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

477 SACKETT STREET CONDOMINIUM

477 Sackett Street
Brooklyn, Kings County, New York 11231

2 Residential Units	$ 9,100,000.00
TOTAL OFFERING	**$ 9,100,000.00**

SPONSOR AND SELLING AGENT

Sackett Gardens, LLC
21-34 44th Road
Long Island City, New York 11101

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 _____, 2026. THE OFFERING PLAN MAY NOT BE USED AFTER _____, 2027, 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 OFFERING 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.

As disclosed in Sections XVII and XVIII of the Offering Plan, 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 establish a new Owner-controlled Board. After such meeting of the Residential Unit Owners to establish a new Board, the Board of Managers will consist of up to three (3) Owner-appointed or -designated Members, who need not be Residential Unit Owners, as described in the paragraph below. Notwithstanding, Sponsor has the right to voluntarily relinquish a majority of the Members of the Board of Managers before the last Residential Unit is closed. Purchasers should be aware that Sponsor's right to control the Board of Managers indefinitely has important consequences, which include, but are not limited to, that Sponsor is able to make decisions for the Condominium irrespective of the whether Residential Unit Owners agree with or look favorably upon those decisions.

Upon expiration of the Sponsor Control Period, for so long as the Condominium consists of two (2) Residential Units, at each meeting to establish a new Board of Managers or to designate Members to the Board, the Residential Unit Owner of Residential Unit 1 will be entitled to appoint one (1) Member to serve for a one- (1) year term on the Board of Managers, and the Residential Unit Owner of Residential Unit 2 will be entitled to appoint one (1) Member to serve for a one- (1) year term on the Board of Managers. In addition, if the Residential Unit Owners agree to do so at such time(s), in each instance, the Owners of Residential Unit 1 and Residential Unit 2 are permitted to mutually designate a third Member to serve for a one- (1) year term on the Board of Managers, which third Member will act as tie breaker in the event the other Board Members do not unanimously agree on any particular Board matter or proposed course of action. In the event the Residential Unit Owners do not unanimously agree to designate a third Board Member or are unable to agree upon a designee, then the Board of Managers will consist of only two Members who must decide Board matters unanimously, or, in the event of an irreconcilable and arbitrable dispute, submit the dispute for arbitration pursuant to the provisions of Article XII of the By-Laws. In the event that subdivision of a Residential Unit, as permitted pursuant to Article Tenth of the Declaration of Condominium, results in the creation of a Condominium that consists or more than two (2) Residential Units, then the Board of Managers of the Condominium must thereafter consist of three (3) Members who are elected by a vote of the Residential Unit Owners

cast in proportion to their respective percentages of Common Interest.

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. Litigation against the Sponsor entity may require the expenditure of significant additional costs, time and resources, and there is no guarantee of any resolution in the Residential Unit Owners' favor. 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. See Section XVIII of the Offering Plan.

2. 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 Section XVII of the Offering Plan.

3. 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. Litigation against the Sponsor entity may require the expenditure of significant additional costs, time and resources, and there is no guarantee of any resolution in the Residential

Unit Owners' favor. 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 health and 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.

4. Purchasers are advised that the Building was initially constructed in or about 1901. 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 the Offering 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 Section III of the Offering Plan and Schedule D-8.

5. 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, the 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 2 = 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.

6. 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 statutory obligation of the Sponsor but have been transferred to each Purchaser under the terms

of the Purchase Agreement. The New York State Real Estate Transfer Taxes are presently 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 presently 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 subject to any changes in applicable law(s). 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 Paragraph 6 of the Purchase Agreement set forth as Schedule D.

7. 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.

8. 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. Each Purchaser's indemnification of the Sponsor for any claim brought by a broker for brokerage commission based upon Purchaser's acts shall survive the Closing and delivery of the deed or other termination of the Purchase Agreement. See Paragraph 28 of the Purchase Agreement in Part II of the Offering Plan.

9. 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 the Offering Plan.

10. Though Sponsor is not offering upgrades, options, extras, special work or custom work ("Extras"), should same be negotiated during sales, all funds received by Sponsor from Purchaser for Extras not included in the base price of a Residential Unit will initially be placed in the Escrow Account as described in Section XI 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 2 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.

16. The Sponsor anticipates that Closing of the first Residential Unit will occur by September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 September 1, 2027, 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 September 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 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. Purchasers should note that the Offering Plan will be amended to disclose any change in Schedule B at the time of the effectiveness of the Offering Plan and prior to the closing of title to the first Residential Unit. See Schedule B, the proposed first year budget and the footnotes immediately following thereto contained in Section VI of the Offering Plan.

With respect to the outside delivery date for each Residential Unit, Paragraph 5 of the 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 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 Offering 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.

17. All Deposits received from Purchaser will initially be deposited into an escrow account of the law firm of Dickler & Roth, LLP, 19 Fulton Street, Suite 306, New York, New York 10038 (the "Escrow Agent"), at Flagstar Bank, 15 Maiden Lane, New York, New York 10038, 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 Flagstar Bank, the funds in Purchaser's account are factored into the maximum insured amount of $250,000. See Section XI.

18. 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. In addition, Purchasers should note that the amount budgeted in Schedule B for insurance does not include the cost of insurance for fire and casualty losses to the contents of each Residential Unit, for which no coverage is provided, nor does the insurance coverage budgeted in Schedule B 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. Specifically, but without limitation, each Residential Unit Owner is required to carry fire and liability insurance covering their contents, fixtures, personal property and improvements and betterments (collectively "Contents") and liability insurance covering occurrences within

their Residential Unit and Limited Common Elements and extended to include the Board of Managers, the Condominium, any Managing Agent and other Unit Owners as additional insureds. 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. See Schedule B, the proposed first year budget and the footnotes immediately following thereto, and Section XVIII of the Offering Plan.

19. 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) $5,000 to Sponsor's attorney, Dickler & Roth, LLP, for the preparation of the Closing documents and Closing, and travel fee of $500 if Closing takes place at a location other than offices of Dickler & Roth, LLP, 19 Fulton Street, Sute 306, New York, New York 10038. 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.

20. Purchasers should note that the Power of Attorney attached to the Purchase Contract 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 Contract. Pursuant to the terms of the Power of Attorney, 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 necessary actions, as described in the Power of Attorney form annexed as Schedule E. See Section XI of Part I of the Offering Plan and Schedule E.

21. 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 and Schedule A.

22. Purchasers should be aware that pipes and wires are typically situated behind walls and/or in ceiling cavities in residential constructions to minimize their unsightliness, and water and electric wires run throughout the walls and/or in the ceiling cavities of the Building. Water and electric wires will be situated in accordance with all applicable laws and will be constructed using appropriate materials 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. Consistent with Special Risk No. 55 of this Offering Plan, any maintenance or repairs 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, including, without limitation, damage caused by nailing or drilling into walls or ceilings, shall be assessed to and paid by the applicable Residential Unit Owner. In the event that any damage occurs for which a particular Residential Unit Owner is individually responsible and such 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 damage 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 any damage occurs for which a particular Residential Unit Owner is individually responsible and such damage to the General Common Elements, unless such damage 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. See Special Risk No. 55 and Section XIX of the Offering Plan.

23. 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 are measured as follows:

> Dimensions of the Units: The floor area of each condominium unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the unit, except that the unit shall not extend beyond the property

line; (ii) the center line of any wall or partition separating the unit from another unit; and (iii) the center line of any wall of partition separating the unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the unit above, or in the case of the units directly below the roof, to the underside of the structural framing of the roof. The cellar and interior garage are considered part of the Individual Unit.

See Section I of the Offering Plan and the Description of Property Report in Schedule G.

24. Purchasers should note that approximately half of the front yard is beyond the property line and is occupying City owned property. This is typical of the neighboring properties and is a Limited Common Element of Residential Unit 1. The front yard is enclosed. This area also contains refuse storage bins and a planter for the exclusive use of Residential Unit 1. There is also a common electric meter in the front yard. There are no side or rear yards on the Property.

25. The cellar, garages, balconies, terraces, and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces, and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department. The cellar has less light and air than ordinary living space and is more susceptible to dampness. See Sections III and XIX of the Offering Plan.

26. There are lot line windows in the Building located in the West exterior wall which are fire protected with sprinkler heads above. The Building also contains two sections of glass block at the West exterior wall (one at the 1st floor of Unit 2 and one at the 3rd Floor of Unit 2). These glass block sections allow light to enter the Unit but are defined as part of the wall assembly and do not constitute lot line windows. In the event that the adjacent property owner constructs a building directly abutting the lot line windows or within a restricted fire safety distance of the lot line windows, the Unit Owner will be required to infill the window(s) of their Unit with a fire rated wall assembly. The cost of infilling the windows is estimated to be approximately $2,000 per window.

27. The Condominium Units are in compliance with New York City Building Code prescribed light and air requirements. The Department of Buildings approved plans show calculations for all spaces that require light and air and corresponding window openings. See Section III and Description of Property Report in Schedule G of the Offering Plan.

28. 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.

29. 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.

30. 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 (30th) 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 Offering Plan and Paragraph 29 of the 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 Offering Plan has been abandoned. In the event the Offering 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 Offering 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 Offering Plan.

31. 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 Offering 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 Offering 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.

32. 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.

33. The percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount. Sponsor determined that equal percentages of Common Interest would be in the best interests of Owners inasmuch as the interior livable square footage of Unit 1 is larger and the private outdoor space of Unit 2 is larger; and as there are only two Units in the Condominium, this fosters a more balanced and beneficial relationship between the Owners, particularly because the Condominium is to be self-managed. 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 XIX in Part I of the Offering Plan.

34. Purchasers should note the existence of a rebuttable presumption that a change of five (5%) percent or less of a Unit's square footage may be deemed immaterial; however, there is no such presumption regarding a change in Common Interest. See Section XIX of the Offering Plan.

35. 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.

36. 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.

37. 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 adjacent to their Residential Unit and Limited Common Elements appurtenant to their Unit. The Board of Managers shall be responsible for all other maintenance of the Common Elements that are not the responsibility of individual Residential Unit Owners, including inspection and maintenance of the sprinkler system. Such services will be contracted for and performed by independent contractors who are not employees of the Condominium on an as needed basis. 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 two (2) 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 contingency 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 Unit Owners should expect this budgetary line item to increase in the future and would become a Common Expense of the Condominium and Common Charges may increase as a result thereof. See Section XVI of the Offering Plan and Schedule B.

38. 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, § 1-505. 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, garages, 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 stairs, storage area, balcony and/or terrace, or any other 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.

39. The Condominium budget includes a Reserve Fund line item to be used for future major capital improvements of the Condominium. In view of the fact that Sponsor is renovating the Building, with such renovations to be completed by June 1, 2026, no major capital improvements are anticipated as being necessary within the first (5) years of operation of the Condominium and the Reserve Fund is anticipated to be sufficient to pay for replacement of any minor capital items. Notwithstanding, 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 operation 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. See Section XXIII of the Offering Plan.

40. 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 providing particular coverage for the Residential Unit summarized as follows:

First Year Basic Coverage for latent defects that constitute:

(a) defective workmanship by Seller;

(b) defective materials furnished by Seller;

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

(d) defective installation of appliances sold by Seller.

Two Year Major System Coverage for latent defects in Plumbing, Electrical, Heating, Cooling and Ventilation Systems installed by Seller.

Six Year Structural Coverage for latent defects in:

(a) defective workmanship by Seller;

(b) defective materials furnished by Seller; or

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

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 to the Purchase Agreement at paragraph 40 and as set forth in Schedule D-1. 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 Offering 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.

41. The roofing for the Building consists a three ply torch applied asphalt roofing system and liquid applied flashing at asphalt seems. The roofing system manufacturer is Firestone Building Products or similar. The roof is covered by a twenty-five (25) year manufacturer's limited warranty by Johns Manville which covers the materials of the multi-ply asphalt roof system. The warranty commences as of the final inspection and

certification of the roof by a representative of Johns Manville. In addition, the Sponsor provides a Limited Warranty which includes certain coverage for the roof. See Description of Property Report contained in Schedule G of the Offering Plan. See also, Sponsor's Limited Warranty at Section XVI of the Offering Plan and Schedule K of the Offering Plan.

42. 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 at no charge. 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. It is estimated that the current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,800 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. 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.

43. 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. Purchasers should be aware that, 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. 30 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.

44. 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 amount on which an individual may deduct interest towards their federal income taxes is limited to $750,000. This limit remains unchanged under subsequent federal legislation enacted in 2025 (which is sometimes referred to as the One, Big, Beautiful Bill), which legislation supplements, but does not modify, the mortgage deduction provisions of the Tax Act. In addition, the 2025 federal legislation increased the maximum amount an individual may deduct for the combined total of real estate taxes and state income taxes (commonly referred to as the "SALT deduction") from $10,000 to $40,000, adjusted annually for inflation, effective for tax years commencing after December 31, 2024 through December 31, 2029. Absent further legislative action, the SALT deduction limit is scheduled to revert to the $10,000 cap in tax year 2030. Further, Purchasers should note that the same 2025 legislation reinstated the deductibility of mortgage insurance premiums ("PMI"), including, without limitation, premiums paid in connection with FHA loans, VA loans, and USDA loans, subject to applicable income limitations. Purchasers are advised to seek the advice of their own tax consultant to ascertain the income tax ramifications applicable to the Purchaser, including the potential effects of any future changes, expirations or reversions in the tax law. See Section XXI of the Offering Plan.

45. 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.

46. 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 and Section XI of the Offering Plan.

47. Purchasers should note that a voting deadlock (i.e., a non-unanimous vote) of the Residential Unit Owners, dispute as to the allocation of the Common Charges, or

a material disagreement and/or impasse between the Residential Unit Owners on a matter which is to be decided by the Residential Unit Owners, would require arbitration pursuant to the terms of the Offering Plan and Articles II and XII of the By-Laws. See Section XIX of the Offering Plan regarding Rights and Obligations of Residential Unit Owners and Board of Managers. 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.

48. 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.

49. Regarding the Common Elements of the Condominium not covered by any Limited or other 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. Sponsor is relieved of any obligation(s) if it does not timely receive any such notice. 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.

50. The projected real estate taxes for the first year of operation contained in Schedule A are based on an assessment of the Building before renovation is complete as stated in the Opinion of Metropolitan Realty Exemptions, Inc. ("Tax Consultant"). Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after renovation is complete. Because the assessment roll for the 2026/27 tax year designates the property as Tax Class 1, the NYC Department of Finance should maintain this classification going forward (notwithstanding that condominium projects of four or more stories are generally classified as Tax Class 2). Application of a particular approach to valuation by an individual assessor may yield a different result. See Section XX of the Offering Plan and the Opinion of Tax Consultant contained in Section XXII of the Offering Plan. 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 XX of the Offering Plan and the Opinion of the Tax Consultant contained in Section XXII of the Offering Plan.

51. The Board of Managers will have an easement in and through Residential Unit 1 for access to adjacent or common installations, including, but not limited to, installations in the front yard and any water or electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 1 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, installations in the front yard, interior and exterior stairs, bulkhead, front roof deck, balconies and terraces appurtenant to Unit 1 and water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 2 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, water, electrical and/or mechanical room(s) located in cellar, through the interior and exterior stairs, operable skylight, rear roof deck, roof area outside rear roof deck, balconies, and terraces appurtenant to Residential Unit 2, 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.

52. The Residential Unit Owner of Residential Unit 1 will have an easement in and through such portion(s) of Residential Unit 2 and its appurtenant Limited Common Elements as needed including but not limited to the equipment rooms in the cellar of Unit 2 and all access thereto, as needed, for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. The Residential Unit Owner of Residential Unit 2 will have an easement in and through such portion(s) of Residential Unit 1 and its appurtenant Limited Common

Elements, including but not limited to the mechanical room in the cellar, bulkhead, front yard, roof and front roof deck, and all access thereto, as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. A 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, each Residential Unit Owner will have an easement in common with the Owner of other Residential Unit to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and utility lines located in another Residential Unit and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit. See Section XIX.

53. 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.

54. Each Residential Unit will include one (1) refrigerator, one (1) range, one (1) hood, one (1) wine fridge, one (1) microwave, one (1) dishwasher, one (1) washer, and one (1) dryer, one (1) condensing hot water heater, and one 1) heat pump system for heating and cooling located in the Residential Unit or its appurtenant Limited Common Elements, as described in the Description of Property Report contained in Schedule G. There is one natural gas fire place in the 2nd floor living room of Unit 2. Unit 2 will also be equipped with one (1) combination washer and dryer unit.

55. Electrical service will be provided to the Building for all applicable facilities, including, without limitation, electrical appliances, lighting, and hot water heaters in the Condominium. Each Residential Unit will be individually metered for electric usage and the costs thereof will be an individual expense of each Residential Unit Owner. Any electricity consumed by or 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 VI of the Offering Plan.

56. 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.

57. The project description for the Condominium is, as follows: renovation of a previously existing structure to create legal two (2) family dwelling and Common Elements. The building has four (4) floors, and a cellar and a total gross square footage of approximately 5,531 square feet. As of the date hereof, the job status is, as follows: in process with substantial complete achieved (approximately 85%). The Sponsor has filed and approved several post approval amendments as seen on the Department of Building NOW. It is anticipated that the Building Department will issue a permanent Certificate of Occupancy ("PCO") or a temporary Certificate of Occupancy ("TCO") upon its final walk-through inspection once the project work is substantially completed. In the event a PCO for a Residential Unit or the Building 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, unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a PCO. 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 PCO, 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 Offering Plan prior to releasing any of the funds from the escrow account. Sponsor anticipates substantial completion of the project work by June 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, acts of God and sales conditions. See Section I of the Offering Plan.

58. Purchasers should note that, as of March 1, 2026, the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury discontinued its

prior use of Geographic Targeting Orders and instead instituted a generally-applicable Residential Real Estate Rule ("RRER"), requiring that a designated real estate professional must submit a report to FinCEN upon the occurrence of a non-financed transfer of residential real estate to an entity or a trust for all reportable transfers occurring on or after March 1, 2026, unless an exception applies under the provisions of the RRER. However, by way of a certain Memorandum Opinion and Order dated March 19, 2026 (the "Order"), at Case No. 6:25-CV-127, Doc. No. 34, the United States District Court for the Eastern District of Texas vacated the RRER.

FinCEN's current guidance with respect to the RRER is as follows: "In light of a federal court decision, reporting persons are not currently required to file real estate reports with FinCEN and are not subject to liability if they fail to do so while the [O]rder remains in full force." The Developer-Sponsor will amend the Offering Plan to disclose any material developments in FinCEN reporting requirements under the RRER or a comparable reporting requirement, if applicable.

Questions regarding any applicable FinCEN reporting requirements should be directed to the FinCEN Resource Center at FRC@FinCEN.gov. See Section XIV of Part I of the Offering Plan.

59. The Sponsor does not intend to enter into interim leases with Purchasers for Residential Units prior to Closing unless expressly agreed to in writing after the Purchasers are in contract with Seller. 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.

60. Purchasers should be aware that unsupervised visits to the Property may present a dangerous circumstance. 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. Notwithstanding the foregoing, each Purchaser will inspect the 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, whereupon the Sponsor will complete any open items within six (6) months after Closing, weather and circumstances permitting. Pursuant to Paragraph 13 of the Purchase Agreement, Purchaser will agree to release and indemnify, defend and hold the Sponsor harmless from and against any and all claims and liabilities 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. See Section III of the Offering Plan and Schedule D-4.

61. Purchasers should note that all users of, and visitors, to the Building will have an easement through all parts of the Condominium for emergency egress. See additional easements disclosed in Special Risk No. 51 and Section XIX.

62. Purchasers should note that Sackett Gardens, LLC, which is acting as both Sponsor and Selling Agent under the terms of the Offering Plan, has not had any prior public offerings and does not have any prior experience as a Sponsor or as a Selling Agent; however, the Principals of Sponsor and Selling Agent have extensive experience in the real estate industry as described in the "Identity of Parties" section of the Offering Plan. See Section XXVI

63. Sponsor entered into an Easement and Party Wall Agreement as of January 31, 2022 ("Party Wall Agreement") with the neighboring property owners located at 475 Sackett Street, Brooklyn, New York and separate License Agreement which allows the Sponsor limited access to the neighboring property owners' property to facilitate the construction of the Condominium. The Party Wall Agreement grants the neighbors certain easements to maintain existing encroachments of shed wall, retaining wall, fence, and party wall on the Condominium Property, and for each party to have the right to use the party wall jointly, including Sponsor's right to utilize same for construction/support of the Condominium building. See copy of Easement and Party Wall Agreement at Schedule "N" and copy of License Agreement at Schedule "O."

64. Sponsor obtained into a loan from JP Morgan Chase Bank, NA in connection with the acquisition of the Property. Sponsor executed an Adjustable Rate Note in the principal amount of $1,785,000.00, secured by a Mortgage given by Sponsor on the Property with a maturity date of October 1, 2050. Such loan will remain as a lien on the Property up until the time of Closing of the First Residential Unit. JP Morgan Chase Bank, NA has not imposed any minimum sales restrictions or any restrictions on leasing in connection with Sponsor's loan. In the event Sponsor obtains any subsequent loan(s), Sponsor will amend the Offering Plan to disclose such loan(s). In addition to the above loan, and in the event Sponsor obtains any subsequent loan(s), 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 Property shall be paid and satisfied on the Residential Unit being conveyed and its appurtenant interest in the Common Elements by release or partial release duly recorded.

65. The Budget does not include any expense for snow removal. The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the individual Units.

66. There is a permanently installed inclined ladder within the 4th floor of Unit 2 leading to an operable egress skylight which provides access to the Unit 2 roof, rear roof deck, and roof area outside rear roof deck. This ladder must always be kept clear for emergency FDNY access. The permanent ladder shall be constructed in accordance with DOB requirements and designed in compliance with 2014 NYC Fire code.

477 SACKETT STREET CONDOMINIUM
PLAN OF CONDOMINIUM OWNERSHIP

I. INTRODUCTION

This is an Offering Plan (the "Offering Plan") for the sale of two (2) Residential Units ("Residential Units") in a Condominium consisting of a Building with Common Elements, to be known as 477 Sackett Street Condominium, located at 477 Sackett Street, Brooklyn, New York 11231 ("Property".)

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 and this Offering Plan will be in compliance with 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 Sackett Gardens, LLC, with an address at 21-34 44th Road, Long Island City, New York 11101, a New York limited liability company. Sponsor is the owner of the Property having acquired it by deed dated May 26, 2022.

The Condominium will be a renovation of a previously existing structure to create a legal two (2) family dwelling and Common Elements. The building has four (4) floors, and a cellar and a total gross square footage of approximately 5,531 square feet. As of the date hereof, the job status is, as follows: in process with substantial complete achieved (approximately 85%). The Sponsor has filed and approved several post approval amendments as seen on the Department of Building NOW.

It is anticipated that the Building Department will issue a permanent Certificate of Occupancy ("PCO") or a temporary Certificate of Occupancy ("TCO") upon its final walk-through inspection once the project work is substantially completed. In the event a PCO for a Residential Unit or the Building 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, unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a PCO. 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 PCO, 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 Offering Plan prior to releasing any of the funds from the escrow account. Sponsor anticipates substantial completion of the project work by June 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, acts of God and sales conditions.

The prior use of the Property was for residential purposes as a three family residence. The development will comprise a renovation of the previously existing structure and the Building Department will issue a TCO or PCO upon substantial completion of the project work.

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 or Residential Unit 2, 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 or Residential Unit 2, 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. Any stairs, stairways, common hallways that do not exclusively service, are not located wholly within, or are a Limited Common Element of a Residential Unit, and entrances and exits of 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 or closets 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. Any fences or enclosures on the Property of the Condominium;

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

14. Any fire sprinkler system 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 front yard including the refuse storage bins and planters appurtenant to Residential Unit 1;

4. The exterior doors, stairs appurtenant to each Residential Unit, including any and all staircase risers, treads, handrails, posts, balusters, lighting and fixtures therein;

5. The bulkhead, front roof deck, balconies, and terraces appurtenant to Residential Unit 1.

6. The operable skylight, rear roof deck, roof area outside rear roof deck, balconies and terraces appurtenant to Residential Unit 2.

7. 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

8. 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.

The cellar, garages, balconies, terraces, and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces, and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department. The cellar has less light and air than ordinary living space and is more susceptible to dampness.

See Schedule A of the Offering Plan and 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. 32.

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 voting 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 voting 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 two (2) Residential Units in the Condominium.

67. Sponsor obtained into a loan from JP Morgan Chase Bank, NA in connection with the acquisition of the Property. Sponsor executed an Adjustable Rate Note in the principal amount of $1,785,000.00, secured by a Mortgage given by Sponsor on the Property with a maturity date of October 1, 2050. Such loan will remain as a lien on the Property up until the time of Closing of the First Residential Unit. JP Morgan Chase Bank, NA has not imposed any sales restrictions in connection with Sponsor's loan. In the event Sponsor obtains any subsequent loan(s), Sponsor will amend the Offering Plan to disclose such loan(s). In addition to the above loan, and in the event Sponsor obtains any subsequent loan(s), 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 Property shall be paid and satisfied on the Residential Unit being conveyed and its appurtenant interest in the Common Elements by release or partial release duly recorded.

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 floor area of each Condominium Unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the Unit, except that the unit shall not extend beyond the Property line; (ii) the center line of any wall or partition separating the Unit from another Unit; and (iii) the center line of any wall of partition separating the Unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the Unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the Unit above, or in the case of the Units directly below the roof, to the underside of the structural framing of the roof. As such the areas are not based upon measurements from interior surfaces of interior walls, the actual living area comprising the Residential Unit may be significantly less than the area listed in Schedule A. 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 cellar and interior garage are considered part of the individual Unit. 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 September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 Offering Plan that discloses the occurrence of the First Closing; (ii) Sponsor or any 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 Offering 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 and, subject to its Right of First Refusal, the Board of Managers does not have any right to approve or disapprove Purchasers. Residential Unit Owners may lease their Residential Units, subject to the conditions contained in Section XIX of the Offering Plan. Because there is no limit on the number of Residential Unit Owners who may purchase for investment rather than for personal occupancy, that there may always be a substantial percentage of Residential Unit Owners who are non-residents.

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, the Deposit (and any interest earned thereon, if applicable) 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 each Residential Unit 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 addition, in the opinion of Counsel, a Residential Unit Owner is presently entitled to deductions for income tax purposes for the Residential Unit Owner's payments for real estate taxes on the Residential Unit Owner's Residential Unit to the maximum amount currently permitted by law. Pursuant to federal legislation enacted in 2025 (which is sometimes referred to as the One, Big, Beautiful Bill), the previously imposed limitation on the deductibility of state and local real estate taxes has been increased to $40,000, adjusted annually for inflation, for tax years beginning after December 31, 2024 and ending December 31, 2029. Absent further legislative action, the deduction cap is scheduled to revert to $10,000 for tax years beginning in 2030. In addition, providing the Residential Unit will be the Residential Unit Owner's principal residence, the Residential Unit Owner may also deduct on the Residential Unit Owner's income tax returns the interest on the mortgage procured to finance the purchase of the Residential Unit Owner's Residential Unit, subject to the current $750,000 principal limit. In addition, a Residential Unit Owner may deduct mortgage insurance premiums, including, without limitation, premiums for FHA, VA, and USDA-backed loans, subject to applicable income limitations. See Section XXI of the Offering Plan.

Fire and liability insurance covering the Common Elements are included with other items as part of Common Charges; however, fire and liability insurance for the Purchaser's personal effects and the interior of the Residential Unit as well as liability coverage for occurrences within the Unit and Limited Common Elements 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. 32, 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 Elements 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 Report 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” –477 Sackett 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 by notice to Purchasers or by 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” – Sackett Gardens, 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 Dickler & Roth, LLP, 19 Fulton Street, Sute 306, New York, New York 10038 (Closing Attorney).

55. "Tax Act" – The Federal Tax Cuts and Jobs Act of 2017, as amended.

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 or accrued 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 and Acreage

The Condominium is located at 477 Sackett Street, Brooklyn, New York 11231. The Condominium is zoned R6B. The overall zoning lot size of the Condominium is approximately 1,580 square feet (0.036 acres) and is a corner lot. To the north of the Condominium are residential row houses/brownstones, to the south are residential multi-unit buildings, to the east is mixed residential/redevelopment, and to the west are residential townhouses/small apartment buildings.

Zoning

The zoning classification of this Property is R6B Residence District of the City of New York, which permits residential dwelling units. The NYC Department of City Planning describes R6B zoning as follows: "R6B districts are often traditional row house districts, which preserve the scale and harmonious streetscape of neighborhoods of three-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, such as Park Slope, Boerum Hill and Bedford Stuyvesant." The proposed use of the Building is as a two (2) unit residential building, which complies with applicable zoning and use requirements. The Property is located in Zone X of the FEMA Flood Insurance Rate Map which indicates an area with 0.2% annual chance of flooding. There is no danger from mudslides or erosion.

The Property has no environmental restrictions or environmental designations from the NYC DEP or other authorities having jurisdiction.

Topographical Features

The site consists of generally level land.

Plantings: The front yard of the property adjacent to Sackett Street (the area between the street wall of the building and the sidewalk) contains planting beds with assorted plants as well as a paved walkway and steps.

Trees: Street trees are planted in tree pits on the sidewalks on both Sackett Street and Bond Street. Sackett Street contains one such tree pit and Bond Street contains two tree pits.

Fencing: The front yard on Sackett Street is enclosed by a low wall constructed of Light Gauge Metal Framing (LGMF) and finished with facing brick. There are no other fences or low walls.

Gates: The low wall enclosing the Sackett Street front yard contains a swing gate constructed of steel which provides entrance into the front yard adjoining Unit 1. There is also a steel gate on the Bond Street side which provides entrance into the stoop leading into Residential Unit 2.

Improvements - General Description

The condition of the Building is as disclosed in the Description of Property Report set forth in Part II of the Offering Plan and Sponsor has no knowledge of any material defects or need for major repairs except as set forth in the Description of Property Report. 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 September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, acts of God and sales conditions. Following the renovation of the previously existing structure, the Building will contain two (2) Residential Units legal two (2) family dwelling. The building has four (4) floors and a cellar and a total gross square footage of approximately 5,531 square feet.

Purchasers are advised that the Building was initially constructed in or about 1901, and is believed to have been previously utilized as a 3 family structure. The Sponsor will be effectuating a renovation of the previously existing structure, and the Building

Department will issue a TCO or PCO upon substantial completion of the project work. 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 Offering 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.

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.

The Building was vacant and unoccupied when Sponsor acquired the Property by deed dated May 26, 2022, and the Building has remained vacant and unoccupied since that time.

There are lot line windows in the Building located on the 4th floor level in the West exterior wall which are fire protected with sprinkler heads above. The Building also contains two sections of glass block at the West exterior wall (one at the 1st floor of Unit 2 and one at the 3rd Floor of Unit 2). These glass block sections allow light to enter the Unit but are defined as part of the wall assembly and do not constitute lot line windows. The Condominium Units are in compliance with New York City Building Code prescribed light and air requirements. The Department of Buildings approved plans show calculations for all spaces that require light and air and corresponding window openings.

As described in the Description of Property Report included in Part II of the Offering Plan as Schedule G, Asbestos Containing Material (ACM) is not present in any material that was tested for asbestos. An asbestos inspection was conducted by a certified asbestos inspector (Jaroslav Pistek No. 160093) prior to the permits being issued for the

2024 renovation. The inspection and subsequent lab testing found no asbestos present. The asbestos testing only tested the plaster and sheetrock of the interior spaces of the building.

All streets adjacent to the building are owned and maintained by New York City, and existing street lighting is provided by the City of New York. Street lighting consists of lamps attached to vertical, metal stanchions located along Sackett Street and Bond Street.

The Property contains a garage for off-street parking. The sidewalk is a 15' wide for public use that runs along the Property frontage on Sackett Street and Bond Street. The Condominium is responsible for keeping this sidewalk free of garbage (except as allowed for regular garbage collection), snow, tripping hazards and any other obstruction.

Water is provided by the New York City Water Board. Water usage is monitored by one shared water meter for the Building. The Dept of Environmental Protection (DEP) monitors water usage and provides billing statements for water and sewer costs to the building owner, in this case, the Condominium Board. These costs are apportioned to the Units in proportion to their ownership percentages as part of the common charges.

Waste water treatment is provided by the Department of Environmental Protection (DEP), a public utility. DEP maintains an 18" combined public sewer main (for storm and sanitary waste) which runs beneath Sackett Street. There is no septic tank on the Property

Gas is provided by National Grid, a privately owned energy company. Gas is monitored by two meters, one for each Unit.

Electricity is provided by Consolidated Edison, a privately owned energy company. Electricity is metered individually for each Unit. Each Unit is provided with 200 Amps.

Telephone, internet, and television services are provided by Spectrum. The building is wired for telephone, internet, and television. Each Unit Owner will be responsible for establishing accounts with the service provider in order to initiate service. Each Unit is wired with low voltage data cables to all internet and TV locations.

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 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-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.

Construction Data for Residential Units, Common Elements and Individual Residential Unit's Limited Common Elements

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 September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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. Notwithstanding the foregoing, each Purchaser will inspect the 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, whereupon the Sponsor will complete any open items within six (6) months after Closing, weather and circumstances permitting. Pursuant to Paragraph 15 of the Purchase Agreement, Purchaser will agree to release and indemnify, defend and hold the Sponsor harmless from and against any and all claims and liabilities 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. 32. The percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount. Sponsor determined that equal percentages of Common Interest would be in the best interests of Owners inasmuch as the interior livable square footage of Unit 1 is larger and the private outdoor space of Unit 2 is larger; and as there are only two Units in the Condominium, this fosters a more balanced and beneficial relationship between the Owners, particularly because the Condominium is to be self-managed. 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. 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 effect an immaterial (i.e., 1% or less) change in the Percentage of Common Interests and to amend the Offering 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.

Appliances

Each Residential Unit will include one (1) refrigerator, one (1) range, one (1) hood, one (1) wine fridge, one (1) microwave, one (1) dishwasher, one (1) washer, and one (1) dryer, one (1) condensing hot water heater, and one 1) heat pump system for heating and cooling located in the Residential Unit or its appurtenant Limited Common Elements, as described in the Description of Property Report contained in Schedule G. There is one

natural gas fire place in the 2nd floor living room of Unit 2. Unit 2 will also be equipped with one (1) combination washer and dryer unit.

Recreational Facilities

The Condominium will not have any recreational facilities for common use. The building contains terraces at the following locations: 2nd Floor North exposure, 3rd Floor East exposure, and 3rd Floor South exposure. The building contains a balcony at the 4th Floor South exposure. The Condominium contains a front roof deck for Unit 1 at the South exposure and a rear roof deck and roof area outside rear roof deck for Unit 2 at the North exposure.

Structure and Finish: The terraces and South facing roof deck are finished with porcelain pavers supported by plastic pedestals. The roof deck on the North roof is supported by weather treated lumber and finished with non-combustible, synthetic decking. The structure of the balcony is a galvanized metal grating. The structure supporting the terraces, balcony and roof decks is the typical building structure consisting of LGMF, steel structure, and structural fiber cement panels.

The terraces, balcony, roof decks, and front yard of the Condominium are not permitted to be used as bedrooms or living rooms. Use of this space improperly may result in a building code violation against the Home or the Building for any type of occupancy, including as a bedroom or living room.

Applicable Law and Zoning Requirements

Sponsor is not aware of any known environmental conditions at the Property. The Property and the Residential Units will be renovated and constructed in accordance with all applicable zoning and building laws and requirements, including, without limitation, the Building Code of the City of New York and R6B Residence District zoning requirements established by the New York City Department of City Planning, together with such other rules, regulations, laws, and other requirements of governmental authorities having jurisdiction over the Property.

