic tile grout.

B. Resilient Flooring

1. Appearance of nail "pops" on the surface of the resilient flooring material.

Approved Standard: Easily visible nail "pops" are not acceptable.

Required Remedy: The builder shall repair or replace as necessary only if material used was originally applied and installed from builder’s samples but is not responsible for color differences or discontinued floor covering patters.

2. Appearances of hollows and/or ridges in the resilient flooring due to irregularities beneath floor surface.

Approved Standard: Hollows and/or ridges exceeding 1/8 inch are not acceptable and should be repaired. Determination of hollow or ridge measurement is established by taking the measurement of the gap created at one end of a 6-inch straight edge placed over the hollow or ridge, holding three inches of the straight edge tight to the floor on the other side.

Required Remedy: The builder shall correct or repair as necessary to reduce visibility of irregularity and to bring the defect within acceptable tolerance. The builder is not responsible for color differences or discontinued patterns.

3. Resilient Flooring becomes unglued.

Approved Standard: Flooring should not become unglued, causing lifts, bubbles, etc. under normal use and proper maintenance.

Required Remedy: The builder shall repair or reinstall resilient flooring as necessary but shall not be responsible for color differences or discontinued patterns.

4. Appearance of gaps due to shrinkage or seams at joint in resilient flooring.

Approved Standard: Gaps in excess of 1/16 inch in width are not acceptable. Where resilient flooring borders other material, gaps in excess of ½ inch are not acceptable.

Required Remedy: The builder shall correct or repair as necessary, but stall not be responsible for color differences or discontinued patterns.

C. Paint

1. Peeling or degeneration of exterior paint and/or stain.

Approved Standard: While some wearing out of deck paint or stain from traffic is normal, exterior paints and/or stains should not degenerate appreciably during the first year.

Required Remedy: The builder shall appropriately repaint or restain the area so affected, including entire wall or area if the majority of such wall or area is affected. However, the warranty on the repainted or restained area shall not exceed the original warranty period. The builder shall match colors as closely as possible.

2. Other repair work necessitates painting surrounding area.

Approved Standard: Builder shall refinish area as made necessary by other repairs covered under this warranty, matching surrounding area closely.

Required Remedy: Builder shall refinish areas as may be necessary, matching surrounding areas as closely as possible.

3. Lacquer finish and/or varnish degeneration.

Approved Standard: Interior varnish and lacquer deterioration within the first year is not acceptable. However, varnish type finishes applied on the exterior are not covered by the warranty as they do tend to quickly degenerate.

Required Remedy: The builder shall refinish affected areas of interior natural finished woodwork as necessary, matching colors as closely as possible.

4. Poor quality or defective application of interior paint.

Approved Standard: Where specified, interior paint shall be applied so as to visually cover surfaces (trim, wall, ceiling, etc.) matching color closely.

Required Remedy: The builder shall repaint unacceptable surfaces where necessary to cover underlying surface.

D. Plaster and Lath

1. Cracking appears in stucco wall surfaces.

Approved Standard: Cracks in excess of 1/8 inch in width area are not acceptable. However, hairline cracks in stucco wall surfaces are not uncommon. Cracks may appear where stucco abuts other material. These cracks may be repaired by caulking or surface patching.

Required Remedy: The builder shall repair cracks in excess of 1/8 inch as necessary. However, the builder does not warrant color matching.

E. Plaster, Lath, and Gypsum Wallboard.

1. Flaws due to poor quality of workmanship (trowel Marks, excess compound, blisters, bubbles, cracks, etc).

Approved Standard: Cracks in interior wall and ceiling surfaces, nail pops and hairline cracks are not unusual in interior wall and ceiling surfaces and are not the responsibility of the builder. Cracks greater than 1/8 inch in width shall be repaired.

Required Remedy: Builder will repair cracks exceeding 1/8 inch in width one time only, during the first year of the Limited Warranty period. Paint touch ups, if necessary, with color match as closely as possible.

VII. WINDOWS AND DOORS

A. Windows

1. Windows difficult to open and close are inoperative.

Approved Standard: Windows shall open and close reasonably easy. Some air infiltration is normally noticeable around doors and windows, especially during high winds. It may be necessary for the homeowner to have storm doors and windows installed to provide satisfactory solutions during wind conditions.

Required Remedy: Builder shall take steps as necessary to facilitate proper functioning. Any channels must be kept clean to prevent clogging of week holes.

B. Wooden Doors

1. Interior passage doors warp.

Approved Standards: Warping of full opening interior doors in excess of the National Woodwork Manufacturers Association standard of 1/4 inch is not acceptable.

Required Remedy: Builder shall replace or correct warped doors and refinish if necessary, matching finish as closely as possible.

2. Exterior doors warp.

Approved Standard: Warping in excess of the National Woodwork Manufacturers Association standard of 1/4 inch is unacceptable.

Required Remedy: The builder shall adjust or replace exterior doors as required and refinish if necessary.

C. Garage doors

1. Garage door difficult to operate or inoperable.

Approved Standard: Should operate easily and as intended.

Required Remedy: The builder shall adjust or repair garage door as necessary.

D. Seals and Weather Stripping

1. Drafts around windows and doors, except garage doors.

Approved Standard: An unusually great amount of draft produced by doors and windows which don't fit properly, weather stripping that does not fit properly, or open cracks is not acceptable, although some drafting is almost always noticeable around windows and doors, particularly during storms and high winds.

Required Remedy: The builder is required to repair open cracks and to adjust ill-fitting weather stripping and ill-fitting windows and doors excluding garage doors.

VIII. EQUIPMENT

A. Residential Equipment

1. Kitchen drawers, cabinet doors, or other moving parts difficult to operate or inoperable. Equipment cannot be misused or damaged by purchaser. Builder will not be responsible for chips and cracks noted following first occupancy or fading due to over-sunlight exposure.

Approved Standard: All kitchen drawers and cabinet doors should operate reasonably as intended.

Required Remedy: Builder shall adjust or replace operating parts as necessary, matching colors closely.

2. Appearance of chips or surface cracks and/or delamination of high pressure laminated countertops.

Approved Standard: There should be no chips, cracks, or delamination in counter tops fabricated with high pressure laminate. However, abuse, misuse or damage caused by purchaser voids warranty.

Required Remedy: The builder shall repair or replace equipment as required, matching color as closely as possible.

IX. MECHANICAL.

A. Generating Heat or Power.

1. Insufficient heat.

Approved Standard: According to the specifications in the ASHRAE handbook, the heating system should be able to produce an interior temperature of 70 degrees F. as measured in the middle of each room as a height of 5 feet above the floor under local winter conditions. Shall conform to the N.Y.S. Energy Code.

Required Remedy: The builder shall adjust or repair the heating system as necessary to produce the required temperatures. However, the owner shall be responsible for balancing dampers, registers, radiators, and other minor adjustments, including filter changes and furnace lighting.

B. Refrigeration

1. Insufficient cooling.

Approved Standard: According to the specifications in the ASHRAE handbook, under local outdoor summer design conditions, the cooling system should be able to maintain a temperature of 80 degrees F., as measured in the middle of each room at a height of 5 feet above the floor, where air-conditioning is provided, with a 95 degree outside temperature.

Required Remedy: The builder shall adjust or repair the cooling system as necessary to produce and maintain the required temperatures. However, the homeowner shall be responsible for balancing dampers, registers, and other minor adjustments.

C. Plumbing

1. Fixtures, drains, and plugged sewers.

Approved Standard: Drains, fixtures and sewers should all operate properly as intended.

Required Remedy: If faulty construction practices are shown to be the cause of problems with sewers, fixtures and drains, the builder shall assume the repair costs. If owner negligence or misuse is shown to be the cause of the problems, the owner shall assume the repair costs. When a problem occurs, the owner should notify the builder and ask for recommendations. The builder shall to be responsible for drains, sewers and fixtures plugged due to negligence or misuse by owner. Stoppage in City sewers are not the responsibility of the builder.

2. Piping Leaks

Approved Standard: Condensation on piping is common and should not be construed as a leak and is not covered under the warranty. No leaks of any kind in soil, vent, waste, or water pipes are acceptable.

Required Remedy: The builder shall repair or adjust pipes as necessary to stop leaking.

3. Leaking valves or faucets

Approved Standard: No leaks should exist in valves or faucets due to poor quality of the materials or the workmanship.

Required Remedy: The builder shall repair or replace faucets and/or valves which leak unless the leaking is caused by defective washer. Leaks caused by warn out washers are the responsibility of the owner after 90 days.

4. Defects in appliances, trim fittings, and plumbing fixtures.

Approved Standard: Manufacturer's standard should be used to determine whether or not appliances, fixtures or fittings are defective.

Required Remedy: The builder shall replace fittings and fixtures which do not meet manufacturer's standards.

D. Pipe insulation

1. Freezing of plumbing pipes.

Approved Standard: All pipes (water, drain, waste, and vent) should be protected properly so as to prevent freezing during normally anticipated winter temperatures. It is the home owner’s responsibility to maintain adequate heat to prevent freeze ups.

Required Remedy: The builder shall repair or correct conditions causing pipes to freeze and shall also repair any piping which was damaged due to freezing. It is the homeowner’s responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

E. Septic Tanks

1. Malfunction of septic system.

Approved Standard: The septic system should be able to adequately handle a normal flow of household effluent, based on requirements of local regulatory agency.

Required Remedy: The builder shall adjust or repair system as necessary. The builder shall not be responsible for malfunctioning caused by owner misuse or negligence.

F. Controls and Instruments

See IX.A.1

G. Air Distribution

See IX.A.1 and IX.B.1

H. Liquid Heat Transfer

See IX.A.1 and IX.B.1

X. ELECTRICAL

A. Conductors, Switches, Receptacles and Lighting

1. Electric switches, outlets and fixtures malfunction.

Approved Standard: Electrical outlets, fixtures and switches should operate properly and as intended.

Required Remedy: The builder shall repair or replace defective wiring, outlets, switches, and fixtures.

XI. SPECIALTY ITEMS

A. Chimneys and Fireplaces

1. Chimney or fireplace does not draw adequately.

Approved Standard: Although high winds may cause temporary negative draft situations, a correctly designed and installed chimney or fireplace should function properly and draw adequately.

Required Remedy: The builder shall correct or repair the chimney or fireplace as necessary if the problem is caused by faulty design or construction and not by obstruction.

B. Vents and Louvers

1. Attic and crawl spaces poorly ventilated.

Approved Standard: Attics should have a natural ventilation area equal to either 1/150 of the floor area or 1/300 of the floor area when an accepted vapor barrier is installed on the warm side of the ceiling, or when at least 50% of the required ventilation is provided at least 3 feet above the ceiling. Crawl spaces should have a natural ventilation area equal to either 1/150 of the floor are to 1/1500 of the floor area when the surface is covered with an accepted vapor barrier.

Required Remedy: The builder shall make provision for adequate ventilation in accordance with the above Approved Standard.

XII. CONDENSATION

Builder shall not be responsible for any damage caused by acts of the purchaser which result in condensation. These acts include, but are not limited to the use of humidifiers, improper use of any equipment or improper ventilation.

SCHEDULE E

POWER OF ATTORNEY

POWER OF ATTORNEY

I/(We) _____, the owner of Residential Unit No. ____ in the condominium known as 426 2nd Street Condominium (the "Condominium") covering that certain real property located in the Borough of Kings and Kings County, City and State of New York, do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers (the "Board of Managers") of the Condominium and the Sponsor and their successors and/or assigns, my true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in my name and on my behalf, to take the following actions:

1. To the Board of Managers, the right to acquire or lease any Residential Unit, together with its Common Interest whose Residential Unit Owner desires to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental, as the case may be, as the attorneys-in-fact deem proper, in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, and after any such acquisition or leasing, to convey, sell lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired, or to sublease any Residential Unit so leased, without the necessity of further authorization by the Residential Unit Owners, on such terms as the attorneys-in-fact may determine.

2. To the Board of Managers, the right to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to the Residential Units, including retaining counsel and taking any other action which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance of the Building or the Property, respectively or any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Property which the Board or Managers deems necessary or appropriate.

3. To the Sponsor, the right to amend the Condominium Declaration and to effectuate the rights granted to Sponsor and Residential Unit Owners under the Declaration as set forth in this Article Fourteenth of the Declaration.

4. To the Board of Managers, the right to nominate, designate, constitute and appoint the Members of the Board of Managers of the Condominium and their successors, jointly, their true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in their name and on their behalf, the right to act in their behalf to take any and all action necessary against any tenant(s) that may be residing in a Residential Unit Owner's Residential

Unit, including, but not limited to, the right to seek an eviction in a court of law for failure to adhere to any of the provisions of the Declaration of Condominium, By-Laws and/or Rules and Regulations of the Condominium.

5. To the Board of Managers, the Declarant, and their successors, designees and/or assigns, to amend the Declaration and the By-Laws for the purposes set forth in Article Tenth, Section 2e of the Declaration and Article X, Sections (c) and (e) of the By-Laws for the purposes set forth therein.

6. To the Board of Managers and the Sponsor, the right to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including, but not limited to, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies.

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, I/(we) have set my/(our) hand(s) and seal this ___ day of _____, 20__.

_____

_____

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

On the _____ day of _____ in the year 20__, before me, the undersigned a Notary Public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument the person or the entity upon behalf of which the person acted executed the instrument.

_____
NOTARY PUBLIC

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

On the _____ day of _____ in the year 20__, before me, the undersigned a Notary Public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument the person or the entity upon behalf of which the person acted executed the instrument.

_____
NOTARY PUBLIC

SCHEDULE F

FORM OF DEED

DEED

THIS INDENTURE made the ___ day of _____ , 20_____ between 426 HOLDINGS, LLC, a New York limited liability company authorized to do business in the State of New York, having an address at 754 Carroll Street, Unit 1, Brooklyn, New York 11215, "Party of the First Part", and _____, residing at _____, "Party of the Second Part";

W I T N E S S E T H:

That the Party of the First Part, in consideration of Ten ($10.00) Dollars, lawful money of the United States, and other good and valuable consideration, paid by the Party of the Second Part, does hereby grant and release unto the Party of the Second Part, the heirs, successors and/or assigns of the Party of the Second part forever,

All that certain piece or parcel of real property, with the improvements therein contained, situate and being a Condominium Residential Unit (the "Residential Unit") in Kings County, City and State of New York, known as Residential Unit No. _____ in the Condominium known as 426 2nd Street Condominium, 426 2nd Street, Brooklyn, New York 11215, said Residential Unit, designated and described as Residential Unit No._____ in the Declaration establishing a plan for Condominium Ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act"), dated and recorded in the Office of the City Register, Kings County (the "Register's Office") on _____in Reel _____page ___ and also designated as Tax Lot _____ in Block ___ of Kings County on the Tax Map of the Real Property Assessment Department of the City of New York, and on the Floor Plan of said building certified by _____on _____and filed with the Real Property Assessment Department of the City of New York on _____as Condominium Plan No. _____, and also filed in the Register's Office on _____ as Condominium Plan No. _____, Map No. _____.

TOGETHER with an undivided _____% Percentage of Common Interest in the Common Elements.

The premises within which the Residential Unit is located is more particularly bounded and described as follows:

(PROPERTY DESCRIPTION)

BEING AND INTENDED TO BE part of the same premises conveyed to the Party of the First Part by deed made by _____, dated _____, and recorded in the Office of the City Register of the City of New York, New York County on _____ as CRFN _____.

TOGETHER with the appurtenances and all the estate and rights of the Party of the First Part in and to said premises.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, by-laws, regulations, and easements all as set forth in the documents with respect to the Condominium filed and recorded as aforesaid.

SUBJECT TO: The provisions of the Declaration, By-Laws, site plan and floor plans of the Condominium, as the same may be further amended from time to time by instruments recorded or filed in the Office of the City Register of the City of New York which provisions, together with any amendments thereto, shall bind any person having at any time any interest or estate in the Residential Unit as though such provisions were recited at length herein.

TO HAVE AND TO HOLD the premises herein granted unto the Party of the Second Part, the heirs, successors and/or assigns of the Party of the Second Part forever.

AND the party of the First Part covenants that the party of the First Part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the Party of the First Part, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Party of the First Part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for purpose of paying the cost of the improvement before using any part of the total of the same for any other purposes.

The use for which the Residential Unit is intended is that of a one family residence, subject to the applicable governmental regulations and zoning requirements, and the restrictions contained in the Declaration, By-laws and Rules and Regulations of the Condominium.

SUBJECT TO: covenants, restrictions, reservations, waivers, agreements, and easements of record.

This conveyance is made in the regular course of business actually conducted by the Party of the First Part.

The word “Party” shall be construed as if it read “Parties” whenever the sense of this Indenture so requires.

IN WITNESS WHEREOF, the Party of the First Part has duly executed this deed, the day and year first above written.

426 HOLDINGS, LLC

By:_____
, duly authorized agent

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

On the _____ day of _____ in the year 20__, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted executed the instrument.

_____
NOTARY PUBLIC

SCHEDULE G

DESCRIPTION OF PROPERTY (SPECIFICATIONS AND BUILDING CONDITION)

CONDOMINIUM REPORT
426 2nd Street Condominium
Address: 426 2 Street, Brooklyn, NY 11215
File No. **CD24-0193**

Block:	975	Lot:	37
Zone:	R6B		
Map:	16C		

ALTERATION CO JOB NO: DOBNOW Job No. B00995610 was approved on 7/25/24 by the NYC Department of Building (DOB). The building permit was issued on 8/2/24. The approval is in compliance with the Quality Housing Program.

Certificate of Occupancy:	Will be obtained by the Sponsor upon completion of work.
Construction Classification:	IIB (1968 Code): protected wood joists bearing on masonry walls
Occupancy Classification:	R2
Status of Construction:	Under construction

THE LIABILITY OF THE UNDERSIGNED IS STRICTLY LIMITED TO COMPLIANCE WITH THE PROVISION OF ARTICLE 23A OF THE GERNEAL BUSINESS LAW AND THE REGULATIONS OF THE DEPARTMENT OF LAW PURSUANT THERETO.

NO OBLIGATION OR LIABILTY IS ASSUMED FOR DEFECTS, ERRORS, VARIATIONS OR CHANGES MADE IN THE CONSTRUCTION OF THE BUILDING. MY PARTICIPATION IN THIS PROJECT IS LIMITED TO THE PREPERATION OF THIS REPORT AND PREPARATION OF THE ALTERATION CO AND PLUMBING PLANS.

I HAVE NO CONTROL WHETHER OR NOT THE FINISHES, MATERIALS, OR EQUIPMENT MENTIONED IN THIS REPORT ARE INSTALLED AS DESCRIBED. IT IS SUGGESTED THAT EACH PURCHASER MAKE HIS/HER INPSECTION PRIOR TO CLOSING. I AM NOT ENGAGED IN THE SUPERVISION OF THE CONSTRUCTION OF THIS PROJECT.

Prepared By:

Paul Christakos, R.A. for
PAUL CHRISTAKOS ARCHITECTURE PLLC
Date: October 24, 2024

ARCHITECTURAL PLAN LIST

1. T-001	TITLE SHEET
2. N-001	GENERAL NOTED
3. D-100	DEMOLITION PLANS AND DEMO NOTES
4. A-100	CELLAR & FIRST FLOOR CONSTRUCTION PLANS
5. A-101	2^{ND} – 4^{TH}, ROOF CONSTRUCTION PLANS
6. A-200	REFLECTED CEILING PLANS
7. A-201	FRONT AND REAR ELEVATIONS
8. A-300	BUILDING SECTION
9. A-500	PROJECT DETAILS
10. A-501	FIRESTOP DETAILS

§ 20.7(a) Location.

The building site is located at the address currently known as 426 2 Street, Brooklyn, NY 11215 which is on the Northerly side of 2 Street;
Beginning at a point on the southwesterly side of 2nd Street distant 80 feet northwesterly from the corner formed by the intersection of the southwesterly side of 2nd Street with the northwesterly side of 6th Avenue;
Running thence southwesterly parallel with 6th Avenue, 95 feet;
Thence northwesterly parallel with 2nd Street, 19 feet 10 inches;
Thence northwesterly parallel with 6th Avenue and part of the distance through s party wall, 95 feet to the southwesterly side of 2nd Street;
Thence southeasterly along the southwesterly side of 2nd Street 19 feet 10 inches to the point of beginning.

The lot lies within a Residential Zoning District R6B, recorded on Zoning Map 16C of the New York City Zoning Resolution. As per Section 22-12, Use Group 2 – Residential use is permitted as-of-right.

R6B districts are often traditional row house districts, which preserve the scale and harmonious streetscape of neighborhoods of four-story attached buildings developed during the 19th century. Many of these houses are set back from the street with stoops and small front yards that are typical of Brooklyn's "brownstone" neighborhoods.

The use of the property is a 4-unit, residential multi-family dwelling. No change to this is proposed. A new stair bulkhead is proposed on the Roof. A new Certificate of Occupancy is required for proposed alterations.

The project is filed as an Alteration CO and will consist of four (4) residential dwelling units. The DOB-approved PW1 filing indicates the existing building has existing non-complying conditions. The existing floor area, lot coverage and street wall heights exceed those permitted by the current Zoning Resolution. A Certificate of Occupancy will be issued upon completion of construction and inspection by the NYC Department of Buildings. The property and proposed changes shall substantially comply with all zoning and use requirements at closing.

Quality Housing Zoning Regulations have been applied as per Article II: Chapter 8 of the NYC Zoning Resolution as follows:
Refuse storage: not required for building with less than 9 dwelling units
Laundry Facilities: each unit is provided with a washer & dryer unit within the unit.
Daylight in corridors: not applicable
Density per Corridor: not applicable
Mandatory Recreation Space: not required for building with less than 9 dwelling units
Planting: no front yard planting is required or proposed
Required Parking: there is no required parking

The building, as approved by the NYC Department of Buildings, complies with the following requirements:
Street Tree Planting – This alteration is exempt from Street Tree Requirements
Windows – All Windows to be double glazed.

§ 20.7(b) Status of Construction

(1) Year Built: approximately 1917
The anticipated date of substantial completion is February, 2025. A new Certificate of Occupancy (CofO) will be obtained prior to the closing of each unit. Sponsor will obtain permanent Certificate of Occupancy prior to expiration of TCO.

The building shall comply with Class IIB, Protected wood joist (combustible) construction in accordance with the 1968- NYC Building Code.
As per Table 3-4, of the 1968 Building Code, IIB construction required fire-ratings of building elements as follows:
- Interior bearing walls, 1-hour rated.
- Vertical exits and shafts, 2-hour rated.
- Structural members, 1-hour rated.
- Floor construction, 1-hour rated
- Roof construction, ¾ hour rated
- Property line walls require 2-hour fire rating
- Rating between dwelling units, 1-hour rating

An Alteration Co application has been filed by the Sponsor with the NYC Department of Buildings (DOBNOW ALTCO. B00995610) was approved on 7/25/24. Construction permit was issued on 8/2/24 shall. The permit number is B00995610-I1_GC. An amendment was filed on 9/3 for a new stair in the rear yard. The amendment was approved on 9/20/24. Plumbing and Electrical contractors shall be obtained the necessary permits as required by city agencies. Upon completion of construction a Certificate of Occupancy will be obtained for the building. The building shall be built as a four-unit, Class “A” multiple dwelling building. All construction is scheduled to be substantially completed prior to the conveyance of the first condominium unit.

The existing building is a 4-story building with dimensions are 19’-10” x 62’-1”. A new roof stair bulkhead is proposed. Upon completion, the height of the shall be 4-stories, approx. 49’-6” tall. There is an existing fire escape attached to the rear facade of the budling. The fire escape may be used as a

secondary means of egress. The fire escape shall remain unobstructed and unimpeded. Furthermore, it shall be unlawful to remove the fire escape serving as a means of egress.

Existing building elements to remain are the four exterior walls, the foundation walls, the wood floor joists, the exterior concrete stair in the front yard leading to the main entrance, the exterior concrete stair in the front yard leading to the cellar, and the fire escape anchored to the rear façade.

§ 20.7(c) Site.

(1) The building site is on Block 975, Lot 37
The lot area is 1,884 sf.

There is one 4-story, 4-dwelling building on the site. For the purposes of the NYC Department of Buildings, the building will be classified as a Class "A" Multiple Dwelling, R2 Occupancy Group. The building has four (4) stories. The building floors shall be labeled as follows:

-Cellar
-1st through 4th floors
-Roof

The building is a 4-story, walk-up building. There is no elevator in the building.

The façade of the building faces 2nd Street, an easterly-bound one-way street 60'-0" wide plus/minus. The street is public and owned by the City of New York.

(2) The Cellar floor is primarily an Accessory use portion of Unit No.1. The cellar is used as emergency egress. In the event of an emergency, occupants of the building descend the fire escape into the rear yard and access the street via the cellar. The Electrical meter closet and water meter closet are located in the cellar. These utility closets are common elements and are accessed vis a separate street entrance. The ceiling height shall be approx. 7'-0".

The first floor contains the Common Entrance Lobby and a Unit No.1. The ceiling height shall be approximately 10'-0".

The second floor contains the exit stair and Unit No. 2. The ceiling height shall be approx. 10'-0".

The third floor contains the exit stair and Unit No. 3. The ceiling height shall be approx. 9'-9".

The fourth floor contains the exit stair and Unit No. 4. The ceiling height shall be approx. 10'-0".

The Roof contains the exit stair bulk head, private rooftop Recreation Areas Accessory to Units No.3 & 4.

Throughout the building, mechanical duct soffits, transfer beam boxing, beam boxing and or other soffits do occur where which lower the listed ceiling heights in areas of the building.

TOTAL: There are four (4) residential total units.

(3) The streets are public and are owned by the City of New York.
Paving: The Roadway is typical of New York City, paved primarily with asphalt.
Curbing: No new curbing is required or proposed.
Drainage: The roadway is crowned and pitched to catch basins located at both sides of the street.
Street Lighting: Street lighting is provided by the City of New York, and consists of vertical stanchions.

Sidewalk:
A new concrete sidewalk is not required as per the NYC Department of buildings.

Driveway/Parking:
There is no parking required for this alteration as per NYC Zoning Resolution.

§ 20.7(d) Utilities.

Electric
New 200 AMP 208 V service will be provided to the building from Con Edison terminating in the cellar (main electrical room). From main service switchgear: separate service of 100 AMPs, 120/208 V will be distributed via sub-panels to each unit. All wiring will be copper, sizes will be adequate to load and in compliance with all applicable codes including GFCI outlets in bathrooms and kitchens. No backup energy supply is provided. Electrical consumption of common areas will be metered separately.

Gas
There is no natural gas within the building.

Water
Water for domestic use shall be supplied by the New York City Municipal Water System. One meter shall be provided for water for residential use. The cost of residential water service shall be included in the common charges.

Sewer
Sanitary and Storm Sewers shall be connected to the New York City Municipal Waste Water System. The sewer is not metered.

Telephone
The building shall be wired for telephone service. Telephone service within each apartment may be obtained from a telephone service provider on an individual basis. The main connections for this service are located in the cellar.
The building shall be prewired for Cable TV and Internet. Service within each apartment may be obtained from the local internet provider on an individual basis. The main connections for these services are located in the cellar.

§ 20.7(e) Sub-soil conditions.

The project is located in a FEMA non-flood hazard Zone X. The topography is level and drainage conditions are all satisfactory to the standards of the NYC Building Dept. There are no environmental site issues present on the premises. There is no evidence of uneven foundation movement, settling, seepage or ground water infiltration.

(1) The building's existing foundation is brick masonry.
(2) Foundation Damp-proofing: foundation shall be provided with waterproof coating on the interior side of the foundation.
(3) There is no visible damage from high water table, mud-slides, or erosion.

§ 20.7(f) Landscaping and enclosures.

(1) Grass Cover: grass cover will be provided in selected locations at the building's rear yard.
(2) Plantings: no planting will be provided
(3) Trees: there is one existing street tree pit along the sidewalk. The Scope of Work is exempt from street tree planting requirements.
(4) Fencing: a new horizontal wood plank fence, 6 ft high, shall be installed around the perimeter of the rear yard. There is an existing 3'-0" high metal fence encroaching approx. 1'-4" beyond the front property line into the public right-of-way. The non-complying encroachment may not be increased. The fence will be primed and re-painted with outdoor-grade paint.
(5) Gates: there are no gates

§ 20.7(g) Building Size.

(1) The existing zoning floor area of the building is approx. 5,040 SF. No increase to zoning floor area is proposed. The building has 4 stories, a cellar + roof bulkhead. The building floors shall be labeled as follows, cellar, first through fourth floors, Roof. The building height to the roof will be approximately 49'-6" above average grade curb level.
(2) There are no crawl spaces.
(3) There is a cellar.
(4) The building will have 4 stories (1^{st}, 2^{nd}, $3^{rd,}$ 4^{th}).
(5) Equipment rooms: There is one common utility area in the cellar accessed directly from the street. This area contains the water meter closet, electrical meter closet, and house trap. AC condenser units are located on the stair bulkhead roof and in the rear yard. The units on the stair bulkhead are accessed by a ladder via Unit No. 4' Rooftop LCE. One condenser is located in the rear yard.
(6) Parapets and guardrails shall be 3'-6" minimum above the finished roof floor.

§ 20.7(h) Structural system.

The existing foundation walls are brick masonry. Underpinning work was not required or proposed. The existing cellar slab was found be slightly unlevel. The openings made within the slab for installation of underground utilities shall be sealed using new 4-inch concrete. The slab will be leveled using cement/mortar prior to the installation of the floor finish. The typical floor structure is existing wood joists bearing existing masonry lot line walls.
Typical floor construction shall consist of floor finish over sound attenuating underlayment over plywood subfloor. The wood joist cavities shall be filled w/ sound attenuating insulation. The ceilings shall consist of two layers 5/8" gwb fastened to RC-1 resilient channels anchored to the bottom of the floor joists. The floors are designed to meet the STC requirements of the building code.

The existing roof joists shall be removed and replaced with new metal c-joist floor structure. The roof shall be provided with tapered rigid insulation on the exterior side with concrete pavers over pedestals

providing the walking surface. The walking surface shall be non-slip and capable of withstanding daily foot traffic. The existing wood floor shall remain and be sistered using new 2x12 wood floor joists. Existing wood joists that are damaged shall be replaced with new wood joists.

(1) EXTERIOR OF BUILDING:

(i)WALLS:
The exterior walls are existing brick masonry. The west lot line wall is a party wall. The east lot line wall is an independent wall. The front wall is clad with stucco on the first floor and brick masonry on the floors above. The existing roof cornice shall be sanded, primed, and repainted using exterior grade paint. The color shall be dark brown. The rear façade is clad with painted brick masonry and shall remain. The accessible brick masonry shall be repaired and re-pointed as required. The exposed interior wall cavities shall be filled with insulation. The roof shall be insulated with continuous rigid insulation above the sub-roof. The existing load bearing party walls shall remain and brick masonry lot line walls have a 2-hour fire-rating as required by code. The existing masonry exterior walls shall be furred on the interior side using metal studs, spaced 16" on-center. The stud cavities shall be filled with spray-foam insulation.
It is not required to file a Local Law 11/98 report for periodic inspection of the exterior walls and appurtenances with the NYC Department of Buildings, since the building does not exceed six stories in height.

Ceilings:
The ceilings shall be covered with painted gypsum wall board.

(ii) WINDOWS:
The building's windows will be aluminum-frame operable and double-hung Pro-Line Series by Pella or equal. Windows throughout the property shall be double-glazed, low E, insulated. Light and vent requirements for the habitable spaces have been met with proposed windows. Window joints shall be sealed using silicone-based and/or polyurethane-based caulk. No thermal break is provided or required. The existing window lintels and sills shall remain. Window guards will not be provided. Each Unit owner is responsible for installing windows guards in the even a child 10 years of age and under will reside in the apartment in accordance with the Housing Maintenance Code.

There is no bond or guarantee offered by the manufacturer. The warranty will be the responsibility of the contractor who assumes responsibility and warranted for one year from installation. The satisfactory performance of the total window installation, which includes that of the windows, glazing, anchorage and setting system, sealing, flashing, etc. as it relates to air, water and structural adequacy as called for in the specifications and approved shop drawings are the responsibility of the contractor.
There are no lit-line windows existing or proposed.

(iii) The building is not landmarked.

(2) Parapets and copings:
The new roof parapets shall be provided with new coping.

(3) Chimneys and caps:

The vent ducts are rigid metal type. The metal flues shall be double-wall, Type B or PVC where permitted by the Building Code. There are no chimneys or caps.

(4) Balconies and terraces
The roof above the 4th floor shall be a roof terrace for Unit no 3 and 4.
(I) The roof terrace shall be provided with concrete non-slip pavers capable of withstanding daily foot traffic.
(ii) Parapets are proposed on all the roof terrace edges and shall have a minimum height of 42" measured from the walking surface of the roof.
(iii) there are no rails proposed.
(iv) the parapet shall be coped using new bent aluminum cap flashing
(v) there are no soffits
(vi) The stair bulkhead doors accessing the roof shall be hollow-metal doors with by a painted hollow-metal frame and a glass vision panel. The glazing shall be tempered type. No thermal break shall be provided. The doors shall be equipped with a lockset and closer. The windows and doors are provided with a limited 1-year product and installation warrantee.

(5) Exterior entrances:

(i) Exterior Doors:

(A) The residential main entrance doors shall be insulated hollow metal door with a metal door frame, partially glazed. The door manufacturer shall be Jeldwen, equal or better. The maximum U-factor for the door shall be 0.77. The doors shall be provided with a single glass panel and equipped with self-closers and locking devices allowing public access to the main entrance hall of lobby as per Multiple Dwelling Law. The saddle free of tripping hazard and free from ponding. The entrance shall be lit with LED exterior grade fixtures and comply with Multiple Dwelling Law.

(B) Exterior glass doors shall be insulated wood doors, partially glazed manufactured by Pella or equal.