IV. LOCATION AND AREA INFORMATION

The Condominium is situated at 477 Sackett Street, in the Carroll Gardens section of Brooklyn, New York.

Transportation

Public transportation is convenient to all parts of New York City by subway or bus. The Carroll Street subway station (F and G Train), Smith Street, Brooklyn, NY is approximately 0.3 miles from the Condominium. The Union Street Subway Station (R Train), Union Street, Brooklyn, NY 11215 is approximately 0.4 miles from the Condominium.

Emergency Services:

The 76th Police Precinct is located at 191 Union Street, approximately .7 miles from the Condominium.

The nearest fire house is FDNY EMS Station 32, 347 Bond Street, Brooklyn, NY is approximately 0.2 miles from the Condominium.

Gas

National Grid, will provide gas service, and each Unit will be separately metered.

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, Spectrum or Optimum. 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 service is provided for the building via a 3" combined water main (for sprinklers and domestic) with shut off valve located at sidewalk curb, and connected to City water main under Sackett Street. Waste water treatment is provided by Department of Environmental Protection (DEP), a public utility. DEP maintains a combined public sewer main (for storm and sanitary waste) beneath Sackett Street. An eight inch combined cast iron pipe connects the Building to the public sewer main.

The Condominium is responsible to keep the sidewalk free of snow, garbage, tripping hazards and any other obstruction.

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. The individual

Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the individual Units.

Medical, Educational and Religious Facilities

Hospitals

Brooklyn Hospital Center, 121 Dekalb Avenue, Brooklyn, NY is approximately 1.0 mile from the Condominium.

New York-Presbyterian Brooklyn Methodist Hospital, 506 6th St, Brooklyn, NY is approximately 1.3 miles from the Condominium.

Public schools located in the general vicinity are as follows:

New York City public schools in the area will be the schools any school-aged children in the Condominium would attend. The schools nearby are:

P.S. 032 Samuel Mills Sprole School (elementary), 420 Union St, Brooklyn, NY 11231 is approximately 0.2 miles from the Condominium.

P.S. 058 The Carroll (elementary), 330 Smith St, Brooklyn, NY 11231 is approximately 0.5 miles from the Condominium.

Hannah Senesh Community Day School (middle school), 342 Smith St, Brooklyn, NY 11231 is approximately 0.5 miles from the Condominium.

The Math & Science Exploratory School Public School 447 (middle school), 345 Dean St, Brooklyn, NY 11217 is approximately 0.7 miles from the Condominium.

International School of Brooklyn (middle school), 192 Luquer St, Brooklyn, NY 11231 is approximately 0.8 miles from the Condominium.

New Dawn Charter High School, 242 Hoyt St, Brooklyn, NY 11217 is approximately 0.2 miles from the Condominium.

Cobble Hill School of American Studies (high school), 347 Baltic St, Brooklyn, NY 11201 is approximately 0.4 miles from the Condominium.

Digital Arts and Cinema Technology High School, 284 Baltic St, Brooklyn, NY 11201 is approximately 0.6 miles from the Condominium.

Brooklyn High School Of The Arts (high school), 345 Dean St, Brooklyn, NY 11217 is approximately 0.7 miles from the Condominium.

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.

Shopping

Mercado Central NYC, 252 3rd Ave, Brooklyn NY 11215 is approximately 0.3 miles from the Condominium.

Whole Foods Market, 214 3rd St, Brooklyn, NY 11215 - is approximately 0.5 miles from the Condominium.

Trader Joes, 130 Court St, Brooklyn NY 11201 - is approximately 0.8 miles from the Condominium.

Atlantic Terminal Mall, 139 Flatbush Ave, Brooklyn, NY 11217 is approximately 1.0 mile from the Condominium.

Parks and Recreation

Carroll Park, President St, Brooklyn, NY 11231 is approximately .4 miles from the Condominium.
Thomas Greene Playground, 225 Nevins St, Brooklyn, NY 11217 is approximately .4 miles from the Condominium.

Nicholas Naquan Heyward Jr. Park, 160 Wyckoff St, Brooklyn, NY 11217 is approximately .4 miles from the Condominium.

Boerum Park, 364 Warren St, Brooklyn, NY 11201 is approximately .4 miles from the Condominium.

Prospect Park is approximately 1.2 miles from 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
477 SACKETT STREET CONDOMINIUM
BROOKLYN, NEW YORK
2 RESIDENTIAL UNITS
For the first year of Operation Commencing September 1, 2026

	(2)	(2)	(2)	(2)	(1)	(2)		(2)	(3)	(4)	(4)	(5)	(5)	(6)	(6)
Home # (Desc.)	**Interior Space (sq. ft.)**	**Cellar Space (sq. ft.)**	**Garage Square Footage**	**Total Interior Square Footage**	**Selling Price**	**Limited Common Element Square Footage**		**Bedrooms / Bathrooms**	**Percentage of Common Interest**	**Monthly Common Charges**	**Annual Common Charges**	**Monthly Real Estate Taxes**	**Annual Real Estate Taxes**	**Total Monthly Carrying Charges**	**Total Annual Carrying Charges**
Unit 1	2,221	543	217	2,981	$4,800,000	Front Yard	207	4 Beds / 3.5 baths	50.00%	$633.39	$7,600.69	$583.84	$7,006.09	$1,217.23	$14,606.78
						3rd Floor Terrace	99								
						4th Floor Terrace	107								
						Roof	464								
						Bulkhead Roof	86								
						Total	*963*								
Unit 2	1,890	440	220	2,550	$4,300,000	Stoop	52	3 beds / 3 baths	50.00%	$633.39	$7,600.69	$583.84	$7,006.09	$1,217.23	$14,606.78
						2nd Floor Terrace	307								
						3rd Floor Terrace	126								
						Roof	498								
						Total	*983*								
TOTALS	**4,111**	**983**	**437**	**5,531**	**$9,100,000**		**1,946**		**100.00%**	**$1,266.78**	**$15,201.38**	**$1,167.68**	**$14,012.18**	**$2,434.46**	**$29,213.56**

The terraces, balconies, roof decks, and garages are uninhabitable accessory space only and not to be used for a bedroom or living space. Said space is not considered part of the habitable square footage.
Use of this space improperly may result in a building code violation against the Home or the Building.

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 (within reasonable tolerances) physical dimensions of each Residential Unit consist of the floor area of each Condominium Unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the Unit, except that the unit shall not extend beyond the Property line; (ii) the center line of any wall or partition separating the Unit from another Unit; and (iii) the center line of any wall of partition separating the Unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the Unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the Unit above, or in the case of the Units directly below the roof, to the underside of the structural framing of the roof. As such the areas are not based upon measurements from interior surfaces of interior walls, the actual living area comprising the Residential Unit may be significantly less than the area listed in Schedule A. 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. 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. The cellar and interior garage are considered part of the individual Unit. 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-2 respectively, as to

the description and location of the Residential Units.

3. The percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount. Sponsor determined that equal percentages of Common Interest would be in the best interests of Owners inasmuch as the interior livable square footage of Unit 1 is larger and the private outdoor space of Unit 2 is larger; and as there are only two Units in the Condominium, this fosters a more balanced and beneficial relationship between the Owners, particularly because the Condominium is to be self-managed.

   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 Offering 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 and interior of Unit. 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., 349 Keap Street, Brooklyn, New York 11211. The Tax Consultant Opinion Letter provided by Metropolitan Realty Exemptions, Inc. dated January 30, 2026 ("Tax Consultant") is contained in Section XXII of the Offering Plan. The projected figures in the opinion letter assume the applicability of the 2026 residential class 1 tax rate of 19.843% per $100 of assessed valuation for the

Residential Units, with an assessed valuation of $40,015 and a total tax of $7,940 for tax year 2026/2027, and an assessed valuation of $162,413 and a total tax of $32,228 for tax year 2027/2028. Because the assessment roll for the 2026/27 tax year designates the Property as Tax Class 1, the NYC Department of Finance should maintain this classification going forward (notwithstanding that condominium projects of four or more stories are generally classified as Tax Class 2). Application of a particular approach to valuation by an individual assessor may yield a different result.

Sponsor anticipates that the renovation of the Condominium will be completed by June 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 5th of each year. 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 of each year.

The first year of Condominium operation is anticipated to commence on September 1, 2026, and end on August 31, 2027 (subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, acts of God and sales conditions). As such, it is anticipated that taxes for the first year of operation will be assessed partly (approximately 75%) based on the valuation and rate applicable for tax year 2026/2027 and partly (approximately 25%) based on the valuation and rate applicable for tax year 2027/2028. The total projected real estate taxes for the first year of operation contained in Schedule A, being a total of $14,012, was calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Blended Taxes for First Year of Condominium Operation			
	Assessed Value (Pro Rata)	Tax Rate	Real Estate Tax
75% of 2026/2027	$30,011	19.843%	$5,955
25% of 2027/2028	$40,604	19.843%	$8,057
TOTAL	$70,615		$14,012

The projected real estate taxes for the first year of operation contained on Schedule A are based on an assessment of the Building before renovation is complete. Based on the opinion provided by Metropolitan Realty Exemptions, Inc., the tax projections for the Condominium upon total completion of renovation thereof, as indicated below, are higher than the taxes projected for the first year of operation, as contained above and on Schedule A. Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after renovation is complete. See Section XX of the Offering Plan and below for more information

regarding the projected assessed valuation after completion of renovation.

The total post completion of renovation valuation for the entire Condominium is estimated to be $162,416 and total taxes for all the Residential Units for said period, assuming the 2026/2027 tax class 1 rate of 19.843%, is estimated to be $32,228. Sponsor has been advised by its Tax 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	Assessed Value (Pro Rata)	Real Estate Tax (Annual)
1	50%	$81,208	$16,114
2	50%	$81,208	$16,114

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 Tax Class 1 residential properties held in the condominium form of ownership. Because the assessment roll for the 2026/27 tax year designates the Property as Tax Class 1, the NYC Department of Finance should maintain this classification going forward (notwithstanding that condominium projects of four or more stories are generally classified as Tax Class 2). 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 income tax purposes for the Residential Unit Owner's payments for real estate taxes on the Residential Unit Owner's Residential Unit to the maximum amount currently permitted by law. Pursuant to federal legislation enacted in 2025 (which is sometimes referred to as the One, Big, Beautiful Bill), the previously imposed limitation on the deductibility of state and local real estate taxes has been increased to $40,000, adjusted annually for inflation, for tax years beginning after December 31, 2024 and ending December 31, 2029. Absent further legislative action, the deduction cap is scheduled to revert to $10,000 for tax years beginning in 2030. In addition, providing the Residential Unit will be the Residential Unit Owner's principal residence, the Residential Unit Owner may also deduct on the Residential Unit Owner's income tax returns the interest on the mortgage procured to finance the purchase of the Residential Unit Owner's Residential Unit, subject to the current $750,000 principal limit. In addition, a Residential Unit Owner may

deduct mortgage insurance premiums, including, without limitation, premiums for FHA, VA, and USDA-backed loans, subject to applicable income limitations. 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

Projected Budget for First Year of Operation of 477 Sackett Street Condominium

Two (2) Homes – For the year beginning September 1, 2026

Projected Income and Expenses

Income

1. Common Charges	$	15,201.38

Expenses

2. Electrical	$	216.00
3. Water and Sewer	$	765.80
4. Insurance	$	5,787.64
5. Accounting	$	4,000.00
6. Legal Fees	$	1,500.00
7. Sprinkler System Inspections and Maintenance	$	800.00
8. Management	$	-
9. Reserve Budget	$	1,381.94
10. Contingency	$	750.00
TOTAL	$	15,201.38

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* 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 SCHEDULE B

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.

2. Electricity

Each Residential Unit will be individually metered for electric usage and the costs thereof will be an individual expense of each Residential Unit Owner. Any electricity consumed by or 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. This estimated electric cost, as of July 2025, is .$0.31k WH, for the projected first year of Condominium operation. This is an estimated rate which includes service charge, taxes and a 2% inflation rate projected increase. The estimated first year cost for electric consumption for Common Elements: 343 kWh/yr x $0.31/kWh = $106.30/yr; however, the minimum tariff of $216/year shall be applied. This includes common area exterior lighting, mechanical rooms lighting and heating. Estimate is based on energy cost calculation prepared by ATOZ Consulting Engineers, PC of 363 Seventh Avenue, 3rd Floor, New York, NY 10001 dated October 26, 2025. See Schedule C for individual Residential Unit projections.

3. Water and Sewer

The water use for both Condominium Units is monitored by one shared meter. The sewer cost is a shared expense for both Units. The estimated first year cost for water and sewer is based on the New York City rate, as of July 2025, of $5.05 per hundred cubic feet of water and the average of 60 gallons per day per Unit, for the projected first year of Condominium operation. Chares for waste and storm sewer services are billed at 159% of applicable water charge. The estimates are based on energy cost calculations from ATOZ Consulting Engineers, PC, 363 Seventh Avenue, 3rd Floor, New York, NY 10001 dated October 26, 2025.

4. Insurance

The following insurance will be covering the Condominium for the first year of Condominium Operation. This estimate dated November 11, 2025 was provided by GNP Brokerage Usa LLC, 5 Corporate Drive, Suite 202, Central Valley, NY 10917 as follows:

Building Coverage:	$2,364,494

Deductible:	$2,500
Comprehensive General Liability	$1,000,000 each occurrence $2,000,000 general aggregate

The annual premium indication for the coverages above is $5,787.64 based on today's market conditions. Prospective Unit Owners should note that the premiums may increase depending on future market conditions and carrier appetite. The building's replacement cost has been established at $427.00 per square foot, and based on this valuation, the insurance limit in place is considered adequate.

It is believed that the insurance coverage meets the requirements of any mortgage lender procured by the Sponsor. The fire, casualty and general liability insurance provides that each Unit Owner is an additional insured, there will no cancellation without notice to the Board of Managers, there is a waiver of subrogation, there is a waiver of invalidity because of the acts of the insured and Unit Owners, and there is a waiver of pro-rata reduction if Unit Owners obtain additional coverage. The Condominium shall have public liability insurance in place prior to the first Unit closing.

The above referenced Property policy waives co-insurance in favor of Agreed Amount clause, and is written on a replacement cost basis. The replacement cost valuation is based on the actual construction cost of the Building and should be revisited and adjusted as necessary each year to keep up with inflation.

Purchasers are advised to obtain additional insurance at their own cost to cover such risks as fire and casualty losses to the interior of the Unit, Unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the Units and Limited Common Elements.

5. Accounting

Accounting fees in connection with the preparation of audit and other services for the Condominium's first year of operation are estimated to be $4,000. Costs are based on a proposal from Levittan & Goetz CPA's P.C., 320 Crossways Park Drive, Woodbury, NY 11797 dated November 20, 2025.

6. Legal

Legal fees are quoted for services to provide minimal legal representation. Based on an estimate from Certilman Balin Adler & Hyman, LLP, for a reserve 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.

7. Sprinkler System Inspections and Maintenance

Indicated expenses provide for monthly visual inspections of the Building's automatic sprinkler system. Monthly inspections of the Sprinkler/Standpipe components at the above mentioned address in accordance with FDNY, Local Municipality codes and NFPA 25. This includes the record log required for FDNY and Insurance Carrier Inspectors. Expenses provide for monthly inspections of the Sprinkler/Standpipe components and quarterly alarm test of all tamper and flow switches of the Sprinkler/Standpipe alarm components for semi-annual inspections of the fire alarm system to ensure proper functionality of all fire alarm equipment as required by FDNY. Cost estimate is provided by FP Five Borough, 121-06 22nd Avenue, College Point, NY 11356 dated November 19, 2025.

8. Management

Sponsor will not be collecting a fee for the first year of management. Sponsor shall itself manage the collection of Common Charges and disbursement of funds for expenses of the Condominium, handle the scheduling of repairs and maintenance to the Common Elements, and maintain accurate accounting and business records for the Condominium.

While Sponsor is in control of the Board of Managers and de facto managing the Condominium, 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 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. It is estimated that the current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,800 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.

Because the Condominium will be self-managed by the Sponsor-controlled Board of Managers for the first year of operation, the Sponsor has not entered into any contract to provide for management of the Condominium and there is no fee for a managing agent in the proposed budget for the first year of operation. There are no existing binding agreements for such work, or any other services, at this time. The Offering Plan will be amended to disclose any such agreements to which the Condominium will be subject in the future.

9. Reserve Fund

The figure estimated for Reserve Fund covers the costs of replacement of capital expenditures. Each Unit will be responsible for the cost of interior maintenance,

repairs, decoration and painting of his/her respective Unit including the appliances. Because this is a newly constructed Building, it is not anticipated that there will be any capital repairs required for the first year of operation. Pursuant to Fannie Mae Guidelines, the Sponsor is allocating 10% of the budget for the Reserve Fund.

10. Contingency

This fund may be used at the discretion of the Board to make up deficits in other items, and thus it might not be available at the end of the year. The reserve for contingencies does not include a reserve for major capital repairs or replacement items.

VII. SCHEDULE C

ESTIMATED GAS AND ELECTRICAL COSTS

Residential Unit 1: Four Floors, Four Bedrooms, Three and One Half Baths, Cellar		
Electric	16,181 kWh/yr x $0.31/kWh	$5,016/year
Gas	649 therms/yr x $1.89/therm	$1,226/year

Residential Unit 2: Four Floors, Three Bedrooms, Three Bathrooms, Cellar		
Electric	14,128 kWh/yr x. $0.31/kWh	$4,380/year
Gas	572 649 therms/yr x $1.89/therm	$1,226/year

The projected energy costs for the individual Residential Units have been provided by ATOZ Consulting Engineers, PC, 363 Seventh Avenue, 21st Floor, New York, NY 10001 as per the attached projections.

The estimated first year cost for water and sewer is based on the New York City rate, as of July 2025, of $5.05 per hundred cubic feet of water and the average of 60 gallon per day per unit, for the projected first year of Condominium operation. Charges for waste and storm sewer services are billed at 159% of applicable water charge.

The estimated electric cost, as of July 2025, is $0.31kWH, for the projected first year of Condominium operation. This is an estimated rate which includes service charge, taxes and a 2% inflation rate projected increase.

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. 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 has an 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, 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.

CERTILMAN BALIN
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VIII. COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

March 9, 2026

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

Re: **477 Sackett 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 Firm's 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 forty (40) years.

In reviewing said Schedule A, the percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount as determined by Sponsor.

We 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: Donna-Marie Korth
Donna-Marie Korth, 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 both Residential Units or is to be advertised or which 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; maintenance subsidies, rebates or other costs associated with maintaining a Residential Unit as a credit against the purchase price or payable on a periodic basis or any other manner as is negotiated between the parties; 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 components and features of each Residential Unit as long as the percentage of Common Interest for the Residential Units is not affected and there is no Purchase Agreement in effect for said Residential Unit, and 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 for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of

Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount. Sponsor determined that equal percentages of Common Interest would be in the best interests of Owners inasmuch as the interior livable square footage of Unit 1 is larger and the private outdoor space of Unit 2 is larger; and as there are only two Units in the Condominium, this fosters a more balanced and beneficial relationship between the Owners, particularly because the Condominium is to be self-managed.

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. There is a rebuttable presumption that a change of five (5%) percent or less of a Unit's square footage may be immaterial; however, there is no such presumption regarding a change in Common Interest.

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 does not intend to enter into interim leases with Purchasers for Residential Units prior to Closing unless expressly agreed to in writing after the Purchasers are in contract with Seller. 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 both Residential Units or is to be advertised or which 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 September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 September 1, 2027, 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 September 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 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.

With respect to the outside delivery date for each Residential Unit, Paragraph 5 of the 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, the 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 Offering 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 (30th) 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. In the event of such 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. In the event Seller, in its discretion, permits an assignment of the Purchase Agreement it may elect to impose an assignment fee.

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.

Pursuant to Paragraph 35 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. In addition, the Purchase Agreement provides that Purchaser must pay, and shall be liable for, any and all court fees, including, without limitation, Sponsor's reasonable attorney fees, should Purchaser bring an action against Sponsor in any court of proper jurisdiction (including, without limitation, small claims court) and Sponsor is deemed the prevailing party in such dispute or action. Purchaser must further agree to waive the right to file a lis pendens if not filed within sixty (60) days of any cancellation of the Purchase Agreement. Any action or proceeding

brought by either party to the Purchase Agreement 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. Each Purchaser's consent to waive all rights to trial by jury shall survive Closing and delivery of the deed or any other termination of the Purchase Agreement. See Paragraph 35 of the Purchase Agreement.

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 the Deposit (and any interest earned thereon, if applicable) 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.

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.

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 Offering 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 Dickler & Roth, LLP, 19 Fulton Avenue, Suite 309, New York, New York 10038, telephone number (212) 962-2000, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Kurt L. Roth, Esq. and Richard Dickler, 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 Flagstar Bank, 15 Maiden Lane, New York, New York 10038 ("Bank"), a bank authorized to do business in the State of New York. The name of the account is “Dickler & Roth, LLP, 477 Sackett Street Condominium/IOLA Attorney Escrow Account”, ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per deposit. Any deposit in excess of $250,000 will not be insured. Purchasers should note that if the Purchaser has any accounts in the Bank, 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 Dickler & Roth, LLP, 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-5 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 the Offering Plan being declared effective. 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.

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 2 Residential Units = 1 Residential Unit). As this Offering Plan contains fewer than five (5) Units, the Sponsor will either declare the Offering Plan effective by personal service of notice on each Purchaser or by commencement of service by mail stating that the Offering Plan was declared effective on a particular date, 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 such case, Sponsor must comply with the effectiveness amendment requirements when submitting its post-closing Amendment. Alternatively, Sponsor may submit for filing an amendment to the Offering Plan disclosing the Offering Plan's effectiveness. If Sponsor determines to file an effectiveness Amendment, the closing of the first Unit shall not occur until the effectiveness Amendment is accepted for filing. 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 2 Residential Units being offered for sale = 2 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, half percent of the total offering is equal to $45,500. 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 September 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 Ridge Abstract as agent for a title company authorized to do business in the State of New York for title insurance, with an address at 440 89th Street, Brooklyn, New York 11209, telephone number (718) 338-0065, 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 Fourteenth of the Declaration of Condominium.

13. Purchasers should note that, as of March 1, 2026, the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury has discontinued the use of Geographic Targeting Orders and instead instituted a generally-applicable Residential Real Estate Rule ("RRER"), which requires that a designated real estate professional, which may include, without limitation, the settlement agent for the transaction, must submit a report to FinCEN upon the occurrence of a non-financed transfer of residential real estate to an entity or a trust, unless an exception applies. RRER reporting requirements apply nationwide for all reportable transfers occurring on or after March 1, 2026. Only one report must be filed for each reportable transfer. A reportable transfer occurs when all of the following four (4) conditions are satisfied:

    (1) residential real property is transferred;
    (2) the transfer is non-financed;
    (3) the real property is transferred to a transferee entity or trust; *and*
    (4) none of the exceptions identified by FinCEN apply.

    FinCEN guidance concerning the RRER, including reporting details, requirements and exceptions, is available at: https://www.fincen.gov/rre.

    All questions about the RRER should be directly submitted 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, meters, cable television, and public utility lines located in the Common Elements or in the Residential Unit or Limited Common Elements thereof servicing such other Residential Unit 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 or its Limited Common Elements 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. Any state of acts which a guaranteed survey of current date would disclose.

4. Terms, restrictions, conditions, and easements set forth in the Declaration of Condominium and By-Laws of 477 Sackett Street Condominium to be recorded in the New York City Register's Office.

(f) Easement and Party Wall Agreement between Sackett Gardens, LLC and Gowanus Park LLC as Grantor/Seller and Jeffrey Broesche and Jennifer Jones, as Grantee/Buyer, located at 475 Sackett Street, Brooklyn, New York and separate License Agreement which allows the Sponsor limited access to the neighboring property owners' property to facilitate the construction of the Condominium filed February 11, 2022 and recorded in CRFN 2022000067355.

(g) Any covenants, restrictions, easements, charges or liens of record. Without limitation, the following recorded documents or instruments:

1. Mortgage in favor of JP Morgan Chase Bank, N.A. by Sackett Gardens LLC in the amount of $1,785,000.00 filed on October 15, 2020 and recorded in CRFN 2020000283900.

2. Certification Pursuant to Zoning Lot Subdivision "C" of Section 12-10 of the Zoning Resolution of December 15, 1961 of the City of New York – As Amended Effective August 18, 1977 recorded on April 22, 2021 in CRFN 2021000144999.

3. Certification Pursuant to Zoning Lot Subdivision "C" of Section 12-10 of the Zoning Resolution of December 15, 1961 of the City of New York – As Amended Effective August 18, 1977 recorded on April 22, 2021 in CRFN 2021000145000.

4. Certification Pursuant to Zoning Lot Subdivision "D" of Section 12-10 of the Zoning Resolution of December 15, 1961 of the City of New York – As Amended Effective August 18, 1977 recorded on April 22, 2021 in CRFN 2021000145001.

5. Zoning Lot Description and Ownership Statement by Building Department Permit Application and to be Recorded in the New York City Register's Office recorded on April 22, 2021 in CRFN 2021000145002.

6. Zoning Lot Description and Ownership Statement by Building Department Permit Applicant and to be Recorded in the New York City Register's Office recorded on April 22, 2021 in CRFN 2021000145003.

7. Certification Pursuant to Zoning Lot Subdivision C of Section 12-10 of the Zoning Resolution of December 15, 1961 of the City of New York – As Amended Effective August 18, 1977 recorded on April 29, 2021 in CRFN

2021000156857.

8. Zoning Lot Description and Ownership Statement by Building Department Permit Applicant and To Be Recorded in the County Clerk's or Register's Office filed on April 29, 2021 and recorded in CRFN 2021000156858.

9. Certification Pursuant to Zoning Lot Subdivision "D" of Section 12-10 of the Zoning Resolution of December 15, 1961 of the City of New York – As Amended Effective August 18, 1977 filed October 1, 2021 and recorded in CRFN 2021000387774.

10. Waiver of Execution of Amended and Restated Declaration of Zoning Lot Restrictions and Subordination of Mortgage made by First Republic Bank filed October 1, 2021 and recorded in CRFN 2021000387775.

11. Amended and Restation Declaration of Zoning Lot Restrictions by and between Kit Roane and Katya Jestin and Michael V. Reade and Erika F. Benincasa and Franck Guillaume Poisson and Emilie Poisson and Jeffrey Broesche and Jennifer Jones and Sam Dolnick and Heidi Dolnick and Sackett Gardens, LLC and Gowanus Park LLC filed October 1, 2021 and recorded in CRFN 2021000387776.

12. Waiver of Execution of Amended and Restated Declaration of Zoning Lot Restrictions and Subordination of Mortgage made by JP Morgan Chase Bank, N.A. filed October 1, 2021 and recorded in CRFN 2021000387777.

13. 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.

The Sponsor will be obligated to pay off and otherwise comply with the terms of any mortgage on the entire Condominium. Sponsor has secured an acquisition loan from JP Morgan Chase Bank, NA, 601 Oakmont Lane, Suite 300, Westmont, IL 60559, in the original principal amount of $1,785,000.00.

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 appear contrary to the terms of the Purchase Agreement nor do they appear to 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. Standard

mortgage and fee title insurance can range from 0.1% to 2% or more. The cost of fee title insurance can be estimated at approximately $17,505, where the Purchase Price is $4,800,000. The cost of mortgage title insurance can be estimated at approximately $3,543, where the Purchaser's mortgage is in the amount of $3,840,000. 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.

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.

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. There will be no mortgage closing costs pursuant to this paragraph 4 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. New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax are the statutory obligation of the Sponsor but have been transferred to each Purchaser under the terms of the Purchase Agreement. Accordingly, 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, as they may be amended, 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 = $4,800,000

(1) $4,800,000 x .0065 = $31,200 = State Transfer Tax.

(2) $4,800,000 x .014259 = $68,400 (tentative amount)

(3) $4,800,000 + $68,400 = $4,868,400 (amount subject to City Tax)

(4) $4,868,400 x .014259 = $69,419 = 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 as may be amended, 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 $5,000 to Sponsor's counsel, Dickler & Roth, LLP, 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 $4,800,000, procuring a first mortgage in the amount of $3,840,000 and with a 50% Percentage of Common Interest, will pay the following approximated Closing Costs:

Owners Policy and Endorsements:		
Fee Title Insurance	$	17,505
Loan Policy and Endorsements:		
Mortgage Insurance	$	3,543
Mortgage	$	50
TIRSA-8.1 Environmental Lien	$	50
Waiver of Arbitration	$	50
TIRSA-4 Condominium	$	50
Miscellaneous Charges:		
Municipals	$	395
Bankruptcy Search	$	35
Patriot Search	$	35
Escrow Service Fee	$	50
Estimated Sales Tax	$	42
State and Local Taxes:		

Mortgage Tax	$	73,890
New York State Transfer Tax	$	31,200
New York City Transfer Tax	$	69,419
Mansion Tax	$	72,000
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
Additional Expenses		
Condominium Working Capital	$	1,267
Pro-Rata Insurance	$	2,894
Sponsor Attorney Fees for Preparation of Deed, Power of Attorney and other Closing Documents:	$	5,000
Attorney Travel Fee (if Closing takes place at location other than offices of Dickler & Roth, LLP, 19 Fulton Street, Suite 306, NY, NY 10038)	$	500
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:	**$**	**281,750.00**

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, Purchaser shall pay to Sponsor's attorney a travel fee in the sum of $500 if Closing takes place outside of Brooklyn or Manhattan.

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 $500.

The Purchase Agreement may not be assigned by Purchaser without the written consent of Sponsor. In the event Seller, in its discretion, permits an assignment of the Purchase Agreement it may elect to impose an assignment fee.

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 voting 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 voting 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 Offering 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 Offering 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. Regardless of any delay in the collection of Common Charges, Sponsor shall remain obligated to update the budget and provide certified financial statements for the Condominium as provided for in the governing regulations of the Department of Law.

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.

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 the Percentage of Common Interest or adversely affect the value 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 a 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 Offering 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 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 Purchase Agreement and as set forth in Schedule D-1 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. Sponsor is relieved of any obligation(s) if it does not timely receive any such notice. 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. Sponsor will fund its financial obligations to the Condominium from the income derived from the sale of Residential Units and Sponsor's assets and working capital which are currently sufficient to meet Sponsor's obligations under the Offering Plan. Sponsor presently has the resources to fund such 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. Pursuant to Article III, Section 7(a)(16) of the Condominium By-Laws, 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.

21. 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.

22. Sponsor obtained into a loan from JP Morgan Chase Bank, NA in connection with the acquisition of the Property. Sponsor executed an Adjustable Rate Note in the principal amount of $1,785,000.00, secured by a Mortgage given by Sponsor on the Property with a maturity date of October 1, 2050. Such loan will remain as a lien on the Property up until the time of Closing of the First Residential Unit. JP Morgan Chase Bank, NA has not imposed any sales restrictions in connection with Sponsor's loan. In the event Sponsor obtains any subsequent loan(s), Sponsor will amend the Offering Plan to disclose such loan(s). In addition to the above loan, and in the event Sponsor obtains any subsequent loan(s), 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 Property shall be paid and satisfied on the Residential Unit being conveyed and its appurtenant interest in the Common Elements by release or partial release duly recorded.

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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 establish a new Owner-controlled Board. After such meeting of the Residential Unit Owners to establish a new Board, the Board of Managers will consist of up to three (3) Owner-appointed or -designated Members, who need not be Residential Unit Owners, as described in the paragraph below.

Upon expiration of the Sponsor Control Period, for so long as the Condominium consists of two (2) Residential Units, at each meeting to establish a new Board of Managers or to designate Members to the Board, the Residential Unit Owner of Residential Unit 1 will be entitled to appoint one (1) Member to serve for a one- (1) year term on the Board of Managers, and the Residential Unit Owner of Residential Unit 2 will be entitled to appoint one (1) Member to serve for a one- (1) year term on the Board of Managers. If the Residential Unit Owners agree to do so at such time(s), in each instance, the Owners of Residential Unit 1 and Residential Unit 2 are permitted to mutually designate a third Member to serve for a one- (1) year term on the Board of Managers, which third Member will act as tie breaker in the event the other Board Members do not unanimously agree on any particular Board matter or proposed course of action. In the event the Residential Unit Owners do not unanimously agree to designate a third Board Member or are unable to agree upon a designee, then the Board of Managers will consist of only two Members who must decide Board matters unanimously, or, in the event of an irreconcilable and arbitrable dispute, submit the dispute for arbitration pursuant to the provisions of Article XII of the By-Laws. In the event that subdivision of a Residential Unit, as permitted pursuant to Article Tenth of the Declaration of Condominium, results in the creation of a Condominium that consists or more than two (2) Residential Units, then the Board of Managers of the Condominium must thereafter consist of three (3) Members who are elected by a vote of the Residential Unit Owners cast in proportion to their respective percentages of Common Interest.

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. Sponsor's right to control the Board of Managers indefinitely has important consequences, which include, but are not limited to, that Sponsor is able to make decisions for the Condominium irrespective of whether Residential Unit Owners agree with or look favorably upon those decisions.

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 voting 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 Kenneth Hudes, Mark Rechler and Joshua Egendorf who are all affiliated with the Sponsor herein. Kenneth Hudes, Mark Rechler, and Joshua Egendorf are Principals of the Sponsor. 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 appointment 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.

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, 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 health and 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 Declaration of Condominium and Condominium By-Laws 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 Kenneth Hudes, Mark Rechler and Joshua Egendorf who are all affiliated with the Sponsor herein. Kenneth Hudes, Mark Rechler, and Joshua Egendorf are Principals of the Sponsor. Members of the Board of Managers, whether designated by the Sponsor or elected by the Residential Unit Owners, need not be Residential Unit Owners. The Members shall be elected, appointed or designated at the Annual Meeting of the Residential Unit Owners.

At the First Annual Meeting of Residential Unit Owners, a total of up to three (3) Members shall be elected, appointed or designated. Upon expiration of the Sponsor Control Period, for so long as the Condominium consists of two (2) Residential Units, at each meeting to establish a new Board of Managers or to designate Members to the Board, the Residential Unit Owner of Residential Unit 1 will be entitled to appoint one (1) Member to serve for a one (1) year term on the Board of Managers, and the Residential Unit Owner of Residential Unit 2 will be entitled to appoint one (1) Member to serve for a one (1) year term on the Board of Managers.

If the Residential Unit Owners agree to do so at such meeting(s), in each instance, the Owners of Residential Unit 1 and Residential Unit 2 are permitted to mutually designate a third Member to serve for a one (1) year term on the Board of Managers, which third Member will act as tie breaker in the event the other Board Members do not unanimously agree on any particular Board matter or proposed course of action. In the event the Residential Unit Owners do not unanimously agree to designate a third Board

Member or are unable to agree upon a designee, then the Board of Managers will consist of only two Members who must decide Board matters unanimously, or, in the event of an irreconcilable and arbitrable dispute, submit the dispute for arbitration pursuant to the provisions of Article XII of the By-Laws.

In the event that subdivision of a Residential Unit, as permitted pursuant to Article Tenth of the Declaration of Condominium, results in the creation of a Condominium that consists or more than two (2) Residential Units, then the Board of Managers of the Condominium must thereafter consist of three (3) Members who are elected by a vote of the Residential Unit Owners cast in proportion to their respective percentages of Common Interest.