(ii) A vestibule door is not provided
(iii) Mailboxes: The mailboxes shall be located in the residential lobby on the first floor.
(iv) Lighting- Exterior Entrances:
The exterior building entrances is lit using wall-mounted LED lighting fixtures.
The main building entrance lights will be on a time clock located in the cellar electrical room.

(6) Service Entrances. N/A

(7) Roof and roof structures.

There shall be areas designated on the roof and stair bulkhead for mechanical vents; there shall also be exhaust fans for bathrooms located on the roofs.
The roof shall be accessed from the public staircase. Pavers shall be provided over the roofing membrane.
At the roof above the fourth floor there shall be exhaust fans and duct risers. Each fan and mechanical equipment shall sit on a base and shall be flashed.

(i) The existing wood roof joists shall be removed and replaced with new metal c-joists spaced 16" on-center. The sub-roof shall be ¾" CDX plywood with rigid insulation above. The roofing membrane shall be installed over the insulation and will be pitched to the new roof drains. The roof drain and scuppers are connected to building's combined storm/sanitary sewer connection.

(a) The roofs shall be provided with new roofing membrane Firestone 180 or equal. The proposed roof is a granule-surfaced APP modified bitumen membrane.
(b) The roof shall be provided with R-33 continuous insulation under the roofing membrane.
(c) Surface finish: Concrete pavers over pedestals shall be installed over the roofing membrane providing the roof's walking surface. The walking surface shall be capable of withstanding daily foot traffic.
(d) The roof shall be installed pursuant to a 2-year installer guarantee for labor and materials commencing on the date of completion of the installation. The guarantee will be for materials and labor.
(e) Roof flashing and counter flashing will be bent aluminum or liquid type. The roof walking surface shall be concrete pavers on pedestals.

(ii) The roof is pitched toward roof drains and/or scuppers as required. Three new cast iron with low-profile dome drains shall be provided on the roof. Each drain is provided with (1) one new secondary cast iron drain as secondary drainage to comply with code. Roof to be adequately pitched towards the drains. The stair bulkhead roofing membrane shall be pitched to a scupper connected to an aluminum leader. The leader will direct storm water from the bulkhead roof down to the main roof.
(iii)Skylight: N/A.
(iv) Bulkheads:
Stair Bulkheads: New stair bulkhead walls are constructed with metal stud framing. The roof is framed with metal c-joists. The stair provides roof access complying with FC Chapter 10, Means of Egress.
Elevator Bulkhead: there is no elevator in the building.
(v) Metal work at roof level: there is one maintenance ladder proposed leading from the roof to the roof of the stair bulkhead for maintenance and servicing of the AC condensers. The front and side perimeters of the roof shall be provided with a new metal guardrail installed above the existing parapets. The top of guardrail height shall be 42" minimum as measured from the walking surface of the roof. The rear perimeter of the roof shall be provided with a full 42" height metal guardrail.
(vi) there are no rooftop antennae, cell phone towers, or satellite dishes. Rooftop access is designated in compliance with the 2014 NYC Fire code. The rooftop occupancy as per the Schedule of Occupancy is 5 occupants. The roof provides a rooftop LCE for exclusive use by Unit no. 3 and Unit no. 4. A 6' high horizontal wood plank fence with metal posts is provided to separate the two roof areas. A 36" wide gate shall be provided within the fence. The gate shall be constructed of aluminum frame with same horizontal wood planks as the adjacent fencing. The project is exempt from sustainable roof requirements as per LL 92/94 of 2019.
Access through Unit no. 4 portion of the roof is required for access to the AC maintenance ladder and to the fire escape ladder located at the rear of the building.

(8) Fire Escapes. Location: One existing metal Fire Escape located at the rear exterior wall. Fire Escape is required as a second means of egress from floors 2, 3, 4, and the roof. A fixed fire-escape ladder leads from the roof to the fire-escape basket on the 4th floor. There is a fire escape stair and basket on every floor leading down to the first floor. From there, a drop-down ladder leads to the rear

yard. The fire escape is for emergency egress only and shall remain unobstructed at all times. The fire escape is not intended to be used recreationally by the building occupants. The conditions of the fire escape are acceptable. A new coat of paint will be applied throughout. The fire escape is anchored to the building with triangular metal backets anchored through the masonry wall. In the event of an emergency, the building occupants of the upper floors may use the fire escape to discharge onto the rear yard. Egress is then continued to the street through the cellar.

(9) Yards and courts

Front Yard: there is a front yard measuring approx. 7'-4"
Side Yards: there are no side yards.
Rear yard: There is a 22'-0" rear yard. A new 4 ft wide metal stair shall be installed within the rear yard accessing the rear yard through the 1st floor Master Bedroom.
(i) Paving: The front and portions of the rear yard are paved using concrete paving. The paving is non-slip and capable of withstanding daily foot traffic. A portion of the rear yard shall be provided with concrete pavers on-grade. The pavers shall be pitched to an area drain.
(ii) Drainage: There is an existing area drain at the bottom of the cellar stairs in the front yard. In the rear yard, there is an existing area drain located at the bottom of the cellar stair landing. A new area drain is proposed within the paved portion of the rear yard.
(iii) Railings: There are an existing 3'-0" high metal fence in the front yard of the building. The fence projects approx. 1'-4" beyond the front property line into the right-of-way. The new metal stair in the rear yard accessing the 1st floor shall be provided with metal railing, 42" high, on both sides. The two existing cellar concrete stair are provided with one metal railing.
(iv) Stairs: There are two existing conc. Stairs in the front yard leading to the first-floor lobby and cellar. There is an existing stair in the rear yard leading to the cellar. The existing stairs shall be repaired as required using concrete patch-repair compound.
(v) Ramp: N/A

(10) Interior Stairs.

The existing wood exit stair shall be removed and replaced with a new, non-combustible steel stair. The stringer and risers shall be steel with steel pan treads filled w/ concrete. The stair enclosure shall be two-hour fire rated. The stair guard shall be 42" high minimum. The guard top rail shall be round pipe w/ ¾" x ¾" square balusters spaced 4" on-center. The stir handrail shall be 1-1/2" diameter steel pipe rail wall-mounted approx. 34" above the finished floor. The enclosure construction is comprised of metal studs, spaced 16" on-center. The cavities shall be filled with spray foam insulation. Two layers of 5/8" type X gypsum wall board (gwb) is provided on each side with one side receiving RC-1 resilient channels between the gwb and studs The enclosure shall extend from the 1st floor to the roof. The apartment stair accessing the cellar form the 1st floor shall be wood construction including the stringers, risers, and treads.

(11) Interior Doors and Frames.

(i) Apartment entry doors, cellar storage room doors, cellar Powder Room door, Cellar Laundry Room door, and roof bulkhead doors leading to the roof shall be metal doors, 1.5 hour-rated, fire-proof, self-closing with metal frames. Apartment doors shall have saddles, peep holes, and chime.
(ii) Exit stair doors shall be hollow metal 1.5 hour fire-rated hollow metal doors with metal frames.
(iii) Interior apartment doors shall be non-rated, wood doors with wood frames. Bathroom doors shall have saddles.

(iv) The roof bulkhead doors shall be metal frame, 1.5 hour-rated, fire-proof self-closing with a vision panel.

(12) Elevator: N/A

(13) Elevator Cab: N/A

(14) Floor Impact Resistance

Typical floor construction shall consist of floor finish over sound attenuating underlayment over plywood subfloor. The wood joist cavities shall be filled w/ sound attenuating insulation. The ceilings shall consist of two layers 5/8" gwb fastened to RC-1 resilient channels anchored to the bottom of the floor joists. The floors are designed to meet the impact requirements of the building code.

(15) A sub-grade drainage system is not provided.

(16) Foundation damp-proofing: the interior side of the existing foundation walls shall be water-proofed using a roll- waterproofing.

§ 20.7(i) Auxiliary rooms.

(1) Laundry Facilities:

Each unit is provided with one washer and one electric, ventless, dryer located within each individual unit. The dryers are electric.

(2) Trash Chute and compactor room:

A trash chute and compactor room are not required or proposed. Trash is collected every Tuesday and Friday with recyclables collected every Friday. Collections are done publicly by the Department of Sanitation of New York (DSNY). There is an area within the front yard of the building allocated for trash bins.

(3) There is no bicycle storage required or provided within the building.

(4) There are no storage units proposed.

(5) There is no mail package room provided.

§ 20.7(j) Plumbing and drainage.

(1) Water supply.

Water is supplied to the building through an existing 1" brass domestic water service connection to the New York City Water Distribution System. The main shut off valve is located in the cellar. Each unit shall be supplied with cold water from a minimum three-quarter (3/4") copper piping. Domestic hot and cold-water piping shall be "L" copper tubing. Water distribution system piping shall be of hard temper "K" copper tube below grade only. Hot water pipes greater than 1" shall be insulated with 1" R-5 foam pipe insulation where required by the NYC Energy Code. There are no backflow preventers required or proposed.

The existing sanitary sewage system consists of new heavy weight cast iron piping and PVC piping. The sanitary sewage system shall discharge by gravity to a house trap located below cellar level then into the New York City Municipal Waste Water System. Storm drainage from the roofs, terrace and rear yard shall discharge into the sewer via the combined stormwater and sanitary sewer connection. All hot and cold-water supply piping that is 1" diameter or greater shall be insulated. All supply piping installed within an exterior wall cavity shall be insulated to prevent damage from freezing.

(2) Fire Protection Systems

(i) A fire alarm system is not required or proposed.

(ii) There is no standpipe.

(iii) Frost-proof hose bibbs shall be provided in the rear yard and roof.

(iv) A fire sprinkler system is not required or proposed.

(v) Siamese fire department connection: N/A

(3) Water Storage tanks and enclosures:

There are no water storage tanks

(4) Water pressure.

Water existing water pressure adequately provides water to the fixtures of the building.

(5) Sanitary sewage system.

The sanitary sewage system shall consist of heavy weight cast iron piping and PVC piping. The sanitary sewage system shall discharge to a house trap located below the cellar level then into the New York City Municipal Waste Water System. Storm drainage from the roof, terraces and rear yard shall discharge by gravity into a house trap and then into the New York City Waste Water System.

(6) Permits required.

To date the following applications have been filed and permitted:
Alteration CO Job No. B00995610-I1 (Status: Permit issued on 8/2/24)
Plumbing Job No. B00995610-S1 (Status: Pre-filed)
Structural Job No. B01058500-I1 (Status: Permit issued on 6/24/24)

All applications must be signed off prior to the issuance of the final Certificate of Occupancy

(7) Storm drainage system.

The sanitary sewage system is piped with black cast iron and/or PVC pipes throughout the building. All lines connect to the House Trap inside the building connected to the combined sewer at the street. Water is then discharged into the NYC sewer through the combined storm/water sanitary connection. There are no stormwater detention tanks or drywells required or proposed. There is an existing area drain at the bottom of the cellar stairs in the front yard. In the rear yard, there is an existing area drain located at the bottom of the cellar stair landing. A new area drain is proposed within the paved portion of the rear yard. Three new cast iron with low-profile dome drains shall be provided on the roof. Each drain is provided with (1) one new secondary cast iron drain as secondary drainage to comply with code.

§ 20.7(k) Heating.

Hot Water Heater: hot water is provided for the building by individual electric hot water heaters as follows:
Unit 1: Manufac: Rheem, Model: XE50T06ST45U1, Capacity: 50 gal.
Units 2, 3, 4: Manufac: Rheem, Model: XE47T06ST45U1, Capacity: 47 gal.

The water heater for Unit No. 1 is located in the cellar. The water heaters for units 2, 3, and 4 are located in a closet, above the washer/dryer, within each apartment. A manufacturer guarantee is provided for 6-year tank leaks and parts and 1-year for labor. Hot water piping shall be insulated using 1" R-5 pipe insulation.

Heating System: heating is provided using ducted mini-split heat pump systems manufactured by Cooper Hunter. The condensers shall be located on the roof bulkhead. The system efficiency is COP 3.46 (heating mode) and 17.7 SEER (cooling mode). The systems are electric and are individually connected to each unit's meter respectively.

Air distribution ducts and refrigerant piping shall be insulated using 1-inch, R-5 insulation.

The system is capable of maintaining 78°F (26°C) at 50-percent relative humidity when the outdoor air temperature is 89°F (32°C) and the coincident wet bulb temperature is 73°F (23°C).

AC Unit components as follows (or equal):

Unit No.1: Cellar Air Handler(s), Cooper Hunter Model: CH-09MCT1W
1st floor Air handler(s), Cooper Hunter Model: CH-M18DTUI
Condenser(s), Cooper Hunter Cellar Model: CH-HPR28M-230VO
1ST Floor Model: CH-HPR36M-230V0

Unit No.2: 2nd floor Air handler(s), Cooper Hunter Model: CH-M18DTUI
Condenser(s), Cooper Hunter, Model: CH-HPR36M-230V0

Unit No.3: 3rd floor Air handler(s), Cooper Hunter Model: CH-M18DTUI
Condenser(s), Cooper Hunter, Model: CH-HPR36M-230V0

Unit No.4: 4th floor Air handler(s), Cooper Hunter Model: CH-M24DTUI
Condenser(s), Cooper Hunter, Model: CH-HPR48M-230V0

The refrigerant piping connecting the condensers and air handlers shall be insulated using 1" R-3 insulation. Each zone shall be provided with a wall-mounted programmable thermostat. The manufacturer provides a 10-year limited parts guarantee after unit registration.

§ 20.7(l) Gas Supply

There is no natural gas system in the building.

§ 20.7(m) Air Conditioning

Cooling System: The cooling is provided using the same duct-less mini-split heat pump systems that provide heat. The exterior fasteners are corrosion resistant. Rooftop piping will be insulated using 1" R-5 insulation.

- The cooling system is capable of maintaining 78°F (26°C) at 50-percent relative humidity when the outdoor air temperature is 89°F (32°C) and the coincident wet bulb temperature is 73°F (23°C).
- The system efficiency is 18.5 SEER
- The type of system is a ducted, mini-split, electric, heat-pump system.
- The heat pump systems are by Cooper Hunter or equivalent. The capacities are as follows:

Unit No.1 total system Cellar: 28,000 BTU
1st Floor: 36,000 BTU

Unit No. 2, system capacity: 36,000 BTU

Unit No. 3, system capacity: 36,000 BTU

Unit No. 4, system capacity: 48,000 BTU

- There are 4 roof-top condensers located on the roof accessed by a ladder in Unit no. 4's LCE.
- Refrigerant piping will be insulated with 1", R5 insulation
- The indoor air-handling units are provided with indirect condensate drainage connected to the buildings sanitary system.

§ 20.7(n) Ventilation.

Units will be ventilated through natural ventilation by means of operable windows. Bathrooms will be exhausted through new Broan AE110 (110 cfm, noise emission rate of 1.0 Sones) (or equal) exhaust fans in each bathroom. Ventilation provided at utility room through F.A.I. (Fresh Air Intake).
All provided ventilation is adequate and according to applicable code(s). All exhaust ducts from all units (bathrooms, kitchenette) end at Roof and/or Bulkhead Roof.
Kitchenettes in the units will be exhausted through new hood exhaust fans.

§20.7 (o) Electrical System.

New 200 AMP 208 V service will be provided to the building from Con Edison terminating in the cellar (main electrical room). From main service switchgear: separate service of 100 AMPs, 120/208 V will be distributed via sub-panels to each unit. All wiring will be copper, sizes will be adequate to load and in compliance with all applicable codes including GFCI outlets in bathrooms and kitchens. No backup energy supply is provided. Electrical consumption of common areas will be metered separately.

Service to each unit will be adequate per governing electric code and will accommodate modern appliances. Each unit will have an adequate number of convenience outlets including GFCI outlets for bathrooms and kitchens. All Units will be adequately lit, and fixtures will be new and permanent.

There is no generator proposed in the building.

<u>Lighting is provided for spaces within units as follows:</u>
Living Areas: provided with recessed LED lighting
Bedrooms: provided with recessed LED lighting
Entries within apartment: provided with overhead light fixture
Kitchens: provided with overhead light fixture
Bathrooms: provided with switch that controls overhead light fixture and exhausts
Apartment stairs (where provided): provided with LED lighting

<u>Convenience outlets, appliance outlets:</u>
Living Rooms, Bedrooms, Bathrooms - 15Amp / 110volt convenience outlets as per code
Bathroom to receive GFCI Receptacles per code
Kitchen to receive GFCI Receptacle in backsplash
Refrigerator & Oven - 15Amp / 110volt dedicated circuit
Washer / Dryer - 30Amp / 120volt dedicated circuit
Terrace – 15Amp / 110volt GFCI receptacle (waterproof housing)

§ 20.7(p) Intercommunication System

Intercom shall be video and audio system. Video and Audio intercommunication is provided for each Residential Unit. The intercom system is to be manufactured by AMOCLAM or equal 1/W WHITE VDS. Warranty is 1-year on defects.
There will be a device at the exterior of the building by the main entrance as for visitor to communicate with the requested unit. The Residential Units will be prewired for telephone,

internet and cable TV, from the mechanical/meter room to each Unit.

§ 20.7(q) Public areas lighting.

All Public Area lighting shall be connected to the common electrical meter.
Front Entry lighting to consist a wall fixture adjacent to the Front entry door providing 5 watts at the floor level. All public entrances, halls and stairs, corridors, will be provided with new LED Lighting in sufficient quantity and foot candles to comply with the New York State energy code regulations. The public area lighting complies with all applicable codes. Front entrance lights will be on a Time Clock/ photoelectric control located in cellar electrical room.

§ 20.7(r) Garages and parking areas.
Not applicable.

§ 20.7(s) Swimming pools.
There is no swimming pool.

§ 20.7(t) Tennis courts, playgrounds and other recreation facilities.
There are no tennis courts, playgrounds or any other recreation facilities on site.

§ 20.7(u) Permits and certificates.
The following is a list of all reoccurring inspections that will be done on an ongoing basis:

Pursuant to the projected first-year budget, the Condominium will not have any employees. Individual Residential Unit Owners will be responsible for the following janitorial services: taking out household refuse for removal by the New York City Department of Sanitation and sweeping, vacuuming, mopping and/or dusting the Common Elements immediately in front of their Residential Unit. All other services of the Condominium will be contracted for and performed by independent contractors who are not employees of the Condominium on an as needed basis. The level of staffing complies with all applicable housing or labor laws for this Condominium, given the Condominium contains a total of four (4) Residential Units and on-site or proximately located janitorial/superintendent services are required for New York City buildings containing nine (9) or more units. The projected budget at Schedule B contains a line item for repairs and maintenance that may be required on an as needed basis. After the first year of Condominium operation, general repairs and/or maintenance will likely be required, and Homeowners should expect this budgetary line item to increase in the future. See Special Risk No. 33 and Section XVI of the Offering Plan, and Schedule B.

§ 20.7(v) Violations.
As of the date of this report, there is one open OATH/ECB violation, number 39529096R, for debris on the 1st floor during construction. The condition has been resolved. The violation is in the process of being resolved. All open violations shall be resolved prior to issuance of the Certificate of Occupancy.

§ 20.7(w) Unit information.
The total number of residential rooms can be calculated by using the following Zoning Resolution formula:

Living Room	=	1
Dining Room	=	1
Kitchenette	=	0.5
Bedroom	=	1

Bathroom = 1

The ceiling heights within the units are as follows:
Unit No.1: cellar = 7'-0", first floor = 10'-0"
Unit No.2: second floor = 10'-0"
Unit No.3: third floor = 9'-8"
Unit No.4: fourth floor = 10'-0"

TOTAL NUMBER OF ZONING ROOMS

Cellar	0
1st Floor	5.5
2nd Floor	6.5
3rd Floor	6.5
4th Floor	6.5

TOTAL ZONING ROOMS = 25
The zoning rooms have been computed on the New York City Zoning Resolution definition.

UNIT AREAS (gross sq. ft.)
Unit No. 1 = 2,330.5 SF + 436.5 LCE (rear yard)
Unit No. 2 = 1,156 SF
Unit No. 3 = 1,156 SF + 433 LCE (roof terrace)
Unit No. 4 = 1,156 SF + 584.5 LCE (roof terrace)

The approximate physical dimensions of each Residential Unit consists of the area measured horizontally from the exterior side of the exterior wall (columns, mechanical pipes, shafts, shaft ways, chases, chase ways, and conduits are not deducted from measurement of each Residential Unit) to the centerline of the partitions separating one Residential Unit from another Residential Unit, or separating one Residential Unit from corridors, stairs, and mechanical equipment spaces or any Common Elements not within a Residential Unit or to the exterior side of the opposite exterior walls. Each Residential Unit is measured vertically from the top of the floor below to the underside of the ceiling. Any Common Element located within a Residential Unit will not be considered a part of such Residential Unit.

Finishes /Appliances
eliracece@gmail.com
1. General: All finishes are subject to the Sponsor's right to substitute finishes of equal or better quality as recognized by industry standards for performance, efficiency, longevity and/or other classifications as applicable.

i) Interior of Residential Condominium Units, General Finishes all units

- Floors Engineered white oak Hard Wood flooring by Cali Hardwoods Meritage. Color: Caramel Valley Oak # 7601002400, tongue-and-groove 9 ½" wide planks (or equal)
- Baseboards Painted MDF to match walls
- Walls Painted / Eggshell finish (1 coat primer and 2 coats of finish)
- Ceilings Painted / Flat finish (1 coat primer and 2 coats of finish)

ii) Kitchens (All appliances shall be as specified below, or equivalent) Appliances, fixtures, and fittings

All units

- Refrigerator (all units):

Bosch equal or better 30", panel finish

- Dishwasher (all units):

Bosch Model# 800 Panel ready

- Oven (all units):

30 inch Bosch equal or better electric range

- Exhaust (all units):

Broan Model#RMPE7004 with External 1200cfm blower Broan Model#335

- Microwave (all units):

Sharp equal or better24" Transitional micro drawer

- Kitchen Sink:

Blanco Model# 518172

- Kitchen Faucet:

Brizio Model# 63025LF-PN

Finishes all units

- Floor (Living, Dining, Bedroom, Kitchenette) Engineered white oak Hard Wood flooring by Cali Hardwoods Meritage. Color: Caramel Valley Oak # 7601002400, tongue-and-groove 9 ½" wide planks (or equal)
- Backsplash stone
- Counters stone
- Ceiling Painted / Flat finish
- Cabinets Solid Walnut Cabinets below the countertop with lacquered cabinets above

iii) Bathroom

Fixtures and fittings

- Tub Kohler or equal or better
- Tub fittings Kohler or equal or better
- Sink Faucet Kohler or equal or better
- Shower Kohler or equal or better
- Shower fittings Kohler or equal or better
- Toilet Kohler or equal or better

Finishes

- Floors Porcelain tile equal or better
- Walls Porcelain tile equal or better
- Shower Floor Porcelain tile equal or better
- Counters Marble
- Ceilings Painted (mildew resistant) / Flat finish
- Cabinets Laminate

- Washer/ Dryer (or equal):

GE front loaded Stackable electric dryer

§ 20.7(x) Finish schedule of spaces other than units.

AREA	FLOOR	BASE	WALLS	CEILING	REMARKS
Vestibule	Porcelain Tile	Porcelain Tile	Painted	Painted	
Lobby	Porcelain Tile	Porcelain Tile	Painted	Painted	
Mechanical	Tile	None	Painted	Painted	

§ 20.7(y) Safety and warning devices.

All devices as required by New York City Building Code will be provided as follows:

1. Residential Unit Smoke Detection System:

All Residential Units will contain new smoke and carbon monoxide detectors by Kidde or equal located at each bedroom, and on each floor. The detector will be hard wired and will be self-contained with its own sounding device.

2. Common Area Fire and Smoke Detection System: Not required, not provided
3. Residential Unit Carbon Monoxide Detection System:

Residential Units will contain a carbon monoxide detector located in each dwelling unit and on each floor. The detector will be hard wired and interconnected within an apartment and will be self-contained with its own sounding device.

4. Closed-Circuit Security TV: None
5. Safety and warning devices: Not required, not provided

§ 20.7(z) Additional information required.

Roof and Floor Drains:

- Roof drains are located on the roof.

§ 20.7(aa) Visual examination of certain conditions in the building(s)

N/A.

§ 20.7(bb) Further Development

There is no further development planned for this building at this time.

§ 20.7(cc) Asbestos

Asbestos investigation conducted. The interior of the building was found to be asbestos-free. Asbestos Assessment Form ACP5, Control no. 31162241 was prepared reporting this investigation. Asbestos Containing Material (ACM) was discovered in the existing roof membrane and existing roof flashing. The ACM was removed and disposed of by a certified asbestos abatement company. Asbestos Project Completion Form – ACP21 no. TRU117BK24.

§ 20.7(dd) Lead-based Paint

- During demolition, paint that may have contained lead shall be removed. The building shall be renovated and repainted with lead-free materials and paint. See Part I Special Risk (#48) for additional disclosures.

§ 20.7(ee) Roof Rights.
Units No. 3 and Unit No.4 will have exclusive rights to a portion of the roof.

§ 20.7(ff) Radon.
N/A in New York City area.

§ 20.7(gg) Construction Regulations
Building shall be constructed as per all applicable rules and regulations by OSHA standards.

END OF REPORT

SCHEDULE G-1

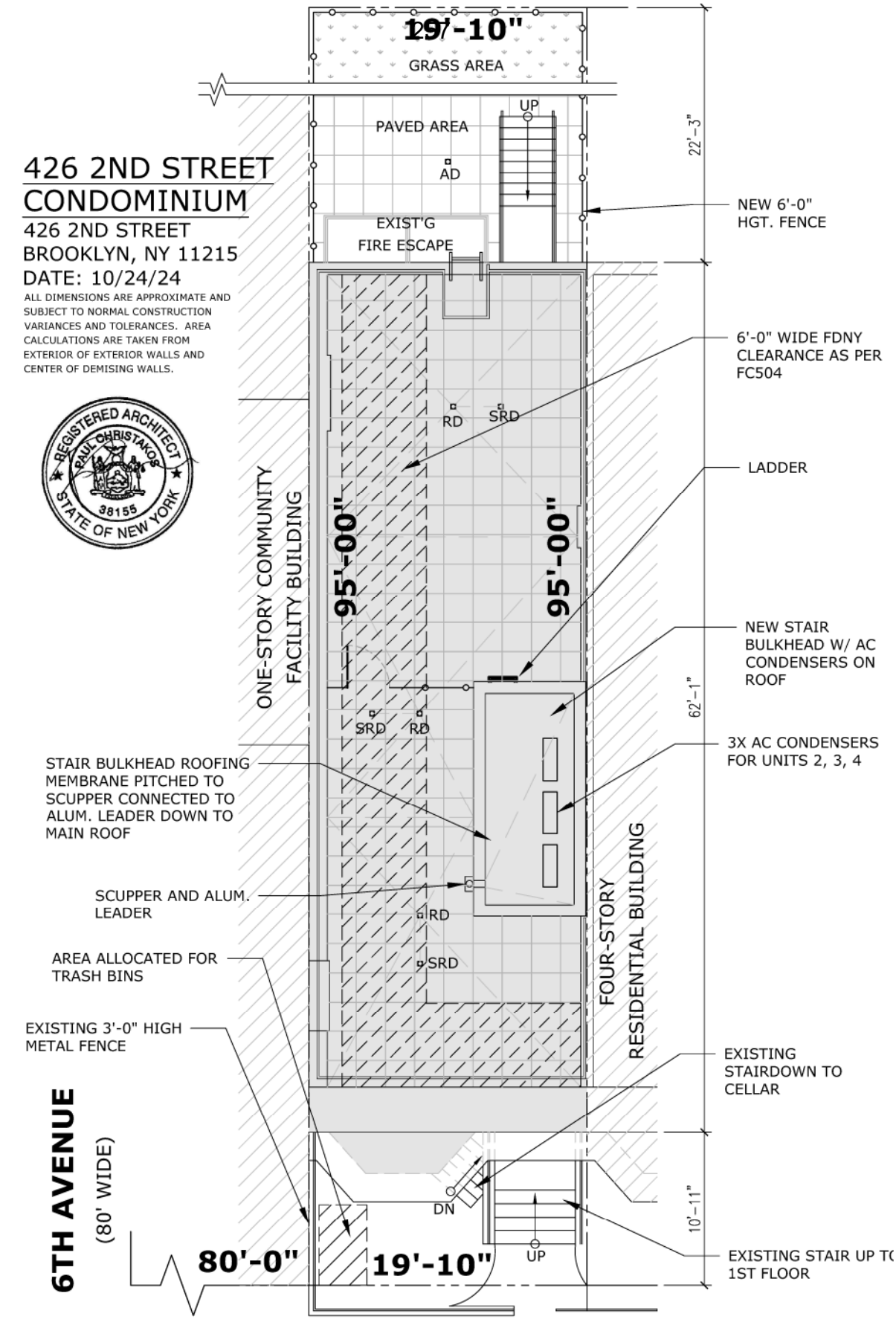
SITE PLAN

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO NORMAL CONSTRUCTION VARIANCES AND TOLERANCES. AREA CALCULATIONS ARE TAKEN FROM EXTERIOR OF EXTERIOR WALLS AND CENTER OF DEMISING WALLS.