All Members, other than those the Sponsor can designate, shall be elected, appointed or designated by the Residential Unit Owners. The term of office of all Members shall be fixed for one (1) year term. 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 respective 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 or vote at any general meeting, Annual Meeting 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.

If applicable, and 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 thirty (30) days 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 select a Residential Unit Owner-appointed, -designated or -elected Member for the balance of the Sponsor Member's term, or (b) the remaining Members of the Board of Managers will appoint a mutually agreeable designee to serve as Member of the Board of Managers for the balance of the Sponsor Member's term. At the expiration of such term, the Residential Unit Owners will have a meeting to elect a Member 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 designated, 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 (66⅔^{rds}) 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. In the event a Sponsor designee Member is removed, the Sponsor shall have the sole right to designate the Sponsor Member replacement. Although there are only two units in the Condominium, it is anticipated that there will be three Members of the Board of Managers as set forth in Article III, Section 1 of the By-Laws, which third Member will act as the tie breaker in the event of a non-unanimous decision. In the event it is determined that the Board of Managers shall have only two Members, any non-unanimous or irreconcilable and arbitrable dispute shall be submitted to arbitration pursuant to Article XII of the By-Laws.

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:

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

(d) Notwithstanding Article III, Section 7(d) 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(e) 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 Members of the Board of Managers, except any Assistant Secretaries or Assistant Treasurers, unless the Residential Unit Owners unanimously agree to designate a particular non-Member individual to serve as an Officer, in each instance. Notwithstanding, the President must be a Member of 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.

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 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 and external portion of the doors (including painting if necessary) 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 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(h) 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, and the actual windows 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 windows and the actual windows 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 or the actual window 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 and exterior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner’s sole cost and 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 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 cellar, garages, balconies, terraces, and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces, and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department. The cellar has less light and air than ordinary living space and is more susceptible to dampness. Drains located in or on the Property any on any Limited Common Elements 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 storage area, stairs, 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 storage area, stairs, front yard, deck, balcony, 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 front 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 enclosure surrounding the Condominium 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 front 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 front 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 front 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 a Limited Common Element of a Residential Unit, and the roof decks, terraces, and/or balconies that are Limited Common Elements of such Residential Unit, will be the responsibility of the Condominium and a Common Expense of the Condominium. All general maintenance (non-structural) and repairs to the roof decks, terraces and balconies that are Limited Common Elements of a 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 or flooring) shall be the responsibility of the applicable Residential Unit Owner with the exclusive use of such areas. General maintenance and repairs of any storage area, stairs, balcony, patio, yard, pavers, deck, terrace or any Limited Common Element of any Residential Unit shall be the responsibility of the applicable Residential Unit Owner.

The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the Units.

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 or Limited Common Element that is the responsibility of the Residential Unit Owner thereof, at the 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 or in or on the other Unit's Limited 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 benefitted Residential Unit Owner for such equipment, services, etc. All repairs, maintenance and any and all costs associated with the operating skylight within Residential Unit 2 shall be the sole responsibility of said 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 said equipment or area 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.

The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the Individual Units.

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 or contractors to do the necessary work to any roof top area, yard, deck, balcony, patio, terrace or Limited Common Element that is the responsibility of the Residential Unit Owner thereof, at the Owner's sole cost.

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, 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 in the following paragraph.

Residential Unit Owner Insurance

Each Residential Unit Owner is required to carry fire and liability insurance covering their contents, fixtures, personal property and improvements and betterments (collectively "Contents") and liability insurance covering occurrences within their Residential Unit and Limited Common Elements, and extended to include the Board of Managers, the Condominium, any Managing Agent and other Unit Owners as additional insureds. 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. Although there are only two units in the Condominium, it is anticipated that there will be three Members of the Board of Managers as set forth in Article III, Section 1 of the By-Laws, which third Member will act as the tie breaker in the event of a non-unanimous decision. In the event it is determined that the Board of Managers shall have only two Members, any non-unanimous or irreconcilable and arbitrable dispute shall be submitted to arbitration pursuant to Article XII of the By-Laws. 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 and the Board of Managers' Right of First Refusal, 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 Offering 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 Fourteenth 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 Twelfth 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 M.

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 stairs, storage area, balcony and/or terrace, or any other 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 Offering 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 Offering 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 and windows (other than the glass), as well as all maintenance, repairs and replacements 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 and external portion of the doors (including painting if necessary) 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(h) of the By-Laws.

All maintenance and repair to the interior portion of the windows 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 windows and the actual windows 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 windows and the actual windows 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 windows, the windows 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 and exterior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner's sole cost and 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 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 cellar, garages, balconies, terraces and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department. The cellar has less light and air than ordinary living space and is more susceptible to dampness. Drains located in or on the Property any on any Limited Common Elements 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 storage area, stairs, 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 storage area, stairs, front yard, deck, balcony, 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 front 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 enclosure surrounding the Condominium 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 front 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 front 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 front 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 a Limited Common Element of a Residential Unit, and the roof decks, terraces, and/or balconies that are Limited Common Elements of such Residential Unit, will be the responsibility of the Condominium and a Common Expense of the Condominium. All general maintenance (non-structural) and repairs to the roof decks, terraces and balconies that are Limited Common Elements of a 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 or flooring) shall be the responsibility of the applicable Residential Unit Owner with the exclusive use of such areas. General maintenance and repairs of any storage area, stairs, balcony, patio, yard, pavers, deck, terrace or any Limited Common Element of any Residential Unit shall be the responsibility of the applicable Residential Unit Owner. The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the Units. 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, terrace or any Limited Common Element that is the responsibility of the Residential Unit Owner thereof, at the 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 or in or on the other Units' Limited 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 benefitted Residential Unit Owner for such equipment, services, etc. All repairs, maintenance and any and all costs associated with the operating skylight within Residential Unit 2 shall be the sole responsibility of said 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 said equipment or area 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.

The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the individual Units.

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 or contractors to do the necessary work to any roof top area, yard, deck, balcony, patio, terrace or Limited Common Element that is the responsibility of the Residential Unit Owner thereof, at the Owner's sole cost.

Insurance

Purchasers should refer to Schedule B in Section VI of the Offering Plan and the footnotes to the budget for a complete description of the insurance applicable to the Condominium.

FIRE AND LIABILITY INSURANCE COVERING THE COMMON ELEMENTS ARE INCLUDED WITH OTHER ITEMS AS PART OF COMMON CHARGES; HOWEVER, FIRE AND LIABILITY INSURANCE FOR THE PURCHASER'S PERSONAL EFFECTS AND THE INTERIOR OF THE RESIDENTIAL UNIT AS WELL AS LIABILITY COVERAGE FOR OCCURRENCES WITHIN THE UNIT AND LIMITED COMMON ELEMENTS MUST BE CARRIED BY THE INDIVIDUAL PURCHASER.

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. See Article Twentieth of Schedule I and Article VIII of Schedule J. 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.

In view of the fact that the Condominium includes only two (2) Residential Units, subject to the rights of Residential Unit subdivision as provided in Article Tenth of the Declaration of Condominium, in the event of a voting deadlock (i.e., a non-unanimous vote) of the Residential Unit Owners, dispute as to the allocation of the Common Charges, or a material disagreement and/or impasse between the Residential Unit Owners on a matter which is to be decided by the Residential Unit Owners, same will be decided by arbitration in accordance with the terms of the Offering Plan and Articles III and XII of the By-Laws, which provide, in part, that the dispute 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

Easements

Every Residential Unit Owner will have an easement in common with the Owner of other Residential Unit to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and public utility lines located in another Residential Unit 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. 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 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 will have an easement in and through Residential Unit 1 for access to adjacent or common installations, including, but not limited to, installations in the front yard and any water or electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 1 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, installations in the front yard, interior and exterior stairs, bulkhead, front roof deck, balconies and terraces appurtenant to Unit 1 and water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 2 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, water, electrical and/or mechanical room(s) located in cellar, through the interior and exterior stairs, operable skylight, rear roof deck and roof area outside rear roof deck, balconies, and terraces appurtenant to Residential Unit 2, 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 Residential Unit Owner of Residential Unit 1 will have an easement in and through such portion(s) of Residential Unit 2 and its appurtenant Limited Common Elements as needed including but not limited to the equipment rooms in the cellar of Unit 2, and all access as needed thereto for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. The Residential Unit Owner of Residential Unit 2 will have an easement in and through such portion(s) of Residential Unit 1 and its appurtenant Limited Common Elements, including but not limited to the mechanical room in the cellar, bulkhead, front

yard, roof and front roof deck, and all access thereto, as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. A 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, each Residential Unit Owner will have an easement in common with the Owner of other Residential Unit to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and utility lines located in another Residential Unit and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit.

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.

Each Residential Unit Owner will have an easement in common with the Owner of other Residential Unit(s) to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits, meters, and public utility lines located in another Residential Unit and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit.

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 users of, and visitors, to the Building will have an easement through all parts of the Condominium for emergency egress. In addition, the Board of Managers, Residential Unit Owners and their respective contractors will have an easement through the rear roof deck appurtenant to Unit 2 as a Limited Common Element thereof, for access to the mechanical equipment on the bulkhead roof.

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. 32. Each Residential Unit Owner has the Percentage of Common Interest in the Condominium set forth on Schedule A.

> The percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount. Sponsor determined that equal percentages of

Common Interest would be in the best interests of Owners inasmuch as the interior livable square footage of Unit 1 is larger and the private outdoor space of Unit 2 is larger; and as there are only two Units in the Condominium, this fosters a more balanced and beneficial relationship between the Owners, particularly because the Condominium is to be self-managed.

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 effect an immaterial (i.e., 1% or less) change in the Percentage of Common Interests and to amend the Offering 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. The tax opinion letter provided by Tax Consultant Metropolitan Realty Exemptions, Inc., is contained in Section XXII of the Offering Plan. The projected figures in the opinion letter assume the applicability of the 2026 residential class 1 tax rate of 19.843% per $100 of assessed valuation for the Residential Units, with an assessed valuation of $40,015 and a total tax of $7,940 for tax year 2026/2027, and an assessed valuation of $162,413 and a total tax of $32,228 for tax year 2027/2028.

Sponsor anticipates that the renovation of the Condominium will be completed by June 1, 2026, subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, 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 5th of each year. 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 of each year.

The first year of Condominium operation is anticipated to commence on September 1, 2026, and end on August 31, 2027 (subject to factors beyond Sponsor's control such as weather conditions, strikes, material shortages, Force Majeure, epidemics, pandemics, acts of God and sales conditions). As such, it is anticipated that taxes for the first year of operation will be assessed partly (approximately 75%) based on the valuation and rate applicable for tax year 2026/2027 and partly (approximately 25%) based on the valuation and rate applicable for tax year 2027/2028. The total projected real estate taxes for the first year of operation contained in Schedule A, being a total of $14,012, was calculated by Metropolitan Realty Exemptions, Inc., as follows:

Estimated Blended Taxes for First Year of Condominium Operation			
	Assessed Value (Pro Rata)	Tax Rate	Real Estate Tax
75% of 2026/2027	$30,011	19.843%	$5,955
25% of 2027/2028	$40,604	19.843%	$8,057
TOTAL	$70,615		$14,012

The projected real estate taxes for the first year of operation contained on Schedule A are based on an assessment of the Building before renovation is complete. Based on the opinion provided by Metropolitan Realty Exemptions, Inc., the tax projections for the Condominium upon total completion of renovation thereof, as indicated below, are higher than the taxes projected for the first year of operation, as contained above and on Schedule A. Purchasers are advised that real estate taxes may increase materially when the Building is reassessed after renovation is complete. See Section XX of the Offering Plan and below for more information regarding the projected assessed valuation after completion of renovation.

The total post completion of renovation valuation for the entire Condominium is estimated to be $162,416 and total taxes for all the Residential Units for said period, assuming the 2027/2028 tax class 1 rate of 19.843%, is estimated to be $32,228. Sponsor has been advised by its Tax 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	Assessed Value (Pro Rata)	Real Estate Tax (Annual)

1	50%	$81,208	$16,114
2	50%	$81,208	$16,114

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 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 Tax Class 1 residential properties held in the condominium form of ownership. Because the assessment roll for the 2026/27 tax year designates the Property as Tax Class 1, the NYC Department of Finance should maintain this classification going forward (notwithstanding that condominium projects of four or more stories are generally classified as Tax Class 2). 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.

Pursuant to Article III, Section 7(a)(16) of the Condominium By-Laws, 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

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 XXII of the Offering Plan.

XXI. INCOME TAX DEDUCTIONS TO RESIDENTIAL UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

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 amount on which an individual may deduct interest towards their federal income taxes is limited to $750,000. This limit remains unchanged under subsequent federal legislation enacted in 2025 (which is sometimes referred to as the One, Big, Beautiful Bill), which legislation supplements, but does not modify, the mortgage deduction provisions of the Tax Act. In addition, the 2025 federal legislation increased the maximum amount an individual may deduct for the combined total of real estate taxes and state income taxes (commonly referred to as the "SALT deduction") from $10,000 to $40,000, adjusted annually for inflation, effective for tax years commencing after December 31, 2024 through December 31, 2029. Absent further legislative action, the SALT deduction limit is scheduled to revert to the $10,000 cap in tax year 2030. Further, Purchasers should note that the same 2025 legislation reinstated the deductibility of mortgage insurance premiums ("PMI"), including, without limitation, premiums paid in connection with FHA loans, VA loans, and USDA loans, subject to applicable income limitations.

Purchasers are advised to seek the advice of their own tax consultant to ascertain the income tax ramifications applicable to the Purchaser, including the potential effects of any future changes, expirations or reversions in the tax laws.

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.

CERTILMAN BALIN
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XXII. OPINION OF COUNSEL

DONNA-MARIE KORTH
PARTNER
DIRECT DIAL 516.296.7095
dkorth@certilmanbalin.com

March 9, 2026

Sackett Gardens, LLC
21-34 44th Road
Long Island City, New York 11101

Re: **477 Sackett 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 of $750,000 of such mortgage, 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 and New York State Income Taxes, subject to applicable limitations under current federal law. The maximum amount of mortgage principal for which interest is deductible under current law is $750,000. The combined amount of deductible real estate taxes and state income taxes (commonly referred to as the SALT deduction) under current law (which includes, without limitation, applicable provisions of the Act sometimes referred to as the One, Big, Beautiful Bill) is $40,000, adjusted annually for inflation, for tax years beginning after December 31, 2024 and before January 1, 2030, at which time the limit is scheduled to be reduced to $10,000 absent further legislative action.

We have considered this matter, 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 and New York State income taxes to the maximum amount currently allowed by the Act. 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 currently allowed by the Act.

Pursuant to Section 528 of the Code certain Condominiums, substantially all of whose Residential Units are used for residences, 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, if one is formed, actually satisfying the minimum percentage income and expenditure criteria set forth above, it is out 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 and New York State 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 of 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 and New York State 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 than 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 based upon the title report prepared by Ridge Abstract dated on or about February 10, 2026, we are of the opinion that none of such exceptions to title appear to be contrary to the terms of the Purchase Agreement nor does it appear that they should 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 and By-Laws pertaining to the proposed Condominium and the letter from Ridge Abstract dated February 19, 2026. It is our opinion that the Declaration 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 equal percentages, one (1) for each Residential Unit, as of the date of the filing of the Declaration of Condominium. 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)(iii) 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 to the maximum amount permitted by law. 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, the Selling Agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this letter or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied which cause the Condominium to cease to meet the requirements of Section 528 of the Code or the New York State tax law as amended and Residential Unit Owners are not entitled to income tax deductions.

It is our understanding that this letter will be made a part of the Offering Plan of the Condominium.

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN, LLP.

By: Donna-Marie Korth
DONNA-MARIE KORTH, Partner

METROPOLITAN
Realty Exemptions

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January 30, 2026

477 Sackett Street Condominium
21-34 44th Rd
Long Island City, NY 11101

RE: 477 Sackett Street
Brooklyn, NY
Block & Lot: 423 - 21

Letter of Opinion Regarding Real Estate Tax Liabilities
Two (2) 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 in regard to the above-captioned real property, according to our experience.

The New York City Department of Finance assesses the values of all New York City residential and commercial properties annually. Based on the assessor's determination of the assessment on the taxable status date of January 5th, the Department of Finance releases tentative assessments of the property value in January of every year and final assessments every May, before the beginning of each tax year, which commences July 1st.

Real Property tax rates, set annually by the City Council, are applied to these property values to determine each homeowner's annual tax liability.

The property tax assessment process commences when the city's assessors determine the market value of the property. In regard to one-, two-, and three-family homes (tax class 1), Finance estimates market values based on comparable sales. Finance's records indicate that the

assessor's assessment on market values only deviates from actual sales prices by 15 percent or less.

In rendering this opinion, we have relied upon the following facts and assumptions that were confirmed to us by you:

- The subject property is located at 477 Sackett Street, Brooklyn, NY, and is known as Block: 423, Lot 21, with the NYC Department of Finance ("DOF").
- The proposal is to renovate/convert an existing 2-family house into a multiple dwelling building with 2 condominium units.
- The building will consist of a cellar, floors 1, 2, 3, 4, and roof, and the approximate gross square footage of the entire building will be 5,350 SF.
- Separate condominium tax lots will be filed with the DOF for each residential unit. Once the units are individually assessed, each will be taxed as a separate real estate tax lot.
- The property is currently classed as Tax Class 1 with the DOF.
- Based on the explanation below, the DOF Surveyor's Office shall classify the structure as a tax class one (1) and thus levy the assessed value at a 6% rate of the market value.

Projected Tax Classification
Pursuant to New York Real Property Tax Law §1802, A property that contains no more than three dwelling units held in condominium form of ownership and that was classified in this class on a previous assessment roll will be treated as Class 1.

Because the assessment roll for the 2026/27 tax year designates the property as Tax Class 1, the NYC Department of Finance should maintain this classification going forward (notwithstanding that condominium projects of four or more stories are generally classified as Tax Class 2).

Accordingly, our projection below assumes that the Department of Finance will retain the property's classification as Tax Class 1.

If the Department of Finance reclassifies to Tax Class 2, the assessed value and property taxes will differ from the amounts listed below.

Tax Class 1 CAP
Per New York Real Property Tax Law Section 1805, tax class one (1) properties are subject to an assessment cap of 6%. Specifically, the law states that an assessor of any special assessing unit "shall not increase the assessed value of any tax class 1 property" in a single year by more than 6% of the previous year's assessed value, as listed on the assessment roll. Additionally, the assessor may not increase the tax class one (1) property's assessed value by more than 20% within any five years. 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 believe there will be a substantial increase in value for 2026/27 as a result of the new construction, and that such increase will be placed on the assessment roll immediately and not subject to the limitation on increases described above.
In future years, increases in assessed value cannot exceed 6% annually and 20% over any five years.

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) dwelling units, provided such property was previously classified as class one (1), the assessed values are levied on 6% of the market value. In regard to all other properties, taxes are levied on 45% of the market value.

Estimated Real Estate Tax Liabilities

Blended taxes for the first year of condominium operation
The first year of condominium operation will begin on October 01, 2026, and end on September 30, 2027. Taxes for the first year of condominium operation will be approximately as follows:

Estimated assessed value and tax liability
Tax Years 2026/2027 and 2027/2028

	Assessed Value	Tax Rate	Real Estate Tax
Tax Year 2026/2027	$40,015	19.843%	$7,940
Tax Year 2027/2028	$162,416	19.843%	$32,228

Estimated assessed value and tax for the first year of condominium operation

	Assessed Value	Tax Rate	Real Estate Tax
75.00% of year 2026/2027	$30,011	19.843%	$5,955
25.00% of year 2027/2028	$40,604	19.843%	$8,057
First year of condominium operation	$70,615		$14,012

Taxes for the first year of condominium operation will be comprised of the taxes due for the 2026/2027 tax year (9 months) and 25.00% of the taxes due for the 2027/2028 tax year.

The blended tax for the first year of condominium operation is forecasted at $14,012 for all units.

Please note that the aggregate assessed value for the property for tax year 2026/2027 is an actual figure published by the Department of Finance (DOF) as the tentative taxable assessment, but the projected aggregate assessed value for tax year 2027/2028 is an estimate of the post-completion assessed value.

Tentative Assessed Value and Tax Liability per condominium

Unit	% Ownership	Assessed Value	Tax Liability	Monthly
Unit 1	50%	$35,308	$7,006	$584
Unit 2	50%	$35,308	$7,006	$584
	100%	$70,615	$14,012	$1,168

Assessment and Taxation of Individual Condominium Units

In determining the assessed values of individual units, the NYC Department of Finance may use the common interest percentages outlined in the condominium declaration, provided that these percentages are rationally and fairly determined.

Note: The assessed values of individual units may be allocated using a method that differs from the allocation of common interests.

According to Section 339-y of the New York Real Property Law, each condominium unit—along with its allocated percentage of common interest—is to be assessed and taxed individually as a separate tax lot.

This means that:

1. Each condominium unit owner is responsible only for their unit's property taxes, not for any other units in the condominium.

2. The nonpayment of taxes by one unit owner **does not create a lien** on any other unit within the condominium.

3. The NYC Department of Finance must treat each unit as an independent parcel for assessment and taxation purposes.

This provision safeguards individual unit owners from liability for their neighbors' unpaid taxes, reinforcing the legal and financial independence of each condominium unit.

Disclaimer

Though the aforesaid estimate of the Actual Assessed Valuation is a good-faith estimate, it is not possible to estimate the same with any degree of certainty. Assessed valuations, when made, may be less 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 if 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. In view of the fact that Sponsor is renovating the Building, with such renovations to be completed by June 1, 2026, no major capital improvements are anticipated as being necessary within the first (5) years of operation of the Condominium and the Reserve Fund is anticipated to be sufficient to pay for replacement of any minor capital items. Notwithstanding, 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 operation 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 7 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.

Sponsor will create a separate account for the Reserve Fund and will place all the Reserve Funds collected, pursuant to this paragraph, in said account.

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.

Sponsor will create a separate account for the Working Capital Fund and will place all the Working Capital Funds collected, pursuant to this paragraph, in said account.

XXV. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

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. This additional charge shall increase the Common Charges for Residential Unit Owners.

While Sponsor is in control of the Board of Managers and de facto managing the Condominium, 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 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. It is estimated that the current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,800 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.

Because the Condominium will be self-managed by the Sponsor-controlled Board of Managers for the first year of operation, the Sponsor has not entered into any contract to provide for management of the Condominium and there is no fee for a managing agent in the proposed budget for the first year of operation. Notwithstanding, Prospective Purchasers should see Footnote No. 8 to Schedule B regarding contractual arrangements the Condominium may be subject to on an as needed basis for maintenance or repair work that may be performed at the direction of the Board of Managers. There are no existing binding agreements for such work, or any other services, at this time. The Offering Plan will be amended to disclose any such agreements to which the

Condominium will be subject in the future.

XXVI. IDENTITY OF PARTIES

Sponsor and Selling Agent

The Sponsor and Selling Agent is Sackett Gardens, LLC, a New York limited liability company created on February 6, 2020, with an address at 21-34 44th Place, Long Island City, New York 11101. The Principals of the Sponsor are Kenneth Hudes, Mark Rechler, and Josh Egendorf with the same business address as the Sponsor. The Principals of the Sponsor reside in the City and State of New York.

Sackett Gardens, LLC has not had any prior public offerings. The Sponsor entity does not have any prior experience as a Sponsor or Selling Agent, and the Principals of Sponsor do not have any prior experience as Selling Agents, notwithstanding the comparable experience of Sponsor's Principals, which is described below.

Kenneth Hudes is the founding Principal of Atelier New York Architecture and the Co-President of Build 360 LLC. Mr. Hudes is recognized within the residential and commercial building industries for his high quality and creative design solutions. While pursuing his architectural degree at Tulane University, Mr. Hudes spent a year at the Architectural Association in London, studying under Will Alsop. At UCLA, Mr. Hudes studied with Pritzker Prize winner Thom Mayne and completed his thesis under the mentorship of Daniel Libeskind. Prior to starting the practice, Mr. Hudes worked at several large architectural firms including Skidmore Owings Merrill and Nikken Sekkei. He has served as a visiting critic at UCLA, Columbia and Kansai Universities. Mr. Hudes experience with new construction includes the recent completion of a 30,000 square foot building with 29 residential units in Lefferts Gardens, Brooklyn. Mr. Hudes is a Principal of the Sponsor of 51 Lincoln Place Condominium, 51 Lincoln Place, Brooklyn, New York, Department of Law File No. CD18-0056; 201 North 11th Street Condominium, 201 North 11th Street, Brooklyn, New York, Department of Law File No. CD13-0107; 97 Douglas Street Condominium, 97 Douglass Street, Brooklyn, New York, Department of Law File No. CD15-0118; 253 8th Street Condominium, 253 8th Street Brooklyn, New York, Department of Law File No. CD16-0116; 101 Douglass Street Condominium, 101 Douglass Street, Brooklyn, New York, Department of Law File No. CD21-0314; Degraw Gardens Condominium, 480 Degraw Street a/k/a 280 Bond Street, Brooklyn, New York 11217, Department of Law File No. CD21-0064; 400 Grand Avenue Condominium, 400 Grand Avenue, Brooklyn, New York 11238, Department of Law File No. CD23-0278; and 122 3rd Place Condominium, 122 3rd Place, Brooklyn, New York 11231, Department of Law File No. CD24-0370.

Mark Rechler graduated Tulane University with a Masters of Architecture in 1989. He joined the Reckson Associates team for the next 12 years, designing, and developing projects in New York, New Jersey, and Connecticut. As Sr. VP of Design & Development, Mark oversaw the initial design concept through building completion for Class A office buildings, cutting edge R&D, as well as lobby interior and restaurants. In 2002, Mr. Rechler

left Reckson to focus on other investment and design projects in the tri-state area as well as start-up internet companies. Executed projects include the Helo FBO Heliport in Kearny, New Jersey, and the 30,000 sq. ft. life family recreation and event space in Ardsley, New York. Mr. Rechler has served on the board of Island Harvest since 1994 and has been a registered architect in the State of NY since 1995. Mr. Rechler is a Principal of the Sponsor of 51 Lincoln Place Condominium, 51 Lincoln Place, Brooklyn, New York, Department of Law File No. CD18-0056; 201 North 11th Street Condominium, 201 North 11th Street, Brooklyn, New York, Department of Law File No. CD13-0107; 97 Douglas Street Condominium, 97 Douglass Street, Brooklyn, New York, Department of Law File No. CD15-0118; and 253 8th Street Condominium, 253 8th Street Brooklyn, New York, Department of Law File No. CD16-0116; 101 Douglass Street Condominium, 101 Douglass Street, Brooklyn, New York, Department of Law File No. CD21-0314; Degraw Gardens Condominium, 480 Degraw Street a/k/a 280 Bond Street, Brooklyn, New York 11217, Department of Law File No. CD21-0064; 400 Grand Avenue Condominium, 400 Grand Avenue, Brooklyn, New York 11238, Department of Law File No. CD23-0278; and 122 3rd Place Condominium, 122 3rd Place, Brooklyn, New York 11231, Department of Law File No. CD24-0370.

Joshua Egendorf has worked as a Project Manager at Build 360 LLC since its inception in 2012. His first exposure to real estate came while working at Tower Brokerage, a firm specializing in sales, rentals, and management of residential properties in the East Village. Mr. Egendorf worked primarily on market research and building management. Soon after, he graduated from Wesleyan University with a major in physics and a desire to pursue architecture and construction. In 2011, Mr. Egendorf began working at Atelier New York Architecture. He focused on renovations of existing multi-family buildings in Manhattan, and gained valuable experience in design, construction, and NYC building code and zoning regulations. He was also responsible for obtaining permits and approvals from City agencies, and coordinating with contractors, engineers, inspectors, and building owners. Having a diverse record of experience, Mr. Egendorf was engaged by Build 360 LLC to work on all aspects of the development process from acquisition and construction to financing and sales. Mr. Egendorf is a Principal of the Sponsor of 101 Douglass Street Condominium, 101 Douglass Street, Brooklyn, New York, Department of Law File No. CD21-0314; Degraw Gardens Condominium, 480 Degraw Street a/k/a 280 Bond Street, Brooklyn, New York 11217, Department of Law File No. CD21-0064; 400 Grand Avenue Condominium, 400 Grand Avenue, Brooklyn, New York 11238, Department of Law File No. CD23-0278; and 122 3rd Place Condominium, 122 3rd Place, Brooklyn, New York 11231, Department of Law File No. CD24-0370.

Neither the Sponsor nor its Principals 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 Principals have any prior felony convictions and there are no prior bankruptcies, convictions, injunctions and judgments against Sponsor or its

Principals 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 Principals that may be material to this offering.

The Sponsors of the above named 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 respective Offering 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.

Neither the Selling Agent nor its Principals have any prior felony convictions. In addition, neither the Selling Agent nor its Principals have had any prior convictions, injunctions or judgments, whether against the Selling Agent or 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.

Attorneys

All legal matters in connection with the establishment of the Condominium, the 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 Donna-Marie Korth, Esq.

Dickler & Roth, LLP 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 Selling Agent, 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 Anatole Plotkin of Atelier NY Architecture, P.C, with an address at 21-34 44th Road, Long Island City, New York 11101. Mr. Plotkin and Atelier New York Architecture, P.C. are affiliated with Kenneth Hudes, a Principal of the Sponsor, who is also the founding Principal of Atelier New York Architecture P.C. However, neither Mr. Plotkin nor Atelier New York Architecture P.C. 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. With over 30 years' experience, Mr. Plotkin has had prior experience in the preparation of Offering Plans and specifications for other condominiums in the Metropolitan area, including, without limitation, preparation of plans and reports on all phases of complex institutional, commercial and residential projects, including research facilities, college buildings, new schools and multi-family residences from schematic design through completion of working drawings and construction. His expertise combines project management, architectural

design with advanced computer visualization, rendering and lighting analysis. Prior to joining Atelier, Anatole had been in private practice and before that worked for a number of prominent New York architectural firms including Croxton Collaborative, Davis Brody Bond and Buttrick White & Burtis. Mr. Plotkin has taught Architecture at Parsons School of Design, City College of New York and New York City College of Technology.

Managing Agent

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 at no charge. 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. It is estimated that the current cost of a managing agent to manage a Condominium of this size may vary from approximately $1,800 per annum per Residential Unit to approximately $2,000 per annum per Residential Unit.

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 at the expense of the Condominium; 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 Homeowners' meeting within at least ten (10) days but not more than thirty (30) days prior to such meeting;

(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; and

(iv) as and to the extent required by Section 727 of New York's Business Corporation Law, at least once per year (i) every member of the Board shall be required to review Section 713 of the Business Corporation Law, concerning interested managers/directors; and (ii) the Board shall submit an annual report to the Homeowners, which shall be signed by each member of the Board, containing information on any contracts made,

entered into, or otherwise voted on by the Board, where one or more of the members of the Board was an interested manager/director pursuant to Section 713 of the Business Corporation Law. Such annual report shall, at a minimum, include: (1) a list of all contracts voted on by the Board, including information on the contract recipient, contract amount, and the purpose of entering into the contract; (2) the record of each meeting including Board member attendance, voting records for contracts, and how each member of the Board voted on such contracts; and (3) the date of each vote on each contract, and the date the contract would be and remain valid. In the event that, during the applicable period, no contract was made, entered into, or otherwise voted on by the Board, where one or more of the members of the Board was an interested manager/director pursuant to Section 713 of the Business Corporation Law, the Board shall instead submit to the Homeowners a document, signed by each member of the Board, indicating: "No actions taken by the Board were subject to the annual report required pursuant to Section 727 of the Business Corporation 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 pending litigation, administrative proceeding or other proceedings pending against the Condominium or the Sponsor or any other party which may materially affect the Property, the Condominium or the operation of the Condominium, or which would affect their Sponsor's ability to perform its 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 adverse 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 hereby adopts the Description of Property Report 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 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, as well as construction vehicular traffic, construction noises, unfinished areas of the Condominium and other inconveniences which are normal in a community undergoing construction. Notwithstanding, 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.

SACKETT GARDENS, LLC
Sponsor

Date of Offering Plan: _____, 2026
East Meadow, New York

O F F E R I N G S T A T E M E N T

477 SACKETT STREET CONDOMINIUM

477 Sackett Street
Brooklyn
County of Kings
City and State of New York11231

PART II

SCHEDULE D

PURCHASE AGREEMENT

RESIDENTIAL UNIT PURCHASE AGREEMENT

Residential Unit No. _____ **Date** _____

Anticipated Closing Date: _____

Seller: SACKETT GARDENS, LLC

Address: 21-34 44TH ROAD,LONG ISLAND CITY, NEW YORK 11101

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 477 Sackett Street Condominium (the "Condominium") located at 477 Sackett Street, Brooklyn, New York 11231, 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") of the Condominium Property as described in Exhibit A of the Declaration of Condominium, filed or to be filed in the New York City Register's Office. 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 model depictions 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 $500.00. 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 $500.00.

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) $5000 to Seller's attorney for the preparation of the closing documents;
(o) $500 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) $500 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 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 Ridge Abstract, as agent for a title company authorized to do business in the State of New York (the "Title Company") with an address at 440 89th Street, Brooklyn, New York 11209, telephone number (718) 338-0065, is willing to approve and insure without additional premium. Purchaser may obtain title insurance from any 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. If 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, and an assignment fee may be charged. 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 Dickler & Roth, LLP, 19 Fulton Street, Suite 306, New York, New York 10038, telephone number (212) 962-2000, shall serve as an escrow agent ("Escrow Agent") for Seller and Purchaser. Escrow Agent has designated Kurth L. Roth, Esq. and Richard Dickler, 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 Flagstar Bank, 15 Maiden Lane, New York, New York 10038 ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled "Dickler & Roth, LLP, 477 Sackett Street Condominium/IOLA Attorney 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 Dickler & Roth, LLP 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 that meets the requirements set forth in applicable regulations of the New York State Department of Law. Purchaser shall be deemed to have consented to such cancellation; 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, identification of the bank in the State of New York where the deposit is being held, and the account number therefor; 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 effect 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-5" 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-7.

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-8 is to be executed by the undersigned.

40) **LIMITED WARRANTY - THE LIMITED WARRANTY SET FORTH IN SCHEDULE D-1 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.

SELLER IS RELEIVED OF ANY OBLIGATION(S) IF IT DOES NOT TIMELY RECEIVE

ANY SUCH NOTICE.

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.

[REMAINDER OF PAGE BLANK—SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Purchase Agreement as of the date first above written.

SELLER:

SACKETT GARDENS, LLC

By:_____
Name:
Title:

Agreed to as to Paragraph 29
by Escrow Agent:

DICKLER & ROTH, LLP

By: _____

_____
Print Name and Title

PURCHASER(S):

_____

_____

SCHEDULE D-1

LIMITED WARRANTY

RIDER TO PURCHASE AGREEMENT DATE_____, 20___BY AND BETWEEN SACKETT GARDENS, LLC, AS SELLER AND _____, AS PURCHASER.

LIMITED WARRANTY

NAME OF PURCHASER(S): _____

_____

ADDRESS OF PURCHASER(S): _____

_____

_____

DESIGNATION OF HOME WARRANTED: _____

NAME OF SELLER:	Sackett Gardens, LLC
ADDRESS OF SELLER:	21-34 44th Road Long Island City, New York 11231
EFFECTIVE DATE OF THIS LIMITED WARRANTY:	The date that Purchaser or its family shall first occupy the home warranted or the date of delivery of the deed to such home to Purchaser, whichever occurs first.
SELLER'S LIMIT OF TOTAL	Seventy-Five Thousand ($75,000), less any insurance proceeds received by Purchaser.

THIS LIMITED WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, AND INDIRECT DAMAGES.