REGISTERED ARCHITECT
PAUL CHRISTAKOS
38155
STATE OF NEW YORK



N

1 SITE PLAN / ROOF BULKHEAD PLAN

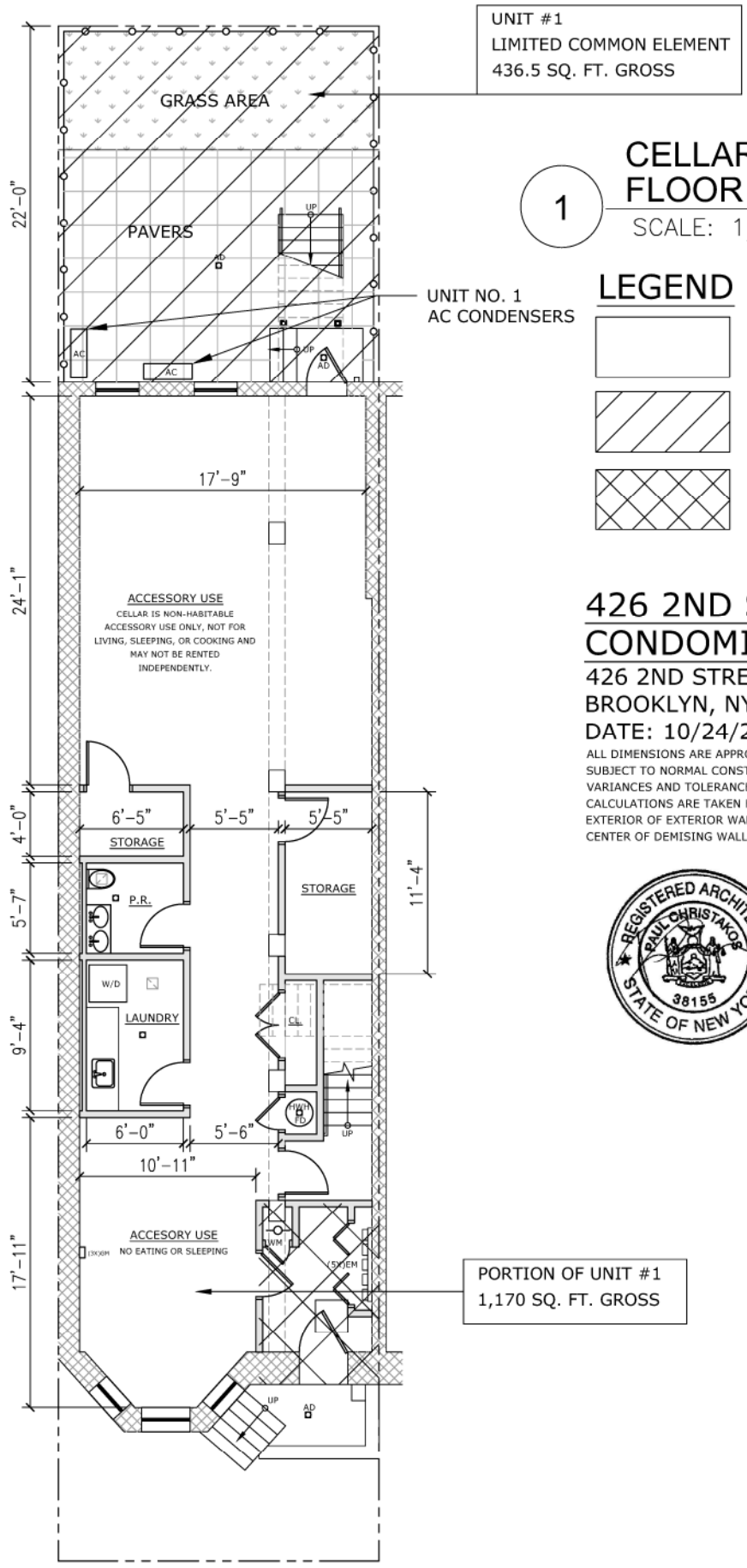
SCALE: 1/8"=1'-0"

TREE PIT

2ND STREET (60' WIDE)

SCHEDULE G-2

FLOOR PLANS/ELEVATION



1

CELLAR FLOOR PLAN

SCALE: 1/8"=1'-0"

LEGEND

CONDO UNIT

LIMITED COMMON ELEMENT

COMMON ELEMENT

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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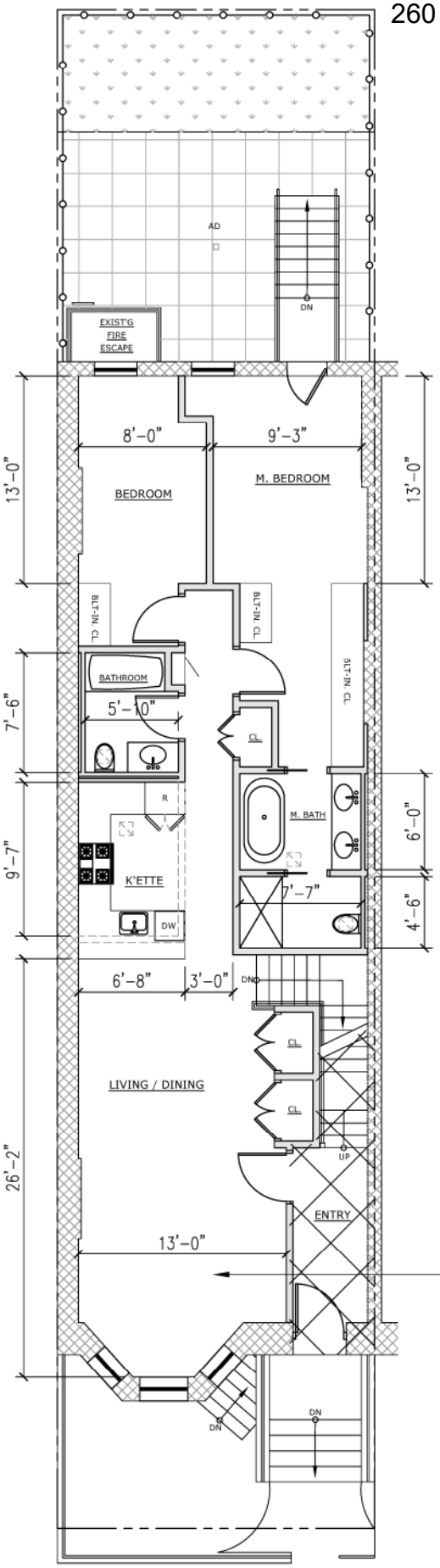

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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REGISTERED ARCHITECT
PAUL CHRISTAKOS
38155
STATE OF NEW YORK

1 FIRST FLOOR PLAN

SCALE: 1/8"=1'-0"

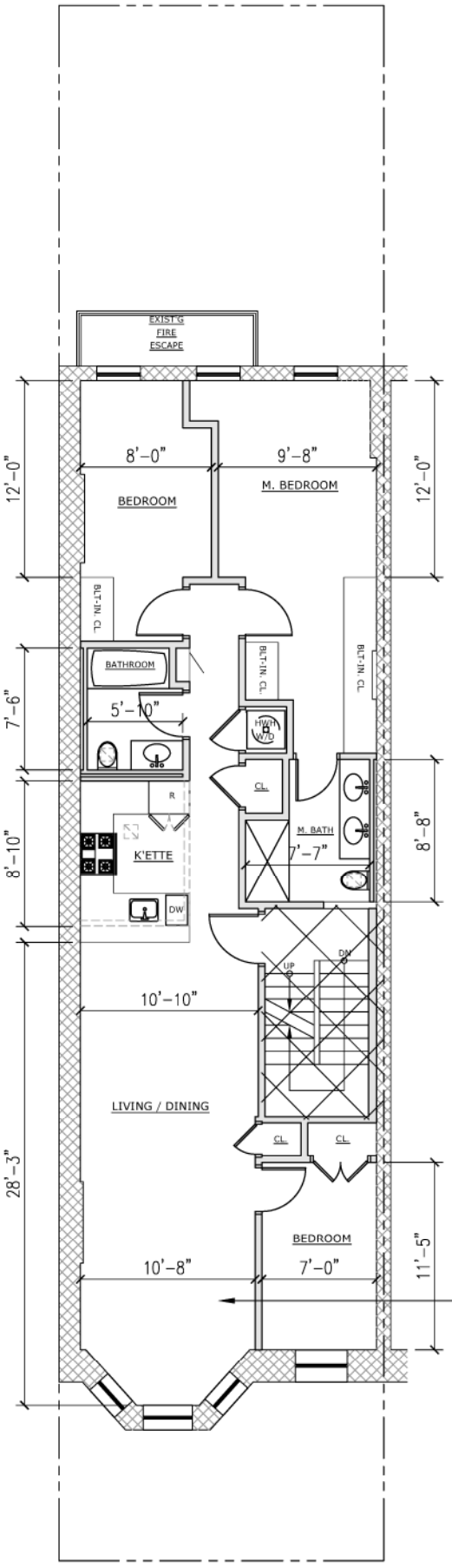
LEGEND

CONDO UNIT

LIMITED COMMON ELEMENT

COMMON ELEMENT

PORTION OF UNIT #1
1,160.5 SQ. FT. GROSS



426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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LEGEND

- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT

1 2ND, 3RD, 4TH FLOOR PLAN

SCALE: 1/8"=1'-0"

UNIT #2, #3, #4
1,156 SQ. FT. GROSS EACH

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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PAUL CHRISTAKOS
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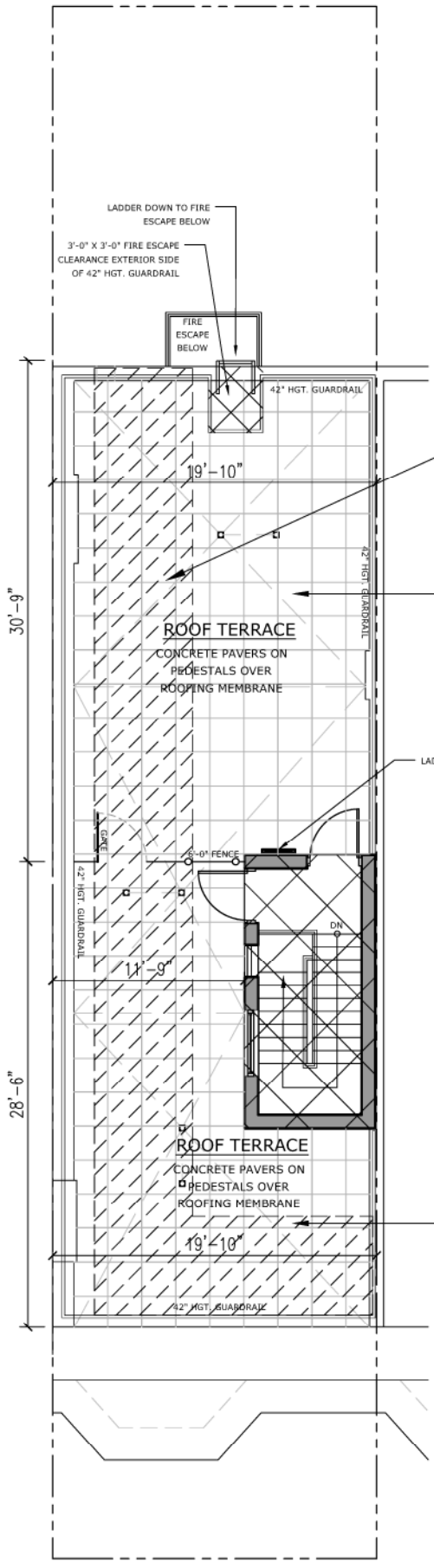
STATE OF NEW YORK



6'-0" WIDE FDNY CLEARANCE AS PER FC504

UNIT #4
LIMITED COMMON ELEMENT
584.5 SQ. FT. GROSS

UNIT #3
LIMITED COMMON ELEMENT
433 SQ. FT. GROSS

LEGEND

- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT

1 ROOF FLOOR PLAN

SCALE: 1/8"=1'-0"

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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REGISTERED ARCHITECT
PAUL CHRISTAKOS
38155
STATE OF NEW YORK

CONDO UNIT #1

DUPLEX, TWO BEDROOMS

TWO FULL BATHROOMS

ONE 1/2 BATH

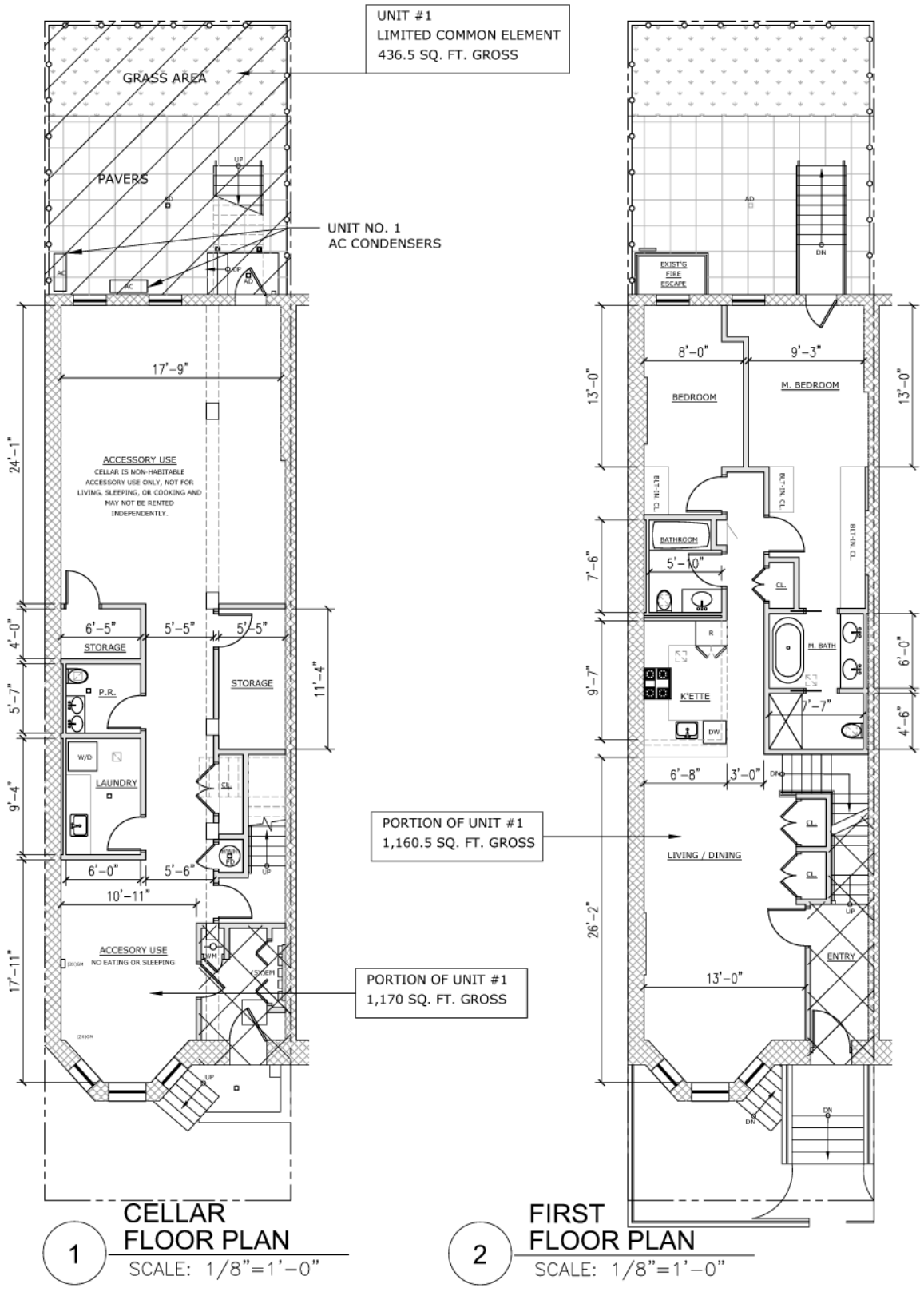
ONE ACCESSORY USE SPACE

CONDO UNIT #1
CELLAR: 1,170 SF
1ST FLR: 1,160.5 SF
TOTAL: 2,330.5 SF

CONDO UNIT #1
LIMITED COMMON
REAR YARD: 436.5 SF

LEGEND

- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT



1 CELLAR FLOOR PLAN
SCALE: 1/8"=1'-0"

2 FIRST FLOOR PLAN
SCALE: 1/8"=1'-0"

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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REGISTERED ARCHITECT
PAUL CHRISTAKOS
38155
STATE OF NEW YORK

CONDO UNIT #2

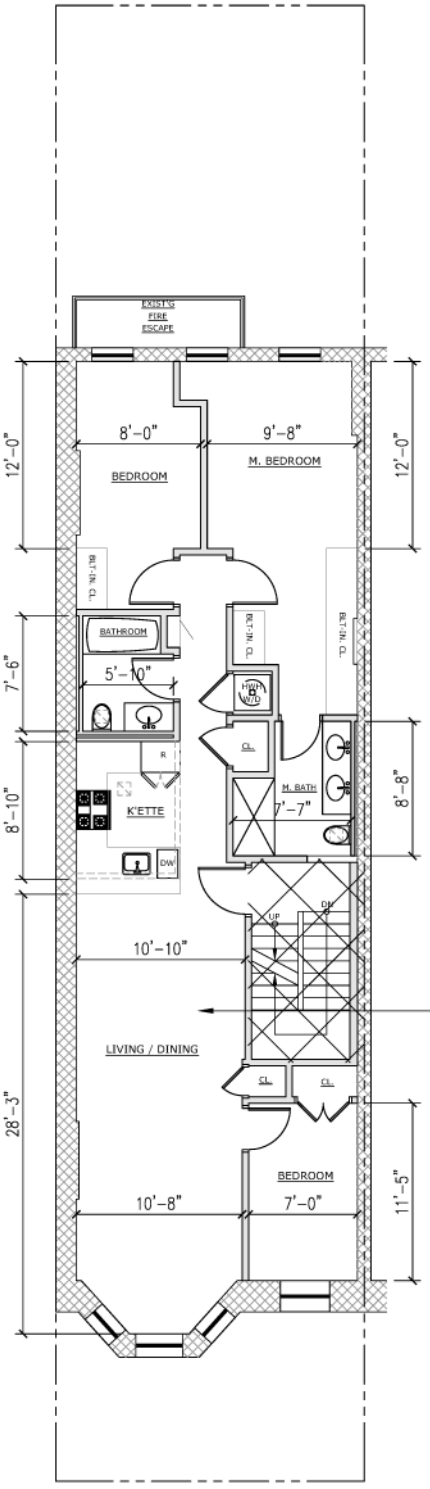
THREE BEDROOMS

TWO FULL BATHROOMS

CONDO UNIT #2
2ND FLOOR: 1,156 SF

LEGEND

- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT



1 2ND FLOOR PLAN
SCALE: 1/8"=1'-0"

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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CONDO UNIT #3

THREE BEDROOMS

TWO FULL BATHROOMS

ROOF TERRACE

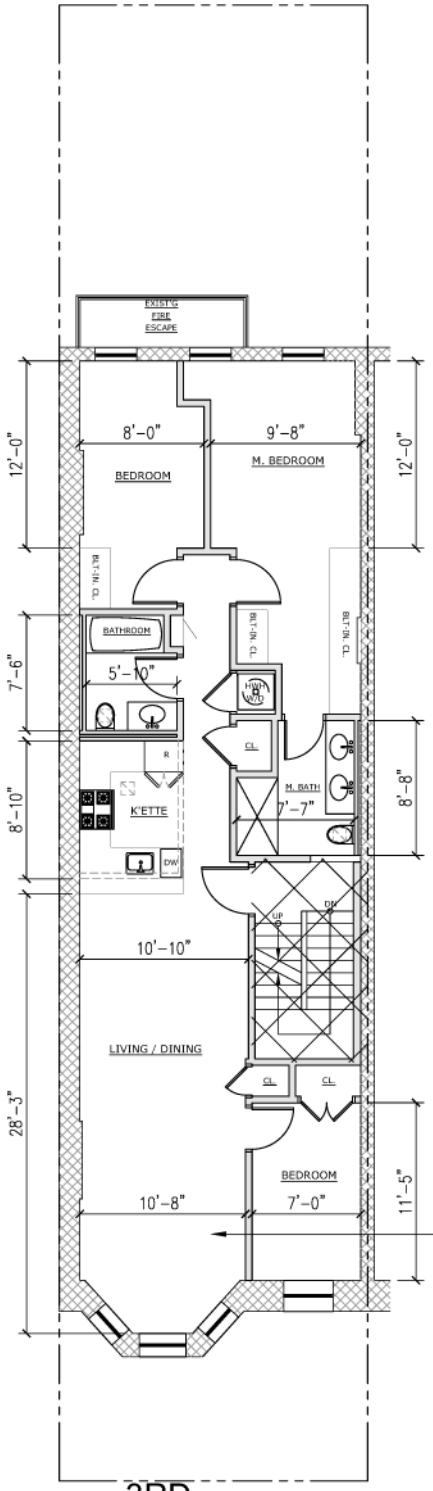
CONDO UNIT #3
3RD FLOOR: 1,156 SF

CONDO UNIT #3
LIMITED COMMON
ROOF TERRACE: 433 SF

LEGEND

- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT

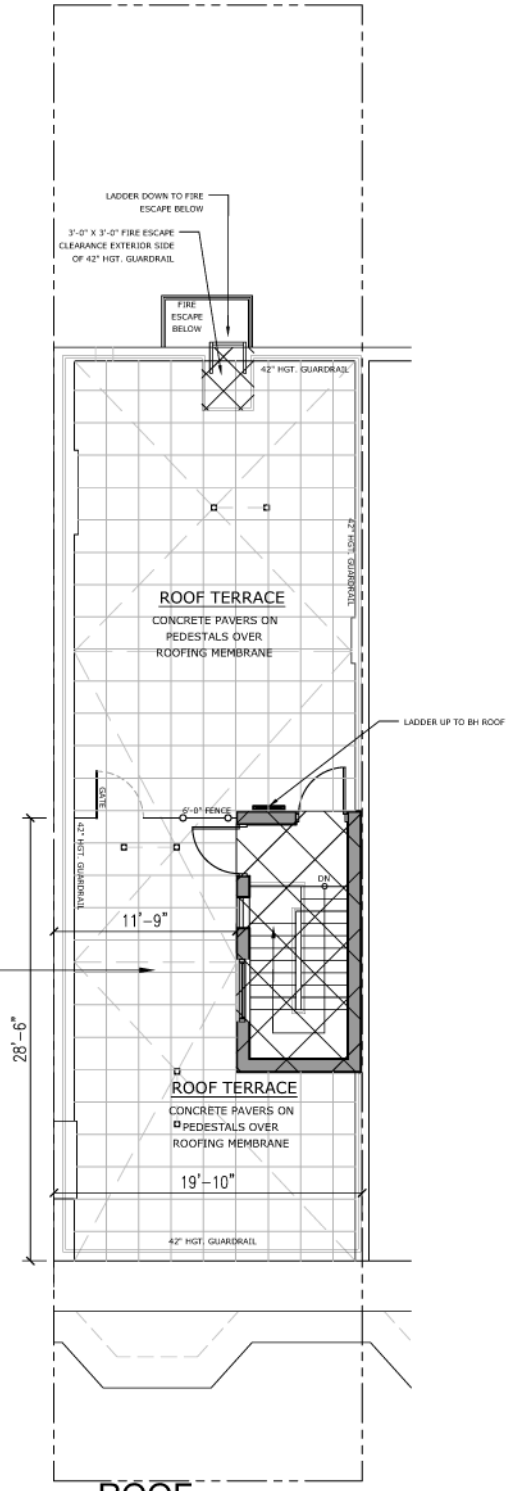
REGISTERED ARCHITECT
PAUL CHRISTAKOS
38155
STATE OF NEW YORK



UNIT #3
1,156 SQ. FT. GROSS

1 3RD FLOOR PLAN
SCALE: 1/8"=1'-0"

UNIT #3
LIMITED COMMON ELEMENT
433 SQ. FT. GROSS



2 ROOF FLOOR PLAN
SCALE: 1/8"=1'-0"

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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CONDO UNIT #4

THREE BEDROOMS

TWO FULL BATHROOMS

ROOF TERRACE

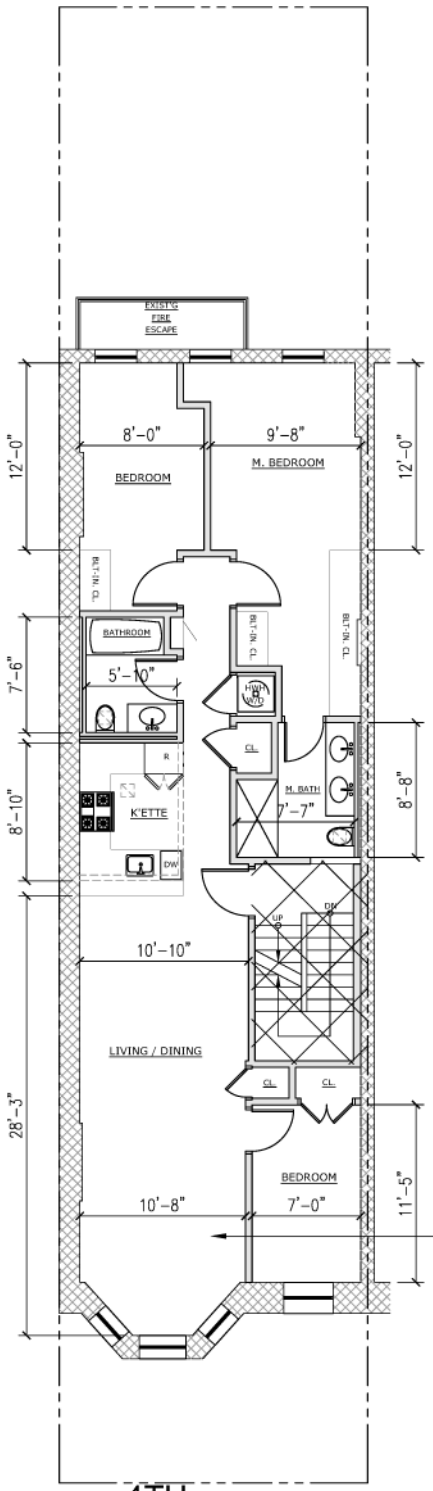
CONDO UNIT #4
4TH FLOOR: 1,156 SF

CONDO UNIT #4
LIMITED COMMON
ROOF TERRACE: 584.5 SF

LEGEND

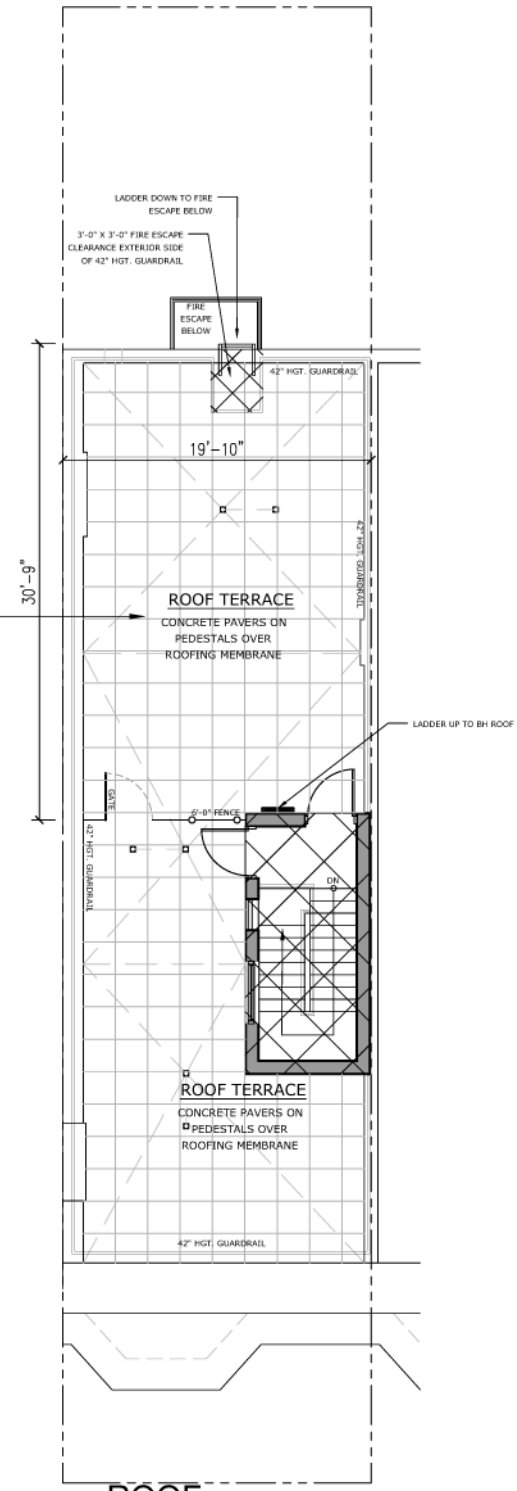
- CONDO UNIT
- LIMITED COMMON ELEMENT
- COMMON ELEMENT

REGISTERED ARCHITECT PAUL CHRISTAKOS 38155 STATE OF NEW YORK



UNIT #4
LIMITED COMMON ELEMENT
584.5 SQ. FT. GROSS

UNIT #4
1,156 SQ. FT. GROSS



1 4TH FLOOR PLAN
SCALE: 1/8"=1'-0"

2 ROOF FLOOR PLAN
SCALE: 1/8"=1'-0"

426 2ND STREET CONDOMINIUM

426 2ND STREET
BROOKLYN, NY 11215
DATE: 10/24/24

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REGISTERED ARCHITECT
PAUL CHRISTAKOS
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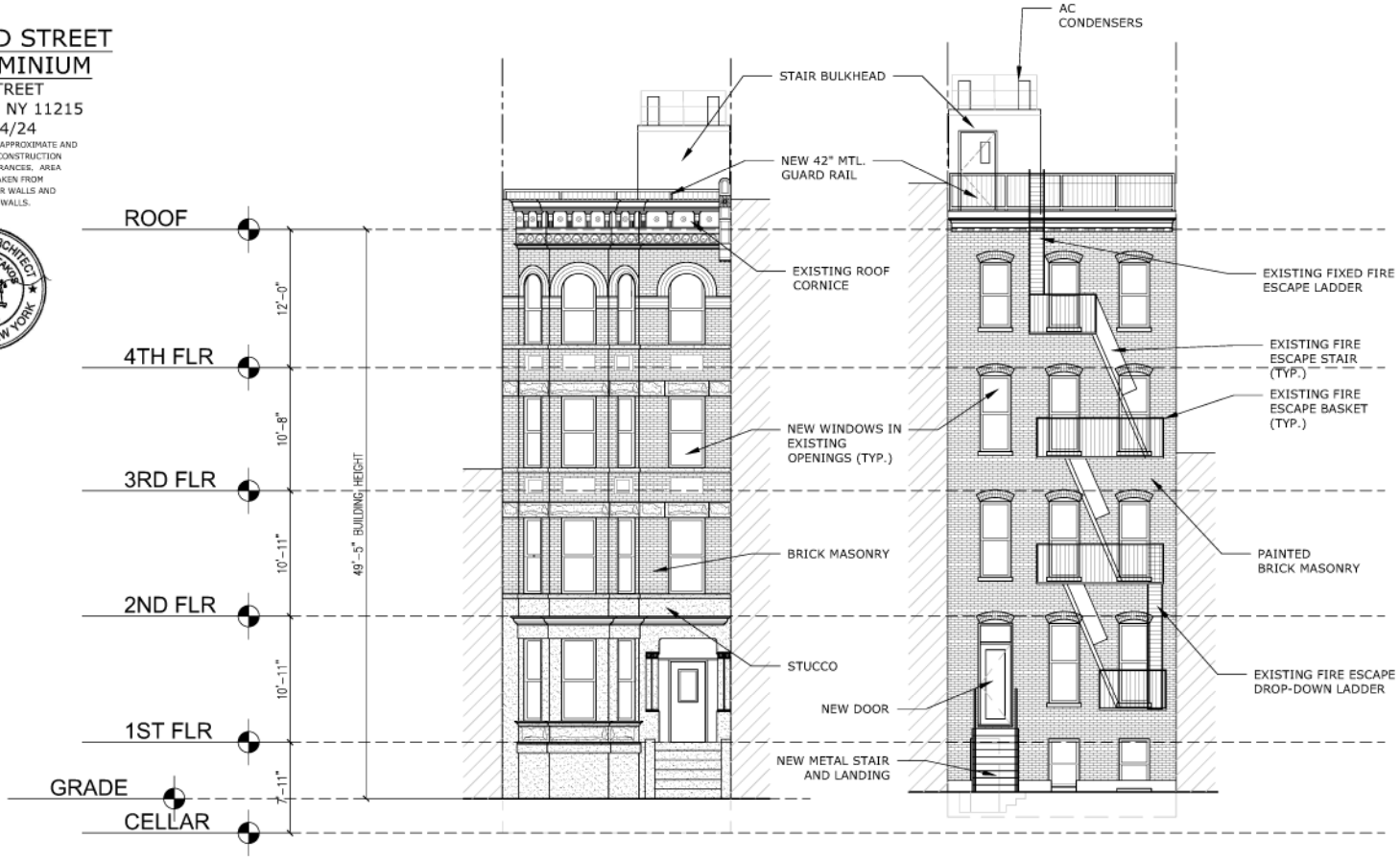

1 FRONT ELEVATION
SCALE: 1/8"=1'-0"

2 REAR ELEVATION
SCALE: 1/8"=1'-0"

SCHEDULE G-3

ASBESTOS REPORT

Environmental Protection

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION

Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS ASSESSMENT REPORT

RECEIVED
4/8/2024
DEP
ASBESTOS CONTROL
PROGRAM
FEE PAID

1. NYC DOB Job # (if applicable) _____ **Control Number: 31162241**

2. Premise No. 426 Street Name 2nd. Street, Borough Brooklyn Zip 11215

3. AKA _____ Type of Facility Residence BIN 3020950 Block 00975 Lot 0037

4. Building Owner Aran Scott. Address 336 Degraw Street,

5. City Brooklyn. State NY Zip 11231 Contact Person Aran Scott.

6. Tel. # (646) 479-8408 Fax # _____ Email 336degrawas@gmail.com

7. Work Type PL Plumbing, General Construction

Description of the Entire Scope of Work
Interior, non-structural demolition of existing 4-family dwelling in conjunction with Altco application. No change to zoning, use, or egress under this application.

8. I, VICTOR ESCALONA , have conducted an asbestos investigation on
Name of Certified Asbestos Investigator

02/13/2024 8:00AM-12:15PM, 03/16/2024 9:15AM-11:00AM in accordance
Date(s)

with Sections 1-16 and 1-28 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

[X] a. the premises or the portion(s) of the premises, included in the scope of renovations was/were determined that there was no asbestos-containing materials (ACM) present

[ ] b. premise (or portions thereof) affected by the work contains 10 square feet or less or 25 linear feet or less of ACM. Specify locations in section 9: Note: This material must be abated as a minor project in accordance with relevant provisions of the DEP Asbestos Rules.

[ ] c. asbestos is present and will not be disturbed during construction activity. Specify the quantity and area where asbestos is present. Specify amount: _____ sq. ft _____ linear ft.

[ ] d. entire building is free of asbestos containing material (ACM).

[X] **I hereby declare the information provided herein is true and complete. I verify under penalty of perjury under the laws of the United States of America that I was physically present at the premises while conducting the inspection.**

VICTOR ESCALONA	4/8/2024	118264	6/11/2024
DEP Certified Asbestos Investigator's Signature	*Date*	*Certificate Number*	*Expiration Date*

Tel. # (917) 731-4588 Fax # _____

Email commerciallab@msn.com

The investigator shall assume that some or all of the areas investigated contain ACM, and for each area that is not assumed to contain ACM, collect and submit for analysis bulk samples in accordance with §§ 1-36, 1-37, and 1-44 of the DEP Asbestos Rules and EPA publications 560/5-85-024 and 560/5-85-030a and 40 CFR 763.86.

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

Is it a Build-It-Back project? [ ] Yes, App ID # _____ [X] No

251218658

NYC Environmental Protection

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS ASSESSMENT REPORT

RECEIVED
4/8/2024
DEP
ASBESTOS CONTROL
PROGRAM
FEE PAID

9. RESULTS OF ASBESTOS BUILDING SURVEY:

Floor	Section of Floor(s) Surveyed	Material Assumed to Contain ACM and/or Sampled	Number of Samples Analyzed	Asbestos Present	Assumed ACM	Square Feet	Linear Feet	Abated	Scope of Work Applied
Building Floors-4	Entire 4th. floor area.	Wall plaster, ceiling, joint compound, sheetrock, wall grout, floor grout, window caulking, caulking, floor linoleum materials.	29	No	No				
Building Floors-3	Entire 3rd. floor area.	Wall plaster, ceiling, joint compound, sheetrock, wall grout, floor grout, window caulking, caulking, floor linoleum materials.	29	No	No				
Building Floors-2	Entire 2nd. floor area.	Wall plaster, ceiling, joint compound, sheetrock, wall grout, floor grout, window caulking, caulking, floor linoleum materials.	29	No	No				
Building Floors-1	Entire 1st. floor area.	Wall plaster, ceiling, joint compound, sheetrock, wall grout, floor grout, window caulking, caulking, floor linoleum materials.	29	No	No				
Cellar	Entire cellar area.	Wall mortar, ceiling, joint compound, wall insulation, sheetrock, boiler exhaust mud, pipe wrapping insulation materials.	19	No	No				
Building Floors-1 to 4	Staircase area from 1st. to 4th. floor.	Wall plaster, ceiling materials.	10	No	No				

[X] **I hereby declare the information provided herein is true and complete. I verify under penalty of perjury under the laws of the United States of America that I was physically present at the premises while conducting the inspection.**

VICTOR ESCALONA	4/8/2024	118264	6/11/2024
DEP Certified Asbestos Investigator's Signature	*Date*	*Certificate Number*	*Expiration Date*

Tel # (917) 731-4588 Fax # _____

Email commerciallab@msn.com

CITY OF NEW YORK VICTOR ESCALONA No. 118264 CERTIFIED ASBESTOS INVESTIGATOR

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

The investigator shall assume that some or all of the areas investigated contain ACM, and for each area that is not assumed to contain ACM, collect and submit for analysis bulk samples in accordance with §§ 1-36, 1-37, and 1-44 of the DEP Asbestos Rules and EPA publications 560/5-85-024 and 560/5-85-030a and 40 CFR 763.86.

Is it a Build-It-Back project? [ ] Yes, App ID # _____ [X] No

251218658

NYC Environmental Protection

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373
ASBESTOS ASSESSMENT REPORT

RECEIVED
4/8/2024
DEP
ASBESTOS CONTROL
PROGRAM
FEE PAID

10. ANALYTICAL LABORATORY:

NAME	ELAP # (NYS DOH CERTIFICATION)	DATE(S) SAMPLES ANALYZED
Metro Analytical Laboratories, Inc.,	12003	2/15/2024
Metro Analytical Laboratories, Inc.,	12003	2/16/2024
Metro Analytical Laboratories, Inc.,	12003	3/18/2024
Metro Analytical Laboratories, Inc.,	12003	3/19/2024

11. NYS DOL Asbestos Handling license # 28947 Company Name Victor Escalona dba Commercial Lab Enterprise

12.Comment
File #: 24029.

[X] **I hereby declare the information provided herein is true and complete. I verify under penalty of perjury under the laws of the United States of America that I was physically present at the premises while conducting the inspection.**

VICTOR ESCALONA	4/8/2024	118264	6/11/2024
DEP Certified Asbestos Investigator's Signature	*Date*	*Certificate Number*	*Expiration Date*

Tel. # (917) 731-4588 Fax # _____

Email commerciallab@msn.com

The investigator shall assume that some or all of the areas investigated contain ACM, and for each area that is not assumed to contain ACM, collect and submit for analysis bulk samples in accordance with §§ 1-36, 1-37, and 1-44 of the DEP Asbestos Rules and EPA publications 560/5-85-024 and 560/5-85-030a and 40 CFR 763.86.

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

CITY OF NEW YORK
VICTOR ESCALONA
No. 118264
CERTIFIED ASBESTOS INVESTIGATOR

Is it a Build-It-Back project? [ ] Yes, App ID # _____ [X] No

251218658

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION

Asbestos Control Program

59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS PROJECT COMPLETION FORM- ACP21

TRU1173BK24

Build It Back App ID # _____

Premise Address 426 2nd street Borough Brooklyn Zip 11215

DEP Asbestos Control Program is in receipt of the following document (s)

- [x] Project Monitor's Report
- [ ] A-TR1 form filed by Registered Design Professional

Based on the above submitted documentation the Department is issuing the

- [X] Project Completion Form (entire project)
- [ ] Project Completion Form (partial project)

(See next page for the list of closed-out location(s) of abatement)

DEP hereby acknowledges that it has received the above documentation required pursuant to section 1-22(b) of the DEP Asbestos Rules (15 RCNY Chapter 1) for the completion of this project. Please note that the issuance of this Form is not a certification that the asbestos project was performed in accordance with the DEP Asbestos Rules or that the building is free of asbestos containing material. This Form is issued based on representations contained in documentation submitted by the applicant, or other relevant party.

Date: July 11, 2024

Signature

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION

Asbestos Control Program

59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS PROJECT COMPLETION FORM- ACP21

TRU1173BK24

Build It Back App ID # _____

Premise Address 426 2nd street Borough Brooklyn Zip 11215

CLOSED-OUT LOCATION(S) OF ABATEMENT

Floor	Section of Floor	Type of Asbestos Containing Material	Amount of ACM		DOB Job Number(s) (if applicable)
			Square Feet	Linear Feet	
roof		roof membrane	1,200		
roof		roof flashing	100		
		TOTAL ACM	1,300		

SCHEDULE H

FEE TITLE DESCRIPTION

FEE TITLE DESCRIPTION

A “Residential Unit” as hereinafter referred to shall be defined as follows:

> The approximate (within reasonable tolerances) physical dimensions of each Residential Unit consist of the area measured horizontally from the exterior face of the exterior walls to the centerline of walls separating one Residential Unit from corridors, stairs and other mechanical spaces or any common elements (as herein defined). Each Residential Unit will consist of the area measured vertically from the top of the structural slab to the underside (of any fire protection) of the structural members above.

SCHEDULE I

DECLARATION OF CONDOMINIUM

DECLARATION OF CONDOMINIUM

426 2ND STREET CONDOMINIUM
CONDO

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED AT 426 2ND STREET,
BROOKLYN, NEW YORK 11215
BOROUGH OF BROOKLYN
KINGS COUNTY, CITY AND STATE OF NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY
LAW OF THE STATE OF NEW YORK.

DECLARANT: **426 HOLDINGS, LLC**
754 Carroll Street, Unit 1
Brooklyn, New York 11215

DATE OF DECLARATION:

BLOCK: 975

FKA LOT: 37

NKA LOTS:

CERTILMAN BALIN ADLER & HYMAN, LLP
Attorneys for the Sponsor
Attn: Richard Herzbach, Esq.
90 Merrick Avenue, 9th Floor
East Meadow, NY 11554

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PLAN OF CONDOMINIUM UNIT OWNERSHIP

DECLARATION OF 426 2ND STREET CONDOMINIUM
PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

In the Borough of Brooklyn, Kings County, City and State of New York on this ____ day of _____, 2024, 426 Holdings, LLC, a New York limited liability company, organized and existing under the laws of the State of New York, with an office situated in Brooklyn, New York, hereinafter referred to as the "Declarant" or "Sponsor" represented in this Declaration by Aran Scott, who is fully empowered and qualified to execute this Declaration on behalf of the company does hereby state:

FIRST: SUBMISSION OF PROPERTY.

By this Declaration the Sponsor submits the property described in this Declaration, including the land and the Building and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: DESCRIPTION OF PROPERTY.

The Sponsor owns all that certain plot, piece, or parcel of land, with the Building and improvements thereon erected, situate, lying and being at 426 2nd Street in the Borough of Brooklyn, Kings County, City and State of New York, and more particularly bounded and described on Schedule A annexed hereto and made a part hereof. The Condominium will consist of three (3) Residential Units with Common Elements located in a 4-story (1^{st}, 2^{nd}, 3^{rd}, 4^{th}) walk-up Building with a cellar and a rooftop. The architect who prepared and certified the Plans is: Paul Christakos of Paul Christakos Architecture, PLLC with an address at 23-83 33rd Street, Astoria, New York 11105.

THIRD: DEFINITIONS.

The following words as hereinafter referred to shall be defined as follows:

1. "Annual Meeting" – The meeting of the Residential Unit Owners of the Condominium held on a yearly basis or such other convenient date as the Board of Managers may designate subsequent to the First Annual Meeting.

2. "Board of Managers" - The governing body of the Condominium responsible for its affairs.

3. “Board Member” or “Member” – Each individual representative elected, designated or appointed to the Board of Managers.

4. “Building” - The one (1) building including the Residential Units and Common Elements of the Condominium.

5. “By-Laws” - The document governing the operation of the Condominium.

6. “Common Charges” - Each Residential Unit Owner’s proportionate share of Common Expenses of the Condominium.

7. “Common Elements” - All portions of the Condominium, other than the Residential Units. The Common Elements are divided as follows:

   (a) General Common elements which are Common Elements shared by all Residential Unit owners; and

   (b) Individual Residential Unit’s Limited Common Elements which are Common Element for the exclusive use of an individual Residential Unit Owner or Owners.

8. “Common Expenses” - (a) Expenses incurred by all Residential Unit Owners for the purpose of paying costs of the Condominium in connection with the repair, maintenance, replacement, restoration or operation of, and any alteration, addition or improvement to the General Common Elements and to any Individual Residential Unit’s Limited Common Elements that have been delegated to the Condominium pursuant to the Declaration and/or the By-Laws; and (b) All sums designated common expenses by or pursuant to the provisions of the Condominium Act, the Declaration or the By-Laws.

9. “Condominium” – 426 2nd Street Condominium, which includes the Residential Unit Owners, the Residential Units, and the Common Elements. The term “Condominium” is as used in Article 9-B of the Real Property Law.

10. “Condominium Act” - Article 9-B of the Real Property Law of the State of New York.

11. “Condominium Documents” - The Declaration of Condominium, the By-Laws, the As-Built Floor Plans of the Residential Units, and the Condominium Residential Unit Designation Map (as provided in the Condominium Act) as the same may be amended from time to time.

12. “Declarant” or “Sponsor” – 426 Holdings, LLC, a New York limited liability company and its successors, assigns and designees.

13. “Declaration of Condominium” - The instrument by which the Property is submitted to the provisions of the Condominium Act, as such instrument may from time to time be amended, consistent with the provisions of the Condominium Act and of the By-Laws.

14. “First Annual Meeting” – The date of the first annual meeting of the Residential Unit Owners as disclosed in the Offering Plan.

15. “First Board of Managers” - The initial Board Members of the Board of Managers appointed by the Sponsor.

16. “Grantee” – The person to whom an interest in real property is conveyed.

17. “Grantor” – The person conveying an interest in real property.

18. “Institutional Mortgage” - A first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Sponsor, its successor, designee or assignee to a purchaser of a Residential Unit or in which the Sponsor, its successor, designee or assignee participates with one of the above.

19. “Officer” – One (1) of the officers of the Condominium chosen by the Board of Managers as provided for in Article IV of the By-Laws of the Condominium including the President, Vice President, Secretary and Treasurer.

20. “Percentage of Common Interest” - The proportionate, undivided interest each Residential Unit Owner has in the Common Elements.

21. “Property” – The overall area of the Condominium as described in Exhibit A.

22. “Rules and Regulations” – The Rules and Regulations contained in Article VIII of the By-Laws as the same may be amended, rescinded, altered, waived, or added to by the Board of Managers.

23. “Residential Unit” – A Residential Unit includes all the Residential Units in the Condominium as designated in Schedule B.

24. “Residential Unit Owner” – A Residential Unit Owner includes all the Residential Unit Owners in the Condominium.

25. “Right of First Refusal” – The right of the Board of Managers to match a sale or lease of a Residential Unit as detailed in Article XI of the By-Laws.

26. "Special Assessment" – A Common Expense of the Condominium that is not included in the monthly Common Charges applicable to a Residential Unit.

27. "Special Meeting" – A meeting of the Residential Unit Owners called pursuant to Article II, Section 10 of the By-Laws.

28. "Sponsor Control Period" – The period of time the Sponsor has the right to retain control of the Board of Managers of the Condominium. During the Sponsor Control Period, the Sponsor will be in control of the Board of Managers and will de facto manage the Condominium.

29. "Turnover Meeting" – The meeting held within thirty (30) days of expiration of the Sponsor Control Period, at which the Residential Unit Owners shall elect Members of the Board of Managers.

30. "Unsold or Untitled Residential Unit" - Any Residential Unit in which title is retained by the Sponsor and any successors or assigns or designees until such time as the same has been sold and title conveyed to a third party. It shall not include a Residential Unit which is used for personal occupancy of the Sponsor, any of its principals or any of its successors or assigns or designees.

FOURTH: COMMUNITY/MEASUREMENT OF RESIDENTIAL UNIT.

A. Community - The Sponsor is constructing on the described parcel a Condominium Community known as the 426 2nd Street Condominium, according to the plans filed simultaneously with the recording of this Declaration in the New York City Register's Office, which plans set forth a description of the Building stating the number of stories and number of Residential Units. The architect who prepared and certified the plans is: Paul Christakos of Paul Christakos Architecture, PLLC with an address at 23-83 33rd Street, Astoria, New York 11105.

The Condominium will consist of four (4) Residential Units with Common Elements located in a 4-story (1st, 2nd, 3rd, 4th) walk-up Building with a cellar and a rooftop.

The existing foundation walls are brick masonry. Typical floor structure is existing wood joists bearing existing masonry lot line walls. Typical floor construction consists of floor finish over sound attenuating underlayment over plywood subfloor. The west lot line wall is a party wall. The east lot line wall is an independent wall. Each of the Residential Units has access to a public street upon which the Condominium abuts by means of a walkway, hallway, or lobby. For the purposes of describing the location of the Building, approximate area, type and number of rooms of each Residential Unit and the Common Elements to which each Residential Unit has immediate access, each Residential Unit is

described as shown on Schedule B annexed hereto. Each Residential Unit will be sold to one or more Residential Unit Owners, each Residential Unit Owner obtaining fee ownership, together with an undivided Percentage of Interest in the Common Elements of the Condominium, as listed hereinafter in this Declaration and referred to as the "Common Elements," all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Sponsor and the Residential Unit Owner at the time of construction of the Residential Unit.

The aforesaid Condominium has a plot area of approximately 1,884 square feet.

B. Measurement of Residential Units – The approximate physical dimensions of each Residential Unit consists of the area measured horizontally from the exterior side of the exterior wall (columns, mechanical pipes, shafts, shaft ways, chases, chase ways, and conduits are not deducted from measurement of each Residential Unit) to the centerline of the partitions separating one Residential Unit from another Residential Unit, or separating one Residential Unit from corridors, stairs, and mechanical equipment spaces or any Common Elements not within a Residential Unit or to the exterior side of the opposite exterior walls. Each Residential Unit is measured vertically from the top of the concrete floor slab below to the underside of the ceiling. Any Common Element located within a Residential Unit will not be considered a part of such Residential Unit.

FIFTH: COMMON ELEMENTS

The Common Elements will consist of the entire Property, including all parts of the Condominium and improvements thereon, other than the Residential Units, and will consist of the following:

1. General Common Elements – General Common Elements are those shared by all Residential Unit Owners and include all portions of the Condominium except for the individual Residential Units, and the Individual Residential Unit's Limited Common Elements, and include without limitation the following:

a. The land on which the Condominium is erected and all other land within the boundaries of the Property that is not restricted for the exclusive use of Residential Unit #1, #2, #3 or #4, respectively, as a Limited Common Element thereof;

b. All portions of the roof of the Building, including any gutters and leaders, ladders, parapets, roof drains, flashing, copings and bulkheads that are not restricted for the exclusive use of Residential Unit #1, #2, #3 or #4, respectively, as a Limited Common Element, and which are intended for the common use, service or benefit of the entire Building;

c. All exterior walls of the Building;

d. All foundations, footings, columns, girders, beams, supports, floor slabs and ceilings that are not part of a Residential Unit and any interior load bearing walls that are not part of a Residential Unit;

e. Stairs, stairways, common hallways which do not exclusively service or are not located wholly within a Residential Unit, and entrances and exits to and from the Condominium other than entrances to the individual Residential Units;

f. All improved and unimproved areas of the Condominium located outside the boundaries of the Residential Units that is not restricted for the exclusive use of any Residential Unit Owner as a Limited Common Element and which is intended for the common use of the Residential Unit Owners;

g. All central and appurtenant installations for services such as power, light, telephone, television, any gas, hot and cold water and heat (including all boilers, pipes, ducts, wires, chutes, cables and conduits used in connection therewith located in the Common Elements) and all other mechanical equipment spaces, including but not limited to refuse rooms, utility meters, telephone and cable rooms and storage areas (as applicable) that are intended for the common use of the Condominium;

h. All drainage systems, sanitary systems, sanitary house lines, house trap, sewers and/or storm sewer, pipes, drywells, or detention tanks or facilities intended for the common use of the Condominium;

i. Any heating, cooling or other mechanical system located in the Common Elements intended for the common use of the Condominium;

j. Any intercommunication system or equipment servicing the Building;

k. Any rooms located in the cellar that are designated to facilitate water, sewer, sprinkler, mechanical, any gas, electric, fire protection or alarm system services or storage for the common benefit of residents of the Condominium, subject to the Board’s right to restrict access to authorized personnel;

l. The fences on the Property of the Condominium;

m. All tanks, pumps, motors, fans, compressors and control equipment intended for the common use of the Condominium;

n. The fire sprinkler systems located in the Common Elements and intended for the common use of the Condominium;

o. Any plantings and landscaping intended for the common use of the Condominium;

p. Any pedestrian walkways, stairways or ramps intended for the common use and service of the Condominium;

q. All flues, chimneys and vent caps for the common use and service of the Condominium; and

r. All other parts of the Condominium, Building and all apparatus and installations existing in the Building or Property for common use and necessary or convenient to the existence, maintenance or safety of the Condominium.

2. Irrevocably Restricted Areas/ Individual Residential Unit's Limited Common Elements - Certain portions of the Common Elements are irrevocably restricted in use to specified Residential Units subject to the right of the Board of Managers of the Condominium to enter upon any restricted area for maintenance, repair or improvement of a Residential Unit or Common Elements, no matter how designated, and subject to the Rules and Regulations of the Board of Managers. Said irrevocably restricted Common Elements are also referred to as an Individual Residential Unit's Limited Common Element. Any portion of the Common Elements which is not restricted in use may be used by any Residential Unit Owner. Following are descriptions of the irrevocably restricted Individual Residential Unit's Limited Common Elements:

a. Any hot water tank, boiler, air conditioning condenser, heat pumps and any other heating, cooling or other mechanical system exclusively servicing an individual Residential Unit that is located in or on the Common Elements;

b. Any portion of a hot water flue exclusively servicing an individual Residential Unit that is located in the Common Elements;

c. The rear yard, including porch, stairs and grass area, which are appurtenant to Residential Unit #1;

d. The rooftop terrace appurtenant to Residential Unit #3;

e. The rooftop terrace appurtenant to Residential Unit #4;

f. Any other area not included in a Residential Unit that is restricted in use to and/or exclusively services or benefits such Residential Unit; and

g. All apparatus, installations, systems equipment and facilities in the Common Elements (including pipes, wire ducts, vents, cables, conduits and lines) which will serve or benefit a Residential Unit exclusively.

3. Provisions Applicable to All Common Elements

a. The Common Elements shall remain undivided and no Residential Unit Owner shall bring any action for partition or division unless otherwise provided by law.

b. The Common Elements are not subject to partition nor are they severable from the Residential Units except in accordance with the Real Property Law.

c. The Percentage of Common Interest in the Common Elements established herein shall not be changed except with the consent of all of the Residential Unit Owners affected as expressed in a duly recorded amendment to this Declaration.

d. The Percentage of Common Interest in the Common Elements shall not be separated from the Residential Units to which it appertains and shall be deemed conveyed or encumbered with the Residential Units even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: EASEMENTS.

Every Residential Unit Owner shall have an easement in common with the owners of other Residential Units to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits, and public utility lines located in other Residential Units and/or an Individual Residential Unit's Limited Common Element and servicing such Residential Unit Owner's Residential Unit. Each Residential Unit shall be subject to an easement in favor of the Residential Unit Owners of other Residential Units to maintain and use the pipes, sewers and/or drainage lines, wires, conduits, and public utility lines servicing such other Residential Units located in such Residential Unit and/or an Individual Residential Unit's Limited Common Elements. The Board of Managers shall have a right of access to each Residential Unit and/or Individual Residential Unit's Limited Common Elements for maintenance, repair or improvements to any mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and public utility lines and any other equipment or infrastructure located in any Residential Unit and/or Individual Residential Unit's Limited Common Elements and servicing the Building, the Condominium Property and/or any other Residential Unit or causing damage or in imminent danger of causing damage to the Building, the Condominium Property and/or any other Residential Unit or any Common Element, no matter how classified. The cost

of such maintenance, replacement and/or repairs shall be a Common Expense unless any damage was the result of the negligence of a Residential Unit Owner or tenant, occupant, employee or other person a Residential Unit Owner may be responsible for, in which case the cost of such maintenance, replacement and/or repairs shall be the responsibility of the Residential Unit Owner who is responsible or whose tenant, occupant, employee or other person the Residential Unit Owner is responsible for causing such damage. The Board of Managers shall have a right of access to all Common Elements for maintenance, repair, replacement, inspection and/or improvement whether such Common Elements are restricted or not. All mechanical equipment, pipes, sewers and/or drainage lines and wires, conduits and public utility lines located within each Residential Unit for the exclusive use of a Residential Unit shall be maintained by such Residential Unit Owner at the Residential Unit Owner's sole cost and expense. Any portion of such mechanical equipment, pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in the Common Elements or in an Individual Residential Unit's Limited Common Elements that service two (2) or more Residential Units will be a General Common Element and all maintenance, repairs, improvements, and replacement thereto shall be a Common Expense and the responsibility of the Condominium.

The Board of Managers shall have an easement for access to all Common Elements for maintenance, repair or improvement whether such Common Elements are restricted or not.

The Board of Managers and their agents, employees and contractors shall have an easement for access in, over and through the entire Condominium (including all Common Elements, no matter how classified, and the individual Residential Units) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace any Common Elements, no matter how classified, contained therein or elsewhere in the Condominium or to remedy any condition which would result in damage to any Residential Unit or any other Common Element, no matter how classified, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof or for the purpose of carrying out any of its obligations under the By-Laws or the Declaration of Condominium or for the health and safety of the Condominium and its residents. Such right of access to a Residential Unit and any Individual Residential Unit's Limited Common Element shall be exercised in such a manner as is required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Condominium or its Property, or the Residential Units, or the Common Elements (no matter how classified) or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

Each utility and cable company servicing any mechanical equipment, water pipes, sewer lines, sewer pipes, drainage lines or pipes, any gas pipes, electric lines, electric wires, cable lines, cable towers, conduits or any other facility the utility or cable company services in or on the Property of the Condominium, shall have a right of access in, under,

over and through the Property of the Condominium (including all Common Elements, no matter how classified and the individual Residential Units) for maintenance, repair, inspections, improvements and/or replacement to any mechanical equipment, water pipes, sewer lines, sewer pipes, drainage lines or pipes, any gas pipes, electric lines, electric wires, cable lines, cable towers, conduits or any other facility the utility or cable company services in or on the Property of the Condominium. Access in, under, over and through the Property of the Condominium shall be exercised in such a manner as shall not unreasonably interfere with the use of any Residential Unit for its permitted purposes by its owner, tenants or occupants unless access is immediately necessary for the preservation or safety of the Condominium or its Property, or the Residential Units, or for the safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

The Board of Managers shall have the right to grant such additional electric, gas, water, sewer, drainage, cable or other utility easements or relocate any existing utility easement in any portion of the Condominium as the Board of Managers shall deem necessary or desirable for the proper operation and maintenance of the Condominium, or any portion thereof, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of any Residential Unit for its permitted purposes. Any utility company and its employees and agents shall have the right of access to any Residential Unit or the Common Elements in furtherance of such easements, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of any Residential Unit for its permitted purposes by its owner, tenants or occupants.

The Board of Managers shall have the right to grant easements in any portion of the Condominium as the Board of Managers shall deem necessary or desirable for the purpose of installation, maintenance and repair of a satellite dish, cable service or other data or internet services and all ancillary wires, conduits, utility lines and any other services required for a satellite dish, cable service or other data or internet services for the use of the Residential Unit Owners in the Condominium.

The Sponsor shall have the right (without any obligation to obtain the consent of the Board of Managers or any other Residential Unit Owner or other party except as required by law) to grant such additional electric, gas or other utility easements or relocate any existing utility easements in any portion of the Property as Sponsor shall deem necessary or desirable for the proper operation and maintenance of the Condominium or any portion thereof, or for the general health or welfare of the Residential Unit Owners, tenants, and residents of the applicable Residential Units.

The Sponsor, its successors, assigns, and purchasers of undeveloped or unsold Residential Units, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across all of the Property and the Building comprising the Condominium for the purpose of completing construction, sale and rental of Residential Units and facilities in the Condominium and towards this end, reserves the

right to grant and reserve easements and rights-of-way in, through, under, over and across all of the Property and the Building comprising the Condominium for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities and for any other materials or services necessary for the completion of the work. The Sponsor, its successors, assigns, and purchasers of undeveloped or unsold Residential Units, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or on the Property and Building comprising the Condominium. The Sponsor, its successors and assigns, and purchasers of undeveloped or unsold Residential Units, shall have an easement to erect and maintain general sales, leasing, business or administration offices and/or model Residential Units, to erect, maintain, repair and replace from time to time one or more free-standing and other selling, directional and informational signs in/or on the Property and the Building comprising the Condominium as it deems necessary for the purposes of advertising the sale or lease of Residential Units, and for the purpose of showing the Residential Units to prospective Purchasers or lessees and for access to Residential Units and Common Elements consistent with the purposes of the Declaration, as the 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 Residential Units, together with their Percentage of Common Interest in the Common Elements. The Sponsor, its successors and assigns reserve the right to continue to use the Common Elements and any facilities, sales offices, model Residential Units and signs located on the Common Elements, in its efforts to sell and/or lease Residential Units constructed in the Condominium and to complete construction or renovation of the Condominium. This paragraph shall not be amended without the consent of the Sponsor.

The Board of Managers shall have an easement in, through, under and over the Residential Units and/or Individual Residential Unit's Limited Common Elements for access, installation, inspection, maintenance, repair and replacement of any flues, vents, air-conditioning, any gas, heating, ventilating, water and other mechanical equipment, lines and fixtures and any other machinery, pipes, wires, conduits, equipment or meters servicing any portion of the Condominium.

Sponsor shall have and each Residential Unit Owner shall be deemed to grant a right of access in, under, over and through the Residential Unit and/or Individual Residential Unit's Limited Common Elements to Sponsor or its designee, assignee or successor and any contractors, subcontractors, agents, and employees of the foregoing for the purposes of the repair and completion of any installation, construction, modification, alteration, renovation, maintenance, repair, restoration, inspection, replacement, or change being performed or to be performed by or on behalf of Sponsor with respect to the Common Elements, no matter how classified, and/or the Residential Units.

Each Residential Unit Owner grants an easement of ingress and egress in, over and through any hallway that may be part of their Residential Unit to any other Residential Unit Owner, tenant, resident or other persons needing ingress or egress to their respective Residential Unit that may be necessary for said purpose.

The Board of Managers shall have an easement in and through Residential Unit #1 for access to adjacent installations, including, but not limited to, installations in the rear yard and the water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit #2 for access to adjacent installations, as well as an easement in and through Residential Unit #3 for access to adjacent installations, including, but not limited to, those located on Residential Unit #3's rooftop terrace, as well as an easement in and through Residential Unit #4 for access to adjacent installations, including, but not limited to, those located on Residential Unit #4's rooftop terrace, all of which easements shall be for maintenance or repair and/or for any other reason the Board of Managers may need access to same. The Board of Managers shall provide the applicable Residential Unit Owner(s) with a minimum of three (3) days' notice in the event access is necessary, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required.

The Owner(s) of Residential Units #2, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #1 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #3 and #4 will each have an easement in and through such portion(s) of Residential Unit #2 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #2 and #4 will each have an easement in and through such portion(s) of Residential Unit #3 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

The Owner(s) of Residential Units #1, #2 and #3 will each have an easement in and through such portion(s) of Residential Unit #4 and its appurtenant Limited Common Elements as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner(s).

Any Residential Unit Owner seeking access to or through another Residential Unit Owner's Unit and/or appurtenant Limited Common Elements shall provide the Residential Unit Owner with a minimum of three (3) days' notice thereof, unless access is required for an emergency or to protect the health and safety of the residents. In such an event, no notice is required.

The Board of Managers will have and each Residential Unit will be subject to, an easement (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace the General Common Elements and any Individual Residential Unit's Limited Common Elements that have been delegated to and are the obligation of the Condominium to repair, maintain and replace, located in, over, under, through or upon any Residential Unit, or any other Common Elements or elsewhere in the Condominium and (b) to maintain, repair and/or replace any encroachment on any Residential Unit or Common Elements, no matter how designated, resulting from the repair, alteration, rebuilding, restoration and/or replacement of the General Common Elements or Individual Residential Unit's Limited Common Elements.

Each Residential Unit will have an easement of support from all structural members (including, but not limited to, columns, footings, bracings, foundations, slabs, and exterior walls) supporting or serving the Building and any replacement thereof and additions thereto and an easement of necessity, and each Residential Unit will be subject to an easement of support and necessity in favor of all other Residential Units and the Common Elements, no matter how designated.

Each Residential Unit will have an easement for lateral and vertical support among all adjoining Residential Units and Common Elements.

Any easements granted to Sponsor, the Board of Managers, any Residential Unit or any Residential Unit Owner under this Declaration and the By-Laws may be exercised by such Sponsor's, Board of Managers' or Residential Unit Owner's employees, agents, contractors, suppliers, customers, guests, invitees, licensees, servants, tenants, subtenants, members, and visitors, as the case may be, to the extent necessary to effectuate the purpose for the easement or as otherwise authorized by the Sponsor, the Residential Unit Owner or Board of Managers.

Each Residential Unit Owner will have a right and easement to use its Residential Unit and the Individual Residential Unit's Limited Common Elements, subject to and in accordance with the terms and conditions of this Declaration and By-Laws.

All Residential Unit Owners, residents, guests, tenants and anyone else needing access to a Residential Unit shall have an easement of ingress and egress, in, through and over the Property of the Condominium, including the Common Elements regardless of how classified for access to their Residential Unit.

The Board of Managers on behalf of the Condominium will have an easement and unlimited access to all Residential Units and to any Individual Residential Unit's Limited Common Elements for the purpose of making inspections, maintenance, repairs and replacement of any General Common Elements and any Limited Common Elements of the Condominium that the Condominium may be responsible to maintain, repair and/or replace.

All emergency vehicles and personnel, including, but not limited to, police, fire and medical vehicles and personnel shall be granted an easement of ingress and egress over, upon and through all areas of the Property. This provision may not be amended by the Residential Unit Owners in the Condominium.

Except as may otherwise be set forth in this Declaration, any easement created or granted hereunder shall be perpetual and irrevocable for so long as the Condominium shall remain in existence.

SEVENTH: SERVICE OF PROCESS:

The Board of Managers on behalf of the Condominium designates the Secretary of State of New York as its agent for service. Service of process on the Residential Unit Owners in any action with relation to the Common Elements shall be made upon the Secretary of State as the agent of the Board of Managers of the Condominium. The post office address to which the Secretary of State shall mail a copy of any process against this Condominium served upon the Secretary of State as agent for service of this Condominium during the period the Sponsor controls the Board of Managers is: c/o 426 Holdings, LLC, 754 Carroll Street, Unit 1, Brooklyn, New York 11215. Once the Sponsor no longer controls the Board of Managers, the Board of Managers must notify the Secretary of State that the post office address to which the Secretary of State shall mail a copy of any process against this Condominium served upon the Board of Managers as agent of this Condominium is: c/o Board of Managers, 426 2nd Street Condominium, 426 2nd Street, Brooklyn, New York 11215 or such other address as the Board of Managers of the Condominium selects.

EIGHTH: PERCENTAGE OF COMMON INTEREST.

Each Residential Unit Owner shall have such Percentage of Common Interest in the Common Elements as is set forth in Schedule B attached hereto and shall be responsible for its pro rata share of the Common Expenses of the Condominium based upon such Percentage of Common Interest except as otherwise described in the Declaration or By-Laws. Each Residential Unit Owner shall have one vote for each Residential Unit owned by a Residential Unit Owner for all voting purposes at any meeting of the Residential Unit Owners. The Percentage of Common Interest of each Residential Unit has been based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Residential Unit, the availability of Common Elements for exclusive or shared use, and overall dimensions of the particular Residential Unit. Said method of determining the Percentage of Common Interest in a condominium complies with and is pursuant to Section 339-i(1) (iv) of the Real Property Law of the State of New York.

NINTH: ADMINISTRATION.

The administration of the Condominium, and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-Laws which are made a part of this Declaration and are attached hereto as Exhibit B.

TENTH: AMENDMENTS AND WITHDRAWAL.

1. The dedication of the Property to Condominium ownership herein shall not be revoked or the Property withdrawn from Condominium ownership unless eighty (80%) percent of the Residential Unit Owners in number and in common interest and the first mortgagees, if any, of each of these same Residential Units agree to such revocation or removal of the Property from the Plan by duly recorded instruments.

2. The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of all of the Residential Unit Owners in number held at a duly called meeting of the Residential Unit Owners, provided however, that:

a. No amendment altering a Residential Unit Owner's Percentage of Common Interest shall be made without the consent of all Residential Unit Owners affected.

b. No amendment shall be passed which shall affect, impair, or prejudice the validity, interest, rights, and priorities of mortgagees.

c. No amendment, modification, addition, or deletion of, to or from this Declaration, the By-Laws or any Rules and Regulations shall be effective in any way against Sponsor or its successors, assigns or designees or against any Unsold Residential Unit, as long as the Sponsor, its successors, assigns, or designees owns an Unsold Residential Unit in the Condominium unless the Sponsor, its successors, assigns or designees has given its prior written consent thereto. This provision is not subject to amendment.

d. The Declaration may not be altered, amended or repealed in such a manner as would adversely affect the Sponsor, its successors, assigns or designees without the written consent of the Sponsor, its successors, assigns or designees. This provision is not subject to amendment.

e. The Board of Managers and the Sponsor, as long as the Sponsor owns an Unsold Residential Unit in the Condominium, shall have the right to amend the Declaration of Condominium without the vote or consent of the Residential Unit Owners or the holders of any

Residential Unit mortgages and to execute and record in the New York City Registrar's Office, such amendment as may be required to reflect (i) changes in the Declaration of Condominium (including Schedule B), As-Built Floor Plans and Condominium or Unit Designation Map that are corrective in nature or (ii) to resolve or clarify any inconsistency or which is patently a mistake or a scrivener's error, or (iii) technical corrections; or (iv) to comply with any federal, state or city law or regulation that may affect the Condominium, or (v) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association (FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or State or Local Funding Agencies. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest to the Board of Managers of the Condominium and to the Sponsor to amend the Declaration of Condominium for said purposes.

f. In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least fifty-one (51%) percent of the votes of Residential Units that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the General Common Elements or Individual Residential Unit's Limited Common Elements, or rights to their use; boundaries of any Residential Unit; convertibility of Residential Units into Common Elements or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; revisions to the leasing provisions of Residential Units contained in Article XI of the By-Laws; imposition of any restrictions on a Residential Unit Owner's right to sell or transfer the Residential Unit Owner's Residential Unit; a decision by the Condominium to establish self-management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs;

or any provisions that expressly benefit mortgage holders, insurers or guarantors. An addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request by certified or registered mail, return receipt requested, to approve amendments who does not deliver to the Condominium a negative written response within sixty (60) days of the receipt of the request shall be deemed to have approved such amendment. In order to comply with this provision of the Declaration all Residential Unit Owners are required to provide the Board of Managers with their current mortgage holder when requested by the Board of Managers and whenever a Residential Unit Owner obtains a new mortgage.

There shall be a presumption for a period of eight (8) days subsequent to the recording of the amendment that the vote of the Residential Unit Owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the eight (8) day period such presumption will be deemed conclusive.