THIS LIMITED WARRANTY IS IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND SALE OF THE HOME AND ITS COMPONENTS, BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS LIMITED WARRANTY IS TO IDENTIFY THE SELLER'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS OF A LATENT OR HIDDEN NATURE THAT COULD NOT HAVE BEEN FOUND OR DISCLOSED ON FINAL INSPECTION OF THE HOME.

REGARDLESS OF ANY LIMITATIONS (FINANCIAL OR OTHERWISE) IN THE WARRANTY OR IN THE OFFERING PLAN, SPONSOR'S OBLIGATION IS TO CONSTRUCT THE HOME 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 HOME IN ACCORDANCE WITH ALL APPLICABLE CODES AND FILED PLANS AND SPECIFICATIONS SHALL BE RESOLVED IN FAVOR OF THE LATTER. SELLER IS

RELEIVED OF ANY OBLIGATION(S) IF IT DOES NOT TIMELY RECEIVE ANY SUCH NOTICE.

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page one while the Purchaser owns the Home. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, HEIRS, TENANTS OR MORTGAGEES IN POSSESSION OF THE HOME, ANY ONE WHO MAY SUCCEED TO THE RIGHTS OF PURCHASER OR ANY OTHER PERSONS.

2. By Whom Made. This Limited Warranty is made exclusively by the Seller whose name and address appear on page l.

3. Final Inspection of the Home. Before the Purchaser moves into the Home or accepts the deed, the Seller will schedule an appointment for final inspection of the Home with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work.

All defects found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Home or delivery of the deed.

4. Warranty Coverages and Periods. The Warranty Period for all of the following coverage begins on the Effective Date of this Warranty shown on page l of this warranty.

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of this warranty, the Home will be free from latent defects that constitute:

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

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

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

(d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.

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

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Effective Date of this warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems

of the Home which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the Seller.

The Plumbing System refers to the gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.

The Electrical System refers to all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

The Heating, Cooling and Ventilation System refers to all 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 warranty, the Home will be free from latent Major Structural Defects that result from:

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

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

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

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

Damage to the following non-load bearing portions of the Home are not covered by this six-year coverage: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home;

electrical, plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; and insulation.

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

In all coverages under this Paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Home is located, in effect on the date that the building permit for the Home was issued, as supplemented by the annexed locally accepted building standards and practices.

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

5. Exclusions From All Coverages. The following are not covered by this warranty:

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to the Effective Date of this warranty ought to 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 Home itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves), and on facias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, sliding doors, screens, electric fixtures and globes, woodwork and doors; dented appliances; broken screens; and minor chips (nicks) to cultured marble floors and countertops;

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

(e) damage caused by the failure 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 warranty. Seller is relieved of any obligation(s) if it does not timely receive any such notice;

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

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

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

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

(l) loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, flood, 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 warranty;

(u) damage which arises while the home 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.

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

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

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

7. Step by Step Claims Procedures. (a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Seller no later than the tenth (l0th) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or all claims may be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Warranty. No steps taken by the Seller in response to an improperly completed or untimely notice of a warranty claim will give rise to any liability of Seller to Purchaser in connection with such claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the Seller and the Seller's agents will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to the Seller and the Seller's agents during normal business hours, Monday through Friday, to complete inspection, testing and repair or replacement. Failure by Purchaser to provide such

access shall invalidate this warranty with 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 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 warranty.

(b) No lawsuit against the Seller under this warranty may be commenced more than thirty (30) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Builder has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions. (a) To the extent any coverage under this warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

(b) This warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this 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 warranty includes the other gender, and use of the plural includes the singular, as may be appropriate.

(e) This warranty shall be governed in accordance with the laws of the State of New York.

(f) The annexed Building Standards, as the same may be amended by the Long Island Builders Institute, establishes the standards by which it will be determined whether the home has a problem which is covered by this Limited Warranty and the obligation of the Seller to correct such problem.

NOTICE OF WARRANTY CLAIM FORM

Dear Purchaser:

To ask the Seller to correct a defect in your Home that you think is covered by the Seller's Limited Warranty, you must complete this form and deliver it to the Seller. This is necessary to protect your rights to warranty performance under the Limited Warranty.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't know." Please do not leave any items blank.

Your Name: _____

Mailing Address: _____

_____

_____

Phone: _____

Home No.: _____

Effective Date of the 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:

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_____ _____
(date) (signature)

_____ _____
(date) (signature)

This completed and signed form must be sent to Seller at its address listed on the first page of the Warranty by certified or express mail, return receipt requested.

ACCEPTED BUILDING STANDARDS EFFECTIVE JANUARY 1, 2007



1757-8 Veterans Memorial Highway
Islandia, NY 11749
Tel: 631-232-2345 Fax: 631-232-2349
www.libi.org Email: evp@libi.org

Purchaser: _____

_____

Address: _____

_____

Builder: _____

Job No: _____

Date: _____

Receipt of the Long Island Builders Institute's Accepted Building Standards January 1, 2007 Booklet is Hereby Acknowledged.

_____

Acknowledgements

The Long Island Builders Institute (LIBI) gratefully acknowledges the leadership and commitment of the National Association of Home Builders (NAHB) in developing their Residential Construction Performance Guidelines for Professional Builders & Remodelers (Third Edition). The LIBI Standards are closely modeled after the NAHB Guidelines but have been adjusted for local practices.

We also acknowledge the contribution of the LIBI Accepted Building Standards Committee: Richard L. Raskin, Chairman, Ray Accettella, John Barrows, Gary Cannella, Larry Davis, Cliff Fetner, Paul Martino and Robert Wieboldt, LIBI EVP.

Purpose of the Book

A Level of Expectation

Homeowners, contractors, builders and remodelers are constantly seeking a measurable benchmark that deals with the quality and their expectations of performance in the goods and services provided by the residential construction industry. Quality is a term that is often used but is seldom defined, particularly in relation to construction; these Standards are an attempt to supply a benchmark for quality. Building codes and local regulations address matters of health, safety, and welfare and are the mandated responsibility of those codes and regulations but there is a greater likelihood of matching the "other" dimension of a consumer's expectations by the acceptance of objective criteria regarding performance and building standards. On this premise, the two prior editions of LIBI Accepted Building Standards were developed to offer achievable minimum levels of workmanship and quality for the products delivered. LIBI first developed its own standards in 1988 and this current effort represents the second time that we have updated, refined and expanded our Standards.

It should be noted that the core of these standards were first established as a basis of coverage under insured warranty programs, which were initially offered some 30 years ago. More than 20 years ago, the Remodelors Council of the National Association of Home Builders embraced a similar compilation of guidelines, which led to the published editions of Quality Standards for the Professional Remodelor. The joint effort of the Remodelors Council and the Single Family Small Volume Builders Committee of NAHB culminated in their first edition in 1996. As such, many of the individual guidelines have remained as time-honored measures. LIBI's Standards are closely modeled after the NAHB Guidelines but have been adjusted for local conditions and practices.

In certain geographical locations across the country the Residential Construction Performance Guidelines of NAHB have grown in acceptance to become the basis for evaluating performance by parties under residential construction contracts when dispute may lead to litigation or arbitration. Here on Long Island LIBI's Standards have been accepted by many of the towns and villages for evaluating quality and performance and are acknowledged by Nassau and Suffolk counties as important benchmarks.

Review Procedure

The 2007 edition of the LIBI Standards not only follows the 3rd edition of the NAHB's guidelines but was also reviewed by over 200 Long Island builders, remodelers and many specialty trades people and by consumer groups including the Long Island Housing Partnership. Advertisements to the trade were published in "Builders and Remodelers" and "Hammer" magazines and to the public and consumers in "Newsday" soliciting comments on the Standards.

Written comments were received by Mr. Peter Elkowitz, President of the Long Island Housing Partnership and Mr. Joseph Valdini, Valdini Drywall Corp. Those comments were carefully reviewed and evaluated and some Guidelines were modified as a result of these comments. We thank the commentators for their time and effort and their thoughtful contributions.

The review has resulted in a manual that builders, remodelers, sub contractors and homeowners can reference with confidence in their communications.

Scope of the Accepted Building Standards

These standards are intended for use as a reference and should be interpreted with common sense. They should be applied only within the scope of the particular project to which they apply and are not intended to answer all questions pertaining to quality of construction that might arise in the course of a typical construction project. The guidelines published herein deal with the most frequently raised issues between contractors and homeowners. Although many contractors routinely build to higher standards, this is a collection of generally accepted performance criteria and should be interpreted as such.

The Accepted Building Standards construction performance guidelines do not constitute a warranty, nor are they intended as a substitute for a warranty. However, both parties may agree to incorporate them by reference within a warranty. They are separate and distinct from any manufacturer's warranty that may apply to materials and products used in the project.
The use and applications of these standards with regard to residential and remodeling work is strictly optional and at the discretion of the individuals. These standards are not intended to be a Homeowner's Manual. Although they sometimes mention homeowner's responsibilities and maintenance requirements, no attempt has been made to address all facets of homeownership.

Standards Not Always Applicable

The standards, items, components, etc. mentioned in this booklet will not apply to all homes, as all items, components, etc are not in every home. Furthermore, when these standards are referred to as part of a Contractor's Warranty, the warranty may specifically exclude some of the items, components etc. referred to in this booklet.

Scope of Responsibilities

Typically, numerous parties are involved in a residential construction project, whether it is building a new home or remodeling an existing one. Each of these parties has specific responsibilities to fulfill. The Contract Documents should provide a clear statement of the agreement between the contractor and the homeowner. In addition to the specific provisions of any contract, the following general responsibilities should be noted:

The Contractor: For the purposes of this book, the contractor is the entity named in the contract that has primary responsibility for completing the project. The contractor often employs others to assist him or her. In most cases, the contractor is responsible for all work assigned in the contract regardless of who actually performs the work. If the contractor is acting in a special role (for instance, as a construction manager), or the consumer selects others to work on the project who are outside the contractor's control, then the responsibility for evaluation and remedy of proposed problems may fall to other parties.

The Owner: The owner is the buyer of the product or service named in the contract; as such, the owner is responsible for carefully reviewing the contract to ensure it accurately represents his or her expectations for the final product. Once the owner accepts the project and moves into the

home or occupies the newly renovated space, then he or she is responsible for routine maintenance and upkeep. Homes require a certain amount of care that is generally the owner's responsibility. Additionally, owners should note that in some of the standards contained in this publication, the contractor is not obligated to make repairs to items that fall within the owners' maintenance responsibilities.

Manufacturer or Fabricator: Manufacturers and fabricators warrant many residential construction components that may fall outside the scope of the contractor's responsibilities, such as kitchen appliances, furnaces, air conditioners, and the like. Other less obvious items may include certain types of siding, roofing, or flooring. If there is a warranty question with one of these components, the owner should be aware that the contractor might not be responsible for the performance of the product once it is installed. If a problem occurs, the owner will often deal directly with the manufacturer or fabricator to have the problem evaluated and, if necessary rectified unless otherwise specified in a contract. The contractor's responsibilities may end once he or she provides the appropriate information on how to contact the manufacturer or fabricator, unless otherwise specified in the contract.

Remodeling Projects

Remodeling is the process of expanding or enhancing an existing structure. There are inherent difficulties in melding the new and old in a way that meets the owner's needs and is also aesthetically pleasing. Therefore, there are circumstances that call for the suspension of the application of these standards in order for the remodeling project to be successfully completed. These include, but are not limited to: the meeting of old, out-of-plumb or out-of-level structures with new structures; the appearance of new materials near weathered, existing materials; and the practical considerations for new projects to work within the limitations of existing buildings.

Because of the unique challenges of joining new with old, a remodeling contractor may build part of or the entire project outside the scope of these guidelines to achieve the contract objectives. When it is reasonable, the contractor may note and discuss a condition with the owner before construction. It is also normal for a contractor (in the course of construction) to discover and accommodate conditions in the old structure that require solutions different from those the standards suggest. In these circumstances, the governing factor is meeting the needs of the owner as outlined in the contract and complying with the local building code. ***Note: Remodeling-specific items are in italics.***

How to Use This Manual

This manual is divided into chapters generally organized according to the usual sequence of events in the construction process. Nearly every chapter has major categories or sections; some also have smaller subsections. Each chapter contains individual construction standards.

The standards in this book are numbered according to the following sequence: Chapter Number—Section Number—Guideline Number

Please note that the guideline numbering restarts under each new section within a chapter. Smaller subsections within chapters do not affect the numbering system.

Each construction performance guideline has three parts, with an optional fourth part:

Observation: A description of a particular construction condition, defect or potential problem.

Performance Guideline: The specific criterion for acceptable workmanship.

Corrective Measure: A description of the work required by the contractor to meet the performance guideline if any is required and/or the owner's maintenance responsibility.

Discussion: (optional) Occasionally, when more information would be helpful, there appears an additional part called Discussion; an explanation of unique factors pertinent to the observation, performance guideline, or corrective measure.

The guidelines are supplemented by a glossary and an alphabetical subject index. The subject index is a comprehensive listing of applicable guidelines. Most guidelines are referenced by several listings that generally capture both contractor terminology and a typical owner's description of a condition.

General Instructions

In many areas, construction is covered by a process that requires all work to be done in compliance with locally approved, applicable building and related codes or locally approved or adopted guidelines.

If any conflict arises between these guidelines and applicable requirements of locally approved codes or locally approved or accepted guidelines, as a matter of law, the code requirements or performance criteria may take precedence over these guidelines.

These performance guidelines apply only to contracting work as specified in the contract documents for the project. They do not apply to designs, plans, materials, or workmanship that is supplied by the owner or is outside the scope of the particular project. They are also designed to apply only to the part of the job addressed in each guideline.

Explanation of Terminology in This Manual

Substantial completion of the project - A project has met **substantial completion** where the areas are functional for their intended use as stated by the contract (except for items noted prior to final presentation), and clean-up on the site has been completed.

Warranty period is defined as the duration of the applicable warranty provided by the contractor or any other period agreed to by the parties.

How to Incorporate These Guidelines into a Warranty or Dispute Resolution Program

The warranty, like the contract, should clearly express the intent of the parties. The limited warranty describes the problems for which the contractor will be responsible after completion of the project, and specifies the time period during which the warranty is in force. Moreover, if a builder or remodeler warrants workmanship and materials in a warranty, he or she will want to provide some means of determining whether he or she is complying with the terms of the

warranty. Without guidelines referenced, the parties run the risk of having to follow specified dispute resolution procedures where an arbitrary standard may be imposed.

Accordingly, the contract and/or warranty might include a statement such as the one that follows:

All workmanship shall conform to the guidelines found in the publication Long Island Builders Institute "Accepted Building Standards Effective January 1, 2007". If an item is not covered in that publication, standard industry practice shall govern. This may include the dispute resolution process as specified in the contract documents or by applicable laws.

If there are particular guidelines within this publication that the contractor or owner does not feel are reasonable, they should be specifically excluded from all warranty or contract documents. Likewise, if there are particular guidelines that are not addressed, then by agreement, the contractor and consumer should add these to be part of the warranty and/or contract documents as referenced.

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Long Island Builders Institute

Performance Standards

SITE WORK
–Coverage 1st Year Only, Workmanship and Materials

1-0-1 **Observation:** The ground has settled around the foundation, over utility trenches, or in other areas.

Performance Guideline: Settling of ground around foundation walls, over utility trenches, or in other filled areas shall not interfere with water drainage away from the home.

Corrective Measure: If the contractor provided final grading, upon request by the owner, one time only the contractor will fill areas that settle more than 6 inches and that affect proper drainage. The owner will be responsible for removal and replacement of shrubs, grass, other landscaping, pavement, sidewalks, or other improvements affected by placement of such fill.

1-0-2 **Observation:** The site does not drain properly.

Performance Guideline: The necessary grades and swales shall have been established by the contractor to ensure proper drainage away from the home. Standing or ponding water shall not remain for extended periods in the immediate area of the house after a rain (generally no more than 24 hours), except in swales that drain other areas or in areas where sump pumps discharge. In these areas a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated by the owner. No grading determination shall be made while frost or snow is on the ground or while the ground is saturated or before any lawn or plantings are established.

Corrective Measure: The contractor is responsible only for initially establishing the proper grades and swales. The owner is responsible for maintaining such grades and swales once they have been properly established by the contractor.

Discussion: Grass and other landscaping are integral components of the storm water management practice needed to minimize erosion from the site. It is the owner's responsibility to maintain such grass and other landscaping to help ensure proper functioning of the site drainage system. The owner is responsible for maintaining such grades and swales once the contractor has properly established them. If a homeowner, their landscaper or another subcontractor changes the contractor grades or if they create

impediments to the original drainage scheme, such as walkways, patios, decks, etc., the contractor is no longer responsible for proper drainage in the areas so affected.

1-0-3. Observation: The site has soil erosion.

Performance Guideline: The contractor shall grade the disturbed areas of the property in accordance with municipal requirements. Contractor is not responsible for soil erosion due to acts of God, or other conditions beyond the contractor's control.

Corrective Measure: No action required. The contractor is not responsible for erosion due to acts of God, site alterations by the owner, lack of maintenance by the owner, or other conditions beyond the contractor's control.

1-0-4 Observation: Water from a nearby or adjacent property flows onto the owner's lot.

Performance Guideline: The contractor is responsible for providing a means of draining water (rain, melting snow or ice) that originates from the lot he is working on (1-0-2). The contractor is not responsible for water flowing from a nearby or adjacent property that he does not own or control, onto the disturbed portions of the owner's lot. The contractor is obliged only to make a reasonable effort in accordance with the municipal requirements to control water flowing from another lot that he does not own or control or on which no dwelling has been erected by providing proper slopes around the newly erected dwelling.

Corrective Measure: It is the contractor's responsibility to control water only in the area immediately surrounding a new dwelling and in the areas he has disturbed.

1-0-5 Observation: Existing trees, shrubs, or other vegetation are damaged in the course of construction.

Performance Guideline: The contractor is only required to make a reasonable and cost effective effort to preserve and protect existing trees, shrubs, other vegetation and landscaping, if any, that he is trying to save. No attempted savings are guaranteed.

Corrective Measure: No contractor action is needed.

Foundation and Slabs - Coverage 1st Year Only
Workmanship and Materials

General

2-1-1 Observation: The foundation is out of square.

Performance Guideline: As measured at the top of the foundation wall, the diagonal of a triangle with sides of 12 feet and 16 feet shall be no more than 1 inch more or less than 20 feet. *Remodeling Specific: A contractor and owner may agree to build an addition out of square in order to keep a new exterior wall on line with an existing wall of an out-of-square house*.

Corrective Measure: The contractor will make necessary modifications to the foundation to comply with the performance guidelines for squareness to provide a satisfactory appearance. The contractor may square the first-floor deck or walls by cantilevering over the foundation or locating the deck or walls inset from the outside face of the foundation.

Discussion: Squareness is primarily an aesthetic consideration. The corrective measure emphasizes the primarily aesthetic nature of squareness and makes the criterion for correction "a satisfactory appearance." This allows the contractor to make either a structural change or some cosmetic modification as most appropriate. There are many instances in which the squareness of a foundation is not of consequence because subsequent construction provides an opportunity to make corrections.

2-1-2 **Observation:** The foundation is not level.

Performance Guideline: This guideline applies only when the levelness of the foundation adversely impacts subsequent construction. As measured at the top of the foundation wall, no point shall be more than 1/2 inch higher or lower than any point within 20 feet. *Remodeling Specific: The contractor and the owner may agree to build an addition out of level in order to keep the floor of an addition on the same plane, and the roof ridge on the same line, as those of an existing, out-of-level structure*.

Corrective Measure: The contractor will make necessary modifications to any part of the foundation or to subsequent construction to meet the performance guideline for levelness. This can be affected by leveling the sills with shims, mortar, appropriate fillers, or other methods.

Discussion: There are many instances in which the levelness of a foundation is not of consequence because subsequent construction provides an opportunity to make corrections.

Interior Concrete Slab

2-2-1 **Observation:** There is a crack in a concrete footing.

Performance Guideline: Cracks greater than 1/4-inch in width are considered unacceptable.

Corrective Measure: The contractor shall repair any cracks in excess of the performance guideline.

2-2-2 **Observation:** A concrete slab within the structure has separated or moved at control (expansion and contraction) joints.

Performance Guideline: Concrete slabs within the structure are designed to move at control joints.

Corrective Measure: Because this is normal, no corrective action is required.

2-2-3 Observation: Efflorescence is present on the surface of the basement floor.

Performance Guideline: This is a typical condition caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds.

Corrective Measure: Because efflorescence is a typical chemical reaction within concrete, no corrective measures are required of the contractor.

Discussion: Efflorescence is evidenced by the presence of a white film on the surface of the concrete. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements.

2-2-4 Observation: Concrete floor or slab is uneven.

Performance Guideline: Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions, or areas of unevenness exceeding 3/8 inch in 32 inches.

Corrective Measure: The contractor will correct or repair the floor to meet the performance guideline. Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface level using a latex-fortified cement mixture or other materials designed to fill cracks and bond with concrete.

2-2-5 Observation: The concrete floor slab is cracked.

Performance Guideline: Minor cracks in concrete floor slabs are normal. Cracks exceeding 3/16-inch in width or 1/8-inch in vertical displacement shall be repaired if the slab is in conditioned space or basements or the crack interferes with the installation of finish flooring which is part of the contractor's responsibility.

Corrective Measure: The contractor will repair cracks that do not meet the performance guideline.

Discussion: Repairs can be made by using a material designed to fill cracks in concrete.

2-2-6 Observation: Interior concrete work is pitting or spalling. Pitting is evidenced by concrete that has flaked or peeled from the outer surface. Spalling is evidenced by concrete that has chipped.

Performance Guideline: Interior concrete surfaces shall not pit, spall or disintegrate. Aggregate pops are normal; minor scaling is not controllable. Exterior surfaces may not be warranted.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control on interior or exterior concrete surfaces.

2-2-7 Observation: The interior concrete slab has a loose or sandy surface.

Performance Guideline: The surface shall not be so loose or sandy that is shows obvious deterioration.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control on interior or exterior surfaces.

Concrete Block Foundation Walls

2-3-1 Observation: A concrete block foundation wall is cracked.

Performance Guideline: Cracks in concrete block foundation walls shall not exceed 1/4-inch in width.

Corrective Measure: The contractor will repair cracks to meet the performance guideline.

Discussion: Shrinkage cracks are common in concrete block masonry and should be expected in crawl space and basements walls. Cracks may be vertical, diagonal, horizontal, or stepped-in masonry joints. Repairs can be made by using a material designed to fill cracks in concrete.

2-3-2 Observation: A concrete block wall is out of plumb or bowed.

Performance Guideline: Concrete block walls shall not be out of plumb greater than 1 inch in 8 feet when measured from the base to the top of the wall or bowed more than 1 inch in 20 feet when measured horizontally. *Remodeling Specific: If tying into an existing foundation that is out of plum, the contractor and owner will review the existing conditions and scope of work. The contractor will make a reasonable and cost-effective effort to meet the performance guideline while complying with the existing building code.*

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per contract, and the wall

meets building codes as evidenced by passed inspections, then no corrective action is required.

Poured Concrete Foundation Walls

2-4-1 **Observation:** A poured concrete foundation wall is out of plumb or bowed.

Performance Guideline: Poured concrete walls shall not be out of plumb greater than 1 inch in 8 feet when measured vertically or bow more that 1 inch in 20 feet when measured horizontally. *Remodeling Specific: If tying into an existing foundation that is out of plumb or bowed, the contractor and owner will review the existing conditions and scope of work. The contractor will make a reasonable and cost-effective effort to meet the performance guideline while complying with the existing building code*.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per contract, and the wall meets building codes as evidenced by passed inspections, then no corrective action is required.

2-4-2 **Observation:** An exposed concrete wall has pits, surface voids, or similar imperfections in it.

Performance Guideline: Surface imperfections larger than 1 inch in diameter or 1 inch in depth are considered unacceptable.

Corrective Measure: The contractor will repair holes that do not meet the performance guideline.

Discussion: Proper repair can be affected by thoroughly filling the holes and voids in concrete surfaces. The repaired area will not match the color of the surrounding area.

2-4-3 **Observation:** The basement wall is cracked (horizontal or vertical separation).

Performance Guideline: Cracks in basement walls shall not allow exterior water to leak into the basement. Shrinkage cracks (cracking caused by external or internal restraints as reduction in moisture content develops) are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.
Corrective Measure: The contractor will repair cracks that do not meet the performance guideline when leaks are present or if cracks exceed 1/8 inch in width.

Discussion: Shrinkage cracks are not unusual and are inherent in the drying process. They should be expected in basement walls due to the nature of concrete. Cracks may be vertical, diagonal or horizontal. The only cracks considered under warranty claims are cracks, which permit water penetration or those that exceed 1/8-inch in width.

2-4-4 Observation: A cold joint is visible on exposed poured concrete foundation walls.

Performance Guideline: A cold joint is a visible joint that indicates where the pour terminated and continued. Cold joints are normal and should be expected to be visible. Cold joints should not be an actual separation or a crack that exceeds 1/4-inch in width.

Corrective Measure: The contractor will cosmetically repair any cold joint that exceeds 1/4-inch in width by parging with a material intended for that purpose.

Basement Floor and Walls

Moisture and Leaks

2-5-1. Observation: Dampness is evident on basement wall or floor.

Performance Guideline: Dampness caused by wicking through the basement walls or floor and condensation of water vapor on cool walls and floors are not the responsibility of the contractor.

Corrective Measure: None. Dampness prevention is the responsibility of the owner.

Discussion: The owner's failure to maintain a proper grade (ground level and pitch of said ground) away from the house can contribute to dampness. Condensation of humidity, which is an owner's responsibility, also contributes to dampness.

2-5-2 Observation: The basement leaks.

Performance Guideline: Leaks resulting in actual trickling of water shall be repaired. Leaks caused by landscaping improperly installed by the owner, or by the failure of the owner to maintain proper grades, are not the contractor's responsibility. Walls and floors of new construction may become damp as concrete, mortar, and other materials dry, and dampness alone is not considered a deficiency.

Corrective Measure: The contractor will take such action as necessary to correct basement leaks, except where the cause is determined to result from the owner's actions or negligence. The owner will be responsible for removal and replacement of shrubs, fences and equipment, and other landscaping if they have to be moved so that the contractor may effect the repairs.

Crawl Space

2-5-3. Observation: Flowing or trickling water appears on interior crawl space surfaces.

Performance Guideline: Crawl spaces should be graded and drained properly to prevent water from accumulating deeper than ¾ inch and larger than 9 square feet in

the crawl space area. The contractor is not responsible if the exterior grading was provided by the owner or the owner failed to maintain grades established by the contractor.

Corrective Measure: The contractor will take the necessary corrective measures to create positive flow within the crawl space to discharge to the exterior of the structure.

2-5-4. Observation: Condensation is evident on the floor or crawl space surfaces.

Performance Guideline: Condensation in the crawl space shall not result from lack of adequate ventilation as required by code. Condensation resulting from other causes is not the responsibility of the contractor.

Corrective Measure: The contractor will ensure that ventilation meets the appropriate code requirements. Further reduction of condensation is an owner maintenance responsibility.

Discussion: Temporary conditions may cause condensation that cannot be eliminated by ventilation and or a vapor barrier because: Night air gradually cools the interior surfaces of the crawl space. In the morning, moisture picked up by sun-warmed air is carried into the crawl space and condenses on cool surfaces. At night, outside air may rapidly cool foundation walls and provide a cool surface on which moisture may condense. If the house is left unheated in the winter, the floors and walls may provide cold surfaces on which moisture in the warmer crawl space air may condense. Excessive moisture inside a heated house may hit the dew point within or on the colder bottom surface of vapor-permeable floor insulation. The condensation can be reduced by placing a vapor barrier between the insulation and the floor sheathing. If condensation must be entirely eliminated, the owner can do so by sealing and dehumidifying or heating the crawl space, or by heating and dehumidifying the houses.

Columns

2-6-1 Observation: An exposed wood column is bowed or is out of plumb.

Performance Guideline: When installed, exposed wood columns shall not be bow or be out of plumb more than 1/2-inch in 8 feet.

Corrective Measure: Exposed wood columns out of plumb in excess of 1/2-inch in 8 feet when measured vertically shall be replaced or repaired.

Discussion: Wood columns may become distorted as part of the drying process. Bows and other imperfections that develop after installation cannot be prevented or controlled by the contractor.

2-6-2 **Observation:** An exposed concrete column is installed bowed or out of plumb.
Performance Guideline: Exposed concrete columns shall not be installed with a bow in excess of 1 inch in 8 feet. They should not be installed out of plumb in excess of 1 inch in 8 feet.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

2-6-3 **Observation:** A masonry column is out of plumb.

Performance Guideline: Masonry columns should not be constructed out of plumb in excess of 1 inch in 8 feet.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

2-6-4 **Observation:** A steel column is out of plumb.

Performance Guideline: Steel columns shall not be out of plumb in excess of 3/8-inch in 8 feet when measured vertically.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

Wood Floor Framing Floor Systems
-Coverage 1st Year Only, Workmanship and Materials

Floor Systems

3-1-1 **Observation:** Springiness, bounce, shaking, or visible sag is present in the floor system.
Performance Guideline: All beams, joists, headers, and other structural members shall be sized and fasteners spaced, according to the National Forest Products Association span tables or local building codes.

Corrective Measure: The contractor will reinforce or modify, as necessary, any floor, wall, ceiling, or roof not meeting the performance guideline.

Discussion: Deflection may indicate insufficient stiffness in the lumber, or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Joists and rafters are required to meet standards for both stiffness and strength. The span tables allow, under full design loadings, a maximum deflection equal to 1/360 of the span for floor and ceiling joists (3/8 inch in 12 feet), 1/240 for rafters up to 3/12 in pitch (1/2 inch in 12 feet), and 1/180 for rafters over 3/12 in pitch (3/4 inch in 12

feet). Structural members are required to meet standards for both stiffness and strength. When an owner's preference is made known before construction, the contractor and the owner may agree upon a higher standard.

Beams, Columns, and Posts

3-2-1 **Observation:** An exposed wood column or post is split.

Performance Guideline: Sawn wood columns or posts shall meet the grading standard for the species used. Splits that exceed 3/8-inch in width and more than 4 inches in length at time of installation or that develop during the warranty period are considered unacceptable.

Corrective Measure: The contractor will repair or replace any beam or post that does not meet the guideline. Filling splits is acceptable to have structural members meet the guideline.

Discussion: Some characteristics of drying wood are beyond the control of the contractor and cannot be prevented. Compensation is made in span tables for the probable reduction in strength resulting from splitting caused by drying. Therefore, splitting is primarily an aesthetic concern rather than a structural problem. Checks and splits, which occur during the drying of lumber have the effect of reducing the area in the plane of shear resistance. Consequently, laboratory data developed for shear parallel to grain are reduced substantially for design purposes in order to accommo-date the probability of the occurrence of checks and splits after drying.

3-2-2 **Observation:** An exposed wood beam is split.

Performance Guideline: Sawn wood beams shall meet the grading standard for the species used. Splits that exceed 3/8-inch in width and 4 inches in length at time of installation or that develop during the warranty period are considered unacceptable.

Corrective Measure: The contractor will repair or replace any sawn wood beam that does not meet the guideline. Filling splits is acceptable to have structural members meet the guideline.

Discussion: Some characteristics of drying wood are beyond the control of the contractor and cannot be prevented. Compensation is made in span tables for the probable reduction in strength resulting from splitting caused by drying. Therefore, splitting is primarily an aesthetic concern rather than a structural problem. Checks and splits, which occur during the drying of lumber, have the effect of reducing the area in the plane of shear resistance. Consequently, laboratory data developed for shear parallel to grain are reduced substantially for design purposes in order to accom-modate the probability of the occurrence of checks and splits after drying.

3-2-3 Observation: An exposed wood beam or post is twisted or bowed.

Performance Guideline: Exposed wood posts and beams shall meet the grading standard for the species used. Posts and beams with bows and twists exceeding 3/4-inch in an 8-foot section shall not be installed, and those that develop bows and twists exceeding 3/4-inch in an 8-foot section are considered unacceptable.

Corrective Measure: The contractor will repair, sister, or replace any beam or post with a defect that exceeds the guideline.

Discussion: Beams and posts, especially those 3 1/2 inches or greater in thickness (which normally are not kiln dried) will sometimes twist or bow as they dry after milling or installation. Twisting or bowing is usually not a structural concern if posts and beams have been sized according to manufacturers' specifications or local building codes.

3-2-4 Observation: An exposed wood beam or post is cupped.

Performance Guideline: Cups exceeding 1/4-inch in 5-1/2 inches are considered unacceptable.

Corrective Measure: The contractor will repair, sister, or replace any beam or post with a defect that does not meet the guideline.

Discussion: Cupped lumber is lumber that has warped or cupped across the grain in a concave or convex shape. Beams and posts, especially those 3-1/2 inches or greater in thickness (which normally are not kiln dried), will sometimes cup as they dry after milling or installation.

Subfloor and Joists

3-3-1. Observation: Floor squeaks or the sub floor appears loose.

Performance Guideline: Squeaks caused by a loose sub floor are unacceptable, but totally squeak-proof floors cannot be guaranteed.

Corrective Measure: The contractor will refasten any loose sub floor or take other corrective action to eliminate squeaking to the extent possible within reasonable repair capability without removing floor and ceiling finishes.

Discussion: Floor squeaks may occur when a sub floor that has come loose from the joists is deflected by the weight of a person and rubs against the nails that hold it in place. The sub floor or joists may be bowed, and the nails also may be expelled from the wood during drying. Movement may occur between the joist and bridging or other floor members when one joist is deflected while the other members remain stationary. Gluing the sub floor is an acceptable method of code compliance in certain

jurisdictions. Renailing floor joists with ring-shank nails will also substantially reduce severe floor squeaks. Because the performance guideline requires the contractor to make a reasonable attempt to eliminate squeaks without requiring removal of floor and ceiling finishes, nailing loose sub flooring with casing nails into the carpet surface and countersinking the head is an acceptable practice.

3-3-2. Observation: Sub floor is uneven.

Performance Guideline: Floors shall not have more than a ¼-inch ridge or depression within any 32-inch measurement. Allowable floor and ceiling joist deflections are governed by the local approved building codes. Measurements should not be made at imperfec-tions that are characteristic of the code-approved material used. This guideline does not cover transition points between different materials.

Corrective Measure: The contractor will correct or repair to meet the performance guideline.

3-3-3. Observation: Sub floor is out of square.

Performance Guideline: The diagonal of a triangle with sides of 12 feet and 16 feet along the edges of the floor shall be no more than ½ inch plus or minus 20 feet. *Remodeling Specific: The owner and the contractor may agree to build a wood floor out of square in order to match or otherwise compensate for pre-existing conditions.*
Corrective Measure: The contractor will make the necessary modifications to any floor not complying with the performance guideline for squareness. The modifica-tion will produce a satisfactory appearance and may be either structural or cosmetic.

Discussion: Squareness is primarily an aesthetic consideration. Regularly repeated geometric patterns in floor and ceiling coverings show a gradually increasing or decreasing pattern along an out of square wall. The guideline tolerance of plus or minus ½ inch in the diagonal allows a maximum increasing or decreasing portion of about 3/8-inch in a 12-foot wall of a 12 x 16-foot room. However, a contractor and client may agree to build an addition out of square in order to keep a new exterior wall on line with an existing wall of an out of square house. The corrective measure emphasizes the primarily aesthetic nature of squareness and makes the criteria for correction "a satisfactory appearance." This criterion allows the contractor to make either a structural change, if the defect is discovered in time, or some cosmetic change to hide the defect, if the construction is in the finishing stages when the defect is discovered.