3. The Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units shall have the right without vote or consent of the Residential Unit Owners, the Board of Managers or the holders of Residential Unit mortgages to execute or (on its request) to require the Board of Managers to execute and record in the Register's Office of the City of New York, and elsewhere, if required by law, an amendment or amendments to this Declaration (together with such other documents, plan and maps as may be required to effectuate the same) to reflect (i) the certification by a registered architect or professional engineer, certifying that the floor plans and/or amended As-Built Floor Plans, Condominium or Unit Designation Map filed as part of an amended Declaration are an accurate copy of portions of the plans of the Building and fully and fairly depict the layout, location, designation and approximate dimensions of the Residential Units as built, or (ii) utility easements, or (iii) technical corrections to the Declaration and By-Laws to conform to other documents including but not limited to the Offering Plan or as-built plans (iv) to amend Schedule B of this Declaration to conform the model type, square footage and type and number of rooms and any other required information for a specified Residential Unit, so long as the appurtenant Percentage of Common Interest does not change for said Residential Unit subject to the rights provided in subsections 3 (v), (vii) and (viii) hereof or (v) to amend Schedule B prior to the first closing, to effect a change in the Percentage of Common Interest of all or specific Residential Units and revise Schedule B accordingly or (vi) to amend Schedule B of this Declaration to assign or revise a Residential Unit's Individual Residential Unit's Limited Common Elements appurtenant to another Residential Unit or (vii) to amend Schedule B of this Declaration to consolidate or subdivide Residential Units subject to all necessary approvals by the Building Department of the City of New York, or other municipality or administrative agency, to revise the square footage and type and number of rooms and any other required information for a specified Residential Unit and to change the

appurtenant Percentage of Common Interest so long as the new Percentage of Common Interest equals the Percentage of Common Interest of the Residential Units that were consolidated or subdivided, or (viii) to effectuate permissible changes in unsold Residential Units including the Percentage of Common Interest of one (1) or more of the Unsold Residential Units as long as it does not change the Percentage of Common Interest of a sold Residential Unit and to amend Schedule B accordingly, or (ix) to amend Schedule B to make technical corrections to said Schedule including, but not limited to, square footage of Residential Units, assign or revise Individual Residential Unit's Limited Common Elements appurtenant to a Residential Unit or to revise the number and description of rooms contained in a Residential Unit or (x) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies, or (xi) to make corrections that are patent errors, inconsistencies, scrivener's errors and technical errors, or (xii) to comply with any federal, state or city law or regulation that may affect the Condominium; or (xiii) the carrying out of other provisions of the Offering Plan of the Condominium. Each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units to amend the Declaration of Condominium for the above purposes.

4. Any amendment to this Declaration shall not take effect until it is recorded in the New York City Register's Office.

Regardless of any other provision of this Declaration, no action for partition or division of the Common Elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

ELEVENTH: SUBJECT TO DECLARATION, BY-LAWS, ETC.

All present or future Residential Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Condominium in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Residential Units of the Condominium or the mere act of occupancy of any of said Residential Units shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Residential Unit, as though such provisions were recited

and stipulated at length in each and every deed, conveyance or lease thereof. Any and all leases and agreements for rental or use of a Residential Unit shall contain a provision that the tenant or individual and/or entity entering into the lease and/or any other agreement for use of a Residential Unit shall accept and abide by the provisions of the Declaration, By-Laws and Rules and Regulations of the Condominium.

TWELFTH: COMMON CHARGES.

Common Expenses of the Condominium shall be determined by the Board of Managers of the Condominium. The Common Expenses of the Condominium shall be assessed to and paid by the Residential Unit Owners of the Residential Units based upon each Residential Unit's Percentage of Common Interest as reflected in Schedule B of this Declaration, except as provided below pursuant to Section 339-m of the Condominium Act. The assessments paid by the Residential Unit Owners towards the Common Expenses of the Condominium shall be referred to as "Common Charges". All sums assessed as Common Charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Residential Unit Owner shall constitute a lien on the Residential Unit Owner's Residential Unit prior to all other liens except: (a) tax or assessment liens on the Residential Unit by the taxing subdivisions of any governmental authority, including but not limited to State and City taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Residential Unit. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees and costs of collection (but such right shall not be a lien against the Residential Unit). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid Common Charges, the unpaid balance shall be charged to all Residential Unit Owners as a Common Expense. Each Residential Unit Owner shall be personally liable for all unpaid Common Charges and any Special Assessments.

Notwithstanding the above, pursuant to Section 339-m of the Condominium Act, Common Charges, no matter how classified, may be adjusted based on allocations in accordance with sub-metering, contract allocations and usage (both projected and actual) for the Common Expenses based on special or exclusive use or availability or exclusive control of particular Residential Units or Common Elements by particular Residential Unit Owners. In the event of any dispute as to the allocation of Common Charges such dispute shall be submitted for arbitration pursuant to the provisions of Article XII of the By-Laws of the Condominium.

In addition to the Board's right to bring an action to foreclose a lien on a Residential Unit Owner's Residential Unit, the Board (on behalf of the Residential Unit Owners) shall have the right to bring suit to recover a money judgment for unpaid Common Charges at

the option of the Board, without foreclosing or waiving the lien securing such charges. In such an event, the Condominium shall be entitled to recover all costs of suit including reasonable attorneys' fees.

In addition to the Board's right to bring an action to foreclose a lien on a Residential Unit Owner's Residential Unit, the Board (on behalf of the Residential Unit Owners) shall have the right to bring suit to recover a money judgment for unpaid Common Charges at the option of the Board, without foreclosing or waiving the lien securing such charges. In such an event, the Condominium shall be entitled to recover all costs of suit including reasonable attorneys' fees.

Every Residential Unit Owner shall pay the Common Charges assessed against the Residential Unit Owner when due as determined by the Board of Managers and no Residential Unit Owner may be exempt from liability for the payment of the Common Charges assessed against the Residential Unit Owner by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of a Residential Unit. No person or entity who is a Residential Unit Owner shall be liable for the payment of any Common Charges accruing subsequent to a sale, transfer or other conveyance by the Residential Unit Owner of such Residential Unit made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws.

Notwithstanding any other provision in this Declaration or the By-Laws any mortgagee of an Institutional Mortgage as defined herein who obtains title to a Residential Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six (6) months of the Residential Unit's unpaid Common Charges accrued before acquisition of the title to the Residential Unit by the mortgagee unless otherwise required by law. If the Condominium's lien priority includes costs of collecting unpaid Common Charges, the mortgagee of the Institutional Mortgage will be liable for any fees or costs related to the collection of unpaid Common Charges. The unpaid balance of such Common Charges and/or Special Assessments that may be waived will be charged to all other Residential Unit Owners as a Common Expense. Upon acquisition of title the Institutional Mortgagee shall be responsible for all Common Charges, Special Assessments and/or any other costs and expenses of the Condominium thereafter due and payable.

THIRTEENTH: RESIDENTIAL UNITS ACQUIRED BY THE BOARD.

In the event any Residential Unit Owner shall convey their Residential Unit to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Residential Unit at a foreclosure sale in accordance with Article IX of the By-Laws, title to such Residential Unit or the rights to the lease of such Residential Unit shall be held by the Board of Managers or its designee on behalf of all of the other Residential Unit Owners.

FOURTEENTH: POWER OF ATTORNEY.

Each Residential Unit Owner shall irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers (the "Board of Managers") of the Condominium and/or the Sponsor (as applicable) and their successors and/or assigns, their true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in their name and on their behalf to take the following actions:

1. To the Board of Managers the right to acquire or lease any Residential Unit, together with its Common Interest whose Residential Unit Owner desires to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental, as the case may be, as the attorneys-in-fact deem proper, in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, and after any such acquisition or leasing, to convey, sell lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired, or to sublease any Residential Unit so leased, without the necessity of further authorization by the Residential Unit Owners, on such terms as the attorneys-in-fact may determine.

2. To the Board of Managers the right to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to the Residential Units, including retaining counsel and taking any other action which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance of the Building or the Property, respectively or any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Property which the Board or Managers deems necessary or appropriate.

3. To the Sponsor the right to amend the Condominium Declaration and to effectuate the rights granted to Declarant and Residential Unit Owners under the Declaration as set forth in this Article Fourteenth.

4. To the Board of Managers the right to nominate, designate, constitute and appoint the Members of the Board of Managers of the Condominium and their successors, jointly, their true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in their name and on their behalf, the right to act in their behalf to take any and all action necessary against any tenant(s) that may be residing in a Residential Unit Owner's Residential Unit, including, but not limited to, the right to seek an eviction in a court of law for failure to adhere to any of the provisions of the Declaration of Condominium, By-Laws and/or Rules and Regulations of the Condominium.

5. To the Board of Managers, the Declarant and their successors, designees and/or assigns the right to amend the Declaration and the By-Laws for the purposes set forth therein and herein.

6. To the Board of Managers and the Declarant the right to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies.

FIFTEENTH: ENCROACHMENTS.

The Residential Unit Owners agree that if any portion of a Residential Unit or the Common Elements (no matter how classified) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and is rebuilt the Residential Unit Owners agree that encroachments of any portion of the Residential Unit or the Common Elements shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Building shall stand.

SIXTEENTH: RESIDENTIAL UNIT OWNERSHIP.

Upon the conveyance of title, via deed or otherwise, to a Residential Unit, a Purchaser shall automatically become a Residential Unit Owner in the Condominium and shall remain such until such time as the Residential Unit Owner ceases to own the Residential Unit for any reason.

SEVENTEENTH: USE OF RESIDENTIAL UNITS.

Residential Units shall be restricted to Residential Occupancy in accordance with the applicable zoning and use regulations and requirements of the City of New York.

EIGHTEENTH: CONVEYANCE OF A RESIDENTIAL UNIT.

In any conveyance of a Residential Unit, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the

Grantee of the Residential Unit shall be jointly and severally liable with the Grantor for any unpaid Common Charges and any Special Assessments against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefore. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid Common Charge against the Grantor and such Grantee shall not be liable for, nor shall the Residential Unit conveyed be subject to a lien for any unpaid Common Charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include the holder of an Institutional Mortgage as provided in Article Twelfth of this Declaration.

NINETEENTH: COVENANT OF FURTHER ASSURANCES.

If any Residential Unit Owner or any other party subject to the terms of this Declaration fails to execute, acknowledge or deliver any instrument, or fails or refuses, within a reasonable period of time to be determined by the Board of Managers after request thereof, to take any action which the Residential Unit Owner or such other party is required to take pursuant to this Declaration, then the Board of Managers is hereby authorized as attorney-in-fact for such Residential Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Residential Unit Owner, or other party and such document or action shall be binding on such Residential Unit Owner or other party.

If any Residential Unit Owner or the Board of Managers or any other party who is subject to the terms of this Declaration fails or refuses to execute, acknowledge or deliver any instrument, or fails or refuses within a reasonable period of time to be determined by the Board of Managers after request therefor, to take any action that the Board of Managers, any Residential Unit Owner, or other party is required to take pursuant to this Declaration at the request of Sponsor or Sponsor's designee, then Sponsor or Sponsor's designee, as the case may be, is hereby authorized as attorney-in-fact for the Board of Managers, such Residential Unit Owner, or other party, which power shall be deemed to be coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Board of Managers, such Residential Unit Owner, or other party, and such document or action shall be binding on the Board of Managers, such Residential Unit Owner, or other party, as the case may be.

Each Residential Unit Owner will have the affirmative duty to maintain its respective Residential Unit in such a manner so as to reasonably prevent and avoid inflicting harm to other Residential Units, the Common Elements (no matter how classified) or the Building. In addition to any other remedies and/or rights the Board of Managers may have in this Declaration, the By-Laws and/or the Rules and Regulations of the Condominium, in the event any Residential Unit Owner causes or permits any condition, or fails to take any action to prevent a condition, that has a deleterious effect

on another Residential Unit, any Common Element (no matter how classified) or the Building, the Condominium Board will give written notice to such Residential Unit Owner including a request that the Residential Unit Owner take specific steps to ameliorate such a condition ("Remedy Notice"). If the Residential Unit Owner fails to remedy the condition within a reasonable period of time as provided in such Remedy Notice, the Board of Managers may, upon additional notice to the Residential Unit Owner within a reasonable period of time to be determined by the Board of Managers, enter into the Residential Unit and effect a reasonable remedy, at the Residential Unit Owner's sole cost and expense.

TWENTIETH: RULES AND REGULATIONS.

The use of the Residential Unit by the Residential Unit Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers contained in Article VIII of the By-Laws as they may be amended, rescinded, modified, altered, waived or repealed pursuant to the provisions of Article VIII of the By-Laws.

TWENTY-FIRST: FIRST LIEN HOLDER'S RIGHTS.

1. Notices of Action. A holder, insurer, or guarantor of a first mortgage, upon written request to the Condominium, (such request to state the name and address or such holder, insurer or guarantor and the Residential Unit number), shall be entitled to timely written notice of:

    a. Any proposed amendment of the Condominium instruments effecting a change in (i) the boundaries of any Residential Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the General Common Elements, Individual Residential Unit's Limited Common Elements appertaining to any Residential Unit, Residential Units or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Condominium appertaining to any Residential Unit or (iv) the purposes to which any Residential Unit or the Common Elements are restricted;

    b. Any proposed termination of the Condominium regime;

    c. Any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Residential Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;

    d. Any delinquency in the payment of assessments or charges owed by a Residential Unit Owner of a Residential Unit subject to the

mortgage of such eligible holder, insurer, or guarantor, which such delinquency has continued for a period of eight (8) days;

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Condominium; and

f. Any proposed action that requires the consent of a specified percentage of mortgagees.

2. 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:

a. 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 Residential Units to which at least fifty-one percent (51%) of the votes of Residential Units eligible to vote that are subject to mortgages held by such eligible holders are allocated, is obtained;

b. Any election to terminate the Condominium regime after substantial destruction or a substantial taking in condemnation of the Property must require the approval of the eligible holders of first mortgages on Residential Units to which at least fifty-one percent (51%) of the votes of Residential Units eligible to vote that are subject to mortgages held by such eligible holders are allocated; and

c. 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 Residential Units to which at least eighty (80%) percent of the votes of Residential Units eligible to vote that are 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 Residential Unit in a Condominium which has requested notice in accordance with the provisions of (a) above.

TWENTY-SECOND: SPECIAL RIGHTS OF SPONSOR.

Notwithstanding anything to the contrary contained herein, Sponsor, its successors, assignees and/or designees shall have, in addition to any rights granted elsewhere contained in the Declaration, By-Laws and/or Rules and Regulations, shall have the right, without requiring the consent of either the Condominium or Board of Managers, and without charge or limitation, the following rights:

1. The right to have its employees, contractors, subcontractors, and sales agents present on the properties and to make improvements to the Condominium.

2. The right to erect and maintain signs and other promotional materials (including, without limitation, "For Sale", and "For Rent" signs), in connection with the promotion, sale, leasing, management, or operation of the Residential Units or any other property, development or community the Sponsor, its successors, assigns or designees so prescribe for the life of the Condominium.

3. The right to use any one (1) or more Residential Units as:

   a. model Residential Units,

   b. offices for the promotion, sale, rental, management and/or operation of any unsold Residential Units,

   c. offices in connection with any installation, construction, modification, alteration, renovation, maintenance, repair, restoration, replacement, or change being performed, or to be performed, by, or on behalf of, Sponsor with respect to the Common Elements and/or the Residential Units; or any unsold Residential Units; and/or

   d. for any other purpose.

4. The right to use any office in the Condominium for its exclusive use until such time as Sponsor no longer owns any Residential Units in the Condominium.

5. The right to do and cause to be done all of the things that are necessary, desirable, or appropriate (including, without limitation, the use of the Common Elements, including any recreation facilities, the Residential Units, and any unsold Residential Units) for the purpose of:

   a. the promotion, sale, rental, management and/or operation of any unsold Residential Units,

b. the performance and completion of installation, construction, modification, alteration, renovation, maintenance, repair, restoration, replacement, or change being performed, or to be performed, by, or on behalf of, Sponsor with respect to the Common Elements, and/or

c. the exercise performance and discharge of Sponsor's other rights and obligations under this Declaration, the By-Laws and/or the Rules and Regulations.

6. The right to make any other changes required by the Building Department of the City of New York or any other agency of the City of New York or other municipal or administrative agency.

In no event, however, shall Sponsor or such designee be entitled to use any portion of the Common Elements in such a manner as will unreasonably interfere with the use of the same or of any Residential Unit for its permitted purposes.

The provisions of this Article Twenty-Second cannot be amended without the written consent of the Sponsor, or its designees, successors or assigns.

TWENTY-THIRD: INVALIDITY

Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

TWENTY-FOURTH: 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.

TWENTY-FIFTH: CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

TWENTY-SIXTH: CERTAIN REFERENCES

A reference in this Declaration to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural and vice versa, unless the context otherwise requires.

The terms “herein”, “hereof”, or “hereunder” or similar terms in this Declaration refer to this entire Declaration and not to the particular provision in which the terms are used, unless the context otherwise requires.

Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration or the By-Laws.

TWENTY-SEVENTH: SEVERABILITY

If any provision of this Declaration or the application thereof to any person, entity or circumstance, is determined to be invalid or unenforceable to any extent, the remainder of this Declaration, and the application of such provision to persons, entities or circumstances other than those as to which it is specifically determined to be invalid or unenforceable, shall not be affected thereby, and each provision of this Declaration shall be valid and enforced to the fullest extent permitted by law, provided that under all circumstances, the provisions hereof are required to be interpreted and applied so that there will be no adverse effect on Declarant or any other person governed by or otherwise affected by this Declaration in any material respect as a result of any invalidity or unenforceability referred to above in this Article Twenty-Seventh.

TWENTY-EIGHTH: SUCCESSORS AND ASSIGNS

Except as set forth in the Declaration or in the By-Laws to the contrary, the rights and/or obligations of Sponsor, its successor, assignee or its designee as set forth herein shall inure to the benefit of and be binding upon any successor, assignee or designee of Sponsor with the consent of Sponsor or its successor, assignee or designee, any transferee of some or all of the Unsold Residential Units then owned by Sponsor or its successor, assignee or designee, as the case may be. Subject to the foregoing, Sponsor, its successor, assignee and its designee shall have the right, at any time, in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

426 HOLDINGS, LLC

By: _____
Aran Scott

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

On the _____ day of _____ in the year 2024, before me, the undersigned a Notary public in and for said state, personally appeared Aran Scott, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that (s)he executed the same in his/her capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted executed the instrument.

_____
NOTARY PUBLIC

SCHEDULE A TO THE DECLARATION

Condo #

Block: 975 FKA Lot: 37 NKA Lots:

ALL that certain plot piece or parcel of land, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, bounded and described as follows:

SCHEDULE B TO THE DECLARATION

426 2ND STREET CONDOMINIUM
426 2nd Street
Brooklyn, New York

Condo #

Block: 975 FKA Lot: 37 NKA Lots:

SCHEDULE J

CONDOMINIUM BY-LAWS

BY-LAWS

OF

426 2ND STREET CONDOMINIUM

CERTILMAN BALIN ADLER & HYMAN, LLP
Attorneys for the Sponsor
Attn: Richard Herzbach, Esq.
90 Merrick Avenue, 9th Floor
East Meadow, New York 11554

SCHEDULE C TO THE DECLARATION OF CONDOMINIUM

BY-LAWS
OF
426 2ND STREET CONDOMINIUM

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BY-LAWS

OF

426 2ND STREET CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Residential Unit Ownership.

The property located at 426 2nd Street, Brooklyn, Kings County, City and State of New York, as specifically set forth in the Declaration and more commonly known as 426 2nd Street Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability.

The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the Building and improvements thereon including the Condominium Residential Units, (hereinafter referred to as "Residential Units") and the Common Elements and the use and occupancy thereof.

Section 3. Personal Application.

All present or future Residential Unit Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Condominium in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Residential Units or the mere act of occupancy of any of said Residential Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

Section 4. Definitions.

The definitions contained in the Declaration of Condominium shall be applicable to these By-Laws unless otherwise stated.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium.

The Condominium shall consist of the Residential Units and Common Elements. The Declaration, By-Laws and Rules and Regulations shall be applicable to the Residential Unit Owners. "Residential Unit Owner" as referred to herein shall mean the owner of a Residential Unit. The owners of the Residential Units shall hereinafter be referred to as Residential Unit Owners.

Section 2. **Voting.**

Each Residential Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Residential Units), shall be entitled to cast one vote at all Residential Unit Owners' meetings for each Residential Unit owned by such Residential Unit Owner subject to the restrictions contained herein, including the provisions regarding the election of the Board of Managers as provided in Article III, Section 1 of these By-Laws. In the event the Board of Managers acquires a Residential Unit on behalf of the Condominium it shall not cast any of its votes appurtenant to such Residential Unit, for the election of any individual to the Board of Managers. Any Residential Unit Owner in default of their Common Charges, Special Assessments, late fees or any other penalties imposed by the Board of Managers applicable to said Residential Unit Owner's Residential Unit shall be prohibited from voting at any annual, general or Special Meeting of the Residential Unit Owners.

Section 3. **Quorum.**

So many Residential Unit Owners as shall represent at least fifty-one (51%) percent of the total authorized votes of all Residential Unit Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Residential Unit Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Residential Unit Owners, the Residential Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting.

Section 4. **Vote Required to Transact Business.**

When a quorum is present at any meeting, the vote of a majority of the Residential Unit Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Residential Unit Owners, unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. **Right to Vote.**

At any meeting of Residential Unit Owners, every Residential Unit Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. Any Residential Unit Owner in default of their Common Charges, Special Assessments, late fees or any other penalties imposed by the Board of Managers applicable to said Residential Unit Owner's Unit shall be prohibited from voting at any annual or Special Meeting of the Residential Unit Owners.

Section 6. **Proxies.**

All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. **Waiver and Consent.**

Whenever the vote of Residential Unit Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws or for an amendment to the Declaration or By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Residential Unit Owners may be dispensed with if all Residential Unit Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. **Place of Meetings.**

Meetings shall be held at any suitable place convenient to the Members as may be designated by the Board of Managers and designated in the notices of such meetings. Meetings may be held by electronic communication including telephone, video or web conference and need not occur in person. Residential Unit Owners may attend and participate in any "in-person" meeting by attending by telephone, video or web conference. If the meeting is held by electronic communication, the electronic service and/or platform by which the meeting is held shall constitute the place of the meeting. All meetings held by electronic communication shall provide for the following:

(a) The Board shall verify that each person participating electronically is a Residential Unit Owner or a proxy of a Residential Unit Owner;

(b) All Residential Unit Owners participating electronically at a meeting shall have a reasonable opportunity to participate in the meeting, including an opportunity to propose, object to, and vote upon a specific action to be taken by the Residential Unit Owners, and to see, read, or hear the proceedings of the meeting substantially concurrently with those proceedings; and

(c) The Board shall record and maintain a record of any votes or other actions taken by electronic communication at the meeting.

In the event New York State does not permit meetings of Residential Unit Owners to be held by electronic communication, then all meetings are required to be held in person and Residential Unit Owners shall attend either in person or by proxy.

Section 9. **Annual Meetings/Control of Board of Managers by Sponsor.**

The Sponsor will have voting control and may designate all the Managers on the Board of Managers of the Condominium until all of the Residential Units in the Condominium have been sold or transferred to Residential Unit Owners other than the Sponsor, its Principals, successors, assignees and/or designees ("Sponsor Control Period"). The First Annual Meeting of the Residential Unit Owners will be held within two (2) years of the Closing of Title to the first Residential Unit. After the First Annual Meeting, Annual Meetings shall be held on or about the anniversary of such date each succeeding year or such other convenient date as the Board of Managers may so designate (the "Annual Meeting"). The Sponsor-designated Board of Managers will call for a Turnover Meeting of the Residential Unit Owners to elect a new Board of Managers within thirty (30) days after expiration of the Sponsor Control Period. Notwithstanding, the Sponsor-designated Board of Managers shall have the right to call for the Turnover Meeting prior thereto. At the Turnover Meeting, the members of the Board of Managers shall be elected by the Residential Unit Owners. The Sponsor shall have the right to voluntarily resign a position on the Board of Managers as per the provisions of Article III, Section 1 of these By-Laws. In the event the Sponsor-designated Board of Managers calls for the Turnover Meeting prior to the expiration of the Sponsor Control Period and the Sponsor still retains one (1) or more Residential Units, the Sponsor shall have the right to designate one (1) Manager to the Board of Managers. At Annual Meetings subsequent to the Turnover Meeting, there shall be elected by ballot of the Residential Unit Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Residential Unit Owners may also transact such other business of the Condominium as may properly come before them.

In the event the Sponsor voluntarily relinquishes control of the Board of Managers prior to sale of all Residential Units, the Sponsor will be entitled to designate one (1) Manager to the Board of Managers until the Sponsor no longer owns any Residential Units in the Condominium. When the Sponsor no longer owns a Residential Unit in the Condominium, Sponsor is not entitled to designate any member of the Board of Managers.

Section 10. **Special Meetings.**

It shall be the duty of the President to call a Special Meeting of the Condominium, if so directed by the Board of Managers, or upon the presentation to the Secretary of a petition signed by a majority of the Residential Unit Owners. 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 11 of this Article to each Residential Unit Owner of the Condominium entitled to vote at such meeting not less than five (5) nor more than thirty (30) days before such meeting. The date of the Special Meeting shall be determined by the Board of Managers and shall be held no later than sixty (60) days from receipt of any written request pursuant to this Section 10 unless a later date is agreed to in writing by

the Residential Unit Owners of the Condominium entitled to vote or the Board of Managers, requesting such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless all Residential Unit Owners of the Condominium are present in person or by proxy. Any Managers of the Board of Managers of the Condominium, other than those designated by the Sponsor, may be removed with or without cause by vote of a minimum of 66⅔ in number of the Residential Unit Owners of the Condominium at a Special Meeting called pursuant to this section if the meeting is called for such purpose. Sponsor designated Managers of the Board of Managers may only be removed by the Sponsor without cause.

Section 11. Notice of Meetings.

It shall be the duty of the Secretary or other designated agent the Board of Managers to provide written notice of the place, date and hour of each annual or Special Meeting, stating the purpose thereof at least five (5) but not more than thirty (30) days prior to such meeting. A copy of the notice of any meeting shall be given, personally, by first-class mail, facsimile telecommunications or by electronic mail to each Residential Unit Owner entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the Residential Unit Owner at the Residential Unit Owner's address as it appears on the record of Residential Unit Owners or, if the Residential Unit Owner shall have filed with the Secretary or designated agent a written request that notices to the Residential Unit Owner be mailed to some other address, then such notice shall be directed to the Residential Unit Owner's designated address. If the notice is sent by facsimile telecommunication or mailed electronically, such Notice is given when directed to the Residential Unit Owners fax number or electronic mail address as it appears on the record of the Residential Unit Owners, or, to such fax number or other electronic mail address as filed with the Secretary or designated agent. Notwithstanding the foregoing, such Notice shall not be deemed to have been given electronically (1) if the Secretary or designated agent of the Board of Managers is unable to deliver two consecutive Notices to the Residential Unit Owner by facsimile telecommunication or electronic mail; or (2) the Secretary or the designated agent of the Board of Managers otherwise becomes aware that Notice cannot be delivered to the Residential Unit Owner by facsimile telecommunication or electronic mail.

Section 12. Order of Business.

The order of business at all meetings shall be as follows:

(a) Roll Call
(b) Proof of notice of meeting or waiver of notice
(c) Reading of minutes of preceding meeting
(d) Report of Officers
(e) Report of committees
(f) Election of inspectors of election (in the event there is an election)
(g) Election of Managers (in the event there is an election)
(h) Unfinished business
(i) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. **Number and Term.**

The affairs of the Condominium shall be governed by a Board of Managers. The initial Board of Managers shall consist of three (3) individuals designated by the Sponsor (the "First Board of Managers") who shall hold office and exercise all powers of the Board of Managers until replacement designees are designated by the Sponsor during the Sponsor Control Period. Within thirty (30) days after the expiration of the Sponsor Control Period, a meeting (the "Turnover Meeting") will be held to elect the new Members of the Board of Managers unrelated to Sponsor. Within two (2) years of the Closing of Title to the first Residential Unit, the First Annual Meeting of the Residential Unit Owners will be held.

Until succeeded by the Managers elected at the Turnover Meeting of Residential Unit Owners, Managers need not be Residential Unit Owners; thereafter, all Managers, other than designees or nominees of the Sponsor, shall be Residential Unit Owners.

At the First Annual Meeting of Residential Unit Owners called pursuant to Section 9 of Article II a total of three (3) Managers shall be elected or designated to the Board of Managers. All Managers, other than those the Sponsor can designate, shall be elected by the Residential Unit Owners. The term of office of each Manager shall be fixed at one (1) year.

Each Residential Unit Owner shall be entitled to cast one vote for each individual to be elected to the Board of Managers. At the expiration of the initial term of office of each respective Manager, their successor shall be elected to serve a term of one (1) year. The Managers shall hold office until their successors have been elected and hold their first meeting.

Any Residential Unit Owner in default of the payment of Common Charges, Special Assessments, late fees, interest and/or penalties shall be ineligible to be elected to the Board of Managers and/or vote at any general, Annual or Special Meeting.

The Sponsor shall have the right to designate all Managers on the Board of Managers until the expiration of the Sponsor Control Period. This Section may not be amended without the written consent of Sponsor.

In addition to the Managers designated by the Sponsor, as long as Sponsor retains an unsold Residential Unit in the Condominium, Sponsor may vote as Sponsor so determines for any other Managers, so long as the Managers are not on Sponsor's slate for the Board of Managers, Sponsor's payroll, or as long as they did not receive other financial backing from the Sponsor other than any mortgage that may be held by the Sponsor or affiliated entity of the Sponsor, if applicable.

Sponsor is entitled to designate all the Board of Managers during the Sponsor Control Period. Sponsor Managers shall be appointed for a one (1) year term. At the expiration of the Sponsor Manager terms, if Sponsor is still entitled to nominate Managers to the Board of Managers, the Sponsor Managers shall thereafter continue to be appointed as Managers for one (1) year terms until the Sponsor is required to relinquish the position or Sponsor voluntarily resigns the position. When the designated Board of Managers of the Sponsor are required to relinquish their position on the Board of Managers the Sponsor will call for the Turnover Meeting of the Residential Unit Owners as per the provisions of Article II, Section 9 of these By-Laws. The Sponsor shall have the right to voluntarily resign a position on the Board of Managers prior thereto. In such an event the Board of Managers will either (a) call for a Special Meeting of the Residential Unit Owners pursuant to the provisions of Article II, Section 10 of these By-Laws to elect a Residential Unit Owner for the balance of the Sponsor Manager term or (b) the remaining individuals on the Board of Managers will appoint a Residential Unit Owner to the Board of Managers for the balance of the Sponsor Manager term. At the expiration of the term, the Residential Unit Owners shall have a meeting to elect a Residential Unit Owner to a one (1) year term. Notwithstanding the aforementioned, in the event the Sponsor voluntarily relinquishes a position on the Board of Mangers before the Sponsor is obligated to do so, upon notice from the Sponsor to the Board of Managers that the Sponsor desires to reclaim said position the Manager appointed or elected to said position shall resign and the Sponsor shall reappoint a Manager to the Board.

This Section may not be amended without the written consent of the Sponsor.

Section 2. **Vacancy and Replacement.**

If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining individuals on the Board of Managers, though less than a quorum, at a Special Meeting of the Board of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. At such meeting the remaining Managers of the Board of Managers shall be entitled to vote for said Manager's successor or successors. In the event of the failure to hold any election of the Board of Managers at the time designated for the annual election of the Board of Managers or in the event that the Board of Managers shall not have filled any such vacancy, a Special Meeting of the Residential Unit Owners to elect new Managers to the Board of Managers or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of Special Meetings of the Residential Unit Owners in Article II, Section 10 of these By-Laws. If the vacancy occurs with respect to any of the Board of Managers who has been designated by the Sponsor, only the Sponsor shall have the right to choose such Manager's successor to fill the unexpired portion of the term. In addition, the Sponsor shall have the right to substitute the individuals it has designated the Board of Managers at Sponsor's discretion.

The Board of Managers shall also have the right to call for a Special Meeting in accordance with Article II, Section 10 to elect a Manager's successor to fill the unexpired portion of the term of office.

Section 3. Removal.

All Managers may be removed with cause by an affirmative vote of sixty-six and two-thirds percent (66⅔rds) in number of the Residential Unit Owners entitled to vote at a Special Meeting called pursuant to Article II, Section 10 of the By-Laws. All Managers, other than Sponsor designees, may be removed without cause by an affirmative vote of sixty-six and two-thirds percent (66⅔rds) in number of the Residential Unit Owners entitled to vote at a Special Meeting called pursuant to Article II, Section 10 of the By-Laws. Managers designated by the Sponsor may only be removed without cause by the Sponsor. No Manager other than a Manager designated by the Sponsor shall continue to serve on the Board of Managers if, during their term of office, they shall cease to be a Residential Unit Owner. In the event a Sponsor designee Manager is removed, the Sponsor shall have the sole right to designate the Sponsor Manager replacement.

Any individual on the Board of Managers in default of the payment of Common Charges, Special Assessments, late fees, penalties and/or interest shall be suspended from the Board of Managers until all Common Charges, Special Assessments, late fees, penalties and/or interest are paid in full to the Condominium.

Section 4. Resignation.

Any Manager may resign at any time by written notice delivered in person or sent by certified registered mail to an Officer of the Condominium. Such resignation shall take effect at the time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

Section 5. Suspension

Any individual on the Board of Managers in default of the payment of Common Charges, Special Assessments, together with late charges, interest and expenses shall be suspended from the Board of Managers until all Common Charges, Special Assessments, together with late charges, interest and expenses, if any, are paid in full to the Condominium.

Section 6. First Board of Managers.

The First Board of Managers shall consist of three (3) Managers appointed by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the Turnover Meeting of Residential Unit Owners. Any of said Managers shall be subject to replacement at the sole discretion of the Sponsor and/or in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 7. **Powers.**

(a) The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-Laws, directed or required to be exercised or done by the Residential Unit Owners personally. These powers shall specifically include, but not be limited to, the following items:

1. Determine and levy monthly assessments ("Common Charges") to cover the cost of Common Expenses. The Common Charges are payable in advance as determined by the Board of Managers. The Board of Managers may increase the monthly Common Charges or vote a Special Assessment in excess of the Common Charges, if required, to meet any additional necessary Common Expenses, but said increases can only be assessed among the Residential Unit Owners pro-rata according to their respective Percentage of Common Interest as reflected in Schedule B of the Declaration of Condominium or in such other manner as provided in Article VI, Section 9 of these By-Laws.

2. Determine and impose penalties, late fees and interest against Residential Unit Owners delinquent in the payment of their Common Charges and to revise the amount of such fees as the Board of Managers so determines.

3. Determine and impose move in and move out fees and to revise said fees in its good faith discretion.

4. Collect, use, and expend the Common Charges collected to maintain, care for and preserve the General Common Elements, and Individual Residential Unit's Limited Common Elements that have been designated to the Condominium to repair, replace and maintain and any other Common Expenses of the Condominium.

5. Make repairs, restore or alter any Residential Unit or the Common Elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

6. Enter in and upon the Residential Units when necessary and at as little inconvenience to the Residential Unit Owners as possible in connection with the maintenance, care, and preservation of the property, including any inspection or repairs necessitated by mold. 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 Condominium or its property, or the

Residential Units, or for the health and safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium. Any repairs required as the result of negligence of a Residential Unit Owner will be at the expense of the Residential Unit Owner.

7. Open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts.

8. Insure and keep insured the Common Elements and Residential Units in accordance with Article VII of these By-Laws.

9. Collect delinquent Common Charges, Special Assessments, late fees, penalties and/or interest by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Residential Unit Owners of the Condominium for violations of the Declaration, By-Laws or the Rules and Regulations of the Condominium.

10. Make reasonable Rules and Regulations applicable to all Residential Units and all Residential Unit Owners and to amend the same from time to time, and such Rules and Regulations and amendments shall be binding upon all the Residential Unit Owners when the Board of Managers has approved them in writing. A copy of such Rules and Regulations and all amendments shall be delivered to each Residential Unit Owner.

11. 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 powers of a manager in connection with the matters herein above set forth.

12. Bring and defend actions by or against one (1) or more Residential Unit Owners that are pertinent to the operation of the Condominium and to levy Special Assessments to pay for the cost of such litigation, subject to the provisions regarding the Sponsor as contained in Article III, Section 7(c) of these By-Laws.

13. Acquire a Residential Unit in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Residential Unit so acquired and to vote as a Residential Unit Owner subject to any restrictions contained in these By-Laws, offer such Residential Unit for sale or lease or take any other steps regarding such Residential Unit as shall be deemed proper by the Board of Managers.

14. Make additions, alterations, or improvements to the General Common Elements and Individual Residential Unit's Limited Common Elements that have been delegated to the Condominium to maintain, repair and/or replace as provided in the Declaration and/or these By-Laws.

15. Borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, or for capital expenditures such as repair or replacement of Building components or systems or to remedy a major Building defect, provided, however, that no lien to secure repayment of any sum borrowed may be created on any Residential Unit or its appurtenant interest in the Common Elements without the written consent of the Owners of said Residential Unit.

16. Act as an agent for one (1) or more Residential Unit Owners to file a single complaint and bring a special proceeding on behalf of Residential Unit Owners who wish to contest the real estate tax assessments of their Residential Unit pursuant to Section 339-y(4) of the New York Real Property Law. In such an event, the Board of Managers could retain counsel on behalf of such Residential Unit Owners and charge each Residential Unit Owner for whom it is acting a pro-rata share of expenses, disbursements, and legal fees, based upon the Residential Unit's Percentage of Common Interest as reflected in Schedule B of the Declaration of Condominium, the payment for which would be secured by a lien on each Residential Unit. The Board of Managers is not obligated to perform such services and it is necessary to obtain the written authorization of the Residential Unit Owners it will perform such service for.

17. Determine and impose penalties, late fees and interest against Residential Unit Owners delinquent in the payment of their Common Charges and/or Special Assessments and in violation of the Rules and Regulations. The Board of Managers shall have the right to revise the amount of such fees as the Board of Managers so determines.

18. Enter into contracts, settlement agreements and/or other matters on behalf of the Condominium.

19. Enter into revocable license agreements for the use of space within the General Common Elements so long as the license agreement does not hinder or encroach upon the rights of Residential Unit Owners to use the General Common Elements, and/or Individual Residential Unit's Limited Common Elements.

20. Grant utility or other easements over or to the Common Elements that are required for the benefit of the Condominium and the Residential Unit Owners without the necessity of the consent thereto, or joinder therein, by the Residential Unit Owners or any mortgagee (except that if the granting of such easement impairs the ability of one or more Residential Unit Owners who have the right to use such Common Elements to the exclusion of any other Residential Unit Owners, the consent of all such affected Residential Unit Owners shall be required in writing before such easement shall be granted);

(b) The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board of Managers, designate one or more committees, each of such committees to consist of at least one (1) of the Board of Managers, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board of Managers as required.

(c) As long as the Sponsor retains at least one (1) Unsold Residential Unit in the Condominium, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the General Common Elements, or individual Residential Unit's Common Elements and/or to any Residential Unit, costing cumulatively more than $50,000, the foregoing not to include necessary repairs and maintenance work, (ii) assess any Common Charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, (iii) hire any employee in addition to the employees referred to in the Budget for the first year of operation of the Condominium, (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first Closing, (v) borrow money on behalf of the Condominium, (vi) reduce the services or maintenance set forth in the Condominium budget for the first year of operation, (vii) charge any Special Assessment for a non-budgeted item unless required by law, municipal agency, emergency or for the health and safety of the Condominium, (viii) increase the Common Charges of the Condominium more than ten (10%) percent from the prior year's budget, unless documentation is provided to the Sponsor in the nature of a financial statement, bids from contractors or verified increases in utility rates, evidencing the need for an increase greater than ten (10%) percent, or (ix) utilize Condominium funds or assess the Sponsor in order to commence a lawsuit against the Sponsor or any of its

principals. The provisions of this paragraph may not be amended without the written consent of the Sponsor.

(d) Notwithstanding Article III, Section 7(c) of these By-Laws Sponsor may not exercise veto power over expenses described in the proposed first year budget, as described in the Offering Plan, or over expenses required:

1. to comply with applicable laws or regulations; or

2. to remedy any notice of violation; or

3. to remedy any work order by an insurer, or

4. necessary for the preservation or safety of the Building or for the health and safety of Condominium residents or required to avoid the suspension of any necessary service to the Building.

(e) Sponsor may exercise veto power over expenses described herein, other than those described in Article III, Section 7(d) of these By-Laws, for a period ending not more than five (5) years after the Closing of the first Residential Unit or whenever the unsold Residential Units constitute less than thirty-three and one-third (33 1/3rd) percent of the common interest, whichever is sooner.

The provisions of this paragraph may not be amended without the written consent of Sponsor.

Section 8. Repairs and Maintenance.

All maintenance, painting, repairs and replacement to the General Common Elements including but not limited to exterior walls, roof and roof members of the Building, as well as painting, repair and/or maintenance of the exterior surfaces, roof, windows and doors which open from the Building, as well as all maintenance, repairs and replacements of foyers and stairways of the Building, and of any pipes, wires, conduits and utility lines, or any portion of which is located in one Residential Unit and services another Residential Unit or more than one Residential Unit or so much of any pipes, wires, conduits and utility lines as are located in the General Common Elements shall be the responsibility of the Board of Managers and the cost thereof shall be a Common Expense except if such maintenance, painting, repair or replacement is necessitated because of the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in the Residential Unit, or the prior alteration of the Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located within each Residential Unit for the exclusive use of a Residential Unit Owner shall be the sole obligation of such Residential Unit Owner at the Residential Unit Owner's sole cost and expense.

All maintenance, repair and replacement to any portion of any pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in the General Common Elements shall be the responsibility of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance, repair and replacement to pipes, sewers and/or drainage lines and wires, conduits and public utility lines located in a Limited Common Element and servicing two (2) or more Residential Units shall be the responsibility of the Condominium and a Common Expense of the Condominium. The cost thereof shall be a Common Expense except if such maintenance, repair, or replacement is necessitated due to the negligence, misuse or neglect of a Residential Unit Owner or the prior alteration of a Residential Unit by a Residential Unit Owner, in which event the cost thereof shall be assessed individually and paid for by the applicable Residential Unit Owner.

All maintenance and repairs to the interior portion of Residential Units, other than to any General Common Elements contained therein, are the responsibility of the respective Residential Unit Owners at their sole expense. All structural changes to a Residential Unit shall comply with the provisions of Article VIII, Section 1(f) of the By-Laws.

All maintenance and repair to the interior portion of the window area and doors which open from a Residential Unit are the responsibility of the Residential Unit Owner who owns the applicable Residential Unit. All maintenance, repair and any replacement to the external portion of the window area, the actual window and external portion of the doors (including painting if necessary) which open from a Residential Unit will be the responsibility of the Condominium and the cost thereof shall be a Common Expense of the Condominium and paid for by all Residential Unit Owners as provided in Article VI of these By-Laws. Notwithstanding the above, should the maintenance, repair or replacement of the external portion of the window, the actual window and external portion of the doors which open from a Residential Unit be caused as a direct result of the negligence or act of a Residential Unit Owner, occupant, tenant, guest or any other person residing, visiting or doing work in the Residential Unit, the Condominium will repair or replace the external portion of the window, the window or the external portion of the doors which open from a Residential Unit and the cost of such repair or replacement shall be charged to the Residential Unit Owner as an additional Common Charge or Special Assessment.

The interior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner's sole cost and expense. The exterior surfaces of all Residential Unit windows shall be cleaned by the Board of Managers and the cost shall be a Common Expense. Broken window glass in a Residential Unit shall be replaced by the Residential Unit Owner at the Residential Unit Owner's sole cost and expense, unless

such breakage was caused by the Board of Managers or its agents, in which case replacement shall be made by the Board of Managers as a Common Expense.

The rear yard and porch and the terraces of the Condominium may not be enclosed and may not be used for storage. The rear yard and porch and the terraces of the Condominium may not be used for any type of occupancy, including as a bedroom or living room. The cellar has less light and air than ordinary living space and is more susceptible to dampness. The cellar may not be used for eating or sleeping. Drains located in or on the Property must be kept clean and open at all times to prevent flooding. Residential Unit Owners will not be permitted to store any combustible material or other items in or on any yard, deck, balcony, patio or terrace. Neither the Condominium nor any Residential Unit Owner will be permitted to enclose or make any structural changes to any yard, balcony, deck, patio or terrace, except as required for repair or replacement with the consent of the Board of Managers.

General maintenance and repairs to, and landscaping of, any portion of the rear yard that is a Limited Common Element of Residential Unit #1 will be the responsibility of the Residential Unit Owner of Residential Unit #1. Notwithstanding the foregoing, all maintenance, repairs, and replacement of any fence surrounding the rear yard will be the responsibility of the Condominium the costs thereof a Common Expense of the Condominium. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to the rear yard that is the Residential Unit Owner of Residential Unit #1's responsibility at said Residential Unit Owner's sole cost and expense. In the event the Residential Unit Owner of Residential Unit #1 does not maintain, repair, or landscape any portion of the rear yard that is the responsibility of said Residential Unit Owner, the Board of Managers shall have the right to make the necessary maintenance, landscaping, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) and to charge said Residential Unit Owner for the cost of all such repairs, and/or landscaping, and/or maintenance and/or replacement work. In the event that the Board of Managers charges said Residential Unit Owner for repairs, landscaping, maintenance and/or replacement to the rear yard that is a Limited Common Element of Residential Unit #1 the Board of Managers shall have the right to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

All structural repairs and replacements to the roof underneath areas that are Limited Common Elements of a Residential Unit Owner, and to any balcony, patio, deck or terrace area that is a Limited Common Element of any Residential Unit will be the responsibility of the Condominium and a Common Expense of the Condominium. All general maintenance and repairs to a Limited Common Element of any Residential Unit Owner, including any balcony, patio, yard, pavers, deck and/or terrace that is a Limited Common Element of any Residential Unit, including cleaning, snow removal and all repairs not structural in nature, (including, without limitation, the repair of leaks, painting or staining, and the replacement of pavers) shall be the responsibility of the applicable Residential Unit Owner. The Board of Managers shall have the right to designate or

approve a contractor or contractors to do the necessary work to any roof top area, yard, deck, balcony, patio and/or terrace that is the Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost.

All repairs, maintenance and any replacement and all costs associated therewith of any hot water tank, boiler, air conditioning compressor and/or condenser, air handler or any other heating, cooling or other mechanical system servicing an individual Residential Unit that is located in the Residential Unit or is an Individual Residential Unit's Limited Common Element located in or on the Common Elements and/or all apparatus, installations, systems equipment and facilities in the Common Elements (including pipes, wire, ducts, vents, cables, conduits and lines) which serve or benefit a Residential Unit exclusively shall be the responsibility of the applicable Residential Unit Owner for such equipment, services, etc. The Board of Managers shall have the right to designate or approve a contractor or contractors to do the necessary work to said equipment that is a Residential Unit Owner's responsibility at the Residential Unit Owner's sole cost and expense.

The Board of Managers shall repair all plumbing stoppages and electrical repairs occurring in the General Common Elements and the cost thereof shall be a Common Expense payable by all the Residential Unit Owners as provided in Article VI of the By-Laws. Notwithstanding, the cost of any maintenance or repairs necessitated due to the negligence, misuse or neglect of a Residential Unit Owner, occupant, tenant, guest or any other person residing in, visiting or doing work in a Residential Unit, or caused by any prior alteration of a Residential Unit, shall be assessed to and paid by the applicable Residential Unit Owner.

All snow removal and cleaning of any sidewalks and entranceways that abut the Condominium that is not the responsibility of the City of New York shall be the responsibility of the Condominium and a Common Expense of all the Residential Units in the Condominium.

The Board of Managers and their agents, employees and contractors shall have the right of access to any Residential Unit for the purpose of making any repairs or replacements to any Common Elements, no matter how classified, contained therein or elsewhere in the Condominium or to remedy any condition which would result in damage to any other Residential Unit or any other Common Element, no matter how classified, or which would violate the provisions of any mortgage covering another Residential Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof or for the purpose of carrying out any of its obligations under the By-Laws or the Declaration of the Condominium. Such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Residential Units but 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 Condominium or its property, or the Residential Units, or for the health and safety of Condominium residents or other persons or required to avoid the suspension of any necessary service to the Condominium.

All repairs, painting or maintenance, whether made by the Residential Unit Owner or the Board of Managers, to the doors, windows, or the exterior surface of the Building or to any generally visible portion of the General Common Elements or Individual Residential Unit's Limited Common Elements shall be carried out in such a manner as to conform to the materials, style and color initially provided by the Sponsor, unless varied by the Board of Managers.

In the event that a Residential Unit Owner fails to maintain, repair or replace its Residential Unit or any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use, which maintenance, repair or replacement is necessary to protect any of the General Common Elements, or any other portions of the Building or any other Residential Unit or other Individual Residential Unit's Limited Common Element, the Board of Managers shall have the right to make the necessary maintenance, repair or replacement (after the failure of said Residential Unit Owner to do so after ten (10) days' written notice, or written or oral notice of a shorter duration in the event of an emergency situation) of the Residential Unit or Limited Common Elements for a Residential Unit's exclusive use and to charge said Residential Unit Owner for the cost of all such repairs and/or maintenance and/or replacement. In the event that the Board of Managers charges a Residential Unit Owner for repairs, maintenance and/or replacement to their Residential Unit or for repairs to any Common Elements restricted in use to such Residential Unit Owner, and the Residential Unit Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Residential Unit Owner shall be liable for the reasonable attorneys' fees and cost of such suit or proceeding together with interest on all sums due.

The Board of Managers shall have the right to designate or approve a contractor to do any such work required by a Residential Unit Owner at the Residential Unit Owner's sole expense.

Section 9. **Compensation.**

Managers and Officers of the Board of Managers, as such, shall receive no compensation for their services.

Section 10. **Meetings.**

(a) The first meeting of the Board of Managers newly elected by the Residential Unit Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Residential Unit Owner meetings, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board of Managers shall take place.

(b) Regularly scheduled meetings of the Board of Managers may be held without special notice.

(c) Special Meetings of the Board of Managers may be called by the President on two (2) days' notice to each Manager either personally, by mail or by electronic mail. Special Meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of a majority of the Board of Managers.

(d) At all meetings of the Board of Managers, a majority of the Managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meetings of Managers, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board of Managers shall be a waiver of notice by the Manager of the time and place thereof. If all the Managers are present at any meeting of the Board of Managers, no notice shall be required, and any business may be transacted at such meeting.

(f) The Board of Managers may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting.

Section 11. Annual Statement.

The Board of Managers shall furnish all Residential Unit Owners and shall present annually (at the Annual Meeting, but in no event later than four (4) months after the close of the fiscal year) and when called for by a vote of the Residential Unit Owners at any Special Meeting of the Residential Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement prepared by an independent public accountant and a statement regarding any taxable income attributable to the Residential Unit Owner and a notice of the holding of the annual Residential Unit Owners meeting. During the period the Sponsor retains a majority of the Board of Managers the annual statement shall be a certified statement verified by a certified public accountant.

Section 12. Fidelity Bonds or Fidelity Insurance Coverage.

The Board of Managers shall require that all Officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds or fidelity insurance coverage. The premiums on such bonds or insurance coverage shall be a Common Expense of the Condominium.

Section 13. Management Agent.

The Board of Managers may employ a management agent for the Condominium under a term contract or otherwise at compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, including, but not limited to, all delegable duties of the Board of Managers listed in this Article. During the Sponsor Control Period, the Sponsor will be in control of the Board of Managers and will de facto manage the Condominium.

Section 14. Liability of the Board of Managers, Officers and Residential Unit Owners.

No person or entity on the Board of Managers or Officer of the Condominium shall have any personal liability to the Condominium or to any Residential Unit Owner for damages for any breach of duty in the Manager's capacity as a member of the Board of Managers or Officer of the Condominium, provided that this provision does not eliminate or limit the liability of a member of the Board of Managers or Officer of the Condominium if a judgment or other final adjudication adverse to the Manager establishes (a) that the Manager's or Officer's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or (b) that the Manager or Officer personally gained in fact a financial profit or other advantage to which the Manager was not legally entitled.

The Condominium, through the Residential Unit Owners, shall indemnify to the fullest extent permitted by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of the Condominium to procure a judgment in its favor or an action other than one by or in the right of the Condominium and including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, which any of the Board of Managers or Officer of the Condominium served in any capacity at the request of the Condominium, by reason of the fact that the Manager, the Officer, the Manager's or Officer's testator, was a member of the Board of Managers, Officer of the Condominium or officer of the joint venture, trust, employee benefit plan or other enterprise in any capacity; provided that no indemnification may be made to or on behalf of any of the Board of Managers or Officer of the Condominium if a judgment establishes that the Manager's or Officer's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that the

Manager or Officer personally gained in fact a financial profit or the advantage to which the Manager or Officer was not legally entitled.

The Residential Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers and Officers of the Condominium against all contractual liability to others arising out of contracts made by the Board of Managers or Officers of the Condominium 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 Board of Managers and Officers of the Condominium shall have no personal liability with respect to any contract made by them on behalf of the Condominium (except as Residential Unit Owners). It is understood and permissible for the Board of Managers or Officer of the Condominium, who may be members of or be employed by the Sponsor, to contract with the Sponsor and affiliated corporations and entities without incurring any liability for self-dealing. It is also intended that the liability of any Residential Unit Owner arising out of any contract made by the Board of Managers, or Officer of the Condominium or out of the aforesaid indemnity in favor of the member of the Board of Managers or Officer of the Condominium shall be limited to such proportion of the total liability thereunder as the Residential Unit Owner's Percentage of Common Interest in the Common Elements bears to the Percentage of Common Interest of all the Residential Unit Owners in the Common Elements. Every agreement made by the Board of Managers, a managing agent, by a Manager on the Board of Managers or Officer of the Condominium on behalf of the Condominium shall provide that the Board of Managers, or the managing agent, or the Manager, or Officer of the Condominium as the case may be, are acting only as agent for the Residential Unit Owners and shall have no personal liability thereunder (except as Residential Unit Owners).

Each Residential Unit Owner's liability pursuant to this Section shall be limited to such proportion of the total liability there under as the Residential Unit Owner's Percentage of Common Interest in the Common Elements bears to the Percentage of Common Interest of all Residential Unit Owners in the Common Elements.

Section 15. **Annual Reports Required By Section 519A of the Not-For Profit Corporation Law.**

(a) The Board of Managers shall provide an annual report to the Residential Unit Owners of the Condominium, which shall be signed by each of the Managers on the Board, containing information on any contracts made, entered into, or otherwise transaction pursuant to section seven hundred fifteen of the Not-For-Profit Corporation Law of the State of New York.

(b) The annual report required in subsection (a) of this Section 15 shall include, but not be limited to, the following:

(1) a list of all contracts voted on by the Board of Managers, including information on the contract recipient, contract amount, and the purpose of entering into the contract;

(2) the record of each meeting including Managers attending, voting records for contracts, and how each director voted on such contracts; and

(3) the date of each vote on each contract, and the date the contract would be and remain valid.

(c) If the annual report required by Subsection (a) of this Section 15 would, notwithstanding the requirements of this Section, contain no information because of the absence of any actions taken by the Board that would otherwise qualify for inclusion in such annual report, then the Board of Managers shall instead submit to the Residential Unit Owners a document signed by each member of the Board of Managers indicating: "No actions taken by the Board were subject to the annual report required pursuant to Section 519-A of the Not-For-Profit Corporation Law".\

ARTICLE IV. OFFICERS

Section 1. Elective Officers.

The Officers of the Condominium shall be chosen by the Board of Managers and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Managers may also choose one or more Assistant Secretaries and Assistant Treasurers and such other Officers as in their judgment may be necessary. All Officers must be Residential Unit Owners or members of the Board of Managers. Appointed Officers do not need to be Residential Unit Owners or on the Board of Managers. Two (2) or more offices may be held by the same person, except the President, who can only hold the office of President.

Section 2. Election.

The Board of Managers at its first meeting after each annual Residential Unit Owners Meeting shall elect a President, a Vice President, a Secretary and a Treasurer. Since there are three (3) seats on the Board and four (4) Officer positions all Officers, other than the President, can hold two (2) offices.

Section 3. Appointive Officers.

The Board of Managers may appoint such other Officers and agents as it shall deem necessary that shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Managers.

Section 4. **Term.**

The Officers shall hold office until their successors are chosen and qualify in their stead. Any Officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any Officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. **The President.**

The President shall be the chief executive Officer of the Condominium; shall preside at all meetings of the Residential Unit Owners and the Board of Managers, the President shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board of Managers are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation of the State of New York. The President may delegate obligations and responsibilities to other officers.

Section 6. **The Vice-President.**

The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a corporation organized under the Business Corporation Law of the State of New York.

Section 7. **The Secretary.**

The Secretary and/or Assistant Secretary shall attend all sessions of the Board of Managers and all Residential Unit Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all Residential Unit Owners meetings and Special Meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision the Secretary shall be.

Section 8. **The Treasurer.**

The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

The Treasurer shall disburse the funds of the Condominium as the Treasurer may be ordered by the Board of Managers, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board of

Managers or whenever they may require it, an account of all transactions as Treasurer and of the financial condition of the Condominium.

The Treasurer shall keep detailed financial records and books of account of the Condominium, including a separate account for each Residential Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Residential Unit, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 9. **Agreements, etc.**

All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. **Definition.**

Whenever under the provisions of the Declaration or of these By-Laws, notice ("Notice") is required to be given to the Board of Managers, any member of the Board of Managers or any Residential Unit Owner, Notice shall be provided by first class mail, courier service, facsimile telecommunications or by electronic mail to the respective party in the same manner as provided for a Notice of Meeting contained in Article II, Section 11 of these By-Laws.

Section 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. FINANCES

Section 1. **Checks.**

All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other Officer or Officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. **Assessments.**

The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and

supplement to the budget to every Residential Unit Owner. The Board of Managers shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the General Common Elements and Individual Residential Unit's Limited Common Elements that are the obligation of the Condominium and other Common Expenses including but not limited to the Common Expenses provided in Article VI, Section 3 of these By-Laws, as well as charges to cover any deficits from prior years.

The total annual requirements shall be assessed as a single sum against all Residential Units and prorated against each of said Residential Units according to the provisions of Section 9 hereof.

Said assessments shall be payable monthly or in such other manner as determined by the Board of Managers and shall be referred to as Common Charges.

The Board of Managers may also charge assessments greater than the Common Charges for expenses not contemplated, foreseen, or which exceed the amount budgeted. Said assessments shall be known as Special Assessments. The Board of Managers shall be entitled to charge a Special Assessment as a single sum or over time as it may determine. Residential Unit Owners shall pay their portion of any Special Assessments in accordance with Section 9 of Article VI of the By-Laws.

The Residential Unit Owner agrees to pay promptly when due the monthly Common Charges and all Special Assessments assessed against the Residential Unit. In the event any Residential Unit Owner fails to make payment of the Residential Unit Owner's Common Charge payment, the Residential Unit Owner who owns such Residential Unit shall be obligated to pay (a) a "late fee" of $.15 for each $1.00 of such amounts which remain unpaid for more than ten (10) days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid) and (b) all expenses, including, without limitation, attorneys' fees paid or incurred by the Board of Managers or by any Managing Agent in any proceeding brought to collect such unpaid Common Charges and/or Special Assessments or in an action to foreclose the lien on such Residential Unit Owner's Residential Unit arising from said unpaid Common Charges and/or Special Assessments in the manner permitted by applicable law. All such "late fees," interest and expenses shall be cumulative and shall be added to and shall constitute Common Charges payable by such Residential Unit Owner.

In the event of a default in the payment of Common Charges by any Residential Unit Owner, the Board of Managers, at its sole option, may declare the Common Charge assessment on said Residential Unit Owner's Residential Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board of Managers shall send notice to the delinquent Residential Unit Owner and any mortgagee of such Residential Unit giving the Residential Unit Owner a five (5) day grace period in which to make the late payment.

The Board of Managers may place a lien and act to collect any past due Common Charges from any Residential Unit Owner which remains unpaid as provided in Article IX of these By-Laws from its due date by way of foreclosure of the lien on such Residential Unit in accordance with Section 339-aa of the Real Property Law or otherwise.

No Residential Unit Owner shall be liable for any Common Charges, Special Assessments or other charges against a Residential Unit which accrue against the Residential Unit Owner's Residential Unit subsequent to a sale, transfer or other conveyance of the Residential Unit Owner in accordance with these By-Laws and the Declaration. A Residential Unit Owner shall be liable for the payment of all Common Charges. Special Assessments or other charges assessed by the Board of Managers against the Residential Unit after acquiring title to the Residential Unit, as well as any unpaid Common Charges, Special Assessments or other charges assessed against the Residential Unit by the Board of Managers at the time the Residential Unit is conveyed by means of a deed or other legal means of the conveyance, except for a mortgagee of an Institutional Mortgage whom shall be exempt for a portion of the Common Charges as provided below.

Notwithstanding any other provision in the Declaration or these By-Laws any mortgagee of an Institutional Mortgage as defined in the Declaration of Condominium who obtains title to a Residential Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six (6) months of the Residential Unit's unpaid Common Charges, Special Assessments or other charges accrued against the Residential Unit before acquisition of the title to the Residential Unit by the mortgagee unless otherwise required by law. If the Condominium's lien priority includes costs of collecting unpaid Common Charges, Special Assessments and/or other charges against the Residential Unit, the mortgagee of the Institutional Mortgage will be liable for any fees or costs related to the collection of unpaid Common Charges, Special Assessments and/or other charges. The unpaid balance of such Common Charges, Special Assessments and/or other charges against the Residential Unit that may be waived will be charged to all other Residential Unit Owners as a Common Expense. Upon acquisition of title to a Residential Unit such mortgagee of an Institutional Mortgagee; its successors and assigns shall be responsible for all Common Charges, Special Assessments and/or any other costs and expenses of the Condominium thereafter due and payable thereafter.

Section 3. **Purpose of Common Charges**

The Common Charges shall be used to pay for the Common Expenses of the Condominium including but not limited to operation, repair and maintenance of the General Common Elements and any Individual Residential Unit's Limited Common Elements that have been delegated to the Condominium for repair, maintenance and replacement as provided for in the Declaration of Condominium and/or these By-Laws. All Residential Unit Owners are responsible for their pro-rata share of the Common Charges as determined in Section 9 of this Article VI regardless of whether or not a Residential Unit or Residential Unit Owner utilizes the services for which the Common Charges are spent. Said Common Expenses shall include 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 Article VII and the fees and disbursements of any Insurance Trustee as provided in Article VII, drainage, sewer, water and/or storm systems (including sewers, storm sewer and/or water pipes, drywells, detention tanks or other facilities servicing the drainage, sewer water and/or storm systems as applicable), and other Building wide obligations of the Condominium contained in the Declaration and these By-Laws, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, insurance; common utilities; labor; common water and sewer charges; legal and accounting; services and supplies; management fees; contingencies and any other expenses that are Common Expenses of the Condominium and to make up any deficit in the Common Expenses from any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Managers or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, of any Residential Unit whose Owner has elected to sell or lease such Residential Unit or of any Residential Unit which is to be sold at a foreclosure or other judicial sale.

Section 4. **Foreclosures of Liens for Unpaid Common Charges**

The Board of Managers shall have the power to purchase any Residential Unit at a foreclosure sale resulting from any action brought by the Board of Managers to foreclose a lien on the Residential Unit because of unpaid Common Charges. In the event of such purchase, the Board of Managers shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Residential Unit. A suit to recover a money judgment for unpaid Common Charges shall also be obtainable separately without waiving the lien on the Residential Unit. In either event the Residential Unit Owner shall be liable for all costs of suit, including reasonable attorney's fees.

Section 5. **Statement of Common Charges.**

Upon the written request of any Residential Unit Owner or their mortgagee, the Board of Managers shall promptly furnish such Residential Unit Owner or their mortgagee with a written statement of the unpaid Common Charges due from such Residential Unit Owner.

Section 6. **Liability for Utilities.**

Any utility, including electricity and gas, individually metered or sub-metered to a Residential Unit shall be the sole expense of each applicable Residential Unit Owner.

Section 7. **Operating Account.**

There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly Common Charges and Special Assessments as fixed and determined for all Residential

Units. Disbursements from said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the Common Elements and Common Expenses and for the purchase, lease, sale, or other expenses resulting from the purchase or lease of a Residential Unit.

Section 8. **Other Accounts.**

The Board of Managers shall maintain any other accounts it shall deem necessary to carry out its purpose, including a reserve account and a working capital account.

Section 9. **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 General Common Elements and any Individual Residential Unit's Limited Common Elements that have been delegated to the Condominium to repair, maintain and replace as provided for in the Declaration of Condominium and/or these By-Laws as well as Common Expenses of the Condominium, determine the amount of the Common Charges payable by the Residential Unit Owner(s) to meet the Common Expenses and other expenses applicable thereto, and allocate and assess such Common Charges and Common Expenses among all the Residential Unit Owners in proportion to their respective Percentage of Common Interest in the Condominium as reflected in Schedule B of the Declaration of Condominium or as permitted under Section 339-m of the Condominium Act as provided below.

As provided in Section 339-m of the Condominium Act, Common Charges and/or Special Assessments, no matter how classified, may be adjusted based on allocations in accordance with sub-metering, contract allocations and usage (both projected and actual) for the Common Expenses, no matter how classified, based on special or exclusive use or availability or exclusive control of particular Residential Units or Common Elements by particular Residential Unit Owners. In the event of any dispute as to the allocation of the Common Charges such dispute shall be submitted for arbitration pursuant to the provisions of Article XII of the By-Laws of the Condominium.

Common Expenses of the Condominium shall include but not be limited to the Common Expenses referred to in Article VI, Section 3 of these By-Laws.

The Board of Managers shall advise all Residential Unit Owners promptly, in writing, of the amount of Common Charges and Common Expenses payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of the budget on which such Common Charges and Common Expenses are based, to all Residential Unit Owners.

The Sponsor, its successor, assignee and/or designee shall be responsible for the Common Charges and/or assessed against each Residential Unit owned by the Sponsor,

its designee, assignee and/or successor until such Residential Unit is transferred to a bona fide purchaser.

Section 10. **Real Estate Taxes.**

In the event the Residential Units have not been separately assessed for real estate tax purposes prior to the Closing of Title to the First Residential Unit, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the Residential Units in the Condominium for the six (6) month period following the first Closing. Thereafter, at each Closing during said period, each Purchaser will reimburse the Sponsor for the pro-rata amount paid on behalf of said Residential Unit. Alternatively, the Sponsor may place in escrow, in the name of Board of Managers, an amount equal to the real estate taxes attributable to the unsold Residential Units for such six (6) month period and may collect at each Closing the estimated amount of taxes attributable to such Residential Unit for the balance of the six (6) month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable. After the Residential Units are separately assessed, the funder of the escrow account and the Residential Unit Owner will be reimbursed for any overpayment of taxes or assessed for an underpayment.