3-3-4 Observation: A floor is out of level.

Performance Guideline: The floor should not slope more than l/2-inch in 20 feet. Crowns and other lumber characteristics that meet the standards of the applicable grading organization for the grade and species used are not defects. Allowable floor joist deflections are governed by the applicable building codes. Deflections due to overloading by the owner are not the contractor's responsibility. *Remodeling Specific:*

The contractor and the owner may agree to build an addition out of level in order to keep the floor of an addition on the same plane, and the roof ridge on the same line, as those of an existing, out-of-level structure, or to compensate for some other pre-existing condition.

Corrective Measure: The contractor will make a reasonable and cost-effective effort to modify the floor that does not comply with the performance guideline. Allowances should be allowed for shrinkage, cantilevers, and concentrated loads.

Discussion: Sloped floors have both an aesthetic and functional consideration. Measurements for slope should be made across the room, not in a small area.

3-3-5 **Observation:** Deflection is observed in a floor system constructed of wood I-joists, floor trusses, or similar products.

Performance Guideline: All wood I-joists and other manufactured structural components in the floor system and its components shall be sized and installed as provided in the manufacturers' instructions and code requirements.

Corrective Measure: The contractor will reinforce or modify as necessary any floor component not meeting the performance guideline.

Discussion: Deflection may indicate an aesthetic consideration independent of the strength and safety requirements of the product. When an owner's preference is made known before construction, a higher standard may be agreed upon in writing by the contractor and the owner.

3-3-6 **Observation***: Remodeling Specific: Wood flooring is not level at the transition of an existing floor to a room addition floor*.

Performance Guideline: Flooring at a transition area shall not slope more than l/8-inch over 6 inches unless a threshold is added. Overall step-down, unless previously agreed upon with the owner, shall not exceed 1-1/8 inches. Variations caused by seasonal or temperature changes are not a defect.

Corrective Measure: The flooring transition shall be corrected to meet the performance guideline. The contractor may add threshold or transition material, or pull up the flooring and reduce the high spot, or if possible, shim under new framing to bring floor within guideline.

Discussion: All wood members shrink and expand seasonally, with variations in temperature and humidity, and with aging. After installation, 2x dimensional lumber can shrink up to 1/2-inch. If the flooring, sub floor, or underlayment was not purposely overlapped onto the existing floor, the resulting irregularity is not a defect, but a natural result and characteristic of the wood's aging process. The drier the house becomes, the more shrinkage may be experienced. Either the old or the new floors may slope along

the floor joist span. Joists in older homes may have deflected under load. This and other conditions may cause a hump at the juncture of the old to new.

3-3-7 **Observation:** *Remodeling Specific: The floor pitches to one side in the door opening between the existing construction and the addition.*
Performance Guideline: If the pitch is the result of the floor of the existing dwelling not being level, then in most situations a transition threshold may be the most appropriate and acceptable means of addressing the condition.

Corrective Measure: The contractor will make a reasonable and cost-effective effort to meet the performance guidelines.

Walls
-Coverage 1st Year Only, Workmanship and Materials

Rough Carpentry

4-1-1. **Observation:** Wood framed wall is out of plumb.

Performance Guideline: Wood framed walls shall not be more than 1/4-inch out of plumb for any 32 inches in any vertical measurement. *Remodeling Specific: The owner and contractor may agree to intentionally build walls out of plumb to match the existing structure to accommodate or compensate for inaccuracies in the existing structure, and to disregard the performance guideline to match a pre-existing structural condition of the existing structure*.

Corrective Measure: The contractor will repair to meet the performance guideline.

4-1-2 **Observation:** The wall is bowed.

Performance Guideline: Walls shall not bow more than l/2-inch out of line within any 32-inch horizontal measurement, or l/2-inch out of line within any 8-foot vertical measurement. *Remodeling Specific: If new wall cladding is installed on existing framed walls, the owner and contractor may agree to straighten the wall as part of scope of work, to install new cladding over existing framing, and to disregard the performance guideline to match a pre-existing structural condition of the existing structure*.

Corrective Measure: The contractor will repair the wall to meet the performance guideline.

Discussion: All interior and exterior walls have slight variances in their finished surface. On occasion, the underlying framing may warp, twist, or bow after installation.

4-1-3. **Observation:** Exterior wall leaks because of inadequate caulking or failure of the caulking material.

Performance Guideline: Joints and cracks in exterior wall surfaces and around penetrations shall be properly caulked to prevent the entry of water.

Corrective Measure: The contractor will repair or caulk joints and cracks in exterior wall surfaces, as required to correct deficiencies, one time only during the warranty period. Even when properly installed, caulking will shrink and must be maintained by the owner.

Insulation

4-2-1 Observation: Wall insulation is insufficient.

Performance Guideline: The contractor shall install insulation according to R-values designated in the contract documents or local code, as applicable. Insula-tion shall be installed according to locally accepted practices.

Windows, Mirrors

4-3-1 Observation: A window is difficult to open or close.

Performance Guideline: Windows should require no greater operating force than that described in the manufacturer's instructions. *Remodeling Specific: The contractor is not responsible for inoperable windows not covered by the remodeling contract.*

Corrective Measure: The contractor will correct or repair the window as required to meet the performance guideline.

4-3-2 Observation: Window grids (muntins) fall or become out of level.

Performance Guideline: Window grids shall not disconnect, fall, or become out of level.

Corrective Measure: Window grids will be repaired or replaced at the contractor's discretion one time only.

4-3-3 Observation: Mirror or glass surfaces are scratched.

Performance Guideline: Glass or mirror surfaces shall not have scratches visible from 10 feet under normal lighting conditions at the time of substantial completion of the project. *Remodeling Specific: This guideline does not apply to existing windows unless they are part of the remodeling contract or are damaged by the contractor. The owner and contractor should examine existing windows prior to contract execution.*

Corrective Measure: The contractor shall replace any scratched glass or mirror surface if noted prior to substantial completion of the project.

4-3-4. Observation: During rains, water appears on interior corner of glazed window unit.

Performance Guideline: Water leakage from improper installation is unacceptable.

Corrective Measure: The contractor shall repair any deficiencies attributable to improper installation.

Discussion: Leakage at the glazing interface is covered under the manufacturer's warranty.

4-3-5 Observation: Window glass is broken and/or a screen is missing or damaged.

Performance Guideline: Glass should not be broken and screens should not be damaged at the time of substantial competition of the project. Screens required by the contract shall be installed.
Corrective Measure: Broken glass and/or missing or damaged screens reported to the contractor before closing will be installed or replaced. Broken glass and/or screens not reported prior to substantial completion of the project are the owner's responsibility.

4-3-6 Observation: A mirror backing is deteriorating**.**

Performance Guideline: While looking at the mirror, from 10 feet away there should be no noticeable imperfections in the mirror as a result of damage to the mirror backing at the time of substantial completion of the project.

Corrective Measure: The contractor will replace or repair the mirror.

Exterior Doors

4-4-1 Observation: An exterior door is warped.

Performance Guideline: Exterior doors shall not warp to the extent that they become inoperable or cease to be weather-resistant. A 1/4-inch tolerance as measured diagonally from corner to corner is acceptable.

Corrective Measure: The contractor will correct or replace exterior doors that do not meet the performance guideline.

Discussion: Exterior doors will warp to some degree because of the difference in the temperature between inside and outside surfaces. Warping may also be caused by improper or incomplete finishing of the door. The contractor is not responsible for warpage if painting of doors is not within contractor's scope of work.

4-4-2 Observation: Raw wood shows at the edges of inset panel on exterior door.

Performance Guideline: Wooden panels will shrink and expand because of temperature and/or humidity changes, and may expose unpainted surfaces. This does not constitute a defect.

Corrective Measure: None.

4-4-3 Observation: A wooden door panel is split.

Performance Guideline: A split in a panel shall not allow light to be visible through the door.

Corrective Measure: One time only, the contractor will repair, paint, or stain the split panel that does not meet the performance guideline. Caulking and fillers are acceptable. The repainted area may not match the remainder of the door or other doors on the house.

Discussion: Wooden inserts are loosely fitted into the door to allow the inserts to move; this minimizes splitting of the panel or other damage to the door. On occasion, a panel may become "locked" by paint or expansion of the edges with changes in temperature and humidity and no longer "float" between the rails. This may result in the panel splitting.

4-4-4 Observation: An exterior door sticks.

Performance Guideline: Exterior doors shall operate smoothly, except that doors may stick during occasional periods of high humidity or with variations in temperature.

Corrective Measure: The contractor will adjust or replace the door to meet the performance guideline.

Discussion: Exterior doors may warp or bind to some degree because of the difference in the temperature and/or humidity between inside and outside surfaces. The contractor is not responsible for warpage if painting of doors is not within the contractor's scope of work or if the door is repainted by the owner in a color other than those recommended by the door manufacture.

4-4-5 Observation: An exterior door will not shut completely.

Performance Guideline: Exterior doors shall shut completely.

Corrective Measure: The contractor will adjust or replace the door to meet the performance guideline.

Discussion: Exterior doors may warp or bind to some degree because of the difference in the temperature and/or humidity between inside and outside surfaces. The contractor is not responsible for warpage if painting of doors is not within the contractor's scope of work or if the door is repainted by the owner in a color other than those recommended by the door manufacture.

4-4-6 **Observation:** The plastic molding on the primary door behind the storm door melts from exposure to sunlight.

Performance Guideline: The plastic moldings behind storm doors should not melt if the storm panel is removed and reinstalled by the owner as a part of normal seasonal maintenance operations (i.e., removed in the spring and reinstalled in the fall).

Corrective Measure: No corrective action is required.

Discussion: Plastic moldings may melt or deform if the exterior door is covered by a storm door panel during a warm season, or if it faces the sun. This is not a defect of the door, but a problem caused by the trapping of heat between the storm panel and the door. The owner is also cautioned to follow the manufacturer's recommendations on painting the moldings with a dark color, with or without the use of a storm panel. Dark colors should be avoided.

4-4-7 **Observation:** Caulking or glazing on the primary door behind the storm door cracks or peels.

Performance Guideline: Glazing or caulking behind storm doors should not crack or peel if the storm panel is removed and installed by owner as part of seasonal maintenance operations (i.e., removed in the spring and reinstalled in the fall).

Corrective Measure: No corrective measure is required.

Discussion: High temperatures may cause glazing and caulking to harden and/or fail prematurely if the door is covered by a storm panel during a warm season or if it faces the sun. This is not a defect of the door caulking, or glazing, but a problem caused by the trapping of heat between the door and the storm panel. The owner is reminded that dark colors tend to accumulate heat and are more likely to cause problems.

4-4-8 **Observation:** A door swings open or closed by the force of gravity.

Performance Guideline: Exterior doors shall not swing open or closed by the force of gravity alone. *Remodeling Specific: For remodeling projects, this guideline does not apply where a new door is installed in an existing wall that is out of plumb.*

Corrective Measure: The contractor will adjust the door to prevent it from swinging open or closed by the force of gravity.

4-4-9 **Observation:** Gaps are visible around an exterior door edge, doorjamb, and/or threshold.

Performance Guideline: Gaps between adjacent components shall not vary by more than 3/16-inch. *Remodeling Specific: This applies unless the existing building is out of square or plumb.*

Corrective Measure: The contractor will repair existing the unit to meet performance guideline.

Discussion: Doors must have gaps at their perimeter to accommodate expansion/contraction due to variations in temperature and/or humidity and to enable the door to operate over a wide range of environmental conditions.

4-4-10 **Observation:** Exterior door hardware or kick plate has tarnished.

Performance Guideline: Finishes on door hardware or kick plates installed by the contractor are covered by the manufacturer's warranty.

Corrective Measure: The owner should contact the manufacturer.

4-4-11. Observation: Sliding patio door or screen will not stay on track.

Performance Guideline: Sliding patio doors and screens shall slide properly on their tracks at the time the job is accepted. The use, cleaning and maintenance necessary to preserve proper operation are an owner responsibility.

Corrective Measure: The contractor shall repair once during the warranty period.

Discussion: Proper operation should be verified by the owner and the contractor at the time the job is accepted.

4-4-12. Observation: Sliding patio door does not roll smoothly.

Performance Guideline: Sliding patio doors shall roll smoothly at the time the job is accepted. The use, cleaning and maintenance necessary to preserve proper operation are an owner responsibility.

Corrective Measure: The contractor shall repair once during the warranty period.

Discussion: Proper operation should be verified by the owner and the contractor at the time the job is accepted.

4-4-13 **Observation:** A doorknob, deadbolt, or lockset does not operate smoothly.

Performance Guideline: A doorknob, deadbolt, or lockset should not stick or bind during operation.

Corrective Measure: One time only during the warranty period, the contractor will adjust, repair, or replace knobs that are not damaged by abuse.

Exterior Finish

Wood and Manufactured Siding

4-5-1 **Observation:** Siding is bowed.

Performance Guideline: Bows exceeding 1/2-inch in 32 inches are considered unacceptable. *Remodeling Specific: If new wall covering is installed on existing framed walls, the owner and contractor may agree to straighten out the walls as part of the scope of work. Alternatively, the parties may agree to install new wall covering over existing framing and disregard the performance guideline to match a pre-existing structural condition of the existing structure*.

Corrective Measure: The contractor will replace any wood or manufactured lap siding with bows that does not meet the performance guideline, and will finish the replacement siding to match the existing siding as closely as practical.

Discussion: If the siding is fastened by nails driven into studs, expansion caused by changing relative tempera-tures and/or humidity may cause bulges or waves. Even with proper installation, siding will tend to bow inward and outward in adjacent stud spaces.

4-5-2 **Observation:** An edge or gap is visible between adjacent pieces of siding or siding panels and other materials.

Performance Guideline: Gaps wider than 3/16-inch or in excess of the manufacture's standard are considered unacceptable. This guideline does not apply to adjacent pieces or panels that have shiplap or similar joints.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline.

Discussion: Proper repair can be affected by providing joint covers or by caulking the gap. This is important if the gaps were intentionally made for expansion joints. If the siding is painted, the contractor will paint the new caulking to match the existing caulking as closely as practical, but an exact match cannot be ensured.

4-5-3 **Observation:** Lap siding is not parallel with the course above or below.

Performance Guideline: A piece of lap siding may not be more than l/2 inch off parallel with contiguous courses in any 20-foot measurement, unless the owner and the contractor have previously agreed to disregard the performance guideline to match a pre-existing condition. *Remodeling Specific: The owner and contractor may agree to*

install siding to match existing conditions on existing structure and to disregard the performance guideline for this item.

Corrective Measure: The contractor will reinstall siding to meet the performance guideline for straightness, and will replace with new siding any siding damaged during removal.

Discussion: *For remodeling projects, if the contractor and the owner have agreed that the floor of an addition is to be on a different plane from an existing floor (e.g., out of level), the siding on the addition may not be parallel and in line with the existing siding.*

4-5-4 **Observation:** Face nails are driven below the surface of the hardboard siding.

Performance Guideline: Siding nails should not be driven below the surface of hardboard siding such that visible fiber of the siding is exposed.

Corrective Measure: The contractor shall repair as necessary to meet performance guideline. The following repairs are appropriate in most instances: If visible fiber of hardboard siding is exposed, paint surface to coat fiber. If nail is 1/16 to 1/8-inch below the surface, fill or caulk and touch-up paint. If nail is more than 1/8-inch below the surface, fill or caulk and add an additional nail flush to the surface.

Tongue and Groove Wood Siding

4-5-5 **Observation:** Siding boards have buckled.

Performance Guideline: Boards that project more than 3/16-inch from the face of adjacent boards are considered unacceptable.

Corrective Measure: The contractor will repair or replace any boards that don't meet the performance guideline.

Discussion: Buckling is caused by wood expanding as a result of increased temperature and/or relative humidity. It can be minimized by leaving space between the tongues and grooves to allow room for expansion and by storing the product outside for a few days to allow it to adjust to the ambient conditions prior to installation.

Wood Shake Siding

4-5-6 **Observation:** Cedar shakes or shingles have "bled" through paint or stain applied by contractor.

Performance Guideline: Resins and extractives bleeding through paint or stain, or blackening of shakes or shingles are unacceptable. This performance guideline does

not apply if "natural weathering" or semi-transparent stain, or other similar products, are specified for the job.

Corrective Measure: One time during the warranty period the contractor will clean and treat shakes to provide a reasonable appearance and prevent further bleeding.

Plywood or Other Veneer Siding

4-5-7 Observation: Siding has delaminated (layers have separated from one another).

Performance Guideline: Siding shall not delaminate.

Corrective Measure: The contractor will replace delaminated siding that is not covered under manufacturer's warranty, unless the delaminating was caused by the owner's actions or negligence. The repaired area may not precisely match the original siding.

4-5-8 Observation: Joints between sidings have separated.

Performance Guideline: Joint separations exceeding 3/16-inch are considered unacceptable.

Corrective Measure: The contractor will caulk or repair siding as necessary to fill the joint. The repaired area may not match the original siding precisely.

Discussion: Plywood siding, like all wood products, will expand and contract with changes in temperature and/or humidity.

4-5-9 Observation: Siding is bowed.

Performance Guideline: Bows exceeding 1/2-inch in 32 inches are unacceptable.

Corrective Measure: The contractor will install additional nails in siding to meet acceptable nailing schedules and will replace any siding that does not meet the guideline because of bows.

Discussion: Some waviness in siding is to be expected because of bows in studs. However, proper nailing of siding will straighten most bows.

Aluminum or Vinyl Lap Siding

4-5-10 Observation: Aluminum or vinyl siding is bowed or wavy.

Performance Guideline: Some waviness in aluminum or vinyl lap siding is to be expected because of bows in studs. Waves or similar distortions in aluminum or vinyl lap siding are considered unacceptable if they exceed 1/2- inch in 32 inches.

Corrective Measure: The contractor will correct any waves or distortions to comply with the performance guideline by reinstalling or replacing siding as necessary.

Discussion: This problem is often caused by the siding being nailed too tightly to the house instead of loosely "hung" in the center of the nail slots, or by not allowing adequate room for the siding to expand at the ends.

4-5-11 Observation: Siding color is faded.

Performance Guideline: Any color siding, when exposed to the ultra-violet rays of the sun, will fade and this condition cannot be prevented by the contractor.
Corrective Measure: The owner should contact the siding manufacturer.

Discussion: Color warranties are provided by the siding manufacturer. The owner should contact the manufacturer with questions or claims regarding changes in color of vinyl or aluminum siding. Color and fade imperfections beyond an expected degree may be covered by the manufacturer's warranty, except where siding is shaded differently from the rest of the wall, such as under shutters or behind vegetation.

4-5-12 Observation: Aluminum or vinyl lap siding trim is loose from house.

Performance Guideline: Trim shall not separate more than ¼-inch from the house.

Corrective Measure: The contractor will reinstall trim or repair separations as necessary to comply with the performance guideline.

4-5-13 Observation: Aluminum or vinyl lap siding courses are not parallel with eaves (the horizontal edge at the low side of a sloping roof) or wall openings.

Performance Guideline: Any piece of aluminum or vinyl lap siding more than ½-inch off parallel in 20 feet with contiguous courses, or contiguous break such as a soffit line, is unacceptable. *Remodeling Specific: The owner and contractor may agree to disregard the performance guideline to match a pre-existing structural condition.*
Corrective Measure: The contractor will reinstall siding to comply with the performance guideline and replace any siding damaged during removal with new siding.

Discussion: *Remodeling Specific: If the contractor and the owner agree that the floor of an addition is to be on a different plane from the existing floor (for example, a pre-existing out of level condition), the siding on the addition may not be parallel and in line with existing siding.*

4-5-14 Observation: Aluminum or vinyl lap siding nail shows under window, door, or eave.

Performance Guideline: All facing nails shall be of a color to match the trim they affix. No nail heads in the field of the siding shall be exposed.

Corrective Measure: The contractor will install trim as necessary to cover the nails.

Discussion: Vinyl siding generally should not be face nailed. However, there are appropriate and typical occasions when a single face nail may be needed to reinforce a joint or hold the siding to the wall when it is cut to fit around window frames, doors, roofs, or other obstructions on the wall. In most cases (the only exception would be the top piece on a gable end), vinyl siding should never need to be face nailed when proper accessory products are used. For example, under a window application the trim (J- channel) can be utilized in conjunction with utility trim and snap-punching the top of the modified vinyl siding. If face nailing is the only option, a 1/8-inch diameter hole should be pre-drilled to allow for expansion and contraction.

4-5-15 Observation: Aluminum or vinyl lap siding trim accessory is loose from caulking at windows or other wall openings.

Performance Guideline: Siding trim accessories shall not separate from caulking at windows or other wall openings during the warranty period.

Corrective Measure: The contractor will repair or recaulk as necessary once during the warranty period to eliminate the separation.

4-5-16 Observation: Aluminum or vinyl lap siding is cut crooked.

Performance Guideline: Visible cuts in siding shall be straight, plumb, and neat. Crooked cuts greater than 1/8-inch from true are not acceptable. *Remodeling Specific: The owner and contractor may agree to install siding to match conditions on the existing structure and to disregard the performance guideline for this item*.

Corrective Measure: The contractor will repair or replace siding, which has visible crooked cuts.

Discussion: Cut edges of vinyl siding should never be visible when proper trim and accessories are used.

4-5-17 Observation: Aluminum or vinyl lap siding is not correctly spaced from moldings.

Performance Guideline: Prescribed spacing between siding and accessory trim is typically 1/4-inch, or should comply with the manufacturer's installation instructions. *Remodeling Specific: The owner and contractor may agree to install siding to match*

conditions on existing structure and to disregard the performance guideline for this item.

Corrective Measure: The contractor will correct to meet the guideline.

Masonry Cement and Veneer Board Siding

4-5-18 Observation: Cement board siding is cracked or chipped.

Performance Guideline: A cement product, this siding is susceptible to the same characteristic limitations as other cement products. Cracks more than 2 inches in length and 1/8-inch in width are considered unacceptable. Chips or dents not reported at time of substantial completion of the project are not covered.

Corrective Measure: Cracked or chipped cement board will be repaired or replaced as necessary, as determined by the contractor.

4-5-19 Observation: Cement board siding is improperly fastened.

Performance Guideline: Siding shall be nailed flush and perpendicular per the manufacturer's instructions. Staples shall not be used.

Corrective Measure: Overdriven nail heads or nails driven at an angle shall be filled with cementitious patching compound to match the existing area as closely as possible.

Discussion: The manufacturer's instructions include guidelines to reduce chipping or cracking of siding.

4-5-20 Observation: Masonry or veneer wall is cracked.

Performance Guideline: Cracks visible from distances in excess of 20 feet or larger than 1/4-inch in width are not acceptable.

Corrective Measure: The contractor will repair cracks in excess of the performance guideline by tuck pointing (removing deteriorated mortar from the surface of the existing wall, and inserting fresh mortar), patching, or painting. The contractor will not be responsible for color variations between original and new mortar.

Discussion: Small hairline cracks resulting from shrinkage are common in mortar (a substance used to join masonry units, consisting of cementitious materials, fine aggregate and water) joints in masonry construction.

4-5-21. Observation: Exterior cut bricks (less than full) are of different thickness below openings.

Performance Guideline: Cut bricks used in the course directly below an opening shall not vary from one another in thickness by more than ¼-inch. The smallest dimension of a cut brick should be greater than 1 inch.

Corrective Measure: The contractor will repair the wall to meet the performance guideline.

Discussion: Bricks are cut to achieve required dimensions at openings and ends of walls when it is not possible to match unit/mortar coursing.

4-5-22 **Observation:** A masonry or brick veneer course is not straight.

Performance Guideline: No point along the bottom of any course shall be more than 1/4-inch higher or lower than any other point within 10 feet along the bottom of the same course, or 1/2-inch in any length. *Remodeling Specific: The owner and contractor may agree to install brick veneer to match conditions on the existing structure and to disregard the performance guideline for this item.*

Corrective Measure: The contractor will rebuild the wall as necessary to meet the performance guideline.

Discussion: Dimensional variations of the courses depend upon the variations in the brick selected.

4-5-23 **Observation:** Brick veneer is spalling.

Performance Guideline: Spalling of newly manufactured brick should not occur and is considered unacceptable. Spalling of used brick is acceptable.

Corrective Measure: The contractor will repair or replace newly manufactured bricks that have spalled. An exact match of brick and mortar cannot be assured.

4-5-24 **Observation:** Mortar stains are observed on exterior brick or stone.

Performance Guideline: Exterior brick and stone shall be free from mortar stains detracting from the appearance of the finished wall when viewed from a distance of 20 feet.

Corrective Measure: The contractor will clean the mortar stains to meet the performance guideline.

4-5-25 **Observation:** Efflorescence is present on the surface of masonry or mortar.

Performance Guideline: This is a common condition caused by moisture reacting with the soluble salts in the mortar.

Corrective Measure: No corrective actions are required of the contractor.

Discussion: Efflorescence is evidenced by the presence of a white film on the surface of masonry or mortar. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements.

Stucco and Parge

4-5-26 Observation: An exterior stucco wall surface is cracked.

Performance Guideline: Cracks in exterior stucco wall surfaces shall not exceed l/8-inch in width.

Corrective Measure: One time only, the contractor will repair cracks exceeding l/8-inch in width. Caulking and touch-up painting are acceptable. An exact color or texture match may not be unattainable.

Discussion: "Stucco" includes cementitious coatings and similar synthetically based finishes.

4-5-27 Observation: The colors of exterior stucco walls do not match.

Performance Guideline: The colors of new exterior stucco walls may not perfectly match the colors of old exterior stucco walls, nor is it expected that exact matches will be attained for the same material that is applied on different days or under differing environ-mental conditions (e.g., temperature, humidity, etc.).

Corrective Measure: No corrective measure is required. Because of the unique nature of stucco finishes, exact match of color may not be possible.

Discussion: Coloring of stucco is affected by a number of variables. It is impractical to achieve a color match between stucco coatings applied at different times.

4-5-28 Observation: The textures of exterior stucco wall finishes do not match.

Performance Guideline: Texture of new exterior stucco walls applied at different times may not perfectly match the textures of old exterior stucco walls. *Remodeling Specific: The texture of new exterior stucco walls may not perfectly match the textures of old exterior stucco walls.*

Corrective Measure: No corrective measure is required. Because of the unique nature of stucco finishes, exact match of texture finish may not be possible.

Discussion: "Stucco" includes cementitious coatings and similar synthetically based finishes. Approved samples prior to installation can minimize misunderstandings about color and texture.

4-5-29 **Observation:** Separation of coating from base on exterior stucco wall.

Performance Guideline: The coating shall not separate from the base on an exterior stucco wall during the warranty period.

Corrective Measure: The contractor will repair areas where the coating has separated from the base.

4-5-30 **Observation:** Lath is visible through stucco.

Performance Guideline: Lath should not be visible through stucco, nor should the lath protrude through any portion of the stucco surface.

Corrective Measure: The contractor will make necessary corrections so that lath is not visible. The finish colors may not match.

4-5-31 **Observation:** Rust marks are observed on the stucco finish coat.

Performance Guideline: Rust marks on the stucco surface are considered unacceptable if more than 5 marks measuring more than 1 inch long occur per 100 square feet.

Corrective Measure: The contractor may repair or replace affected subsurface components, or seal the rusted areas and recolor the wall.

4-5-32 **Observation:** There is water damage to interior walls as a result of a leak in the stucco wall system.

Performance Guideline: Stucco walls should be constructed and flashed to prevent water penetration to the interior of the structure under normal weather and water conditions. Damage to the stucco system caused by external factors out of the contractor's control that result in water penetration is not the contractor's responsibility.

Corrective Measure: If water penetration is the result of a system failure and doesn't result from external factors, the contractor will make necessary repairs to prevent water penetration through the stucco wall system.

Discussion: Water penetration resulting from abnormal external factors, such as windblown moisture or sprinkler systems, are not the contractor's responsibility.

Exterior Trim

4-6-1. Observation: Gaps show in exterior trim.

Performance Guideline: Joints between exterior trim elements, including siding and masonry, shall not result in joints opened wider than ¼-inch. In all cases the exterior trim shall perform its function of excluding the elements.

Corrective Measure: The contractor will repair open joints that do not meet the performance guideline. Caulking is acceptable.

4-6-2 Observation: Exterior trim board is split.

Performance Guideline: Splits wider than l/8-inch are considered unacceptable.

Corrective Measure: The contractor will repair splits by filling with a durable filler. Touch-up painting may not match the surrounding area.

4-6-3 Observation: Exterior trim board is bowed or twisted.

Performance Guideline: Bows and twists exceeding 3/8-inch in 8 feet are considered unacceptable.

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards. Touch-up painting may not match the surrounding area.

4-6-4 Observation: Exterior trim board is cupped.

Performance Guideline: Cups exceeding 3/l6-inch in 5 1/2 inches are considered unacceptable.

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards. Touch-up painting may not match the surrounding area.

Paint, Stain, and Varnish

4-7-1 Observation: Exterior painting, staining, or refinishing is required because of repair work.

Performance Guideline: Repairs required under these performance guidelines shall be finished to match the immediate surrounding areas as closely as practical.

Corrective Measure: The contractor will finish repaired areas as indicated.

Discussion: Touch-up painting, staining, or refinishing may not match the surrounding area.

4-7-2 **Observation:** Exterior paint or stain has peeled, flaked, or physically deteriorated.

Performance Guideline: Exterior paints and stains shall not fail during the warranty period.

Corrective Measure: If exterior paint or stain has peeled, developed an alligator pattern, or blistered, the contractor will properly prepare and refinish affected areas and match the color as closely as practical. Where deterioration of the finish affects more than 50 percent of the piece of trim or wall area, the contractor will refinish the entire wall.

4-7-3 **Observation:** Exterior paint or stain has faded.

Performance Guideline: Fading of exterior paints and stains is common. The degree of fading depends on environmental conditions.

Corrective Measure: Because fading is a common occurrence in paint and stains, no corrective action is required.

4-7-4 **Observation:** Varnish or lacquer finishes have deteriorated.

Performance Guideline: Clear finishes used on exterior surfaces may deteriorate rapidly. This is beyond the contractor's control.

Corrective Measure: Heat and sunlight can cause rapid deterioration of clear finishes. Maintenance is the owner’s responsibility. No corrective action is required of the contractor.

4-7-5 **Observation:** There is paint or stain overspray on surfaces not intended for paint or stain.

Performance Guideline: Paint or stain overspray on surfaces not intended for paint or stain that is visible at a distance of 6 feet under normal natural lighting conditions is not acceptable.

Corrective Measure: The contractor shall clean affected surfaces without damaging the surface.

4-7-6 **Observation:** Cabinet stain is uneven. Cabinet paint is not uniform or is mismatched.

Performance Guideline: Uneven stain color on wood cabinets is considered acceptable and is a result of the natural wood grain. Painted cabinets should appear uniform under normal lighting conditions at a distance of 6 feet.
Corrective Measure: The contractor will repaint or replace painted cabinets that do not meet the performance guideline.

4-7-7 Observation: Mildew or fungus is visible on exterior painted surfaces.

Performance Guideline: Painted or finished surfaces shall be free of observable mildew and fungus at the time of substantial completion of the job. However, mildew or fungus may form on painted surfaces over time because of warmth and moisture.

Corrective Measure: The contractor will remove mildew and fungus before substantial completion of the job. Subsequent mildew or fungus formation is a condition the contractor cannot control. The owner is responsible for future cleaning of the painted item as necessary to prevent or remove mildew and fungus.

ROOFS
-Coverage 1st Year Only, Workmanship and Materials

5-1-1 Observation: The roof ridge beam has deflected.

Performance Guideline: Roof ridge beam deflection greater than 1 inch in 8 feet is considered unacceptable. *Remodeling Specific: If this is not in the scope of work, the guideline will be disregarded*.

Corrective Measure: The contractor shall repair affected ridge beams that do not meet the performance guideline.

5-1-2 Observation: A rafter or ceiling joist bows (up or down).

Performance Guideline: Bows greater than 1 inch in 8 feet are unacceptable. *Remodeling Specific: If this is not in the scope of work, the guideline will be disregarded*.

Corrective Measure: The contractor shall repair affected rafters or joists that bow in excess of the performance guideline.

Roof Sheathing

5-2-1 Observation: Roof sheathing is wavy or appears bowed.

Performance Guideline: Roof sheathing shall not bow more than 1/2-inch in 2 feet. *Remodeling Specific: If new sheathing is installed over existing rafters, the sheathing will follow the bows of the existing rafters. The owner and contractor should agree on whether or not the rafters are to be straightened. If they are not to be straightened, the performance guideline for this item will be disregarded*.

Corrective Measure: The contractor will straighten bowed roof sheathing as necessary to meet the performance guideline.

Discussion: In rare instances, the contractor might have to install blocking between the framing members to straighten the sheathing.

Roof Vents

5-3-1 Observation: An attic vent or louver leaks.

Performance Guideline: Attic vents and louvers shall not leak. However, infiltration of wind-driven rain and snow are not considered leaks and are beyond the control of the contractor.

Corrective Measure: The contractor shall repair or replace the roof vents as necessary to meet the performance guideline.

Discussion: Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions and are not deficiencies.

Roof Installation and Leaks

Asphalt Shingles

5-4-1 Observation: The roof or flashing leaks.

Performance Guideline: Roofs and flashing shall not leak under normal conditions, except where the cause is determined to result from ice build-up or the owner's actions or negligence.

Corrective Measure: The contractor will repair any verified roof or flashing leaks not caused by ice build-up, leaves, debris, or the owner's actions or negligence. It is the owner's responsibility to keep the roof drains, gutters, and downspouts free of debris.

5-4-2 Observation: Ice builds up on the roof.

Performance Guideline: During prolonged cold spells ice is likely to build up on a roof, especially at the eaves. This condition naturally can occur when snow and ice accumulates.

Corrective Measure: No action is required of the contractor. Prevention of ice build-up on the roof is a owner maintenance item.

Discussion: In the event ice builds up on the roof and then melts causing damage, this consequential damage is also the owner's responsibility.

5-4-3 Observation: Shingles have blown off.

Performance Guideline: Shingles shall not blow off in winds less than stated in the manufacturer's warranty or applicable building codes.

Corrective Measure: If shingles were not installed properly, they will be repaired or replaced in the affected area.

5-4-4 **Observation:** Shingles are not horizontally aligned.

Performance Guideline: Shingles should be installed according to the manufacturer's instructions. *Remodeling Specific: The owner and the contractor may agree prior to installation that the horizontal line of shingles on the roof of an addition need not line up with those of the existing structure if the floors (and hence, the eaves and ridge) are not to be built on the same plane*.
Corrective Measure: The contractor will remove shingles that do not meet the performance guideline, and will repair or replace them with new shingles that are properly aligned.

Discussion: The bottom edge of dimensional shingles may be irregular; the irregularity is an inherent part of the design.

5-4-5 **Observation:** New shingles do not match existing shingles.

Performance Guideline: Because of weathering and manufacturing variations, the color of new shingles will not exactly match the color of existing shingles.

Corrective Measure: The contractor is not responsible for precisely matching the color of existing shingles.

5-4-6 **Observation:** Asphalt shingle edges or corners are curled or cupped.

Performance Guideline: Asphalt shingle edges and corners shall not curl or cup more than 1/2-inch.

Corrective Measure: No corrective action is required of the contractor. Cupping in excess of 1/2-inch should be reported to the manufacturer.

5-4-7 **Observation:** Asphalt shingles do not overhang the edges of the roof, or hang too far over the edges of the roof.