In the event Sponsor has elected, in its sole and absolute discretion, not to establish at the Closing of Title to the First Residential Unit the real estate tax escrow described above, then until the Residential Units are separately assessed for real estate tax purposes, the Board of Managers shall charge each Residential Unit Owner, as a Common Charge, its respective pro rata share (on the basis of the percentage of Common Interest attributable to such Residential Unit) of all real estate taxes with respect to the Property, and the Board of Managers shall in turn pay such taxes to the proper authorities of the City of New York, or instead directly to Sponsor if Sponsor has paid such taxes.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. **Insurance to be Carried by the Board of Managers.**

The Board of Managers shall be required to obtain and maintain, to the extent obtainable from generally acceptable insurance carriers, the following insurance: blanket property insurance, liability insurance as provided below, flood insurance (if applicable), fidelity bond coverage and worker's compensation, insuring all of the Common Elements, no matter how classified and the Residential Units in the Building of the Condominium (except land, foundations, excavation and other items normally excluded from coverage) including fixtures, to the extent they are part of the Common Elements of the Condominium, building service equipment and supplies and other common personal property belonging to the Condominium. In addition, any fixtures, equipment or other property within the Residential Units which are to be financed by a mortgage (regardless of whether or not such property is part of the Common Elements, but not including wall,

ceiling or floor decoration, furniture, furnishings or other personal property supplied or installed by the Residential Unit Owners, contained therein, covering the interest of the Condominium, the Board of Managers and all Residential Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the Building, exclusive of land, foundation, excavation and other items normally excluded from coverage. Each of such policies shall be in favor of the Condominium, and shall contain a New York standard mortgagee clause in favor of each mortgagee of a Residential Unit which shall provide that the loss, if any, there under shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee as defined below, hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if $40,000 or less, shall be payable to the Board of Managers, and if more than $40,000 shall be payable to the Insurance Trustee. Each Residential Unit Owner and each Residential Unit Owner's mortgagee, if any, shall be beneficiaries of the policy in the Percentage of Common Interest applicable to said Residential Unit.

The blanket property insurance as provided above will commence with the Closing of Title to the first Residential Unit.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Residential Unit Owners or of the invalidity arising from any acts of the insured or any Residential Unit Owners and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of a Residential Unit. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of a Residential Unit at least ten (10) days prior to expiration of the current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Building, including all the Common Elements appurtenant thereto to determine the amount of fire insurance to be affected pursuant to this Section.

All policies must also provide for the following: recognition of any, Insurance Trust Agreement; a waiver of the right of subrogation against Residential Unit Owners individually; that the insurance is not prejudiced by any act or neglect of individual Residential Unit Owners which is not in the control of such Residential Unit Owners collectively; and that the policy is primary in the event the Residential Unit Owner has other insurance covering the same loss. All policies shall include the standard form of a "Special Condominium Endorsement" or its equivalent. All policies shall include an "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement".

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from

time to time determine, covering the Common Elements, each Member and Officer of the Board of Managers, the managing agent and each Residential Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the Turnover Meeting of the Residential Unit Owners, such public liability insurance shall be a minimum of $1,000,000 covering all claims for bodily injury, deaths and property damage arising out of one occurrence in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Condominium. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Condominium and to each holder of a first mortgage on any Residential Unit in the Condominium which in listed as a scheduled holder of a first mortgage in the insurance policy. Such coverage may also include protection against such other risks as are customarily covered with respect to condominiums similar in construction, location and use, including, but not limited to, host liquor liability, employer's liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance. Such public liability insurance shall commence on the closing of title to the first Residential Unit.

In addition to the above, blanket fidelity bonds or insurance shall be required to be maintained by the Condominium for all officers, directors and employees of the Condominium and all other persons handling or responsible for, funds of or administered by the Condominium. In the event a management agent has the responsibility for handling or administering funds of the Condominium, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the Condominium. Such fidelity bonds or insurance shall name the Condominium as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Condominium or the management agent, as the case may be, at any given time during the term of each bond. In no event may the aggregate amount of such bonds be less than a sum equal to *3* months aggregate assessments on all Residential Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the management agent, shall be paid by the Condominium as a Common Expense. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Condominium or Insurance Trustee. Such bonds shall also provide that, if applicable, the Federal National Mortgage Association, ("Fannie Mae") Servicers on behalf of Fannie Mae, also receive such notice of cancellation or modification.

Residential Unit Owners shall be required to carry individual insurance on their Residential Units as provided in Section 4 below.

Section 2. The Insurance Trustee.

The Board of Managers on behalf of the Condominium, shall name an authorized representative, including any trustee with whom the Condominium may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee") who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose subject to the adjustment of loss provision contained in the first paragraph of this Section 1 of Article VII. The Insurance Trustee shall be a bank or trust company located in the State of New York, designated by the Board of Managers and costs associated with the Insurance Trustee shall constitute a Common Expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York. The Insurance Trustee shall have a capital, surplus and undivided profits of $10,000,000 or more.

Section 3. Restoration or Reconstruction After Fire or Other Casualty.

In the event of damage to or destruction of the Building as a result of fire or other casualty (unless seventy-five [75%] percent or more of the Residential Units are destroyed or substantially damaged and seventy-five [75%] percent or more of the Residential Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged Residential Unit, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Residential Unit Owners in the Residential Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration more than the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Residential Unit Owners for such deficit as part of the Common Charges.

If seventy-five (75%) percent or more of the Residential Units are destroyed or substantially damaged and seventy-five (75%) percent or more of the Residential Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Residential Unit Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Residential Unit Owners in proportion to the respective Percentage of Common Interest, after first paying out of the share of each Residential

Unit Owner the amount of any unpaid liens on his or her Residential Unit, in the order of the priority of such liens.

Section 4. **Residential Unit Owner Insurance.**

Each Residential Unit Owner is required to carry insurance covering their contents, fixtures, personal property and improvements and betterments (collectively "Contents") and liability insurance covering their Residential Unit and extended to include the Board of Managers, the Condominium, any Managing Agent and other Homeowners as additional insured's. Such insurance is subject to the approval of the Board of Managers in advance of the purchase of a Residential Unit, in the Board of Manager's sole discretion. The policy shall be extended to include any additional insured including but not limited to the Sponsor, other Residential Unit Owners and any Mortgagees. All such insurance must be provided by a carrier that is recognized as a licensed admitted carrier in the State of New York with a rating equal to a Best Rating Guide of AV or better. The Board of Managers reserves the right to alter or increase the coverage required hereunder at any time and from time to time. In addition to the foregoing, Residential Unit Owners are instructed to carry coverage for loss of rents, water damage, sewer and drain back up and such other coverage for their contents as they may determine to be in their best interests.

ARTICLE VIII. RULES AND REGULATIONS

Section 1. **General**

In addition to the other provisions of these By-Laws, the following ("Rules and Regulations") together with such additional Rules and Regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Residential Units and the conduct of all Residential Unit Owners and occupants thereof.

(a) All Residential Units shall be used for residential purposes only in accordance with municipal regulations. All rentals are subject to local zoning ordinances and any City and State requirements.

(b) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof and all valid laws, zoning ordinances and regulations of the City and State of New York and all governmental bodies and/or agencies having jurisdiction thereof shall be observed.

(c) Any interior alterations or improvements made to a Residential Unit shall be made in accordance with all applicable rules, regulations, permits and zoning ordinances of the City of New York and any governmental agencies having jurisdiction thereof.

(d) No items shall be kept or stored in the Building that may result in the cancelation or increase of insurance on the Building or contents thereof, or

that would be in violation of any law. All provisions for safety in the keeping and/or storage of items shall be the sole responsibility of the applicable Residential Unit Owner.

(e) Residential Unit Owners, members of their families, their employees, tenants, guests, and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other Residential Unit Owners, or in such a way as to be injurious to the reputation of the Condominium or which interferes with the peaceful possession and proper use of the property by its residents.

(f) The Common Elements shall not be obstructed, littered, defaced or misused in any manner.

(g) Every Residential Unit Owner shall be liable for any and all damage to the Common Elements and the property of the Condominium, which shall be caused by said Residential Unit Owner, the Residential Unit Owner's permitted lessees and occupants of such Residential Units, their respective family members and guests, employees, or such other person for whose conduct the Residential Unit Owner is legally responsible.

(h) Maintenance.

1. Each Residential Unit Owner shall maintain and keep their Residential Unit and its appurtenant Individual Residential Unit's Limited Common Element in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

2. Every Residential Unit Owner must perform promptly all maintenance and repair work to their own Residential Unit and any Individual Residential Unit's Limited Common Element for the Residential Unit Owner's exclusive use which is their sole responsibility and, which if not done would affect the Condominium in its entirety or in a part belonging to other Residential Unit Owners, or the Building of which the Residential Unit forms a part, the Residential Unit Owner being expressly responsible for the damages and liabilities that the failure to do so may engender.

3. All the repairs to internal installations of a Residential Unit located in and servicing a Residential Unit, such as telephones and sanitary installations shall be the respective Residential Unit Owner's sole obligation and expense.

(i) Structural Changes.

1. No Residential Unit Owner shall make any structural addition, alteration or improvement (of either a temporary or permanent

nature) in or to their Residential Unit, or any Individual Residential Unit's Limited Common Element, without the prior written approval of the Board of Managers. The Board of Managers shall have the obligation to answer any written request by a Residential Unit Owner for approval of a proposed structural addition, alteration or improvement in such Residential Unit Owner's Residential Unit within forty-five (45) days after such request is received, and failure to do so within the stipulated time shall constitute a denial by the Board of Managers of the proposed structural addition, alteration or improvement. No Residential Unit Owner shall make any structural addition, alteration or improvement in or to any Residential Unit or any Individual Residential Unit's Limited Common Element without first (1) obtaining and maintaining during the course of such work such insurance as the Board of Managers may reasonably prescribe and providing the Board of Managers with a certificate of insurance prior to the commencement of the work, (2) executing and delivering to the Board of Managers an agreement, in form and substance reasonably satisfactory to the Board of Managers, setting forth the reasonable terms and conditions under which such alteration, addition or improvement may be made, including, without limitation, the days and hours during which any such work may be done and (3) executing and delivering to the Board of Managers an agreement indemnifying and holding harmless the Board of Managers, its members and officers, and all Residential Unit Owners of the Condominium from and against any liability, cost or expense arising out of or connected to such work and (4) obtaining all approvals, as necessary, from the Building Department or any other agency of the City of New York or any other governmental agency. In the event the Board of Managers chooses to have the proposed structural addition, alteration or improvement reviewed by an independent architect, engineer and/or other professional, the Residential Unit Owner shall pay the charges of such architect, engineer and/or other professional. The Residential Unit Owner shall also bear the cost of any increased taxes or insurance premiums resulting from the structural alterations, additions, or improvements.

Any application to the Building Department or any other agency of the City of New York or any other governmental or administrative authority for a permit to make a structural addition, alteration or improvement in or to any Residential Unit or Individual Residential Unit's Limited Common Elements shall be completed by the Residential Unit Owner and executed by the Board of Managers only, without however, incurring any liability on the part of the Board of Managers or any individual member of the Board of Managers, to any contractor, subcontractor or materialmen on account of such structural addition, alteration or improvement or to any person having

any claim for injury to person or damage to property arising therefrom.

These provisions shall not apply to Residential Units owned by the Sponsor or its successor, designee or assignee until such Residential Units shall have been transferred to a Residential Unit Owner by the Sponsor or such successor, designee, or assignee.

The Board of Managers shall not use the above provisions in a way that would violate any rights a Residential Unit Owner may have pursuant to the Federal Fair Housing Act or New York State Human Rights Law.

The Board of Managers shall have the right to designate or approve a contractor to do any such work at the Residential Unit Owners' sole expense. This provision shall not apply to the Sponsor.

The Board of Managers of the Condominium shall not use the above provisions in any way that would violate any rights a Residential Unit Owner may have pursuant to the Federal Fair Housing Act or New York State Human Rights Law.

2. No alteration, addition, decoration or change to any part of the General Common Elements or Individual Residential Unit's Limited Common Elements (other than may be otherwise provided in the Declaration and/or these By-Laws) may be made and no structure or other improvement (including landscaping, other than may be otherwise provided in the Declaration and/or these By-Laws) may be built or placed on any portion of the Common Elements or Individual Residential Unit's Limited Common Elements without the written consent of the Board of Managers.

3. The provisions contained in (g) 1 and 2 above shall not apply to Residential Units owned by the Sponsor or its designee until such Residential Units have been conveyed to a bona fide purchaser by the Sponsor or such designee. The Sponsor or its designee shall have the absolute right to make any and all structural alterations, additions or improvements to a Residential Unit, Individual Residential Unit's Limited Common Element or General Common Elements without the necessity of obtaining the approval of the Board of Managers.

(h) The Common Elements shall not be used for storage purposes except if specifically designated for such purposes.

(i) No Residential Unit Owner shall paint or alter the exterior surfaces of the windows, walls or doors opening out of their Residential Unit.

(k) The sidewalks, entrances, passages, public halls, vestibules, corridors, and stairways of or appurtenant to the Condominium may not be obstructed or used for any other purpose other than ingress to and egress from the Residential Units and the Building.

(l) No article (including, but not limited to, garbage cans, bottles or mats) may be placed in any of the passageways, public halls, vestibules, corridors or stairways of the public areas of the Condominium, nor may any fire exit be obstructed in any manner.

(m) Residential Unit Owners, residents, occupants, tenants, agents, servants, licensees, or their guests are not permitted to play in, exercise or use for any unintended purposes, the entrances, passageways, public halls, vestibules, corridors and stairways of the Condominium.

(n) No public hall of the Condominium is permitted to be decorated or furnished by any Residential Unit Owner in any manner.

(o) No baby carriages, strollers, bicycles, scooters, or similar type of apparatus shall be allowed to be stored or left for any period of time in the public halls, passageways, or other public areas of the Building.

(q) Nothing shall be hung or shaken from any doors, windows or placed upon the exterior windowsills of the Building, and no Residential Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris, or other substance therefrom. The Common Elements and Individual Residential Unit's Limited Common Elements shall be kept free and clear of rubbish, debris, and other unsightly materials.

(r) No playing or lounging is permitted in any entrances, passageways, public halls, vestibules, corridors, or stairways, of the Building, except in designated recreational areas, if any, or other areas designated as such in the Declaration or by the Board.

(s) The Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements and/or Individual Residential Unit's Limited Common Elements that may be devoted to storage, recreation, or service purposes in the Building.

(t) Nothing shall be done or kept in any Residential Unit or in the Individual Residential Unit's Limited Common Elements that are designated for the exclusive use of an individual Residential Unit that will increase the rate of insurance of the Building or the contents thereof, without the prior written consent of the Board. No Residential Unit Owner shall permit anything to

be done or kept in their Residential Unit or in the Individual Residential Unit's Limited Common Elements that are designated for the exclusive use of an individual Residential Unit that will result in the cancellation of insurance on the Building or the contents thereof, or that would be in violation of any Law. No Residential Unit Owner or any of the Residential Unit Owner's family members, tenants, agents, servants, employees, licenses, or visitors shall, at any time, bring into or keep in their Residential Unit or Common Areas any inflammable, combustible, or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of such Residential Unit or the Individual Residential Unit's Limited Common Elements that are designated for the exclusive use of an individual Residential Unit.

(u) No Residential Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to emanate from their Residential Unit or the Individual Residential Unit's Limited Common Elements that are designated for the exclusive use of an individual Residential Unit or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Residential Unit Owners. No Residential Unit Owner shall play any musical instrument, or shall operate or permit to be operated a Compact Disk Player, iPod, computer, phonograph, radio, television set, or other similar equipment in such Residential Unit Owner's Residential Unit between midnight and the following 8:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall any Residential Unit Owner practice either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M.

(v) No construction, repair work, or other installation involving noise shall be conducted in any Residential Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency or approved by the Board of Managers.

(w) No Residential Unit Owner shall install any plantings in the Common Elements or the Individual Residential Unit's Limited Common Elements that are for the exclusive use of a Residential Unit without the prior written approval of the Board. It shall be the responsibility of the Residential Unit Owner to maintain all plantings in the Residential Units and Individual Residential Unit's Limited Common Elements to prevent any damage to floors, walls, or any other part of the Building. Residential Unit Owners shall pay for the cost of any repairs rendered necessary, or damage caused, by such plantings.

(x) In the event that any Residential Unit is permitted to be used for home occupation or professional purposes in conformance with the Declaration

and the By-Laws and applicable zoning, no patients, clients, or other invitees shall be permitted to wait in any lobby, public hallway, or vestibule.

(y) The rear yard designated as the first floor Residential Unit's Individual Residential Unit's Limited Common Element, is not permitted to be used for storage, is not permitted to be enclosed and is not permitted to be used for any type of occupancy. All drains located on the roof top must be kept open at all times. No pools, hot tubs or similar type of equipment shall be permitted in the rear yard, roof decks or any other area of the Condominium without the prior written approval of the Board of Managers.

(z) No ventilator or air conditioning device shall be installed in any Residential 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.

(aa) No sign, notice, advertisement, or illumination (including, without limitation, "For Sale," "For Lease", or "For Rent" signs) shall be inscribed or exposed on or at any window or other part of the Building, except such as are permitted pursuant to the terms of Declaration and/or By-Laws or shall have been approved in writing by the Board of Managers or the Managing Agent. Nothing shall be projected from any window of a Residential Unit without similar approval.

(bb) All radio, television, or other electrical equipment of any kind or nature installed or used in each Residential Unit shall fully comply with all rules, regulations, requirements, or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Residential Unit Owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment.

(cc) Toilets, sinks, bathtubs, showers, and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, and no sweepings, rubbish, rags, or any other article shall be thrown into the same. Any damage resulting from misuse of any toilets, sinks, bathtubs, showers, or other water apparatus in a Residential Unit shall be repaired and paid for by the owner of such Residential Unit.

(dd) The agents of the Board of Managers or the Managing Agent, and any contractor or workman authorized by the Board or the Managing Agent, may enter any room in a Residential Unit or any Individual Residential Unit's Limited Common Element at any reasonable hour of the day, on at least one day's prior notice to the Residential Unit Owner, for the purpose of inspecting such Residential Unit or Residential Unit's Limited Common Element 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. Any entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Residential Unit for its permitted purposes. Residents and guests of the Condominium are prohibited from interfering with agents and employees of the Sponsor, the Board and any managing agent in the performance of their respective duties.

(ee) The Board of Managers or the Managing Agent may retain a passkey to each Residential Unit. If any lock is altered or a new lock is installed, the Board of Managers or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit an entry to their Residential Unit at any time when an entry therein is necessary or permissible under these 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 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 Residential Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Residential Unit Owner's property).

(ff) If any key or keys are entrusted by a Residential Unit Owner, by any family member thereof, or by their agent, tenant, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for such Residential Unit Owner's Residential Unit, automobile or other item of personal property, the acceptance of the key shall be at the sole risk of such Residential Unit Owner, and neither the Board nor the Managing Agent shall (Except as provided in Rule (s) above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

(gg) No Residential Unit Owner of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business, if the Board of Managers should hire an employee or Managing Agent.

(hh) The Board of Managers shall, at the request of a mortgagee of the Residential Unit, report any delinquent assessments due from the Owner of such Residential Unit.

(ii) Every Residential Unit Owner shall be liable for any and all damage to the Common Elements, which shall be caused by said Residential Unit Owner, the Residential Unit Owner's permitted lessees and occupants of Residential Units, their respective family members and guests and such other person for whose conduct the Residential Unit Owner is legally responsible.

(jj) Residential Unit Owners will faithfully observe the procedures established from time to time by the Board of Managers or the Managing Agent with respect to services provided and the management of the Building.

(kk) Residential Unit Owners will be permitted to keep dogs, cats, or other common household pets in their Residential Unit subject to the provisions of this regulation. The foregoing notwithstanding, no breed or mix of dog, including American Pit Bulls, Terrier or Rottweiler, deemed to be dangerous to the health and safety of the residents of the Condominium shall be permitted to be kept or harbored in the Condominium or any Residential Unit. No exceptions will be permitted unless the same in each instance be expressly permitted in writing by the Board of Managers of the Condominium and unless the dog is a qualified service dog under the American Disabilities Act required for a qualified resident, tenant and/or guest. No animals may be kept or maintained in a Residential Unit 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 upon fifteen (15) days' written notice from the Board of Managers. All Residential Unit Owners shall advise the Board of Managers of any household pet intended to be kept in their Residential Unit prior to the household pet residing therein. In addition to the above restrictions, the Board of Managers shall have the right to further adopt additional rules and regulations regarding pets including, but not limited to limiting the number, size and type of pet including but not limited to the type of breed of such pet permitted to be kept in a Residential Unit. In no event shall any animal be permitted in any of the public corridors or lobbies of the Condominium unless carried or on leash and in compliance with the local and municipal rules and regulations regarding pets. All Residential Unit Owners shall be responsible for picking up and disposing of their pet's waste and for any damage caused by their pets to any Common Elements of the Condominium.

(ll) All Residential Unit Owners shall keep their thermostats at a minimum of 60 degrees Fahrenheit to prevent freezing of pipes. Any Residential Unit Owner failing to adhere to this requirement shall be responsible for any damage done to the Common Elements of the Condominium and/or any other Residential Unit.

(mm) No window guards or window decorations (other than curtains and window treatments which conform to the By-Laws) are permitted to be used in or about any Residential Unit, unless otherwise required by law, except such as will have been approved in writing by the Board of Managers. The Board of Managers shall have the right to designate or approve a contractor to do any of such work at the Residential Unit Owners' sole expense. In no event, shall any exterior glass surface of any windows of a Residential Unit be

colored or painted. In the event window guards are required in a Residential Unit, the cost of installing the window guards shall be the sole responsibility of the Residential Unit Owner.

(nn) Corridor doors are required to be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

(oo) No group tour or exhibition of any Residential Unit or its contents may be conducted, nor will any auction sale or other sale of contents be permitted to be held in any Residential Unit, without the prior consent of the Board of Managers.

(pp) Complaints regarding the service of the Condominium shall be made in writing to the Board of Managers or to any Managing Agent.

(qq) No television or radio receiving device or any other type of receiving or transmitting device shall be erected on the exterior or roof of the Building or on any Individual Residential Unit's Limited Common Element without the prior written consent of the Board of Managers. The Board of Managers may adopt such rules and regulations pertaining to satellite dishes so as to comply with current Federal Communications Commission rules.

(rr) Any Residential Unit Owner who mortgages or sells or leases their Residential Unit shall immediately notify the Board of Managers, providing the name and address of the new mortgagee new Residential Unit Owner or tenant within thirty (30) days of the closing of the mortgage, within thirty (30) days of the execution of the Purchase Agreement of the sale of the Residential Unit for the new Purchaser or thirty (30) days prior to any tenant occupying the Residential Unit, whichever is applicable.

(ss) Except as permitted under the Declaration and By-Laws, Residential Unit Owners, their families, guests, servants, employees, agents, visitors, tenants, sub-lessees, or licensees are not permitted at any time or for any reason whatsoever to enter upon or attempt to enter upon the roofs of the Building except for any portion of the roof used for passive recreational use by the Residential Unit Owners or is part of a Residential Unit or a Limited Common Element of a Residential Unit. The Board of Managers shall have the right to adopt rules and regulations regarding the use and times of operation of any portion of the roof used for passive recreational use by the Residential Unit Owners including requiring a deposit for any damage caused to said area and charging a fee for said use. No barbequing is permitted on the portion of the roof used for passive recreational use by the Residential Unit Owners unless barbequing is not in violation of any municipal or fire code and prior written approval is received by the Board of Managers.

(tt) No Residential Unit Owner shall make any changes, additions or alterations to a Residential Unit that will obligate the Sponsor to obtain a Temporary Certificate of Occupancy and/or Permanent Certificate of Occupancy prior to the issuance of a Permanent Certificate of Occupancy for the Residential Unit or Building. Any Residential Unit Owner making such change, addition and/or alteration shall be solely liable and responsible and shall pay all costs and expenses required to replace and/or repair the Residential Unit as may be required by the Department of Buildings of the City of New York or any other City, State or Municipal agency. All costs and expenses, including reasonable legal fees, incurred by the Condominium shall be charged to the Residential Unit Owner as an additional Common Charge to the Residential Unit Owner. Sponsor's demand for payment of such costs and expenses shall include documentation substantiating the assertion that the Residential Unit Owner's changes prevented the extension or renewal of a Temporary Certificate of Occupancy or the issuance of a final Certificate of Occupancy.

(uu) The Board of Managers shall have the right to promulgate rules and regulations regarding the moving in and/or moving out of the Building by a Residential Unit Owner including the right to charge a move in and/or move out fee to said Residential Unit Owner.

(vv) Regulations promulgated by the Board of Managers, as they may be amended, rescinded, modified, altered, waived, added to or repealed concerning the use of the property shall be observed by the Residential Unit Owners, provided, however, that a copy of such regulations is furnished to each Residential Unit Owner prior to the time said regulations become effective.

(ww) The Owner(s) of Residential Unit #1 and their permitees shall use the rear yard, and the Owner(s) of Residential Units #3 and #4 and their permitees shall use the rooftop terraces, in such a manner as to not unreasonably interfere with the peaceful use and enjoyment of the other residents and occupants of the Condominium. Combustible materials may not be stored in the rear yard or on the rooftop. The Board of Managers shall have the right to promulgate additional rules and regulations regarding use of the rear yard and terraces of the Condominium.

(xx) Any consent or approval given under these Rules and Regulations applicable to the Residential Units may be amended, rescinded, modified, added to or repealed at any time by resolution of the Board of Managers. Any such consent or approval may, in the discretion of the Board of Managers or the Managing Agent, be conditional in nature.

Section 2. **Smoking Policy.**

The 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. Effective as of August 28, 2018, Local Law 147 of the City of New York became effective. Local Law 147 amends the Administrative Code of the City of New York ("NYC Administrative Code") to require that all class A multiple dwellings (i.e., buildings with 3 or more residential dwelling units) adopt a written smoking policy (the "Smoking Policy"). Pursuant to the requirements of Local Law 147 of the City of New York the following constitutes the Smoking Policy applicable to the Condominium and to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium:

(a) Definitions:

(i) 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 designated for people to use to inhale smoke.

(ii) Electronic Cigarette (E-Cigarette): A battery-operated device that heats a liquid, gel, herb or other substance and produces a vapor for people to inhale.

(b) Policy:

(i) All types of Smoking and use of Electronic Cigarettes as defined above are prohibited from all general common areas of the Condominium, including but not limited to any lobby, hallway, stairwell, mailroom, fitness room or other recreational facility, meeting room, laundry room, storage area, mechanical room, equipment room, cellar, basement, elevator, garage, rooftop, play areas, parking areas, shared balconies, shared courtyards, shared patios, shared porches, shared yards and/or any outdoor common area within 15 feet of entrances, exits, windows, and air intake Units on property grounds.

(ii) All types of Smoking and use of Electronic Cigarettes are prohibited from the roof decks, rear yard or any space designated as an Individual Residential Unit's Limited Common Element appurtenant to the Residential Unit.

(iii) All legal Smoking and use of Electronic Cigarettes is permitted within the interior area of a Residential Unit.

(iv) The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Condominium.

(v) Any Residential Unit Owner who leases their Residential Unit shall incorporate the provisions of the Smoking Policy into the lease with the Residential Unit Owner's tenant.

(c) Complaints:

Complaints about smoke drifting into a Residential Unit or common area should be made promptly to the Managing Agent. 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.

The Smoking Policy shall be applicable to all Residential Unit Owners, residents, tenants, guests, licensees, employees, and all persons that may be in or on any portion of the Property and any Building located thereon constituting the Condominium. Pursuant to the requirements of Local Law 147 all tenants in the Building are required to receive a copy of the Building's Smoking Policy and the Smoking Policy must be incorporated into all leases or interim leases. The provisions of Local Law 147 of the City of New York shall take precedent in the event of any conflict with the Smoking Policy contained herein.

Section 3. Violations of Rules and Regulations.

(a) Upon receipt, by the President of the Board of Managers or by the Managing Agent, of a signed written complaint alleging violation of any of the Rules and Regulations or other provisions of the By-Laws or the Declaration of Condominium as herein established or hereafter established or adopted by the Board of Managers, the Board of Managers shall decide as to the validity of the complaint.

(b) If, it is determined that the complaint is valid and justified the Managing Agent, if any, or the Board of Managers if no Managing Agent, shall be directed to send written notice to the Residential Unit Owner who violated the Rules and Regulations or other provisions of the By-Laws or the Declaration of Condominium (the "Violating Residential Unit Owner") levying a reasonable fine as determined by the Board of Managers upon the Violating Residential Unit Owner and instructing the Violating Residential Unit Owner to stop, curtail, correct or eliminate the violation, as applicable, within a period of three (3) days from the date of receipt of such notice. Such fine is to be considered as an additional Common Charge obligation to the account of the Violating Residential Unit Owner and shall be treated as such regarding late penalties and a lien upon the Property as

elsewhere provided for in the Declaration of Condominium or By-Laws. If the violation is not stopped, curtailed, corrected, or eliminated, the Board of Managers may assess additional fines in an amount determined by the Board of Managers and may continue to levy additional fines against the Violating Residential Unit Owner in an amount determined by the Board of Managers every thirty (30) days thereafter. The initial fine and any additional fines shall be cumulative. If the violation results in loss of or damage to property classified as a Common Element, the Board of Managers shall itself or direct a Managing Agent, if employed, to have said loss or damage repaired or replaced and the actual cost of said repair or replacement shall be assessed to the Violating Residential Unit Owner as an additional Common Charge.

(c) In addition to the right to issue fines for violations of the Rules and Regulations as provided above the Board of Managers shall be entitled to any other remedies that may be available to the Board of Managers to enforce the Declaration of Condominium, the By-Laws and/or the Rules and Regulations of the Condominium.

Section 4. Costs.

Any costs incurred by the Board of Managers to remedy or cure any violation of the Rules and Regulations, By-Laws or Declaration of Condominium as herein or hereafter established, shall be an additional Common Charge charged to the Violating Residential Unit Owner in addition to the fine(s) levied upon the Violating Residential Unit Owner as described herein. In the event a Residential Unit Owner's tenant violates the provisions of any Rule and Regulation or any other provision of the By-Laws, fines may be levied against a Residential Unit Owner's tenant, and the Residential Unit Owner shall be jointly and severally liable with the Residential Unit Owner's tenant for the payment of same. All leases for a Residential Unit shall contain a provision that permits the Board of Managers to levy a fine against the Residential Unit Owner's tenant and provides that the Residential Unit Owner shall be jointly and severally liable with the Residential Unit Owner's tenant for the payment of same.

In the event the Board of Managers institutes legal action for the collection of any fines for the enforcement of any of the provisions of the Declaration, By-Laws and/or Rules and Regulations of the Condominium, then the Defendant shall be responsible for payment of reasonable attorney's fees of the Condominium, plus interest and costs of suit.

Section 5. Board of Managers Right to Change Rules and Regulations.

Except as may be otherwise provided in this Article VIII, the Board of Managers shall have the following rights:

(a) The Board of Managers reserves the right to add, amend, rescind, modify, alter, waive or repeal, as to one or more Residential Unit Owners, occupants, lessees, guests and any other person residing in the Building, any Rule or Regulation at any time when, in the reasonable judgment of the Board of Managers, the Board of Managers deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Condominium or the preservation of good order therein, or for the operation or maintenance of the Condominium or the equipment thereof, or the comfort of the Residential Unit Owners, occupants or others in the Condominium. No rescission, alteration, waiver or addition of any Rule or Regulation in respect of one Residential Unit Owner, occupant lessee, guest or other person residing in the Building will operate as a rescission, alteration, waiver or addition in respect of any other Residential Unit Owner.

(b) Any consent or approval given under these Rules and Regulations may be amended, rescinded, modified, waived, added to, or repealed at any time by resolution of the Board of Managers. Further, any such consent or approval may, in the discretion of the Board of Managers or the Managing Agent, be conditional in nature.

Section 6. **Sponsor.**

The above provisions shall not apply to the Sponsor unless required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation.

Section 7. **Complaints**

Complaints regarding the service of the Condominium shall be made in writing to the Board of Managers or to the Managing Agent.

ARTICLE IX. DEFAULT

In the event a Residential Unit Owner does not pay any Common Charges, Special Assessments, fines, late fees or any other sums, charges or assessments required to be paid when due, as determined by the Board of Managers, the Board of Managers, acting on behalf of the Condominium shall notify the Residential Unit Owner and the mortgagee, if any, of such Residential Unit and may place a lien on such Residential Unit pursuant to the provisions of Section 339-z of the Real Property Law of the State of New York.

In the event a Residential Unit Owner does not remit payment of their Common Charges, Special Assessments, fines or any other sums, charges or assessments required to be paid when due, the Residential Unit Owner shall be required to pay all late fees and other fees as provided for in Article VI, Section 2 of these By-Laws.

The Board of Managers may act to foreclose any lien for past due Common Charges, Special Assessments, late fees, fines or any other sums, charges or assessments required to be paid, in accordance with Section 339-aa of the Real Property Law or other applicable statute. In any such foreclosure the Residential Unit Owner shall be required to pay a reasonable rental for the Residential Unit for any period prior to sale pursuant to judgment of foreclosure and sale and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same.

During the period of time the Sponsor retains a majority of the seats of the Board of Managers, 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 Residential Units in which Sponsor is more than thirty (30) days in arrears of Common Charges, Special Assessments, or any other sums, charges or assessments required to be paid.

The Board of Managers (on behalf of the Residential Unit Owners), at the Board of Managers option, shall have the right to bring suit to recover a money judgment for unpaid Common Charges Special Assessments, fines, late fees or any other sums, charges or assessments as determined by the Board of Managers without foreclosing or waiving the lien securing such unpaid Common Charges Special Assessments, fines, late fees or other sums, charges or assessments. In such an event the Residential Unit Owner shall be liable for the reasonable costs and reasonable attorney's fee incurred by it incident to the collection of the unpaid Common Charges Special Assessments, fines, late fees or any other sums, charges or assessments as determined by the Board of Managers.

Notwithstanding anything contained herein regarding the Common Charges, Special Assessments, fines, late fees or any other sums, charges or assessments as determined by the Board of Managers, any foreclosure by a holder of an Institutional Mortgage shall be subject to the provisions of Article VI, Section 2 of these By-Laws.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended, or added to at any duly called Residential Unit Owners meeting; provided: (a) that the notice of the meeting shall contain a full statement of the proposed amendment; (b) that the amendment shall be approved by not less than sixty-six and two-thirds (66⅔%) percent of the Residential Unit Owners in number and Percentage of Common Interest and (c) said amendment shall be set forth in a duly recorded amendment to the Declaration. In addition, the following shall apply to amendments to the By-Laws:

(a) No amendment shall be passed which will affect or impair the validity of the Residential Unit Owners' interest in a Residential Unit.

(b) No amendment, modification, addition, or deletion of, to or from the By-Laws or any Rules and Regulations shall be effective in any way against Sponsor or its designee, assignee or successor or any Unsold Residential Unit, as long as the Sponsor, its designee, assignee, or successor owns an Unsold

Residential Unit in the Condominium unless Sponsor, its designee, assignee, or successor has given its prior written consent thereto. This provision is not subject to amendment.

(c) The Board of Managers shall have the right to amend these By-Laws without the consent of the Residential Unit Owners to (a) make corrections that are patent errors, inconsistencies, scrivener's errors or technical errors, to conform to other documents, or (b) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies, or (c) to reduce the Sponsor control period of the Board of Managers, or (d) to comply with any federal, state, city or local law or regulation that may affect the Condominium. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Board of Managers to amend these By-Laws for said purposes.

(d) No amendment to the By-Laws shall be passed which shall impair or prejudice the validity, interest, rights, and priorities of a mortgagee.

(e) The Sponsor shall have the right to amend the By-Laws without the consent of the Residential Unit Owners or the Board of Managers to (a) make corrections that are patent errors, inconsistencies, scrivener's errors or technical errors, to conform to other documents, or (b) to make changes or revisions to comply with the requests, guidelines and/or requirements of any major participant in the secondary market for mortgages, including but not limited to the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Housing Association ("FHA") of the Housing and Urban Development ("HUD"), the Veterans Administration ("VA") and/or any State or Local Funding Agencies, or (c) to reduce the Sponsor control period of the Board of Managers, or (d) to comply with any federal, state, city or local law or regulation that may affect the Condominium. In connection therewith, each Residential Unit Owner upon becoming a Residential Unit Owner shall be deemed to grant an irrevocable power of attorney, coupled with an interest, to the Sponsor, its successors, assigns and purchasers of undeveloped or unsold Residential Units to amend these By-Laws for said purposes.

(f) In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least fifty-one (51%) percent of the votes of Residential Units that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; method of assessments, assessment liens, or subordination of assessment liens;

responsibility for maintenance and repairs; reallocation of interests in the General or Individual Residential Unit's Limited Common Elements, or rights to their use; convertibility of Residential Units into Common Elements or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; revisions to the selling and leasing provisions of Residential Units contained in Article XI of these By-Laws; imposition of any restrictions on a Residential Unit Owner's right to sell or transfer the Residential Unit Owner's Residential Unit; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or in the event condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors. An addition or amendment to these By-Laws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request by certified or registered mail, return receipt requested, to approve amendments who does not deliver to the Condominium a negative written response within sixty (60) days of the receipt of the request shall be deemed to have approved such amendment.

ARTICLE XI. SELLING, MORTGAGING AND LEASING RESIDENTIAL UNIT

Section 1. Selling and Leasing Residential Units.

Any Residential Unit may be conveyed subject to the Right of First Refusal of the Board of Managers as provided for in Section 2 hereof and subject to local zoning ordinances, by its Residential Unit Owner free of any restrictions except that no Residential Unit Owner shall convey, mortgage, pledge, hypothecate or sell their Residential Unit unless and until all unpaid Common Charges, Special Assessments and any other fees or charges owed the Condominium that have been assessed against the Residential Unit Owner's Residential Unit shall have been paid to the Board of Managers of the Condominium. However, such unpaid Common Charges can be paid out of the proceeds of the sale of a Residential Unit.

Any Residential Unit Owner may convey the Residential Unit Owner's Residential Unit and Percentage of Common Interest appurtenant thereto, to the Board of Managers on behalf of all Residential Unit Owners free of any cost to the Board of Managers or the Residential Unit Owners and upon such conveyance such Residential Unit Owner shall not be liable for any Common Charges thereafter accruing against such Residential Unit.

Any Residential Unit may be leased subject to the leasing requirements contained in Section 7 of this Article XI and subject to the Board of Managers' Right of First Refusal as provided in Section 2 of this Article XI. In addition, any Residential Unit Owner who

wishes to enter into a lease for the Residential Unit Owner's Residential Unit shall be required to provide the Board of Managers of the Condominium with a copy of the lease at least thirty (30) days prior to its execution. All Residential Unit Owners who wish to enter into a new lease for the Residential Unit Owner's Residential Unit shall be required to submit all documentation required by the Board of Managers as set forth in Section 7 below to the Managing Agent or the Board of Managers in the absence of a Managing Agent. All leases must comply with all the requirements contained in Section 7 below. Failure to comply will be deemed an automatic violation of the By-Laws of the Condominium.

The provisions of this section shall not apply to the acquisition or sale of a Residential Unit by a mortgagee who shall acquire title to such Residential Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagees.

Whenever the term "Residential Unit" is referred to in this section, it shall include the Residential Unit, the Residential Unit Owner's undivided Percentage of Common Interest in the Common Elements and the Residential Unit Owners' interest in any Residential Units acquired by the Board of Managers.

Any sale or lease of any Residential Unit in violation of this section shall be voidable at the election of the Board of Managers.

Section 2. Right of First Refusal

No Residential Unit Owner other than Sponsor, its successors, assigns or designees, may sell or lease their Residential Unit except by complying with the following provisions:

Any Residential Unit Owner who receives a bona fide offer to (a) purchase the Residential Unit Owner's Residential Unit together with (i) the undivided interest in the Common Elements appurtenant thereto, and (ii) the interest of such Residential Unit Owner in any Residential Unit theretofore acquired by the Board of Managers or the Board of Manager's designee on behalf of all Residential Unit Owners, or Residential Unit Owner's interest in the proceeds of sale or lease of such Residential Unit, if any, or (b) lease the Residential Unit Owner's Residential Unit, such an offer to purchase or lease a Residential Unit, as the case may be, is called an "Outside Offer", the party making any such Outside Offer is called an "Outside Offeror" and the Residential Unit Owner to whom the Outside Offer is made is called the "Offeree Residential Unit Owner". In the event the Residential Unit Owner intends to accept the Outside Offer, the Residential Unit Owner must give notice by certified or registered mail or by courier service, such as Federal Express, evidencing receipt by the Board or any Managing Agent of the receipt of such Outside Offer within ten (10) days of such Outside Offer. Said notice shall state the name and address of the Outside Offeror, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require. The giving of such notice to the Board of Managers shall constitute an offer by such Residential Unit Owner to sell

the Residential Unit Owner's Residential Unit or Lease the Residential Unit Owner's Residential Unit to the Board of Managers or its designee, corporate or otherwise, on behalf of all other Residential Unit Owners, upon the same terms and conditions as contained in such Outside Offer and shall also constitute a warranty and representation by the Offeree Residential Unit Owner who has received such Outside Offer to the Board of Managers, on behalf of all Residential Unit Owners, that such Residential Unit Owner believes the Outside Offer to be bona fide in all respects. The Offeree Residential Unit Owner shall submit in writing such further information with respect thereto as the Board of Managers may reasonably request. Not later than ten (10) days after the later of the receipt of such notice or such further information as may have been requested by the Board of Managers, the Board of Managers may elect, by sending written notice to such Offeree Residential Unit Owner before the expiration of said ten (10) day period, by certified or registered mail, return receipt requested, to purchase such Residential Unit or to lease such Residential Unit, as the case may be, or to cause the same to be purchased or leased by its designee (corporate or otherwise), on behalf of all Residential Unit Owners on the same terms and conditions as contained in the Outside Offer and stated in the notice from the Offeree Residential Unit Owner.

In the event the Board of Managers shall timely elect to purchase any such Residential Unit or to Lease such Residential Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close, or lease shall be executed at the office of the attorneys for the Condominium, in accordance with the terms of the Outside Offer, within forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. If, pursuant to such Outside Offer to purchase such Residential Unit, the Outside Offeror was to assume or take title to the Residential Unit subject to the Offeree Residential Unit Owner's existing mortgage or mortgages, the Board of Managers may purchase the Residential Unit and assume to take title to the Residential Unit subject to said existing mortgage or mortgages, as the case may be. At the closing, the Offeree Residential Unit Owner, if such Residential Unit is to be sold, shall convey the same to the Board of Managers, or to its designee, on behalf of all other Residential Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all tax and other documents and/or documentary stamps affixed at the expense of such Residential Unit Owner, who shall also pay all the taxes arising out of such sale. Real estate taxes (including water charges and sewer rents if separately assessed), mortgage interests, if any, and the Common Charges shall be apportioned between the Offeree Residential Unit Owner and the Board of Managers, or its designee (corporate or otherwise), as of the closing date. In the event such Residential Unit is to be leased, the Offeree Residential Unit Owner shall execute and deliver to the Board of Managers, or to its designee (corporate or otherwise), a lease between the Offeree Residential Unit Owner, as Landlord, and the Board of Managers, or its designee (corporate or otherwise), as Tenant, covering such Residential Unit for the rental and terms contained in such Outside Offer.

In the event the Board of Managers or its designee shall fail to accept such offer within twenty (20) days after receipt of such notice, as aforesaid, or in the event the Board of Managers shall, prior thereto, waive such Right of First Refusal in accordance with

Sections 3 and 4 of this Article, the Offeree Residential Unit Owner shall be free to accept the Outside Offer within a sixty (60) day period after (i) notice of refusal is sent or (ii) the expiration of the period in which the Board of Managers or its designee might have accepted such offer, as the case may be. In the event the Offeree Residential Unit Owner shall not, within such sixty (60) day period, accept in writing the Outside Offer, or if the Offeree Residential Unit Owner shall accept the Outside Offer within such sixty (60) day period, but such sale or lease, as the case may be, shall not be consummated, then should such Offeree Residential Unit Owner thereafter elect to sell such Residential Unit or lease such Residential Unit, as the case may be, the Offeree Residential Unit Owner shall be required to again comply with all the terms and conditions of this Section.

Any deed to an Outside Offeror shall provide that the acceptance thereof by the Outside Offeror shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time.

Any lease executed in connection with the acceptance of an Outside Offer to lease a Residential Unit shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended, or assigned without the prior written consent of the Board of Managers; the tenant shall not assign the tenant's interest in such Lease or sublet the demised premises or any part thereof without the prior written consent of the Board of Managers; and the Board of Managers shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (i) a default by the tenant to perform its obligations under such lease or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York.

Except as herein above set forth, the form of any such lease executed by the Board of Managers, or an Outside Offeror, shall be the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., and shall contain such other modifications as provide in Section 7 of this Article XI and as shall be required and approved in writing by the Board of Managers. Any lease executed by the Board of Managers, as tenant, shall provide that the Board of Managers may enter into a sublease of the premises without the consent of the landlord.

Any purported sale or lease of a Residential Unit in violation of this section shall be voidable at the election of the Board of Managers and, if the Board of Managers shall so elect, the Residential Unit Owner shall be deemed to have authorized and empowered the Board of Managers to commence legal proceedings to evict the purported tenant (in the case of an unauthorized leasing) in the name of the said Residential Unit Owner as the purported landlord. Said Residential Unit Owner shall reimburse the Board of Managers for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

The foregoing restrictions of Section 2 of this Article XI shall not apply to Sponsor-owned Residential Units or any mortgagee acquiring title to a Residential Unit, in a foreclosure or otherwise. The Sponsor, its successors, assignees or designees or any

mortgagee acquiring title to a Residential Unit in a foreclosure or otherwise shall have the right to freely sell their Residential Unit or to freely lease all or any part thereof without first having to offer the same for sale or lease to the Board of Managers.

Section 3. Release or Waiver by Board of Managers of the Right of First Refusal.

The Right of First Refusal contained in Section 2 of this Article XI may be released or waived by the Board of Managers only in the manner provided in this Section 3 of Article XI. In the event the Board of Managers shall release or waive its Right of First Refusal as to any Residential Unit, such Residential Unit may be sold, conveyed or leased free and clear of the provisions of said Sections 1 and 2 and all other restrictions, except that no Residential Unit Owner shall convey, mortgage, pledge, hypothecate, sell or lease the Residential Unit Owner's Residential Unit unless and until all unpaid Common Charges and/or Special Assessments assessed against the Residential Unit Owner's Residential Unit shall have been paid to the Board of Managers and all provisions regarding rentals as provided for in Section 7 of this Article XI are met. However, such unpaid Common Charges and/or Special Assessments can be paid out of the proceeds from the sale of a Residential Unit or by the Purchaser of the Residential Unit. Further, a Residential Unit Owner may convey the Residential Unit Owner's Residential Unit and the Residential Unit Owner, the Residential Unit Owner's Common Interest appurtenant thereto to the Board of Managers on behalf of all Residential Unit Owners free of any cost to the Board of Managers or the Residential Unit Owners, and upon such conveyance such Residential Unit Owner shall not be liable for any Common Charges and/or Special Assessments thereafter accruing against such Residential Unit. Any sale or lease of any Residential Unit in violation of this section shall be voidable at the election of the Board of Managers.

Section 4. Certificate of Termination of Right of First Refusal.

A certificate executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 2 of this Article XI have been met by a Residential Unit Owner or stating that the Right of First Refusal contained therein has been duly released or waived by the Board of Managers, and that as a result thereof the rights of the Board of Managers thereunder shall terminate, shall be conclusive upon the Board of Managers and the Residential Unit Owners in favor of all persons who rely upon such certificate in good faith. The Board of Managers shall furnish, without charge, such certificate upon request to any Residential Unit Owner with respect to whom the provisions of such section have, in fact, terminated.

Section 5. Financing of Purchase of Residential Unit by Board of Managers.

The purchase of a Residential Unit by the Board of Managers or its designee, on behalf of all Residential Unit Owners, may be made from funds deposited in the capital and or operating account of the Condominium. If the funds in such accounts are

insufficient to effectuate any such purchase, the Board of Managers may levy an assessment against each Residential Unit Owner, in proportion to each Residential Unit's percentage of common interest as reflected in Schedule B of the Declaration, as a Special Assessment, and/or the Board of Managers may in its discretion finance the acquisition of the Residential Unit; provided, however, that no such financing may be secured by an encumbrance, or an hypothecation of any portion of the Property other than the Residential Unit to be purchased. If financed all costs of the financing and any debt service on the financing shall be paid as a Special Assessment or become an ongoing Common Expense of the Condominium until the debt is satisfied.

Section 6. Exceptions.

The provisions of Section 2 of this Article XI shall not apply with respect to any lease, sale or conveyance of a Residential Unit by (a) the Residential Unit Owner thereof to the Residential Unit Owner's spouse, adult children, parents, parents-in-law, adult siblings, or any one or more of them, (b) to any devisee or beneficiary as a result of the death of the Residential Unit Owner, pursuant to a Will or by operation of law, should the Residential Unit Owner die Intestate or (c) the Sponsor, its successor, assignee or its designee, (d) the Board of Managers, or (e) any proper officer conducting the sale of the Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit, or delivering a deed in lieu of such foreclosure; provided, however, that the new Residential Unit Owner shall be bound by, and the Residential Unit Owner's Residential Unit subject to, the provisions of this Article.

Section 7. Leasing Requirements for Residential Units.

In addition to the Right of First Refusal detailed in Section 2 above, every lease on every Residential Unit in the Condominium is subject to the following rules and regulations, regardless of whether stated in the lease:

(a) No later than thirty (30) days prior to execution of a lease or a renewal lease, the Residential Unit Owner must provide the Board of Managers of the Condominium with a copy of the lease, name of the proposed tenant and terms of the lease, credit and background check (including criminal background), a minimum of two (2) referrals and any other information that may be requested by the Board of Managers;

(b) the lease must be in writing;

(c) the lease must be for the entire Residential Unit;

(d) the lease must have a minimum term of twelve (12) months. Renewal terms shall also have a minimum term of twelve (12) months.

(e) the form of the lease and any renewal lease must contain a provision that the tenant has thoroughly read and agrees to be subject to the Declaration, the By-Laws and Rules and Regulations of the Condominium and agrees to accept the power of attorney of the Condominium to evict the tenant for

any violation by the tenant of the Declaration, the By-Laws and the Rules and Regulations of the Condominium and agrees to be jointly and severally liable with the Residential Unit Owner for any and all fines and costs levied against the tenant for any violation of the provisions of the Rules and Regulations, By-Laws and/or Declaration of Condominium;

(f) the use of the premises is subject to the Declaration, the By-Laws and the Rules and Regulations of the entire Condominium;

(g) within thirty (30) days of occupancy by the tenant or renewal of any lease, the name and telephone number of the tenant, together with a clear and complete copy of the executed lease, must be furnished to the Managing Agent or if no Managing Agent to the Board of Managers of the Condominium;

(h) the Residential Unit cannot be used as a youth hostel, Airbnb, bed and breakfast, motel, hotel and/or for any other transient type of use;

(i) no Residential Unit Owner, Resident or tenant shall be permitted to place any signs for rent in or on the Residential Unit or the Common Elements of the Condominium;

(j) all leases and tenants are subject to all municipal requirements applicable to rentals, if any;

(k) all leases of a Residential Unit shall contain the following language: “This agreement and the rights and obligations of the parties hereunder are hereby made expressly subject to the right if any, of the Board of Managers of the Condominium with respect to the transaction embodied herein pursuant to the terms of the By-Laws of the Condominium, as the same may have been amended;

(l) the lease must contain the Smoking Policy provisions contained in Article VIII, Section 2 of these By-Laws; and

(m) if any Residential Unit Owner (landlord) or tenant is in violation of any of the provisions of the Declaration or By-Laws, or both, including any Rules and Regulations, the Board of Managers of the Condominium may bring an action in its own name or in the name of the Residential Unit Owner, or both, to have the tenant evicted or to recover damages, or both.

The Board of Managers, in its sole discretion, may add or change any of the criteria in this Section 7 with respect to the requirements of leasing Residential Units.

The Board of Managers reserves the right to deny a prospective tenant of a Residential Unit’s application if the Board of Managers determines that the prospective tenant may constitute a threat to the health, safety and/or protection of the Residential Unit Owners or may result in substantial physical damage to the Common Elements of

the Condominium without having to exercise the Board of Managers' Right of First Refusal. In the event the Board of Managers of the Condominium, in its sole discretion, determines that the prospective tenant of the Residential Unit does not meet its criteria for tenancy of a Residential Unit as provided herein and in Sections 1 and 7 of Article XI of the By-Laws, the Board of Managers shall issue a denial to the Residential Unit Owner within ten (10) days of such determination. The Residential Unit Owner shall thereafter have the right to procure a second prospective tenant for the Board of Managers' Right of First Refusal, review, and approval pursuant to all of the terms of Article XI of the By-Laws.

In order to carry out the provisions of this Article XI and pursuant to the provisions of Article XIV of the Declaration of Condominium each Residential Unit Owner shall upon becoming a Residential Unit Owner grant an irrevocable power of attorney, to nominate, designate, constitute and appoint the Board of Managers of the Condominium and their successors, jointly, their true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in their name and on their behalf, the right to act in their behalf to take any and all action necessary against any tenant(s) that may be residing in a Residential Unit Owner's Condominium Residential Unit including but not limited to, the right to seek an eviction in a court of law for failure to adhere to any of the provisions of the Declaration of Condominium, By-Laws and/or Rules and Regulations of the Condominium. The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies available to the Board of Managers of the Condominium. If permitted by present or future law, the Condominium may recover all of its costs, including court costs and reasonable attorney's fees, and these costs shall be a continuing lien on the Residential Unit that shall bind the Residential Unit in the hands of the then Residential Unit Owner and the Residential Unit Owner's successors and assigns. The Board of Managers of the Condominium shall give the tenant and the Residential Unit Owner written notice of the nature of the violation of the Rule and Regulation, and thirty (30) days from the mailing of the notice in which to cure the violation before the Board of Managers of the Condominium may file for eviction.

The foregoing restrictions of Sections 1, 2 and 7 of this Article XI shall not apply to Sponsor owned Residential Units or any mortgagee acquiring title to a Residential Unit, in a foreclosure or otherwise. The Sponsor, its successors, assignees or designees or any mortgagee acquiring title to a Residential Unit in a foreclosure or otherwise shall have the right to freely sell their Residential Unit or to freely lease all or any part thereof as long as the lease and use by a tenant, is in compliance with the permitted use of the Residential Unit under applicable zoning and occupancy requirements.

Section 8. Waiver of Partition Rights.

The Residential Unit Owners waive all of their voting rights concerning partition respecting any Residential Unit acquired by the Board of Managers in accordance with this Article.

Section 9. **Gifts, etc.**

Any Residential Unit Owner may convey or transfer their Residential Unit by gift during the Residential Unit Owner's lifetime or devise their Residential Unit by will or pass the same by intestacy, without restriction.

Section 10. **Tenant Bound by Declaration.**

By becoming a tenant, each tenant agrees to be bound by the Declaration, the By-Laws and the other Rules and Regulations of the Condominium and recognizes and accepts the right and the power of the Condominium to evict the tenant for any violation by the tenant of the Declaration, the By-Laws and the other Rules and Regulations of the Condominium.

Section 11. **Lenders.**

To protect first mortgage lenders and to encourage first mortgage lenders to make loans on Residential Units in the Condominium, only subsections (c), (e), (f), (g), (h), (i), (j) and (k) of Section 7 of this Article XI shall apply to a first mortgage lender who has title to the Residential Unit through (a) foreclosure of its first mortgage on the Residential Unit; or (b) a deed in lieu of foreclosure of its first mortgage on the Residential Unit. Any subsequent purchaser from the first mortgage lender is subject to all the terms of this Article XI. In addition, the provisions of Article XII of the Declaration of Condominium regarding an Institutional Mortgage shall be applicable regarding unpaid Common Charges accrued before acquisition of title of a Unit by the mortgagee.

Section 12. **Sponsor.**

The foregoing restrictions of Sections 1, 2 and 7 of this Article XI shall not apply to Sponsor owned Residential Units. The Sponsor, its successors, assignees, or designees shall have the right to freely sell their Residential Unit or to freely lease all or any part thereof without any interference or any restrictions by the Board of Managers as long as the lease and use by a tenant is in compliance with the permitted use of the Residential Unit under applicable zoning and occupancy requirements.

Section 13. **Section 339-kk of the Real Property Law.**

Pursuant to the provisions of Section 339-kk of the Real Property Law of the State of New York, any non-occupying Residential Unit Owner who rents any Residential Unit in the Condominium to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for such Residential Unit within sixty (60) days of the expiration of any grace period after they are due is subject to the following: Upon notice in accordance with the statute, all rental payments from the tenants shall thereafter be directly payable to the condominium association. The provisions of Section 339-kk of the Real Property Law shall control any dispute pursuant to this provision of the By-Laws.

ARTICLE XII. 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 the local jurisdiction of the Condominium in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. The arbitrator shall be an independent 3rd party who is not related to any of the parties to the dispute. 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 before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York.

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 Civil 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. **Costs 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 the Condominium Board of Managers in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses shall constitute Common Expenses.

ARTICLE XIII. CONDEMNATION

In the event all or part of the Common Elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than $50,000 and to the Board of Managers if the

award is $50,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) So much of the award as is applicable to the General Common Elements, to the Residential Unit Owners pro rata according to the respective Percentage of Common Interest appurtenant to the Residential Unit owned by such Residential Unit Owners.

(b) So much of the award as is applicable to the Individual Residential Unit's Limited Common Elements, to the Residential Unit Owner having general use of such Individual Residential Unit's Limited Common Element.

In such eminent domain or condemnation proceeding the Board of Managers shall request that the award set forth the amount allocated to General Common Elements, and to each Individual Residential Unit's Limited Common Element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to the arbitration in accordance with Article XII of these By-Laws. Any condemnation or eminent domain award shall require that any proceeds applicable to a Residential Unit be applied first to a first mortgagee of a Residential Unit as its interest may appear.

ARTICLE XIV. SPONSOR RIGHTS

Section 1. Sales/Rentals.

The Sponsor, its nominees and agents, shall have the right and privilege to maintain general and local sales and rental offices in and about the Condominium, including any Unsold Residential Units located within the Condominium Building or elsewhere throughout the project, and shall have the right and privilege to have their representatives, employees and agents present on the Condominium premises to show the Residential Units to prospective purchasers or tenants, to utilize the Common Elements, no matter how classified, and without limitation, to do any and all things necessary incident to the sale or rental of the Residential Units, without charge or contribution other than in the form of Common Charge payments as otherwise provided for herein.

Section 2. Signs/Ingress/Egress.

The Sponsor shall have the right to continue to employ signs of its choice upon the Condominium premises in its efforts to construct, sell and lease the Residential Units, or any other property, development, or community the Sponsor, its successors, assigns or designees so prescribe. Incident to the rights and privileges provided for herein, the officers, employees, agents, contractors, guests and invitees of the Sponsor, its successors and assigns, shall have the right of ingress and egress to and throughout the Common Elements of the Condominium no matter how classified.

Section 3. **Additional Rights.**

The Sponsor, its successor, assignees, designees, nominees, and agents shall, in addition to the above, have any additional rights afforded to the Sponsor, its successors, assignees, designees, nominees and agents in these By-Laws, Rules and Regulations and the Declaration of Condominium.

Section 4. **Amendment**

This Article XV may not be modified or amended without the written consent of the Sponsor so long as the Sponsor continues to own one (1) or more unsold Residential Units.

ARTICLE XV. MISCELLANEOUS

Section 1. **Insurance.**

Under no circumstances shall a Residential Unit Owner permit or suffer anything to be done or left in a Residential Unit which will increase the insurance rates on the Residential Unit or any other Residential Unit or on the Common Elements.

Section 2. **Severability.**

Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. **Notice to Condominium.**

A Residential Unit Owner, who mortgages the Residential Unit, shall notify the Condominium through the management agent, if any, or the Board of Managers in the event there is no management agent, of the name and address of the Residential Unit Owner's mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Residential Units".

Section 4. **Notice of Unpaid Assessments.**

The Board of Managers shall at the request of a mortgagee of a Residential Unit, report any unpaid Common Charges due from the Residential Unit Owner of such Residential Unit.

Section 5. **Examination of Books and Records.**

Every Residential Unit Owner or the Residential Unit Owner's representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board of Managers at convenient hours on weekdays (except

legal holidays) but not more often than once a month. Said hours are to be determined by the Board of Managers or Managing Agent.

Section 6. **Costs of Legal Action**

In the event the Board of Managers institutes any legal action for the enforcement of any of the provisions of the Declaration of the Condominium, By-Laws and/or Rules and Regulations of the Condominium, then the Defendant shall be responsible for payment of reasonable attorney's fees of the Board of Managers on behalf of the Condominium, plus interest and costs of suit.

Section 7. **Reports to Residential Unit Owners**

It is the obligation of the Board of Managers of the Condominium to give all Residential Unit Owners annually:

(a) a financial statement of the Condominium prepared by a certified public accountant or public accountant by a specific date; such statement shall be certified while the Sponsor retains a majority of the Board of Managers and such statement shall be provided within four (4) months of the end of each fiscal year;

(b) notice of at least five (5) but not more than thirty (30) days prior to the Annual Meeting; and

(c) a copy of the proposed annual budget of the Condominium within thirty (30) days of the date set for adoption by the Board of Managers. While Sponsor is in control of the Board of Managers such budget will be certified in accordance with the regulations of the Department of Law.

During the period Sponsor retains control of the Board of Managers of the Condominium, the Sponsor shall be required to provide certified financial statements for the Condominium. The cost of such reports shall be a Condominium Common Expense. In addition, during said period the Sponsor will be required to provide a Certification of Adequacy of the budget for the Condominium from a Managing Agent or other expert who is unaffiliated with the Sponsor for any amendments including the budget to the Offering Plan.

Section 8. **Construction.**

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 9. **Compliance with Article 9-B.**

These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws 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 the Statute or of the Declaration, whichever the case may be, shall control.

SCHEDULE K

HOUSING MERCHANT IMPLIED WARRANTY LAW

HOUSING MERCHANT IMPLIED WARRANTY LAW

ARTICLE 36-B

WARRANTIES ON SALE OF NEW HOMES

Section 777. Definitions.
777-a. Housing Merchant Implied Warranty.
777-b. Exclusion or Modification of Warranties.

Section 777. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.

2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in titled twenty-seven of the administrative code of the city of New York.

3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

5. "New home" or "home" means any single-family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided in or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

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; and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials

supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee, or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness, and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

777-b. Exclusion or modification of warranties.

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under Section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

SCHEDULE L-1

SPONSOR CERTIFICATION

CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO 13 NYCRR 20.4 (b)

State of New York
Department of Law
28 Liberty Street, 21st Floor
New York, NY 10005

RE: **426 2ND STREET CONDOMINIUM**
426 2nd Street, Brooklyn, New York 11215

We are the Sponsor and principals of Sponsor of the Offering Plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in 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.

426 HOLDINGS, LLC

By: _____
ARAN SCOTT, Managing Member

SPONSOR'S PRINCIPAL:

Sworn to before me this 18th
day of June, 2024.

_____
NOTARY PUBLIC

ILIYA NISEN
Notary Public, State of New York
Reg. No. 01NI6310525
Qualified in Kings County
Commission Expires 08/25/2026

_____
ARAN SCOTT

SCHEDULE L-2

SPONSOR'S ENGINEER OR ARCHITECT CERTIFICATION

PC ARCHITECTURE PLANNING DESIGN
PAUL CHRISTAKOS ARCHITECTURE
23-83 33rd Street, Astoria, NY 11105

October 24, 2024

Office of the Attorney General
Real Estate Finance Bureau
28 Liberty Street, 21st Floor
New York, NY 10005-1413

RE: 426 2nd Street Condominium
426 2nd Street
Brooklyn, NY 11215

The sponsor of the offering plan to convert the captioned property to condominium ownership has retained our firm to prepare a report describing the renovation of the property (hereinafter the "Report"). Upon completion of the work, I visually inspected the existing portions of the renovated property. On October 24, 2024 I examined the building plans and specifications approved by the NYC Department of Buildings July 25, 2024 and amended on September 20, 2024. I prepared the report dated October 24, 2024 a copy of which is intended to be incorporated into the Offering Plan, so the prospective purchasers may rely thereupon.

I am a licensed Architect, registered 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 underlying it with due diligence in order to form the 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 does:

(i) sets forth in narrative form the description and/or physical condition of the entire property report as it will exist upon completion of the renovation, provided that renovation is in accordance with the plans and specifications that I examined;

(ii) in our professional opinion, afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of renovation provided that construction/renovation is in accordance with the plans and specifications which I examined;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, or suppression;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

PC
ARCHITECTURE
PLANNING
DESIGN
PAUL CHRISTAKOS ARCHITECTURE
23-83 33rd Street, Astoria, NY 11105

(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 statement or representation which is false, where I:

(a) knew the truth;
(b) with reasonable effort could have know the truth
(c) made no reasonable effort to ascertain the truth;
or
(d) did not have knowledge concerning the representation or statements made

I further certify that I am not owned or controlled by, and have no beneficial interest, in the Sponsors, and that my compensation for preparing the Report is not contingent on the conversion of the property to condominium ownership, or on the profitability or price of the Offering. This statement is not intended as a guarantee or warranty of the physical conditions of the property.

Paul Christakos, R.A

Paul Christakos Architecture PLLC
2383 33rd Street
Astoria, NY 11105
Phone # (917) 519-1104

Sworn to before me this
24 day of October, 2024

Notary Public, State of New York
Upon sign-off

George C Lazarides
Notary Public, State of New York
Reg. No. 01LA4930290
Qualified in Suffolk County
Commission Expires May 9, 2026

SCHEDULE L-3

SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET

FAIRWAY REALTY GROUP, INC.
149-41 14TH AVENUE
WHITESTONE, NY 11357
718.357.9040

CERTIFICATION OF ADEQUACY OF OPERATING BUDGET PURSUANT TO 13 NYCRR 20.4 (d)

Date: 6/21/2024

Office of the Attorney General
Real Estate Finance Bureau
28 Liberty Street, 21st Floor
New York, NY 10005-1413

Re: 426 2ND Street Condominium

Gentlepeople:

The Sponsor of the Condominium Offering Plan for the captioned property retained me to review Schedules B and C containing projections of income and expenses for the first year of condominium operation. I am experienced in real estate management of rental properties in the City of New York and currently manage five (5) properties. I am also a New York State licensed real estate broker. I have over fifteen (15) years of experience as a real estate manager and broker and have reviewed over thirty (30) condominium budgets and provided budget certifications in connection with condominium projects.

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 applicable to Schedules B and C.

I have reviewed Schedule and investigated the facts set forth in Schedules B and C and the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential buildings.

I certify that the projections in Schedule B and C appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

I certify that the Schedules:

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon

which to found their judgment concerning the first year of condominium operation;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I/we: (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.

I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

John A. Pappalardo, Broker/Owner
FAIRWAY REALTY GROUP, INC.

Sworn to before me this
21st day of June 2024.

Notary Public

STEPHEN LEE PAPPALARDO
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01PA6128854
Qualified in New York County
Commission Expires June 20, 20 25

SCHEDULE M

SECTION 339-KK OF THE REAL PROPERTY LAW

The Real Property Law is amended by adding a new Section 339-kk to read as follows:

"§ 339-kk. Rents. (a) For the purposes of this section, "non-occupying owner" shall mean a unit owner in a condominium association who does not occupy the dwelling unit.

(b) If a non-occupying owner rents any dwelling unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision (c) of this section, all rental payments from the tenant shall be directly payable to the condominium association.

(c) If the common charges, assessments or late fees due for any unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium association at the address listed on the notice. Where a majority of the board of managers has been elected by and from among the unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the association's claim to rental payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the board of managers, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

(d) Nothing in this section shall limit any rights of unit owners or of the board of managers existing under any other law or agreement.

(e) Payment by a rental tenant to the condominium association made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent."

This act may be enforced by any party by means of a special proceeding brought pursuant to Article 4 of the Civil Practice Law and Rules.