Performance Guideline: Asphalt shingles shall overhang roof edges by not less than 1/4-inch and not more than 3/4-inch unless the manufacturer's instructions indicate otherwise.

Corrective Measure: The contractor will reposition or replace shingles as necessary to meet the performance guideline.

5-4-8 **Observation:** Shading or a shadowing pattern is observed on a new shingle roof.

Performance Guideline: Shading or shadowing is a defect only if it results from failure to use shingles of the type specified in the contract.

Corrective Measure: The contractor will replace shingles not conforming to the manufacture's standards.

5-4-9 **Observation:** Asphalt shingles have developed surface buckling.

Performance Guideline: Asphalt shingle surfaces need not be perfectly flat. Buckling higher than 1/4-inch is considered unacceptable. *Remodeling Specific: If an owner elects to re-roof over an existing roof owner must be aware that the new roof will follow the contours of the underlying roof.*

Corrective Measure: The contractor will repair or replace the affected shingles to meet the performance guideline.

5-4-10 **Observation:** Sheathing nails have loosened from framing and raised asphalt shingles.

Performance Guideline: Nails shall not loosen from roof sheathing to raise asphalt shingles from surface.

Corrective Measure: The contractor shall repair all areas as necessary to meet the performance guideline.

Discussion: It is not uncommon for nails to "work themselves out" due to variations in temperature. The contractor can re-drive or remove and replace fasteners that withdraw from the framing. Any resulting holes should be sealed or the shingle should be replaced (a perfect color/shade match cannot be assured).

5-4-11 **Observation:** Roofing nails are exposed at the ridge or hip of a roof.

Performance Guideline: Nail heads shall be sealed.

Corrective Measure: The contractor shall repair areas to meet the performance guideline.

5-4-12 **Observation:** Holes from construction activities are found in asphalt shingles.

Performance Guideline: Holes from construction activities shall be flashed or sealed below the asphalt shingle tab to prevent leakage. If the patch is visible from the ground, the shingle should be replaced.

Corrective Measure: The contractor will repair or replace the affected shingles to meet the performance guideline.

5-4-13 **Observation:** *Remodeling Specific: Existing roof shingles are telegraphing through new asphalt shingles*.
Performance Guideline: *Remodeling Specific: Some telegraphing is common when re-roofing over existing roofing*.

Corrective Measure: Because this is a common occurrence, no corrective action is required.

Roll Roofing

5-4-14 **Observation:** Water is trapped under roll roofing.

Performance Guideline: Water shall not become trapped under roll roofing.

Corrective Measure: If water becomes trapped under roll roofing during the warranty period, the contractor will repair or replace the roofing as necessary to meet the performance guideline.

5-4-15. **Observation:** Roofing is blistered but does not admit water.

Performance Guideline: Surface blistering of roll roofing is caused by unusual conditions of heat and humidity acting on the asphalt and cannot be controlled by the contractor.

Corrective Measure: None.

5-4-16 **Observation:** Water is standing on a flat roof.

Performance Guideline: Water shall drain from a flat roof except for minor ponding within 24 hours of a rainfall. Minor ponding shall not exceed 3/8-inch in depth.
Corrective Measure: The contractor will take corrective action to ensure proper drainage of the roof.

Chimney

5-5-1 **Observation:** A crack in a masonry chimney cap or crown causes leakage.

Performance Guideline: It is common for caps to crack due to expansion and contraction. As a result, leaks may occur.

Corrective Measure: If cracking causes leakage the contractor will repair the cap or crown. Caulking or other sealant is acceptable.

5-5-2 Observation: New chimney flashing leaks.

Performance Guideline: New chimney flashing shall not leak under normal conditions.

Corrective Measure: The contractor will repair leaks in new chimney flashing that are not caused by ice build- up, other common occurrences, or by the owner's actions or negligence.

Discussion: The accumulation of ice and snow on the roof is a natural occurrence and cannot be prevented by the contractor.

Gutters and Downspouts

5-6-1 Observation: The gutter or downspout leaks.

Performance Guideline: Gutters and downspouts shall not leak.

Corrective Measure: The contractor will repair leaks in gutters and downspouts. Sealants are acceptable.

5-6-2 Observation: The gutter overflows during a heavy rain.

Performance Guideline: Gutters may overflow during a heavy rain.

Corrective Measure: The contractor shall repair the gutter if it overflows during normal rains.

Discussion: The owner is responsible for keeping gutters and downspouts free from debris that could cause overflow.

5-6-3 Observation: Water remains in the gutter after a rain.

Performance Guideline: The water level shall not exceed 1/2-inch in depth if the gutter is unobstructed by ice, snow, or debris.

Corrective Measure: The contractor will repair the gutter to meet the performance guideline. The owner is responsible for maintaining gutters and downspouts and keeping them unobstructed.

Discussion: Contractors usually install residential gutters with minimal slope in order to maintain an attractive appearance. Installing gutters with 1/32-inch drop in 1 foot generally will prevent water from standing in the gutters. Even so, small amounts of water may remain in some sections of the gutter for a time after a rain. In areas with heavy rainfall and/or ice build-up, a steeper pitch or additional downspouts may be desirable.

Skylights

5-7-1 Observation: Skylight leaks.

Performance Guideline: Skylights shall be installed in accordance with manufacturer's specifications. Leaks resulting from improper installation are unacceptable. Condensation on interior surfaces is not a leak and not considered a defect.

Corrective Measure: The contractor will repair any improperly installed skylight to meet the performance guideline.

Discussion: Leaks are often caused by other factors such as improper flashing of vents, chimneys or vertical walls. These defects often show up at the skylight opening. Before deeming the skylight to be defective other possible causes should be ruled out by careful examination and a thorough water test.

Plumbing
-Coverage 1st Year Only, Workmanship and Materials

***Note**: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.*

Water Supply System

6-1-1 Observation: Condensation appears on pipes, fixtures and plumbing supply lines.

Performance Guideline: Condensation on pipes, fixtures, and plumbing supply lines may occur at certain combinations of temperature and indoor humidity. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The owner is responsible for controlling humidity in the home.

Discussion: The owner may insulate pipes and supply lines.

Plumbing Fixtures

6-1-2 Observation: A faucet or valve leaks.

Performance Guideline: No faucet or valve shall leak because of defects in material or workmanship. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will repair or replace the leaking faucet or valve.

Discussion: Leakage caused by worn or defective washers or seals is homeowner maintenance item.

6-1-3. Observation: Water pipe is noisy.

Performance Guideline: Because of the flow of water and pipe expansion, the water pipe system will emit some noise. However, the pipes should not make the pounding noise called "water hammer" (noise occurring in a water pipe when air is trapped in the pipe).
Corrective Measure: The contractor cannot remove all noises caused by water flow and pipe expansion. However, the contractor will correct the system to eliminate "water hammer."

Plumbing Fixtures

6-2-1 Observation: A plumbing fixture, appliance, or trim fitting is defective.

Performance Guideline: Plumbing fixtures, appliances, and trim fittings shall not be damaged or defective at the time of substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: If the fixtures, appliances or trim were supplied by contractor and they are not in accordance with the manufactures guidelines they must be repaired or replaced. If supplied and or installed by the owner no action is required of the contractor. Defective trim fittings, appliances, and fixtures are covered under manufacturers' warranties.

6-2-2 Observation: The surface of a plumbing fixture is cracked or chipped.

Performance Guideline: Cracks, scrapes and chips in surfaces of bathtubs and sinks are considered unacceptable if they are visible from 3 feet away in normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: If the fixtures were supplied by the contractor and they do not meet the performance guideline they must be repaired or replaced. If supplied and or installed by the owner no action is required of the contractor. The contractor is not responsible for repairs unless the damage is reported to the contractor prior to substantial completion of the project. Defective fixtures are covered under manufacturers' warrantees.

Discussion: Fiberglass and acrylic fixtures often may be repaired.

6-2-3 Observation: A fiberglass tub or shower enclosure base flexes.

Performance Guideline: The tub or showers are to be installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor shall repair the base to meet the performance guideline.

6-2-4 **Observation:** A vanity top is cracked.

Performance Guideline: Vanity tops shall not have cracks at drain connections when installed. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor shall repair or replace the vanity top to meet the performance guidelines. Cracks must be noted prior to substantial completion of the project.

6-2-5 **Observation:** Staining of plumbing fixtures due to high iron content in water.

Performance Guideline: None.
Corrective Measure: None. High iron content in the water supply system will cause staining of plumbing fixtures.

Discussion: Maintenance and treatment of the water is the owner's responsibility.

Electrical
-Coverage 1st Year Only, Workmanship and Materials

Fuses and Circuit Breakers

***Note**: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.*

7-1-1 **Observation:** A fuse blows or a circuit breaker trips.

Performance Guideline: Fuses and circuit breakers shall not be tripped by normal usage. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will check wiring circuits and components for conformity with applicable electrical code requirements. The contractor will correct noncompliant elements.

Discussion: Blown fuses and tripped breakers are symptoms of a problem in some part of the electrical system in the home or some consumer product connected to the system. Although defective components are possible, most electrical malfunctions are caused by consumer-owned fixtures and appliances. The consumer should unplug or disconnect fixtures and appliances on the circuit and then replace the fuse or reset the breaker. If the problem recurs, the contractor should be notified.

7-1-2 **Observation:** A ground fault circuit interrupter (GFCI) or arc fault circuit interrupter (AFCI) trips frequently.

Performance Guideline: Ground fault and arc fault circuit interrupters shall perform as designed. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will install ground fault and arc fault circuit interrupters in accordance with applicable electrical codes. Tripping is to be expected and is not covered unless it is caused by a component failure or incorrect installation.

Discussion: Both ground fault and arc fault circuit interrupters are very sensitive devices and are easily tripped. GFCI's protect outlets in wet areas (for example, bathrooms, kitchens, garages, exterior, etc.). Outlets protected by GFCIs may be connected in series; it may not be readily apparent that an inoperative convenience outlet is the result of a tripped GFCI in another room (and not necessarily in the electrical panel). AFCIs sometimes are installed to protect bedroom circuits. The most common cause of tripping by AFCIs is damaged cords or plugs on owners' lamps, small appliances, or other devices. AFCIs are usually found in the electrical panel.

7-2-1 **Observation:** A light fixture is tarnished.

Performance Guideline: Finishes on light fixtures may be covered under the manufacturer's warranty. *Remodeling Specific: See Note at beginning of chapter.*
Corrective Measure: No action is required of the contractor. Owner should contact manufacturer.

7-2-2 **Observation:** Receptacle or switch covers protrude from the wall.

Performance Guideline: Receptacle or switch covers should not be more than 1/16-inch from the adjoining wall surface. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will adjust the covers to meet performance guideline.

7-2-3 **Observation:** The owner's 220-volt appliance cord does not fit the outlet provided by the contractor.

Performance Guideline: The contractor shall install electrical outlets required by applicable electrical code. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: No action is required of the contractor.

Discussion: The owner is responsible for obtaining an appliance cord that fits the outlets provided by the contractor.

7-3-1 **Observation:** A ceiling fan vibrates and/or is noisy.

Performance Guideline: The contractor shall install ceiling fans in accordance with the manufacturer's instructions (including blade balances). *Remodeling Specific: See Note at beginning of chapter*.
Corrective Measure: The contractor shall correct any fan installation not in accordance with the performance guideline if the fan was supplied and installed by the contractor.

7-3-2 **Observation:** An exhaust fan discharges into attic or crawl space.

Performance Guideline: Fans shall discharge as required by applicable codes. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair to meet performance guideline.

7-4-1 **Observation:** A smoke detector "chirps."

Performance Guideline: A smoke detector should not "chirp" at substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair or replace the smoke detector to eliminate chirping.

Discussion: Most smoke detectors are powered by both the home's electrical power and a backup battery. "Chirping" is an indication that the battery is weak or is not installed. If the chirping occurs on a new smoke detector, the contractor will check the battery, verify that the detector is wired correctly, and replace the device if necessary. Safety officials recommend that owners change the batteries in smoke detectors semi-annually when daylight-saving time begins and ends.

7-5-1 **Observation:** Electrical outlets, switches, or fixtures malfunction.

Performance Guideline: All electrical outlets, switches, and fixtures shall operate as designed. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will repair or replace malfunctioning electrical outlets, switches, and fixtures, if supplied and installed by the contractor.

7-5-2 **Observation:** Carbon monoxide alarm goes off excessively.

Performance Guideline: Carbon monoxide sensors shall be installed in accordance with manufacturer’s standards and applicable codes.

Corrective Measure: None. The contractor is responsible to properly install the sensor.

Interior Climate Control
-Coverage 1st Year Only, Workmanship and Materials

***Note**: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.*

Air Infiltration and Drafts

8-1-1 **Observation:** Air infiltrates around exterior doors or windows.

Performance Guideline: Some infiltration is usually noticeable around doors and windows, especially during high winds. No daylight shall be visible around the frame when the window or door is closed. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor shall repair to meet the performance guideline.

Discussion: Proper repair can be performed by adjusting or installing weather stripping around doors and windows. In high-wind areas, the owner may elect to have storm windows and doors installed to further reduce drafts.

8-1-2 **Observation:** A draft comes through an electrical outlet.

Performance Guideline: Electrical outlets and switch boxes on exterior walls may allow cold air to flow through or around an outlet into a room. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: No action is required of the contractor. The owner may elect to install foam insulation pads under switch and outlet plates to help decrease drafts.

Humidity Control and Condensation

8-2-1 **Observation:** Water, ice, or frost is observed on a window.

Performance Guideline: Windows will be installed in accordance with the manufacturer's instructions and applicable building code, *Remodeling Specific: See Note at beginning of chapter*.
Corrective Measure: No action is required of the con-tractor unless the water, ice, or frost is directly attributed to faulty installation (i.e., that deviates from the manu-facturer's instructions and/or applicable building code).

Discussion: Condensation usually results from conditions beyond the contractor's control. Moisture in the air can condense into water and collect on cold surfaces, particularly in the winter months when the outside temperature is low. Blinds and drapes can prevent air within the building envelope from moving across the cold surface and picking up the moisture. Occasional condensation (water) in the kitchen, bath, or laundry area is common. It is the owner's responsibility to maintain proper

humidity by properly operating heating and cooling systems and allowing moving air within the home to flow over the interior surface of the windows.

8-2-2 Observation: There is moisture between the panes of a double glazed window.

Performance Standard: Moisture between the panes of double glazed windows during the manufacturer's warranty period is unacceptable.

Corrective Measure: The owner should contact the manufacturer.

Air Distribution and Ventilation

8-3-1 Observation: The attic or crawl space is inadequately ventilated.

Performance Guideline: The attic and crawl space shall be ventilated as required by the applicable building code.
Corrective Measure: The contractor will provide for adequate ventilation. The contractor is not responsible for actions by the owner that interfere with the ventilation system.

8-3-2 Observation: There is airflow noise at a register.

Performance Guideline: The register should be correctly installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required unless registers are not installed in accordance with manufacturer's instructions.

Discussion: Under certain conditions, some noise may be experienced with the normal flow of air, even when registers are installed correctly. See the manufacturer's instructions.

8-3-3 Observation: There are gaps between HVAC (Heating, Ventilating and Air Conditioning) vent or register cover and the wall or ceiling.

Performance Guideline: This is a normal condition beyond the contractor’s control. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: None.

Discussion: It is the inherent nature of the heating and cooling system to cause vents and registers to bend over time. This can result in gaps occurring between the vent or register cover and the wall. As long as the vent or register is securely attached, this is not a warranty item.

8-3-4 Observation: A condensate drain line is clogged.

Performance Guideline: The contractor will provide unobstructed condensate lines at the time of substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor shall unclog any clogged condensate line at the time of substantial completion of the project. Condensate lines will eventually clog under normal use and they must be kept free of all clogs to operate properly. The owner is responsible for maintaining them in proper condition.

8-3-5 Observation: There is condensation on the outside of air handlers and ducts.

Performance Standards: Air handlers and ducts will collect condensation on their exterior surfaces when extreme temperature differences and high humidity levels occur. Condensation usually results from humid conditions within the home that are created by the owner or during the curing process in a new space.

Corrective Measure: Unless the condensation or frost is directly attributed to faulty installation, it usually results from conditions beyond the control of the contractor. No corrective action is required.

Discussion: Condensation usually results from conditions beyond the contractor's control. Moisture in the air can condense (to form water) and collect on cold duct surfaces, particularly in the summer months when the outside humidity is high.

8-5-5 Observation: Kitchen or bath fans allow air infiltration.

Performance Guideline: Bath and kitchen fans shall be installed in accordance with the manufacturer's instructions and code requirements. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor if fans meet the guideline.

Discussion: It is possible for outside air to enter the house through a ventilation fan. The dampers in most fans do not seal tightly. Its is possible for the damper to be lodged open due to animal activity (including nesting in the outside opening), or the accumulation of grease, lint, and other debris. Maintenance of ventilating fans is the owner's responsibility.

INTERIOR

Note: *Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.*

-Coverage 1st Year Only, Workmanship and Materials

Interior Doors

9-1-1. Observation: Interior door is warped.

Performance Guideline: Interior doors (full openings) shall not warp in excess of ¼-inch. *Remodeling Specific: see Note at beginning of chapter.*

Corrective Measure: The contractor will correct or replace and refinish defective doors to match existing doors as nearly as practical during the warranty period.

Discussion: In bathroom or utility areas, exhaust fans or an open window must be used to remove moisture to eliminate or limit warpage of door units. If customer is responsible for painting the door, the contractor is not responsible if the door is not painted to manufacturer's specifications.

9-1-2 Observation: Bifold doors come off their tracks during normal operation.

Performance Guideline: Bifold doors shall slide properly on their tracks at the time of substantial completion of the project. Cleaning and maintenance necessary to preserve proper operation are owner responsibilities. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair any bifold door that will not stay on its track during normal operation.

Discussion: Proper operation should be verified by the owner and the contractor at the time of substantial completion of the project.

9-1-3 Observation: A pocket door rubs in its pocket during normal operation.

Performance Guideline: Pocket doors shall not rub in their pockets during normal operation if they are installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair the pocket door to meet the performance guideline.

Discussion: Pocket doors commonly rub, stick, or derail due to the inherent nature of the product. It is common, however, for the door to operate against the guides provided by the manufacturer.

9-1-4 **Observation:** A wooden door panel has shrunk or split.

Performance Guideline: Wooden door panels shall not split to the point that light is visible through the door. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: One time only, the contractor will fill splits in the door panel with wood filler and will match the paint or stain as closely as practical.

9-1-5 **Observation:** Door rubs on jambs or contractor-installed floor covering, or latch does not work.

Performance Guideline: Doors shall operate smoothly and door latches shall operate correctly.
Corrective Measure: The contractor will repair the door and the door latch as necessary to meet the performance guideline.

9-1-6 **Observation:** A door edge is not parallel to the doorjamb.

Performance Guideline: When the contractor installs the doorframe and door, the door edge shall be within 3/16-inch of parallel to the doorjamb. *Remodeling Specific: Where the contractor installs the door in an existing frame that is out of square, the guideline does not apply. See Note at beginning of chapter.*

Corrective Measure: The contractor will adjust the door as necessary to meet the guideline one time.

9-1-7 **Observation:** A door swings open or closed by the force of gravity.

Performance Guideline: Doors shall not swing open or closed by the force of gravity alone. *Remodeling Specific: This guideline does not apply where a door is installed in an existing wall that is out of plumb. See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair door operation to meet the performance guideline one time.

9-1-8 **Observation:** Interior doors do not operate smoothly.

Performance Guideline: Doors shall move smoothly with limited resistance. *Remodeling Specific: See Note at beginning of chapter.*
Corrective Measure: The contractor shall repair door operation to meet the performance guideline one time.

Interior Stairs

9-2-1. Observation: Interior stair tread deflects too much.

Performance Guideline: The maximum vertical deflection of an interior stair tread shall not exceed 1/8-inch within a 36-inch span at 200 pounds of static weight.

Corrective Measure: The contractor will repair the stair to meet the performance guideline.

9-2-2 Observation: Gaps exist between interior stair risers, treads, and/or skirts.

Performance Guideline: Gaps between adjoining parts that are designed to meet flush shall not exceed 1/8-inch in width.

Corrective Measure: The contractor will fix the gap with filler or replace parts as necessary to meet the performance guideline.

9-2-3. Observation: Squeaking stair riser or tread.

Performance Guideline: Loud squeaks caused by a loose stair riser or tread are unacceptable, but totally squeak-proof stair risers or treads cannot be guaranteed.

Corrective Measure: The contractor will refasten any loose risers or treads or take other corrective action to eliminate squeaking to the extent possible within reasonable repair capability without removing treads or ceiling finishes.

Discussion: Squeaks in risers or treads may occur when a riser has come loose from the tread, and is deflected by the weight of a person and rubs against the nails that hold it in place. Movement may occur between the riser and the tread or other stairway members when one tread is deflected while the other members remain stationary. Using trim screws to fasten the tread to the riser from above will sometimes reduce squeaking. If there is no ceiling below, gluing or renailing the riser to the tread or shimming will reduce squeaks but the total elimination of squeaks is practically impossible. The performance guideline requires the contractor to make a reasonable attempt to eliminate squeaks without requiring removal of treads or ceiling finishes. Note: Most cellar stairs are not designed to be squeak resistant.

9-2-4 Observation: Gaps exist between interior stair railing parts.

Performance Guideline: Gaps between interior stair railing parts shall not exceed 1/8-inch in width.

Corrective Measure: The contractor will ensure that individual parts of the railing are securely mounted. Any remaining gaps will be filled or parts replaced to meet the performance guideline.

9-2-5. Observation: Interior stair railing lacks rigidity.

Performance Guideline: Interior stair railings shall be attached to structural members in accordance with applicable codes.
Corrective Measure: The contractor will repair any stair railings as necessary to comply with applicable codes.

Trim and Moldings

9-3-1 Observation: There are gaps at non-mitered trim and molding joints.

Performance Guideline: Openings at joints in trim and moldings, and at joints between moldings and adjacent surfaces, shall not exceed1/8-inch in width at the time of installation.

Corrective Measure: The contractor will repair joints to meet the performance guideline.

Discussion: Separation of trim and moldings in excess of the performance guidelines may be caused by lack of control of indoor relative humidity. Joints that separate under these conditions are not considered defective. It is the owner's responsibility to control temperature and humidity in the home.

9-3-2. Observation: Nails are not properly set or, where puttied, nail holes are not properly filled.

Performance Guideline: Setting nails or filling nail holes are considered part of painting and finishing. After painting or finishing, except stained or natural finished woodwork, nails and nail holes shall not be readily visible from a distance of 6 feet under normal lighting conditions at the time of substantial completion of the project.
Corrective Measure: Where the contractor is responsible for painting, the contractor shall take action necessary to meet the performance guideline.

9-3-3. Observation: Inside corner is not coped or mitered.

Performance Guideline: Trim edges at inside corners shall be coped or mitered. However, square edge trim may be butted.

Corrective Measure: The contractor will finish inside corners to meet the performance guideline.

9-3-4. Observation: Trim or molding miter edges do not meet.

Performance Guideline: Gaps between miter edges in trim and molding shall not exceed 1/8-inch at time of installation.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline. Caulking or puttying with materials compatible to the finish is acceptable.

9-3-5 Observation: Interior trim is split.

Performance Guideline: Splits, cracks, and checking greater than 1/8-inch in width are considered unacceptable.

Corrective Measure: One time only, the contractor will repair the affected area to meet the guideline.

9-3-6. Observation: Hammer marks are visible on interior trim.

Performance Guideline: Hammer marks on interior trim shall not be readily visible from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will fill hammer marks and refinish or replace affected trim to meet the performance guideline. Refinished or replaced areas may not match surrounding surfaces exactly.

Cabinets and Counter Tops

9-4-1 Observation: Cabinets do not meet the ceiling or walls.

Performance Guideline: Gaps greater than 1/4-inch in width are considered unacceptable.

Corrective Measure: The contractor will repair the gap with caulk, putty, or scribe molding, or will reposition/ reinstall cabinets to meet the performance guideline.

Discussion: *Remodeling Specific: When installed in rooms with out-of-plumb walls or out-of-level floors and ceilings, "square" cabinets cannot be installed parallel to walls and ceilings and still keep the cabinets on line. For example, if the floor is not level and the installer measures up from it, "snaps" a line on which to place the tops of the wall cabinets, and then plumbs the first cabinet, one corner of the cabinet will leave the line, and the bottom of successive cabinets will not be in line. Similarly, cabinets will not line up with each other if they are installed on a level line, starting against an out-of-plumb wall instead of a plumb wall. The contractor should explain the aesthetic options to the owner and select the best option with the owner.*

9-4-2 Observation: Cabinets do not line up with each other.

Performance Guideline: Cabinet faces more than 1/8-inch out of line, and cabinet corners more than 3/16- inch out of line, are considered unacceptable, unless the owner

and the contractor agree to disregard the guideline in order to match or otherwise compensate for pre-existing conditions.

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion: *Remodeling Specific: In remodeling projects, many times the rooms are out of square, walls are not plumb, and floors are not level. Cabinets and countertops may have to be shimmed or otherwise adjusted to make the cabinets and countertops fit together properly. Cabinets may not fit flush against the walls on the ends or bottoms and may not fit flat against the floor the contractor should explain the aesthetic options to the owner and select the best option with the owner. In rooms with out of plumb walls or out of level floors and ceilings, "square" cabinets cannot be installed parallel to walls and ceilings and still keep the cabinets on line. For example, if the floor is not level and the installer measures up from it, "snaps" a line on which to place the tops of the wall cabinets, then plumbs the first cabinet, one corner of the cabinet will leave the line, and the bottom corners of successive cabinets will leave the line, and the bottom corners of successive cabinets will not be in line. Similarly, cabinets will not line up with each other if they are installed on a level line, starting against an out of plumb wall instead of being plumbed. The contractor should explain the aesthetic options to the owner and select the best option with the owner.*

9-4-3. Observation: Cabinet is warped.

Performance Guideline: Cabinet warpage shall not exceed ¼-inch as measured from the face frame to the point of furthermost warpage, with the door or drawer front in closed position.

Corrective Measure: The contractor will correct or replace doors and drawer fronts as necessary to meet the performance guideline.

9-4-4. Observation: Cabinet door or drawer binds.

Performance Guideline: Cabinet doors and drawers shall open and close with reasonable ease.

Corrective Measure: The contractor will adjust or replace doors and drawers as necessary to meet the performance guideline.

9-4-5 Observation: Cabinet door will not stay closed.

Performance Guideline: The catches or closing mechanisms for cabinet doors shall be adequate to hold the doors in a closed position.

Corrective Measure: The contractor will adjust or replace the door catches or closing mechanisms as necessary to meet the performance guideline.

9-4-6 **Observation:** Cabinet doors or drawers are cracked.

Performance Guideline: Panels and drawer fronts shall not crack.

Corrective Measure: The contractor may replace or repair cracked panels and drawer fronts. No contractor action is required if the cracked drawer fronts or panels result from the owner's abuse.

Discussion: Paint or stain on the repaired or replaced panel or drawer front may not match the paint or stain on the existing panels or drawer fronts.

9-4-7 **Observation:** A cabinet door is warped.

Performance Guideline: Cabinet door warpage shall not exceed 1/8-inch as measured diagonally from corner to corner.

Corrective Measure: The contractor may replace or repair warped doors to meet the performance guideline.

9-4-8 **Observation:** Cabinet doors do not align when closed.

Performance Guideline: Gaps between doors should not exceed1/8-inch.

Corrective Measure: The contractor shall adjust doors to meet the performance guideline.

9-4-9. **Observation:** Shrinkage of insert panels of cabinet doors and drawers show raw wood edges.

Performance Guideline: Panels will shrink and expand and may expose unpainted or unfinished surface.

Corrective Measure: None.

Countertops

9-5-1 **Observation:** High-pressure laminate on a countertop is delaminated.

Performance Guideline: Countertops fabricated with high-pressure laminate coverings shall not delaminate.

Corrective Measure: The contractor will repair or replace delaminated coverings, unless the delamination was caused by the owner's misuse or negligence.

Discussion: Owners should refrain from leaving any liquids near the countertop seams or allowing the surface to become excessively hot.

9-5-2. Observation: The surface of high-pressure laminate on countertop is cracked or chipped.

Performance Guideline: Countertops shall be free of cracks and chips at the time of substantial completion of the job. Cracks or chips occurring after acceptance of the job are the owner's responsibility.

Corrective Measure: The contractor will repair or replace cracked or chipped countertops only if they are reported prior to acceptance of the job.

9-5-3 Observation: Solid surface countertops are visibly scratched.

Performance Guideline: At the time of substantial completion of the project, solid surface countertops shall be free of scratches visible from 6 feet away under normal lighting conditions.

Corrective Measure: The contractor shall repair scratches in the countertop to meet the performance guideline.

9-5-4 Observation: A countertop is not level.

Performance Guideline: Countertops shall be no more than 3/8-inch in 10 feet out of parallel with the floor. *Remodeling Specific: For projects where the floor is out of level, the countertop may be installed proportionately out of level.*

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion: *Remodeling Specific: In remodeling projects, many times the rooms are out of square, walls are not plumb, and floors are not level. Cabinets and countertops may have to be shimmed or otherwise adjusted to make the cabinets and countertops fit together properly. Cabinets may not fit flush against the walls on the ends or bottoms and may not fit flat against the floor: The contractor should explain the aesthetic options to the owner and select the best option with the owner.*

9-5-5 Observation: A tile countertop has uneven grout lines.

Performance Guideline: Grout lines should be straight and fairly consistent in width. However, if working with hand made tiles or tiles with broken edges grout lines may vary in width and straightness.

Corrective Measure: If applicable the contractor shall make corrections as necessary to bring the grout lines into compliance with the performance guideline.

Discussion: Different tiles require different widths of grout lines. Some tiles are designed to have varied-width grout lines.

9-5-6 **Observation:** Tile countertop grout lines are cracked.

Performance Guideline: Tile grout is a cement product and is subject to cracking. Cracks that result in loose tiles or gaps in excess of 1/16-inch shall be repaired.

Corrective Measure: The contractor will repair the grout lines by adding grout, caulking, or replacing grout one time. New grout may not perfectly match previously grouted areas.

9-5-7 **Observation:** A granite, marble, stone, or solid surface countertop is cracked at the time of substantial completion of the project.

Performance Guideline: Cracks at the time of substantial completion are considered unacceptable.

Corrective Measure: If the crack is found to be caused as a result of faulty installation or product, the contractor will repair or replace the countertop.

Discussion: Some granite, marble or stone have natural cracks and crevices these are allowed within the Performance Guideline and are not to be considered a defect. Some granite, marble and stones may develop cracks and crevices after substantial completion of the project and are not to be considered defects if properly installed.

9-5-8 **Observation:** A granite, marble, stone, or solid surface countertop has texture or color variations.

Performance Guideline: Color variations are acceptable. The contractor has no responsibility for countertop texture or color variations when the owner selects the material.

Corrective Measure: No action is required of the contractor.

9-5-9 **Observation:** A granite, marble, stone, or solid surface countertop is chipped at the time of substantial completion of the project.

Performance Guideline: Chips greater than 1/32-inch in width are considered unacceptable.

Corrective Measure: The contractor will repair or replace affected areas to meet the performance guidelines.

9-5-10 **Observation:** The surface of countertop tile has unacceptable lippage of adjoining tile.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable, except for materials that are designed with an irregular height (such as hand-made tile).

Corrective Measure: The contractor will repair or replace the tile to meet the performance guideline.

9-5-11 **Observation:** A solid surface or laminate countertop has a bubble, bum, stain, or other damage.

Performance Guideline: Solid surface or laminate countertops shall be free of bubbles, bums, or stains at the time of substantial completion of the project.

Corrective Measure: The contractor will repair or replace the countertop to meet the performance guideline.

Discussion: Solid surface and laminate products may be subject to damage by hot surfaces placed on or near the product. The owner is responsible for maintaining the countertop and protecting it from damage.

Interior Wall Finish

Lath and Plaster

9-6-1 **Observation:** Cracks are visible on a finished wall or ceiling.

Performance Guideline: Cracks shall not exceed 1/16-inch in width. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: One time only, the contractor will repair cracks exceeding 1/16-inch in width. The contractor will touch up paint on repaired areas if the contractor was responsible for the original interior painting. A perfect match between original and new paint cannot be expected and the contractor is not required to paint an entire wall or room.

Gypsum Wallboard

9-6-2. **Observation:** Nail pop, blister, or other blemish is visible on finished wall or ceiling.

Performance Guideline: Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/16-inch in width are common in gypsum wallboard installations and are considered acceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair such blemishes only once during the warranty period. The contractor will touch up paint-repaired areas if the contractor was responsible for the original interior painting. A perfect match between original and new paint cannot be expected, and the contractor is not required to paint an entire wall or room. The contractor is not required to repair defects that are covered by wallpaper or other wall coverings.

Discussion: When drywall has been placed on lumber surfaces which are subject to shrinkage and warpage and which are not perfectly level and plumb, problems often occur through stress and strain placed on drywall during the stabilization of the lumber, which is inherent in the construction of the home. Due to the initial stabilization problem that exists with the new home, it is impossible to correct each defect as it occurs, and it is essentially useless to do so. The entire house will tend to stabilize itself. Some imperfections will not be visible under normal lighting but will become apparent under strong, high or diagonal lighting or strong sunlight. These imperfections are not to be considered defects. Nail and screw pops, showing seam lines and spackle cracks result from wood shrinkage, normal settlement and changes in temperature and humidity. These factors are normal and beyond the contractor's control, they should not be considered defects or unusual.

9-6-3 **Observation:** Cracked corner bead, excess joint compound, trowel marks, or blisters in tape joints are observed on the drywall surface.

Performance Guideline: Defects resulting in cracked corner bead, trowel marks, excess joint compound or blisters in tape are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor shall repair the affected area of the wall to meet the performance guideline one time within the warranty period.

9-6-4 **Observation:** Joints protrude from the surface.

Performance Guideline: Any joints that are visible from a distance of 6 feet under normal lighting conditions are considered unacceptable. *Remodeling Specific*: *See Note at beginning of chapter*.

Corrective Measure: One time only, the contractor will repair affected areas.

Discussion: Joints often occur in long walls, stairwells, and areas of two-story homes where framing members have shrunk and caused the drywall to protrude.

9-6-5 **Observation:** The texture of gypsum wallboard does not match.
Performance Guideline: Any variations that are readily visible from a distance of 6 feet under normal lighting conditions are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will repair the affected area to meet the guideline.

Discussion: There will usually be some variation in texture between the wall board and the joint compound.

9-6-6 **Observation:** Angular gypsum wallboard joints are uneven.

Performance Guideline: This is a natural condition that occurs with randomly applied materials. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. This is a common condition.

9-6-7 **Observation:** Drywall is cracked.

Performance Guideline: Drywall cracks greater than 1/16-inch in width are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair cracks and touch up paint in affected areas. The texture and paint color may not exactly match the existing texture and paint color.

9-6-8 **Observation:** Blown or textured ceilings have uneven textures.
Performance Guideline: This is a common condition that occurs with randomly applied materials. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: No action is required of the contractor. This is a common condition.

Paint, Stain, and Varnish

9-6-9 **Observation:** Interior paint does not "cover" the underlying surface.

Performance Guideline: The surface being painted shall not show through new paint when viewed from a distance of 6 feet under normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will recoat affected areas as necessary to meet the guidelines as closely as practical.

9-6-10 **Observation:** An interior surface is spattered with paint.

Performance Guideline: Paint spatters shall not be readily visible on walls, woodwork, floors, or other interior surfaces when viewed from a distance of 6 feet under normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will remove paint spatters to meet the performance guideline.

9-6-11 **Observation:** Brush marks show on interior painted surface.
Performance Guideline: Brush marks shall not be readily visible on interior painted surfaces when viewed from a distance of 6 feet under normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will refinish as necessary to meet the performance guideline and match affected areas as closely as practical.

9-6-12 **Observation:** Lap marks show on interior painted or stained areas.

Performance Guideline: Lap marks shall not be readily visible on interior painted or stained areas when viewed from a distance of 6 feet under normal lighting condi-tions. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will refinish as necessary to meet the guideline and match affected areas as closely as practical.

9-6-13 **Observation:** Interior painting, staining, or refinishing is required because of repair work.

Performance Guideline: A perfect match between original and new paint cannot be expected. Repairs required under these performance guidelines shall be finished to match the immediate surrounding areas as closely as practical. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: Where the majority of the wall or ceiling area is affected, the area will be painted from break line to break line. The contractor is not required to paint an entire room.

Discussion: The contractor is only responsible if he or she painted the home as part of the original contract.

9-6-14 **Observation:** Resin has bled through the paint on interior trim.

Performance Guideline: This is a common condition that can be expected to occur with natural materials such as wood. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. This is a common condition.

9-6-15 **Observation:** Varnish or clear lacquer finishes have deteriorated.

Performance Guideline: Clear finishes on interior woodwork shall not deteriorate during the warranty period.

Corrective Measure: The contractor will retouch affected areas of clear-finish interior woodwork and match the original finish as closely as practical; provided the owner has not used improper cleaning materials, including ammonia, or other improper methods.

Discussion: Finishes on window sills with south facing exposure may deteriorate due to climatic conditions.

Wallpaper and Vinyl Wall Coverings

9-6-16 Observation: The wall covering has peeled.

Performance Guideline: The wall covering shall not peel off the walls. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will reattach or replace the loose wall covering if the contractor installed the covering.

Discussion: Wallpaper applied in high moisture areas is exempted from this guideline because the problem results from conditions beyond the contractor's control.

9-6-17 Observation: Patterns in wall covering are mismatched.

Performance Guideline: Patterns in wall coverings shall match. Irregularities in the patterns themselves are the manufacturer's responsibility. *Remodeling Specific: See Note at beginning of* chapter. *The guideline does not apply if material is installed on existing out-of-plumb walls or where trim is not square with corners*.

Corrective Measure: The contractor shall correct the wall covering to meet the performance guidelines.

FLOOR FINISHES
-Coverage 1st Year Only, Workmanship and Materials

Carpeting

10-1-1 Observation: Carpet does not meet at the seams.

Performance Guideline: It is not unusual for carpet seams to show. However, a visible gap at the seams is considered unacceptable.

Corrective Measure: If the carpet was installed by the contractor, the contractor will eliminate visible gaps at carpet seams.

10-1-2 Observation: Carpeting loosens, or the carpet stretches.

Performance Guideline: When stretched and secured properly, wall-to-wall carpeting installed as the primary floor covering shall not come up, loosen, or separate from the points of attachment.

Corrective Measure: If the carpeting was installed by the contractor, the contractor will restretch or resecure the carpeting, once during the first year, as necessary to meet the guidelines.

10-1-3 Observation: Carpeting is faded or discolored.

Performance Guideline: Fading or discoloration of carpet is a manufacturer's responsibility.

Corrective Measure: No action is required of the contractor.

Discussion: Fading or discoloration may result from the owner spilling liquids on the carpet, exposure to sunlight, or the owner's failure to properly maintain the carpet.

10-1-4 Observation: Dead spots are observed in padding areas below the carpet surface.

Performance Guideline: Carpeted areas shall have full coverage of padding consistently throughout the flooring area.

Corrective Measure: The contractor will repair/replace padding in the affected areas to meet the performance guidelines.

Roll Vinyl and Resilient Tile Flooring

10-2-1 Observation: Nail pops are observed on the surface of resilient flooring.

Performance Guideline: Readily visible nail pops on resilient flooring are considered unacceptable.

Corrective Measure: The contractor will repair the nail pops that are readily visible.

Discussion: The contractor will repair or replace, at the contractor's option, the resilient floor covering in the affected areas with similar materials. The contractor is not responsible for discontinued patterns or color variations when replacing the floor covering.

10-2-2 Observation: Depressions or ridges are observed in resilient flooring because of sub floor irregularities.

Performance Guideline: Readily apparent depressions or ridges exceeding 1/8-inch shall be repaired. The ridge or depression measurement is taken at the end of a 6-inch straightedge centered over the depression or ridge with 3 inches of the straightedge held tightly to the floor on one side of the affected area. Measure under the straightedge to determine the depth of the depression or height of the ridge.

Corrective Measure: The contractor will take corrective action as necessary to bring the affected area within the acceptable tolerance so that the depression or ridge is not readily visible and is not more than 1/8-inch. The con-tractor will not be responsible for discontinued patterns or color variations when replacing the floor covering.

Discussion: Contractor is not responsible for homeowner neglect or abuse or installations performed by others.

10-2-3 Observation: Resilient flooring has lost adhesion.

Performance Guideline: Resilient flooring shall not lift, bubble, or detach.

Corrective Measure: At the contractor's option, the contractor will repair or replace the affected resilient flooring as necessary. The contractor is not responsible for discontinued patterns or color variations when replacing the floor covering.

10-2-4 Observation: Seams or shrinkage gaps show at vinyl flooring joints.
Performance Guideline: Gaps at joints/seams in vinyl flooring shall not exceed 1/16-inch in width. Where dis-similar materials abut, the gaps shall not exceed l/16-inch.

Corrective Measure: At the contractor's option, the contractor will repair or replace the vinyl flooring as necessary to meet the performance guideline. The contractor will not be responsible for discontinued patterns or color variations when replacing the floor covering.

Discussion: Proper repair can be accomplished by sealing the gap with seam sealer.

10-2-5 Observation: Bubbles are observed on roll vinyl flooring.

Performance Guideline: Bubbles resulting from trapped air and that protrude higher than l/16-inch from the floor is considered unacceptable.

Corrective Measure: The contractor will repair the floor to meet the guideline.

Discussion: The performance guideline does not apply to perimeter attached vinyl floors.

10-2-6 Observation: The patterns on roll vinyl flooring are misaligned.

Performance Guideline: Patterns at seams between adjoining pieces shall be aligned to within l/16-inch.

Corrective Measure: The contractor will correct the flooring to meet the performance guideline.

10-2-7 Observation: A resilient floor tile is loose.

Performance Guideline: Resilient floor tiles shall be securely attached to the floor.

Corrective Measure: The contractor will attach loose resilient floor tiles securely to the floor. The old adhesive will be removed if necessary to resecure the tiles.

10-2-8 Observation: The corners or patterns of resilient floor tiles are misaligned.

Performance Guideline: The corners of adjoining resilient floor tiles shall be aligned to within l/8-inch. Misaligned patterns are not covered unless they result from improper orientation of the floor tiles.

Corrective Measure: The contractor will correct resilient floor tiles with misaligned corners to meet the performance guideline.

10-2-9 Observation: Yellowing is observed on the surface of vinyl sheet goods after installation and before substantial completion of the project.

Performance Guideline: The contractor shall install vinyl flooring per the manufacturer's instructions.

Corrective Measure: Yellowing resulting from a manufacturer's defect or from the owner's misuse or lack of maintenance is not covered by the contractor.
Discussion: Some chemical compounds, such as the tar residue from a recently paved asphalt driveway, may cause a chemical reaction with the flooring material and result in permanent damage to the floor. The owner is responsible for the proper use and maintenance of the floor. Yellowing caused by the owner's improper use of or inadequate maintenance of the floor is not the contractor's or the manufacturer's responsibility.

Wood Flooring

10-3-1 Observation: Gaps exist between strip hardwood floorboards.

Performance Guideline: Gaps between strip hardwood floorboards shall not exceed l/8-inch in width at the time of installation.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline.

Discussion: Wood floors are subject to shrinkage and swell due to seasonal variations in the humidity level of home. While boards may be installed tight together, gaps or separations may appear during heating seasons or periods of low humidity. Gaps or separations that close during non-heating seasons are not considered deficiencies. Homeowners should be familiar with the recommended care and maintenance requirements of their wood floor. Repeated wetting and drying, or wet mopping, may damage wood finishes. Dimples or scratches can be caused by moving furniture or dropping heavy objects, and certain high heel style shoes may cause indentations. These conditions are not covered by this Warranty. Relative humidity of the home can cause noticeable fluctuations in gaps between floor boards. This is a normal phenomenon in spaces that experience significant shifts in humidity. The owner is responsible for maintaining proper humidity levels in the home. Proper repair can be affected by filling the gap.

10-3-2 **Observation:** Strip hardwood floor boards are cupped.

Performance Guideline: Cups in strip hardwood floorboards shall not exceed 1/16-inch in height in a 3-inch maximum span measured perpendicular to the long axis of the board. Cupping caused by exposure to moisture beyond the contractor's control is not covered.

Corrective Measure: The contractor will correct or repair cupped boards to meet the performance guideline.

Discussion: The owner is responsible for proper maintenance of the floor and for maintaining proper humidity levels in the home.

10-3-3 **Observation:** Excessive lippage is observed at the junction of prefinished wood flooring products.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable.

Corrective Measure: The contractor will repair lippage in the affected areas to meet the performance guideline

10-3-4 **Observation:** Voids ("holidays") are observed in the floor finish.

Performance Guideline: Voids that are readily visible from a distance of 6 feet under normal lighting conditions are considered unacceptable.
Corrective Measure: The contractor will repair the floor finish in the affected area(s) to meet the performance guideline.

10-3-5 Observation: The top coating on hardwood flooring has peeled.

Performance Guideline: Field-applied coating shall not peel during normal usage. Prefinished coatings are the manufacturer's responsibility.

Corrective Measure: The contractor shall refinish any field-applied finishes that have peeled.

Discussion: The owner should contact the manufacturer regarding factory-applied finishes that have peeled.

10-3-6 Observation: Strip flooring has crowned.

Performance Guideline: Crowning in strip flooring shall not exceed 1/16-inch in depth in a 3-inch maximum span when measured perpendicular to the long axis of the board.

Corrective Measure: The contractor will repair the affected area to meet the performance guideline.

10-3-7 Observation: Hardwood flooring has buckled from the substrate.

Performance Guideline: Hardwood floor should not become loose from the substrate.

Corrective Measure: The contractor will repair the affected area to meet the performance guideline.

10-3-8 Observation: Unacceptable knots and color variations are observed in strip hardwood flooring.

Performance Guideline: The contractor will install the grade of hardwood specified for the project. All wood should be consistent with the grading stamp as specified.

Corrective Measure: The contractor shall replace any improperly graded wood.

Discussion: Hardwood is a natural product and consequently can be expected to exhibit variations in color, grain, and stain acceptance.

10-3-9 Observation: Slivers or splinters are observed in strip flooring.

Performance Guideline: Slivers or splinters that occur during the installation of the flooring are considered unacceptable.

Corrective Measure: The contractor will repair flooring in the affected areas to meet the performance guideline.

Discussion: Slivers or splinters that occur during installation can be shaved and the area filled prior to sanding and finishing.

10-3-10 Observation: "Sticker bum" is observed on the surface of strip flooring.

Performance Guideline: Discoloration from stacking strips in hardwood flooring is considered unacceptable in certain grades of flooring.
Corrective Measure: The contractor shall repair or replace areas with sticker bum if they are not permitted in the grade of wood specified for the project.

Tile, Brick, Marble, and Stone Flooring

10-4-1 Observation: Tile, brick, marble, or stone flooring is broken or loosened.

Performance Guideline: Tile, brick, marble, and stone flooring shall not be broken or loose.

Corrective Measure: The contractor will replace broken tiles, bricks, marble, and stone flooring, and resecure loose tiles, bricks, marble, and stone, unless the flooring was damaged by the owner's actions or negligence. The contractor is not responsible for discontinued patterns or color variations when replacing tile, brick, marble, or stone flooring.

10-4-2 Observation: Cracks are observed in the grouting of tile joints or at the junctures with other materials, such as a bathtub.

Performance Guideline: Cracks in grouting of ceramic tile joints commonly result from normal shrinkage conditions. Cracks that result in loose tiles or gaps in excess of 1/16-inch shall be repaired.

Corrective Measure: The contractor will repair grouting, if necessary, one time only. The contractor is not responsible for color variations or discontinued colored grout. The owner is responsible for regrouting these joints after the contractor's one-time repair.
Discussion: The use of an elastic substance at junctures between tile and other materials is often more effective than grout.

10-4-3 Observation: There is excessive lippage at adjoining marble or ceramic tile.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable, except where the materials are designed with an irregular height (such as hand-made tile).

Corrective Measure: The contractor will repair lippage in the affected areas to meet the performance guideline.

Discussion: Lippage is the vertical distance between floor tiles or marble tiles at the point where they abut one another.

10-4-4 Observation: A grout or mortar joint is not a uniform color.

Performance Guideline: After the grout has cured, any color variation that is readily visible from a distance of 6 feet under normal lighting conditions is considered unacceptable.

Corrective Measure: One time only, the contractor will repair the joint to meet the performance guideline.

Discussion: When grout repairs are done a perfect match between the original grout and new grout cannot be expected. The contractor is not required to re-grout an entire floor, wall or room.

Miscellaneous
-Coverage 1st Year Only, Workmanship and Materials

Fireplace and Wood Stove

11-1-1. Observation: Fireplace or chimney does not consistently draw properly.

Performance Guideline: A properly designed and constructed fireplace and chimney shall function correctly.

Corrective Measure: The contractor shall correct as necessary if the problem is caused by a design or construction flaw.

Discussion: High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches, steep hillsides, adjoining homes, and interior furnaces.

11-1-2 Observation: The chimney is separated from the structure.

Performance Guideline: Newly built fireplaces will often incur slight amounts of separation. The amount of separation from the main structure shall not exceed 1/2-inch in any ten-foot vertical measurement.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline.

Discussion: Proper repair can be affected by caulking unless the cause of the separation is due to a structural failure of the chimney foundation itself. In that case, caulking is unacceptable.

11-1-3 Observation: The firebox paint is damaged by a fire in the fireplace.

Performance Guideline: Heat and discoloration is a common occurrence.

Corrective Measure: No action is required of the contractor.

Discussion: The owner should obtain the proper paint from the manufacturer if he or she chooses to touch up the interior of the firebox for aesthetic reasons.

11-1-4 Observation: A firebrick or mortar joint is cracked.

Performance Guideline: Heat and flames from normal fires can cause cracking.

Corrective Measure: No corrective action is required of the contractor.

11-1-5 Observation: A simulated firebrick panel has cracked.

Performance Guideline: This is a common condition.

Corrective Measure: No corrective action is required of the contractor.

11-1-6 Observation: Rust is observed on the fireplace damper.

Performance Guideline: This is a common condition.

Corrective Measure: No corrective action is required of the contractor.

Concrete Stoops and Steps

11-2-1. Observation: Stoops or steps have settled, heaved, or separated from the house structure.

Performance Guideline: Stoops and steps shall not settle, heave in excess of 1 inch, or separate in excess of
1 inch from the house structure.

Corrective Measure: The contractor will take whatever corrective action is required to meet the performance guideline.

11-2-2 Observation: Water remains on stoops or steps after rain has stopped.

Performance Guideline: Water shall drain off outdoor stoops and steps. Minor amounts of water can be expected to remain on stoops and steps for up to 24 hours after rain.

Corrective Measure: The contractor will take corrective action to ensure proper drainage of stoops and steps.

Garage

11-3-1 Observation: The garage floor slab is cracked.

Performance Guideline: Cracks in concrete garage floor greater than 3/16-inch in width or 1/8-inch in vertical displacement are unacceptable.

Corrective Measure: The contractor shall repair to meet the performance guideline.

Discussion: Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface using latex-fortified cement mixture or other materials designed to fill cracks and bond concrete.

11-3-2. Observation: Garage concrete floor has settled, heaved, or separated.

Performance Guideline: The garage floor shall not settle or heave in excess of 1 inch, or separate in excess of 1 inch from the structure.

Corrective Measure: The contractor will take whatever corrective action is required to meet the performance guideline.

Discussion: The repaired area may not match the existing floor in color and texture.

11-3-3 Observation: Garage doors fail to operate properly under normal use.

Performance Guideline: Garage doors shall operate properly.
Corrective Measure: The contractor will correct or adjust garage doors as required, except where the owner's actions or negligence caused the problem.

Discussion: The contractor is not responsible for the door operation if the owner has installed a garage door opener.

11-3-4 Observation: Garage doors allow the entry of snow or water.

Performance Guideline: Garage doors shall be installed as recommended by the manufacturer. Some snow or water can be expected to enter under normal conditions.

Corrective Measure: The contractor will adjust or correct the garage doors to meet the manufacturer's installation instructions.

Driveways and Sidewalks

11-4-1. Observation: Asphalt driveway develops cracks.

Performance Guideline: This is a normal condition.

Corrective Measure: None.

11-4-2 Observation: Standing water is observed on an asphalt pavement surface.

Performance Guideline: Standing water greater than1/8-inch in depth shall not remain on the surface 24 hours after a rain. It is not unusual to have some standing water after heavy rains.
Corrective Measure: The contractor shall repair or replace the affected area to meet the guideline if the warranty covers the driveway. Patched areas will generally be noticeable and not blend in with the rest of the driveway.

11-4-3 Observation: Exterior concrete flat work is pitting or spalling. Pitting is evidenced by concrete that has flaked or peeled from the outer surface. Spalling is evidenced by concrete that has chipped.

Performance Guideline: Exterior concrete surfaces shall not pit, spall or disintegrate. Aggregate pops are normal; minor scaling is not controllable at all.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control.

Wood Decks

11-5-1 Observation: A wood deck is springy or shaky.

Performance Guideline: All structural members in a wood deck shall be sized, and fasteners spaced, according to appropriate building codes and manufacturers' instructions.

Corrective Measure: The contractor will reinforce or modify, as necessary, any wood deck not meeting the performance guidelines.
Discussion: Deflection may indicate insufficient stiffness in the lumber, or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Structural members are required to meet standards for both stiffness and strength. When an owner's preference is made known before construction, the contractor and the owner may agree upon a higher standard.

11-5-2 Observation: The spaces between decking boards are not uniform.

Performance Guideline: The spaces on opposite sides of individual deck boards shall not differ in average width by more than 3/16-inch at the time of substantial completion of the project, unless otherwise agreed upon by the owner and the contractor.

Corrective Measure: One time only, the contractor will realign or replace decking boards to meet the performance guideline.

Discussion: The spaces will naturally tend to change over time because of shrinkage and expansion of individual boards. The contractor is only responsible for correct spacing at the time of substantial completion of the project.

11-5-3 Observation: The railings on wood decking contain slivers in exposed areas.

Performance Guideline: Railings on wood decks shall not contain slivers longer than 1/8-inch in exposed areas at the time of substantial completion of the project.
Corrective Measure: One time only; the contractor will repair railings as necessary to remove slivers prior to substantial completion of the project. Repair of slivers after that time is an owner maintenance responsibility.

Discussion: Slivers can develop when unprotected wood weathers. The proper finishing of wood surfaces helps prevent slivers from forming.

11-5-4 Observation: A wood deck is out of level.

Performance Guideline: No point on the deck surface shall be more than l/2-inch higher or lower than any other deck surface point within 10 feet on a line parallel to the house, or in proportional multiples of the preceding dimensions (unless a slope is incorporated in the design). *Remodeling Specific: The owner and contractor may agree to intentionally build a wood deck out of level in order to match or compensate for inaccuracies in the existing structure.*

Corrective Measure: The contractor will repair the deck as necessary to meet the performance guideline.

Discussion: A slope of approximately l/8-inch per foot is desirable in the perpendicular direction to shed water and prevent ice build-up.

11-5-5 Observation: Wood decking boards are split, warped, or cupped.

Performance Guideline: At the time of substantial completion of the project, splits, warps, and cups in wood decking boards shall not exceed the allowances established by the official grading rules issued by the agency responsible for the lumber species specified for the deck boards.

Corrective Measure: The contractor will replace decking boards as necessary to meet the performance guidelines

11-5-6 Observation: A wood deck has stain color variations.

Performance Guideline: Stain color variations are not acceptable if they result from improper stain application or failure to mix the stain properly. Stain color variations resulting from other causes-such as weathering or varying porosity of the wood used to build the deck-are common and are not covered by this guideline.

Corrective Measure: The contractor will restain the affected area to meet the performance guideline.

11-5-7 Observation: A nail head protrudes from a wood decking board.

Performance Guideline: Nail heads shall not protrude from the floor of the wood deck at the time of substantial completion of the project.

Corrective Measure: The contractor will refasten nails whose heads protrude from the floor of the deck so that the heads are flush with the surface.

Discussion: Nails should be driven flush when the deck is installed, but they may pop from the deck over time as the wood shrinks and expands.

11-5-8 Observation: Nails on a wood deck are "bleeding."

Performance Guideline: Nail stains extending more than 1/2-inch from the nail and readily visible from a distance of more than 3 feet are not acceptable.

Corrective Measure: The contractor will eliminate nail stains to meet the performance guideline.

Discussion: This guideline does not apply if "natural weathering" or semi-transparent stains are specified.

11-5-9 Observation: A wood deck railing lacks rigidity.

Performance Guideline: Wood deck railings shall be attached to structural members in accordance with applicable building codes.

Corrective Measure: The contractor will repair wood deck railings as necessary to comply with applicable building codes.

Landscaping
-Coverage 1st Year Only, Workmanship and Materials

Note: Moving or protecting plants, trees, shrubs, and any other landscaping items prior to and during construction are the responsibility of the owner and must be dealt with before construction begins. Other handling of these items must be specified in the contract to designate the responsible party.

12-0-1 **Observation:** Tree stumps have been left in a disturbed area of the property.
Performance Guideline: If tree stumps were on the property in the disturbed area prior to the substantial completion of the project, the contractor is responsible for their removal.

Corrective Measure: The contractor will remove the stumps from the area.

12-0-2 **Observation:** Dead shrubs, plants, trees, or sod planted in disturbed area of property.

Performance Guideline: Any shrub, plant, tree, or sod planted by the contractor as part of the landscape package that are alive as of the acceptance of the project and die after that acceptance are not the responsibility of the contractor.

Corrective Measure: None.

12-0-3 **Observation:** Grass seed does not germinate.

Performance Guideline: Germination is dependent on certain climatic conditions, which are beyond the contractor's control.

Corrective Measure: The contractor is only responsible for seeding per the supplier's instructions.

Discussion: After installation, proper lawn and landscape care are the owner's responsibility.

12-0-4 **Observation:** Outdoor plants moved during work die after substantial completion of the project.
Performance Guideline: Plants that must be physically transported during the work shall be moved, maintained, and replanted by the owner.

Corrective Measure: No action is required of the contractor.

Discussion: The contractor shall not be responsible for delays in the schedule when plants are moved by the owner.

Systems: First and Second Years
Plumbing System
-Coverage 1st and 2nd Year, Systems

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Water Supply System

13-1-1 Observation: The water supply system fails to deliver water.

Performance Guideline: All on-site service connections to the municipal water main or private water supply are the responsibility of the contractor. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair the water supply system if the failure results from improper installation or failure of materials and if the connections are a part of the construction agreement. Conditions beyond the control of the contractor that disrupt or eliminate the water supply are not covered.

13-1-2 Observation: Pipes leak.

Performance Guidelines: No leaks of any kind shall exist in any soil, waste, vent, or water pipe.

Corrective Measure: The contractor will make repairs to eliminate leakage.

13-1-3 Observation: Water in plumbing pipes freezes, and the pipes burst.

Performance Guideline: Drain, waste, vent, and water pipes shall be adequately protected to prevent freezing as required by the applicable plumbing code for normally anticipated cold weather and in accordance with the de-sign temperatures established by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE). *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will correct situations not meeting the applicable code. The owner is responsible for draining or otherwise protecting pipes and exterior faucets exposed to freezing temperatures.

Discussion: Leaks occurring due to owner's neglect and consequential damage are not contractor's responsibility. The owner is responsible to maintain suitable temperature in the home to prevent pipes from freezing and bursting. Homes which are periodically occupied such as summer homes, or where there will be no occupancy for an extended period of time must be properly winterized or periodically checked to insure that a reasonable temperature is maintained.

Sanitary Sewer or Septic System
-Coverage 1st and 2nd Year, Systems

13-2-1 Observation: Septic system fails to operate properly.

Performance Guideline: Septic system shall function adequately during all seasons, under climatic conditions normal or reasonable anticipated (based on local records) for the location of the home. Septic system shall be designed and installed to comply with applicable, approved code requirements.

Corrective Measure: Contractor will repair, or otherwise correct, a malfunctioning or non operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under the contractor's control. Contractor will not be responsible for system malfunction or damage which is caused by owner negligence, lack of system maintenance, or other causes attributable to actions of the owner or other owner's contractors, not under the control of the contractor, including, but not necessarily limited to: the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes, to the septic system installation or surrounding soil conditions critical to the system's functioning.

13-2-2 Observation: Sewers, fixtures, or drains are clogged.

Performance Guideline: Sewers, fixtures, and drains shall drain. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will not be responsible for sewers, fixtures, and drains that are clogged because of the owner's actions or negligence. If a problem occurs, the owner should consult the contractor for corrective action. If defective installation is the cause, the contractor is responsible for correcting the problem. If the owner's actions or negligence is the cause, the owner is responsible for correcting the problem.

Discussion: With respect to septic systems, owner actions that constitute negligence under this guideline include but are not limited to the following:

- Connection of sump pump, roof drains, or backwash from a water conditioner into the system.
- Placement of nonbiodegradable items into the system.
- Use of a food waste disposer not supplied or approved by the contractor the contractor.
- Placement of surfaces not permeable to water over the disposal area of the systems.
- Allowing vehicles to drive or park over the disposal area of the system.

- Failure to pump out the septic tank periodically, as required.
- Use, which exceeds the system's design standards.

Heating, Ventilating and Air Conditioning (HVAC) System –Coverage 1st and 2nd Year, Systems

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Heating System

14-1-1 Observation: The heating system is inadequate.

Performance Guideline: The heating system shall be capable of producing an inside temperature of 70 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local, outdoor winter design conditions as specified in the ASHRAE Handbook: Fundamentals. National, state, or local energy codes shall supersede this performance guideline where such codes have been locally adopted. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will correct the heating system to provide the required temperature in accordance with the performance guideline or applicable code specifications. The contractor will re-balance a warm air system once during the first heating season. However, the owner will be responsible for balancing the system thereafter and for adjusting dampers and registers and for making other minor adjustments.

Discussion: For new living spaces created by remodeling jobs, heating guidelines may not apply to areas where living space has been created without resizing the HVAC system.

Central Air-Conditioning System

14-2-1 Observation: Cooling of rooms is inadequate.

Performance Guideline: If air-conditioning is installed by the contractor, the cooling system shall be capable of maintaining a temperature of 78 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local outdoor summer design conditions as specified in the ASHRAE Handbook: Fundamentals. In the case of outside temperatures exceeding 95 degrees Fahrenheit, the system shall keep the inside temperature 15 degrees Fahrenheit cooler than the outside temperature. National, state, or local codes shall supersede this guideline where such codes have been locally adopted. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will correct the cooling system to provide the required temperature in accordance with the performance guideline or applicable code specifications. The contractor will re-balance an air-conditioning system once during the first cooling season. However, the owner will be responsible for balancing the system thereafter and for adjusting dampers and registers and for making other minor adjustments.

Discussion: For new living spaces created by remodeling jobs, heating guidelines may not apply to areas where living space has been created without resizing the HVAC system.

14-2-2 Observation: There is a refrigerant leak.

Performance Guideline: Refrigerant lines and fittings shall not leak during normal operation. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair leaking refrigerant lines and recharge the air-conditioning unit unless the damage was caused by the owner's actions or negligence.

Ventilation System
-Coverage 1st and 2nd Year, Systems

14-3-1 Observation: The ductwork is separated or detached.

Performance Guideline: Ductwork shall remain intact and securely fastened. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will reattach and secure all separated or unattached ductwork.

14-3-2 Observation: The ductwork makes noises.

Performance Guideline: Ductwork will be constructed and installed in accordance with applicable mechanical code requirements. When metal is heated, it expands, and when cooled, it contracts. The resulting “ticking” or “crackling” sounds generally are to be expected and do not constitute a defect. *Remodeling Specific: See Note at beginning of chapter*.
Corrective Measure: Unless the duct is not in compliance with the local code, no corrective action is required.

14-3-3 Observation: The ductwork produces excessively loud noises commonly known as "oil canning."

Performance Guideline: The stiffening of the ductwork and the thickness of the metal used shall be such that ducts do not "oil can." The booming noise caused by oil canning is considered unacceptable. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: The contractor will correct the ductwork to eliminate noise caused by oil canning.

14-3-4 Observation: The air handler or furnace vibrates.

Performance Guideline: These items shall be installed in accordance with the manufacturer's instructions and applicable codes. *Remodeling Specific: See Note at beginning of chapter*.

Corrective Measure: If installed incorrectly; the contractor will correct the items according to the manufacturer's instructions and code requirements.

Discussion: Under certain conditions some vibrating may be experienced with the normal flow of air, even when air handlers and furnaces are installed correctly. See the manufacturer's instructions.

Electrical System
-Coverage 1st and 2nd Year, Systems

Note: *Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.*

15-1-1 Observation: Wiring fails to carry its designed load.

Performance Guideline: Wiring shall be capable of carrying the designed load for normal residential use. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will verify that wiring conforms to applicable electrical code requirements. The contractor will repair wiring not conforming to code.

15-1-2 Observation: Electrical outlets, switches, or fixtures malfunction.

Performance Guideline: All electrical outlets, switches, and fixtures shall operate as designed. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair or replace malfunctioning electrical outlets, switches, and fixtures, if supplied and installed by the contractor.

Major Structure
-Coverage through 6th Year, Material Defects

Load-Bearing Portions of the Home

16-1-1 **Observation:** The failure of any of the following load bearing portions of the home: foundation systems and footings, beams, girders, lintels, columns, structural walls and partitions, floor systems, and roof framing systems. (Note: load-bearing portions do not include, for example: roofing and sheathing, drywall and plaster, exterior siding, brick or stone or stucco veneer, floor covering material, wall coverings, non-load bearing walls and partitions, concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the home, electrical systems, plumbing systems, heating or cooling systems, ventilation systems, appliances, fixtures and items of equipment, paint, doors and windows, trim, cabinets, hardware or insulation.)

Performance Guideline: The failure of these load-bearing portions of the home shall not affect their load bearing functions, making the home unsafe, unsanitary or unlivable.

Corrective Measure: The contractor will repair or replace the defective item(s), or will pay the owner the reasonable cost of such repair or replacement. The contractor's total liability is limited to the amount specified in the Limited Warranty. The choice as to repair, replacement or payment is solely that of the contractor.
Repair of defective item(s) is limited to (1) the repair of damage to the load-bearing portions of the home, which are necessary to restore their load-bearing function; and (2) the repair of those items of the home damaged by the material defect, which make the home unsafe, unsanitary or otherwise unlivable.

GLOSSARY OF COMMMON TERMS

AFCI (Arc Fault Circuit Interrupter) – A type of circuit breaker that is designed to reduce the likelihood of fire caused by electrical arcing faults.

beam – A structural member that transversely supports a load.

bifold doors – Doors that are hinged at the center and guided by an overhead track.

blocking – A solid, tight closure used between framing members.

breakline – A dividing point between two or more surfaces.

brick veneer – A non-structural outer covering of brick.

bridging – Wood or metal structural members between horizontal (joists) or vertical (studs) framing that provide lateral rigidity to the members to which applied.

bug holes – Pits, surface voids, and similar imperfections in a concrete wall. Bug holes generally are up to 1 inch wide or deep.

cantilever – Construction that is unsupported at one end and that projects outward from the site of the structure to carry loads from above or below.

ceiling joist – The horizontal structural members to which the ceiling is fastened. Some members may support a floor above.

checking – Cracks in wood.

chimney cap – A metal or masonry surface that covers the top portion of a chimney that prevents the penetration of water.

circuit – The complete path of electricity away from and back to its source.

circuit breaker – A device that automatically interrupts an electrical circuit when it becomes overloaded.

cold joint – A joint in poured concrete that indicates where the pour terminated and continued.

control joint – A joint that is molded or cut in concrete to allow for expansion and contraction and to attempt to control random cracking.

corner bead – A strip of wood or metal fastened over a corner for protection.

crawl space – An area under a home which is not a basement or cellar.

damper – A device used to regulate draft in a furnace or fireplace chimney.

dead spots – Areas below a carpeted surface where padding appears to be missing or improperly installed.

deflection – The amount a truss or beam bends under a load.

dew point – The temperature at which moisture in the air condenses into drops.

disturbed area – Any area adjacent to a dwelling where original vegetation has been altered or removed.

downspout – A pipe that carries rainwater from the roof to the ground or to a sewer connection.

drywall – Gypsum wallboard.

duct – A round or rectangular pipe used to transmit and distribute warm or cool air from a central heating or cooling unit.

eave – The lower or outer edge of a roof that projects over the side walls of a structure.

efflorescence – A white powder that appears on the surface of masonry walls. It is usually caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds.

finish flooring – The top flooring material that covers the subflooring surface; usually carpeting, hardwood, tile, vinyl, etc.

flashing – Strips of metal or plastic material used to prevent moisture from entering roofs, walls, windows, doors, and foundations.

floor joist – A horizontal framing member to which flooring is attached.

footing – A flange-like part at the base of a foundation wall which ties and distributes loads from the foundation into the ground and prevents shifting and settling.

foundation – That part of a building which is below the surface of the ground and on which the superstructure rests.

frost lift – A condition caused by water freezing and causing soil to expand, which can cause two overlying, adjoining surfaces to separate from each other. Frost lift sometimes occurs at the junction of a garage floor and driveway.

GFCI (Ground Fault Circuit Interrupter) – A type of circuit breaker that is extremely sensitive to moisture and changes in resistance to an electrical current flow. A GFCI protects against electrical shock or damage.

gypsum – Hydrous calcium sulphate mineral rock.

gypsum wallboard – See "drywall."

hardboard – A wood fiber panel with a density range of 50 to 80 pounds per cubic foot. It is made of wood fibers pressed into solid boards by heat and pressure.

hardwood – A term used to designate wood from deciduous trees (which lose their leaves annually).

header – A structural member placed across the top of an opening to support loads above.

hinge-bound – A condition of a passage or entry door where hinge function impedes proper operation.

holidays – Voids or inconsistencies in a finished surface.

honeycomb – Voids in a concrete wall that are larger than bug holes (see "bug holes").

HVAC – The abbreviation for Heating, Ventilating, and Air Conditioning Systems.

jamb – The side framing or finish material of a window, door, or other opening.

joist – An on-edge-horizontal lumber member, such as a 2x6, 2x8, 2x10, or 2x12, which spans from wall to wall or beam to provide main support for flooring, ceiling, or roofing systems.

junction box – A box that forms junctions between sections of house wiring.

lath – Any material used as a base for plastering or stucco surfacing.

lippage – The difference in surface alignment between two materials.

mortar – An adhesive and leveling material used in brickwork, stone, block, and similar masonry construction.

muntins – Strips of wood, metal, or plastic that divide a window into panes. Muntins can be installed within two pieces of glass or on the surface of the glass.

parging – A rough coat of mortar applied over a masonry wall.

pitch – The degree of incline in a sloped roof or structure.

plumb – A measurement of true vertical.

rafter – Structural members which shape and form the support for the roof deck and the roof covering.

raveling – A condition in which aggregate is loose from asphalt pavement.

register – A louvered device that allows air travel from the ducts into a room.

riser (stairway) – A vertical stair member that supports a tread.

riser (plumbing) – A water pipe that extends vertically one full story or more to convey water to branches or to a group of fixtures.

roof ridge – The apex of a roof system.

scaling – The flaking or peeling away of a surface portion of hardened concrete.

setting – The driving of a fastener flush or below the surface of a material.

shakes – Split wooden shingles that are random in thickness.

sheathing – The application of panels to the face of framing members. Also known as "decking."

shim – A thin, tapered piece of material (usually wood) that is used to adjust or provide support for a member.

sill – A framing member placed on top of and around a foundation to serve as a level base on which to support exterior wall studs.

slab – A concrete floor/surface.

soffitt – The enclosed under surface of an eave.

spalling – The breaking away of a small piece of concrete.

stair skirt – A finishing board that may cover the outside staircase edge.

stud – A vertical framing members.

subflooring – A floor decking material laid on top of the floor joists.

substantial completion of the project – A project has met substantial completion where the areas are functional for their intended use as stated by the contract (except for items noted prior to final presentation), and clean-up on the site has been completed.

sump pump – A pump that is installed in a crawl space, basement, or other low area to discharge water that might collect.

swale – A shallow depression in the ground that is used as a drainway for water.

telegraphing – A condition of a subsurface projecting through the finish material.

tread – A horizontal stair member. A tread is the part you step on when walking up or down stairs.

truss – An engineered assembly of wood or metal components that generally is used to support roofs or floors.

vapor retarder – Plastic film or other material used to limit the amount of moisture vapor that passes through a material or wall assembly.

warranty period – The duration of the applicable warranty provided by the contractor or any other period agreed to by the parties.

weather stripping – Material placed around doors, windows, and other openings to prevent the infiltration of air, dust, rain, etc.

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SCHEDULE D-2

FORM FOR RELEASE OF ESCROWED FUNDS

FORM FOR THE RELEASE OF ESCROWED FUNDS

Date

Dickler & Roth LLP
19 Fulton Street, Suite 306
New York, NY 10038

Re: 477 SACKETT STREET CONDOMINIUM
Purchaser:
Home #:

Gentlemen:

You have been holding in a trust account my/our down payment for the above-referenced Home in the amount of $_____. I/we acknowledge that closing has taken place this date. Accordingly, you are authorized to release the funds being held in said amount to whomever the Sponsor so designates. In addition, you, as Escrow Agent on said account, are hereby released from any and all liability or further obligation to us with respect to said down payment.

Very truly yours,

_____
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 Home # at 477 Sackett Street Condominium.

2. Pursuant to a Purchase agreement dated , 20 , I am entitled to thirty (30) days' written notice of the closing for my Home.

3. I hereby waive the applicable notice provision contained in the Purchase Agreement and agree to close on , 20 .

_____
Purchaser's signature

_____
Purchaser's signature

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 477 SACKETT GARDENS, LLC, its members, officers, directors, principals, shareholders, successors and assigns for any and all damage to any personal property.

_____

_____

SCHEDULE D-5

TENDER OF ESCROW DEPOSIT FORM

TENDER OF ESCROW DEPOSIT

Date: _____

Tender of Deposit of $_____, for Home ____ at 477 Sackett Street Condominium, located at 477 Sackett Street, Brooklyn, New York 11231.

Purchaser(s) named below has/have tendered on_____, 20__, the above escrow deposit to Sponsor/Selling Agent as a deposit for the above Home.

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-6

HOME FIRE SPRINKLER SYSTEM DISCLOSURE & PURCHASER ACKNOWLEDGMENT FORM AND HOME FIRE SPRINKLER SYSTEMS PAMPHLET

HOME FIRE SPRINKLER SYSTEM DISCLOSURE & PURCHASER ACKNOWLEDGMENT FORM

This Home Fire Sprinkler System Disclosure and Purchaser Acknowledgment Form is made by _____ ("Purchaser") and given to _____ ("Seller") for the property located at _____ _____ ("Premises").

Important Notice

Effective as of September 1, 2022, Section 759-a of the New York General Business Law requires, as follows:

> A builder of a one- or two-family residential dwelling having less than three stories, prior to entering into a contract for construction of such dwelling with a buyer, shall provide the buyer with a copy of written materials prepared by the office of fire prevention and control pursuant to subdivision twenty-one of section one hundred fifty-six of the executive law, which details the benefits of and includes factors that can affect the costs associated with the installation and maintenance of an automatic fire sprinkler system. The builder shall further provide an estimate of the cost for the installation of an automatic fire sprinkler system in such dwelling. Upon request of the buyer, the builder shall, at the buyer's expense, install an automatic fire sprinkler system in such one- or two-family residential dwelling having less than three stories.

Benefits of Automatic Fire Sprinklers in One- (and Two-) Family Dwellings

In accordance with General Business Law § 759-a, all new home buyers must receive a copy of the pamphlet "Home Fire Sprinkler Systems: The Future of Fire Safety Here Today", written by the Home Fire Sprinkler Coalition and distributed through the State Office of Fire Prevention and Control. The pamphlet contains important information about the benefits of installing automatic fire sprinklers in your new home. Although an effective means of fire suppression in single family dwellings, each new home is unique and the costs of installing (and any future testing & maintenance of these systems) will vary considerably.

Confirmation by Purchaser - Receipt of the Required Pamphlet

Purchaser Initials	
_____	_____

Prior to entering into a Purchase Agreement, I/we received a copy of the pamphlet, "Home Fire Sprinkler Systems: The Future of Fire Safety Here Today," informing me/us of the benefits of automatic fire sprinklers and the general estimate for installation contained therein.

Estimate of Cost to Install an Automatic Fire Sprinkler System in the Premises

Seller estimates that the cost for equipment and installation of an automatic fire sprinkler system in the Premises is approximately $_____. Purchaser is advised that the actual cost to acquire and install an automatic fire sprinkler system in the Premises may vary from Seller's estimate, based upon, among other things, the availability of materials or labor, market conditions, and other factors. In the event Purchaser elects to have Seller install an automatic fire sprinkler system in the Premises, Purchaser will be responsible for all actual costs associated therewith, and Purchaser will be solely responsible for testing, repair, maintenance and/or replacement of such automatic fire sprinkler system once it has been installed in the Premises.

Purchaser Initials

_____ _____

Prior to entering into a Purchase Agreement, Seller provided me/us with an estimate of the cost for the installation of an automatic fire sprinkler system in the Premises.

Purchaser's Election Concerning Installation of a Home Fire Sprinkler System

INITIAL ONE OPTION ONLY

Purchaser Initials

_____ _____

I/we understand our right to direct Seller to install, at Purchaser's sole cost and expense, an automatic fire sprinkler system in the Premises and have waived such right. I/we do not wish to have an automatic fire sprinkler system installed in the Premises.

OR

Purchaser Initials

_____ _____

I/we wish to have an automatic fire sprinkler system installed in the Premises and agree that all costs and expenses associated therewith (including, without limitation, any demolition and/or restoration, if necessary) will by my/our sole responsibility as the Purchaser. The terms and conditions concerning the foregoing will be set forth in the Purchase Agreement or an Addendum thereto.

Date:_____

Purchaser:

_____

Print Name:

_____

Print Name:

the future of fire safety here today



NEW YORK STATE | Homeland Security and Emergency Services | Fire Prevention and Control



UNDERSTANDING FIRE SPRINKLER PROTECTION FOR HOMES

Fire kills more people in the United States annually than all natural disasters combined. Ironically, most fire deaths occur in the very place where we feel safest — our own homes. Those at highest risk are very young children and older adults, who may have difficulty making a quick escape.

Fire sprinkler systems provide powerful protection from fire. They work automatically and immediately; before a fire spreads. Sprinklers put water right where it is needed, slowing or stopping the flames and poisonous smoke, so people can get out safely.

"Fire sprinklers give me peace of mind, especially at night when my children are sleeping." Sandra Kuhns, Homeowner, Oregon



The ideal time to install fire sprinkler systems is during new construction. Many homeowners opt to install, or retrofit, sprinklers when they remodel their homes.

You are at Greatest Danger from Fire at Home

According to the National Fire Protection Association (NFPA), nine out of 10 structure fire deaths happen in homes. Many people don't realize how fast a home fire grows and spreads from room to room. Too often, people think they'll have plenty of time to get out.

Having fire sprinklers installed at home can save your life if fire strikes. In fact, when fire strikes at home, it can become deadly in as few as three minutes. Most fatal fires take place at night when people are sleeping. A fire sprinkler system is like having a firefighter on duty 24 hours a day.

Watch a video that demonstrates how fast a home fire can become deadly at **HomeFireSprinkler.org.**

A Total System of Safety

Sprinkler systems are the ultimate home fire safety technology available today. Experts agree the most comprehensive protection from a home fire is a total system of safety:

- Prevention
- Early warning (working smoke alarms on every level)
- Quick Evacuation (well-planned and practiced home fire drills)
- Suppression (fire sprinkler system)



Sidewall Sprinkler



Concealed Sprinkler



Pendent Sprinkler

HOW FIRE SPRINKLERS WORK

Fire sprinklers protect your home around the clock, automatically. Each sprinkler system is unique to the home where it's installed. Most fire sprinkler systems are connected to the household water main. If the water supply is from a well or if the water pressure is too low, a pump and storage tank may be needed.

Fire sprinklers are linked throughout the home by a network of piping. Most home systems today use strong, noncombustible plastic pipe known as CPVC or PEX. Just like plumbing, sprinkler piping is typically hidden behind walls and ceilings. In unfinished basements, you may be able to see the piping in the ceiling; and it may be copper rather than plastic.

There are several types of fire sprinklers made just for homes. They can be installed on walls or in ceilings. Some sprinklers are concealed by a plate. Home fire sprinklers are much smaller than the types of sprinklers used in commercial properties and use much less water.

Heat Activates a Sprinkler, Not Smoke

Each sprinkler has a temperature-sensitive element and is individually activated by heat. Water flows from the sprinkler when the temperature reaches between 135°-165°F. In the vast majority of fires in sprinklered homes, only a single sprinkler will operate.

Smoke, cooking vapors or steam cannot cause home fire sprinklers to activate. Only the high temperature of a fire will operate the sprinkler.

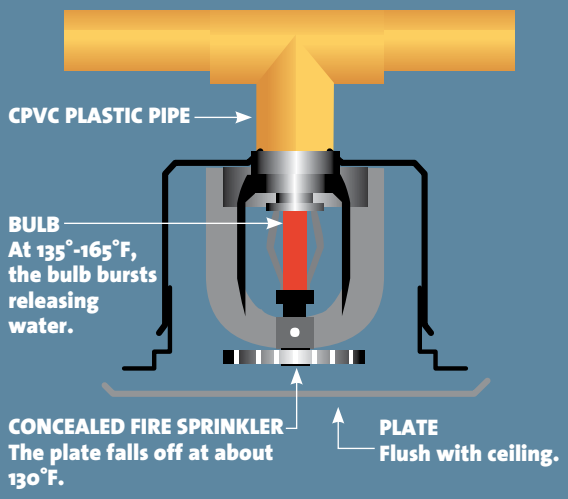
Maintenance is a Snap

Home fire sprinklers require very little maintenance. It's essential to keep the water valve turned on, so a simple visual inspection should be done routinely to ensure the valve is open. (Keeping the valve padlocked in the "on" position is a good idea.)

Inspect the pipes and sprinklers occasionally to make sure nothing is obstructing them.

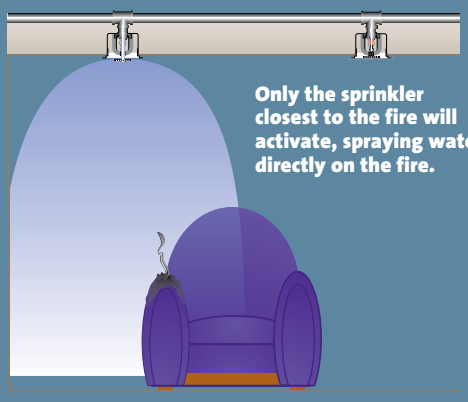
Every home sprinkler system should have a water flow test on a regular basis. It's a simple test that can be done by the homeowner or a fire sprinkler contractor.

A SPRINKLER COVERS A MINIMUM 12 X 12 FOOT AREA. EXTENDED COVERAGE SPRINKLERS CAN COVER A MAXIMUM AREA OF 20 X 20 FEET.

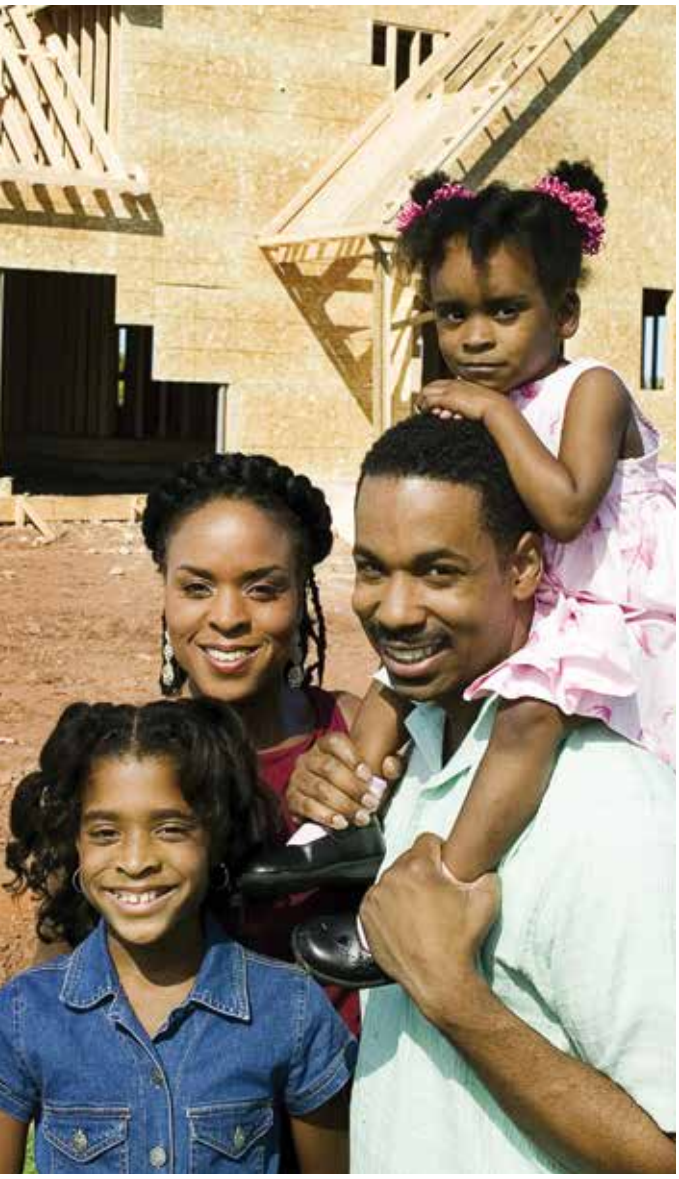


SPRINKLERS ARE LINKED BY A NETWORK OF PIPING, TYPICALLY HIDDEN BEHIND WALLS AND CEILINGS AND USUALLY DRAWING UPON HOUSEHOLD WATER SOURCES.





"An electrical short started a fire in our house. That fire was so fast and furious. The sprinkler system activated immediately. Our house is still standing. We are all still alive including our pets." Jim McCollister, Homeowner, Arizona



THE ADVANTAGES OF A HOME FIRE SPRINKLER SYSTEM

With Fire Sprinklers

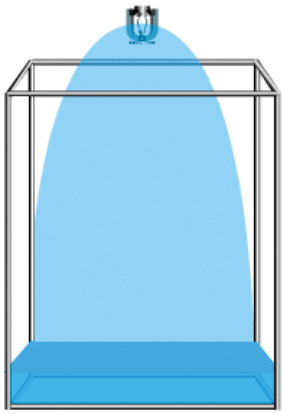
- The sprinkler closest to the fire activates
- Water contains or extinguishes fire
- Residents have time to safely escape
- Surrounding rooms are protected from damage

Fire sprinklers work so fast they often put out a home fire before the fire department arrives. Instead of launching a major fire suppression effort, arriving firefighters will simply turn off the sprinkler system and mop up the water.

Without Fire Sprinklers

- Flames grow and move room to room
- Heat and toxic gases spread
- In as few as three minutes, the fire becomes deadly
- Flashover occurs and the gases and combustible materials burst into flames

It typically takes 9-12 minutes from the time a fire starts to the time the fire department arrives. In that time, the fire will be so advanced that firefighters will have to use high-pressure hoses, applying water at 250 gallons per minute. Even if the family is lucky enough to get out unharmed, the home will likely be lost and the family displaced.



Sprinkler - 25 Gallons of Water/Minute



Fire Hose - 250 Gallons of Water/Minute

Learn more about how home fire sprinkler systems work at **HomeFireSprinkler.org.**

HOME FIRE SPRINKLERS ARE A SMART CHOICE

Homebuilders know that homeowners are safety conscious. They want to protect their families and they want to secure their investment. That's why more and more homebuilders are offering their customers the option of installing a fire sprinkler system in new homes. A home fire sprinkler system is a smart choice. Unlike the many upgrades that are available in new construction – such as gourmet kitchen amenities, whirlpool tubs and high-end flooring – only a home fire sprinkler system can save your life if there is a fire. And, the fire sprinkler system also protects your home and your valuables. No other upgrade can do that.

Nearly 70% of homeowners believe having a fire sprinkler system increases the value of a home, according to a survey conducted by Harris Interactive. Nearly half say a sprinklered home is more desirable than an unsprinklered home.

Affordable Fire Protection

The cost to install a fire sprinkler system is rolled into a new home mortgage, as are the plumbing and electrical systems.

Sprinklered homes qualify for valuable discounts on homeowner insurance premiums. Discounts vary by company and by state, so shop around to find the best discount in your area.

The cost to install a home fire sprinkler system also varies by region. Nationally on average, the cost to install sprinklers is $1.61 per sprinklered square foot. Retrofitting a home with sprinklers is typically higher. In many municipalities, increased installations have brought the cost down significantly.

Unmatched Peace of Mind

Home fire sprinklers are proven lifesavers. In Scottsdale, Arizona, sprinklers have been required in new homes since 1986. A 15-year study of fire loss in Scottsdale since then found that no deaths occurred in the fires that took place in sprinklered homes during the period; 13 people died in unsprinklered homes.

Fire sprinklers also protect property and valuables. The Scottsdale study showed that where fires occurred in sprinklered homes, there was less fire damage and less water damage from suppression. The average loss per sprinklered single-family home fire was $2,166, compared to $45,019 for the unsprinklered home fires.



HARRIS INTERACTIVE® SURVEY FINDINGS

- 69 percent of homeowners believe having a fire sprinkler system increases the value of a home.
- 38 percent say they would be more likely to purchase a new home with sprinklers than without.
- 45 percent say a sprinklered home is more desirable than an unsprinklered home, most often because of the added safety provided by the sprinklers (51 percent).
- If offered, 36 percent would choose fire sprinklers over hardwood floors; and 35 percent would choose them over cabinet upgrades.
- For 43 percent, the ability to include the cost of installing sprinklers in the mortgage is an installation incentive.

National survey conducted in December 2005; commissioned by HFSC

"We've lived in a sprinklered home for 25 years – nothing has made us feel safer." Jan and Rich Gratton, Homeowners, California



HOME FIRE SPRINKLER FAQS

If one sprinkler goes off, will they all go off?

No. Sprinklers activate independently; only the sprinkler(s) closest to the fire will activate. In most home fires, only one sprinkler is needed to control the fire.

If I burn toast, will the sprinkler activate?

No. Fire sprinklers do not respond to smoke; they respond to the high temperature of a fire at about 135˚ to 165˚F. Smoke caused by cooking or cigars cannot and will not cause a sprinkler to activate.

Will my sprinklers leak?

Sprinkler mishaps are generally less likely and less severe than conventional home plumbing system problems. Choose an experienced residential sprinkler contractor to install your system. Contractors follow national installation standards, which help ensure proper operation.

Is post-fire water damage from sprinklers worse than fire damage would be without sprinklers?

Fire damage and water from high-pressure fire hoses are far greater. A residential sprinkler flows 10-26 gallons of water per minute, for approximately 10 minutes (or less if the fire department turns the water off sooner). An uncontrolled fire will cause far greater fire destruction and smoke damage, requiring a tremendous amount of water from fire department hoses – more than 10 times the water per minute. The property loss in a sprinklered home fire is typically only a fraction of the loss in an unsprinklered home fire.

Won't the fire department be able to put out the fire and save my things?

From the time the fire starts, it typically takes about nine to 12 minutes for the fire department to arrive. In that time, an uncontrolled fire will have grown and spread throughout the home, causing tremendous smoke and fire damage before the fire department can get there.

Will my sprinklers freeze in the winter?

Freezing is not a problem with proper installation. The national sprinkler installation standard provides guidance for proper installation in cold regions, including appropriate additional insulation and moving fire sprinklers to interior walls.



Since I have smoke alarms, why do I need fire sprinklers?

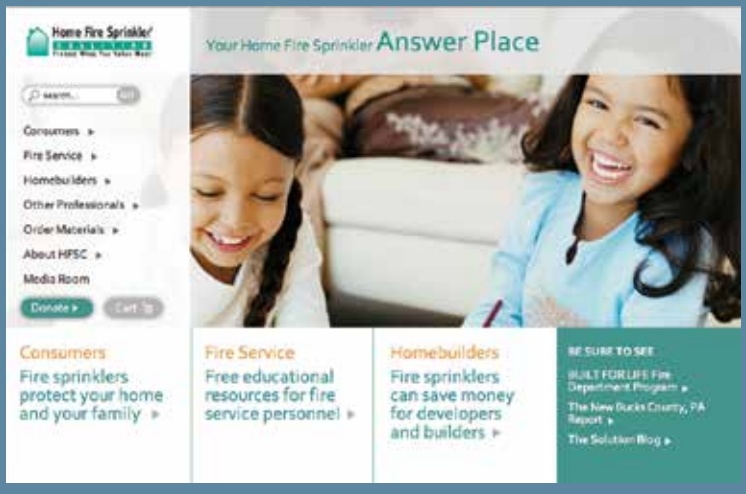
Smoke alarms are essential in every home, but they can only detect a fire. To be effective, residents must be willing and able to respond quickly to the alarm. Only fire sprinklers can detect the fire and automatically control or extinguish it, paving the way for residents to make a safe escape – and also protecting property and valuables. The best protection from fire is having both smoke alarms and a fire sprinkler system.

Are fire sprinklers difficult to maintain?

No. Home maintenance is simple. Regular flow tests should be conducted and homeowners can do these simple tests themselves or have the sprinkler contractor do it every year or so.

FREE RESOURCES FOR HOMEOWNERS

The Home Fire Sprinkler Coalition (HFSC) is a national, nonprofit organization dedicated to educating the public about the value and availability of fire sprinkler protection for homes. HFSC works with fire departments, local officials, sprinkler contractors and others to help increase awareness of home fire safety.



You can learn more about home fire sprinkler systems on the nonprofit Home Fire Sprinkler Coalition website, **HomeFireSprinkler.org**, including:

- Animated fire sprinkler system features
- Comparisons of home fires with and without sprinkler systems
- Checklist for installing sprinklers in your home
- How to talk to your builder about installing a fire sprinkler system
- How to choose a qualified sprinkler contractor

There is no cost to download the materials from HFSC's website.

For additional information, contact your local fire department's public educator.

Home Fire Sprinkler
COALITION
Protect What You Value Most
HomeFireSprinkler.org

HFSC MEMBERS

AFSA American Fire Sprinkler Association

CASA Canadian Automatic Sprinkler Association

International Fire Chiefs Association

NFPA

NFSA The Voice of the Fire Sprinkler Industry

Phoenix Society for burn survivors

StateFarm

UL

U.S. Department of Homeland Security FEMA

FM Global

Fire is Everyone's Fight™

NEW YORK STATE | Homeland Security and Emergency Services | Fire Prevention and Control

For additional information on residential fire sprinklers, please contact the Office of Fire Prevention and Control at www.dhses.ny.gov/ofpc or call 518-474-6746

©2015 Home Fire Sprinkler Coalition

SCHEDULE D-7

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 Electronic Cigarette use are prohibited from any stairs, storage area, balcony and/or terrace, or any other 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

SACKETT GARDENS, LLC

By: _____

PURCHASER

_____

SCHEDULE D-8

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 E

POWER OF ATTORNEY

POWER OF ATTORNEY

I (We) residing at _____

_____

the owner of Condominium Home No_____in the Condominium known as 477 Sackett Street Condominium, covering the property located in the Kings County, City and State of New York, do hereby nominate, constitute and appoint the members of the Board of Managers of 477 Sackett Street Condominium c/o Sackett Gardens, LLC, 21-34 44th Road, Long Island City, New York 11101 and their successors, jointly, my true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in my name and on my behalf to acquire, in their own name or in the name of their designee by deed on behalf of all owners of Condominium Homes in said property, any Condominium Home whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as my said attorneys-in-fact shall, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Condominium Home so acquired, at such terms as my attorneys-in-fact may in their sole discretion determine, granting to my said attorneys-in-fact the power to do all things in the said premises which I could do if I were personally present.

I (We) do hereby further irrevocably nominate, constitute and appoint Sackett Gardens, LLC, and its successors, my true and lawful attorneys-in-fact coupled with an interest in my name and on my behalf to vote at any Homeowners meeting for, and to file an amendment to the Declaration of 477 Sackett Street Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor plans 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 Homes as built, and to amend any Filed Map or amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium as described in Article Tenth, Section (c) of the Declaration of Condominium of 477 Sackett Street Condominium.

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, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

SCHEDULE F

FORM OF DEED

DEED

THIS INDENTURE, made the day of , 20 , between Sackett Gardens, LLC, a New York Limited Liability Company, having its office at 21-34 44th Road, Long Island City, New York 11101, Party of the First Part, and

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 Dollars ($10.00) 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 or successors and assigns of the Party of the Second Part forever,

ALL that certain plot, piece or parcels of land, with the improvements therein contained, situate, lying and being a part of the condominium located in Brooklyn, Kings County, City and State of New York, known and designated as Home No. together with % undivided interest in the common elements of the Condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Home shown on the plans of a Condominium prepared and certified by and filed in the Office of the Register of the Kings County on the day of , 20 , as Map No. defined in the Declaration of Condominium entitled 477 Sackett Street Condominium made by Sackett Gardens, LLC, under Article 9-B of the New York Real Property Law dated , 20 and recorded in the Office of the Register of Kings County on the day of , 20 , in Liber of Conveyances at page covering the property therein described. The land area of the property is described as follows:

(PROPERTY DESCRIPTION)

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, rules, regulations and easements all as set forth in the condominium documents 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 Register of Kings County, which provisions, together with any amendments thereto shall bind any person having at any time any interest or estate in the Home, 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 or successors and 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, 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 the purpose of paying the cost of the improvement before using any part of the total of the same for any other purpose.

The use for which the Home is intended is that of a one family residence, subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance has been 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.

SACKETT GARDENS, LLC

By:_____

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

On the day of in the year 20 , before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE G

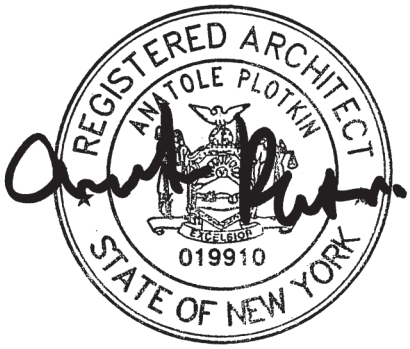
DESCRIPTION OF PROPERTY (SPECIFICATIONS) AND BUILDING CONDITION

Architect's Description of the Physical Aspects of the Condominium

477 Sackett Street Condominium

at 477 Sackett Street, Brooklyn NY 11231

Prepared By: **Anatole Plotkin**
License #: 019910



First Submission: February 9th, 2026
Revision: 4/20/2026

Section 20.7: Description of Property and Specifications:

(a) **Location and use of property:**

(1) The property address is 477 Sackett Street, Brooklyn, NY, 11231, which is located at the corner of Sackett Street and Bond Street. The property is a corner lot.

(2) Block: 423; Lot: 41

(3) Zoning Designation: R6B

(4) Permissible Use: R6B is a Residential District which allows residential and community facility uses as-of-right. Current use is a two (2) unit residential building. This complies with zoning and use requirements.

(5) This property complies with all applicable zoning and use requirements.

(6) County: The subject property is located in Kings County, New York

(7) The property is not subject to any Zoning Variances, Restrictions or any similar conditions regarding the property and building with authorities having jurisdiction such as neighbors and/or the community.

(8) The property and proposed use will comply with all zoning and use requirements at time of closing.

(9) Easements: the property contains two easements which grant the owner of the adjacent property at 475 Sackett Street the right to occupy certain portions of the subject property for the purpose of maintaining and legalizing existing encroachments. The precise locations and extents of the easement areas are described in the recorded Easement and Party Wall Agreement (CRFN# 2022000067355). Generally, the easement areas are as follows: (1) a rectangular area located at the South West corner of the subject property with dimensions of 8" by 4.9' and (2) a rectangular area located adjacent to the West lot line distant 35.3' from the South Lot line with dimensions of 8" x 20'. There are no other easements or restrictions on the property.

(10) Party Wall: The subject property and the adjacent property at 475 Sackett Street share a party wall (the West exterior wall of the subject property) which is a

shared structural masonry wall. The Sponsor and adjacent property owner executed and recorded the Easement and Party Wall Agreement (CRFN# 2022000067355), in order to mutually acknowledge the continued shared use of the existing party wall.

(b) **Status of Construction:**

(1) Year built: the original building is estimated to have been constructed in 1901. The Sponsor initiated work in 2024 in order to substantially rebuild and enlarge the existing building. The work initiated by the Sponsor is expected to reach completion by September of 2026. As of 4/20/2026, the construction is approximately 90% complete. More specifically: structural and exterior work is complete and all mechanical, electrical, plumbing, and sprinkler rough work is completed. The remaining work includes interior finishes, millwork, plumbing and lighting fixture trim installations and final punchlist work.

(2) Enlargement: Pursuant to the permits and approvals listed below, the construction work conducted by the Sponsor on the subject property includes enlargement to the existing building. More specifically, the enlargement includes adding one-story on top (changing the building from 3-stories to 4-stories) and a horizontal enlargement that extends the building approximately 25' into the rear yard thereby fully occupying the rear yard. The total additional floor area is approximately 1,788 SF. The enlargement as described above is fully approved by the Dept. of Buildings and compliant with NYC Zoning Resolution and Building Code rules and regulations.

(3) Existing Building Components: the only components of the existing building which are to remain are the existing building foundations and the masonry party wall. Both the existing foundations and masonry party wall have been inspected and reinforced as needed and are structurally adequate to support the final building loads. All other building components including structural, mechanical or otherwise are newly constructed or installed.

(4) Class of Construction: The construction classification of the building is Type IIA pursuant to NYC Building Code 2014 which indicates a building constructed of non-combustible materials with fire ratings provided in accordance with table BC 601 of the 2014 Building Code. Class IIA buildings are required to have the following fire ratings:

(a) Interior bearing walls: 1 hour fire rating,
(b) Enclosures, vertical exits, exit passageways, and shafts: 1-hour fire rating
(c) Columns girders, trusses and framing: 1 hour fire rating
(d) Structural members supporting a wall: 1 hour fire rating
(e) Roof construction: 1 hour fire rating

(5) Landmark Status: the subject property is not landmarked by the Landmark Preservation Commission (LPC).

(6) Certificate of Occupancy (CO): upon completion of construction, the subject property will be issued a Certificate of Occupancy by the NYC Department of Buildings establishing it as a legal two-family dwelling. As of April 20th, 2026, the

CO has not yet been issued as the construction is not yet complete. A Temporary CO (TCO) will be issued prior to the Final CO. This must be obtained prior to the closing of any Units. Unit closings may occur prior to the issuance of the Final CO.

(7) Alteration permit numbers and description of work done: Construction applications filed at the subject property in connection with the condominium are as follows:

(i) DOB Application #321756293 which is an Alteration Type 1 “No Work” Application which means that it is filed for administrative purposes only in order to memorialize all relevant construction and building information in the Department of Buildings “BIS” system and for generating the final Certificate of Occupancy.

(ii) DOB NOW Application #B00485579-I1. This application was filed for General Construction, and Mechanical work.

(iii) DOB NOW Application #B00485579-S1. This application was filed for Sprinkler Work.

(iv) DOB NOW Application #B00485854-I1. This application was filed for Plumbing Work.

(v) DOB NOW Application #B00495961-I1. This application was filed for a Construction Fence.

(vi) DOB NOW Application #B00495964-I1. This application was filed for a Curb Cut.

(vii) DOB NOW Application #B00985478-I1. This application was filed for Foundation Work.

(viii) DOB NOW Application #B00985483-I1. This application was filed for Structural Work.

(ix) DOB NOW Application #B01037883-I1. This application was filed for a Sidewalk Shed (overhead protection for pedestrians on the sidewalk).

(x) DOB NOW Application #B01037910-I1. This application was filed for a pipe scaffold.

(xi) DOB NOW Application #B01160928-I1. This application was filed for Electrical Work.

(xii) DOB Now Application #B01037918-I1. This application was filed for the temporary lighting which illuminated the area under the sidewalk shed.

(c) **Site:**

(1) Size:

(i) Lot: The lot dimensions are 20’ x 79’. The lot area is 1,580 SF (0.036 acres).

(ii) Building: The building has 4 floors plus a Cellar and a total gross square footage of approximately 5,531 SF. The total building height is approximately 44’-5” measured from grade to the roof surface. The building is approximately 20’ wide and 79’ long.

(2) Number of buildings, and use: The site contains one 4-story, 2-unit residential building. Residential use is the only type occupying or permitted on the property.

(3) Streets owned or maintained by the project: All streets adjacent to the building are owned and maintained by New York City. The building does not claim ownership to any public or private streets. The building is not required to maintain any streets.

(i) Paving: The asphalt roadways fronting the property on Sackett Street and Bond Street are in good condition.

(ii) Curbing: The sidewalk curb fronting the property is constructed of concrete and is in good condition.

(iii) Catch basins, drainage: There are no catch basins owned or maintained by the condominium.

(iv) Street lighting: The existing street lighting is provided by the City of New York. Street lighting consists of lamps attached to vertical, metal stanchions located along Sackett Street and Bond Street.

(v) Street paving, curbing, and lighting in the vicinity of the property are in good condition and in conformity with Department of Buildings, Department of Environmental Protection, and Department of Transportation regulations.

(4) Drives, sidewalks and ramps: The property contains a garage for off-street parking and there is a curb cut in the sidewalk to provide entry for vehicles driving into the garage. The sidewalk is a 15’ wide for public use that runs along the property frontage on Sackett Street and Bond Street. The condominium is responsible for keeping this sidewalk free of garbage (except as allowed for regular garbage collection), snow, tripping hazards and any other obstruction.

(i) Paving: The concrete sidewalk is in good condition and is in compliance with all applicable building codes and Department of Transportation regulations.

(ii) Street trees: Street trees are proposed to be planted in the sidewalks along both Bond Street and Sackett Street.

(iii) Curbing: The concrete curb fronting the property is in good condition.

(iv) Catch basins, drainage: There are no catch basins owned or maintained by the condominium.

(v) Street lighting: The existing street lighting is provided by the City of New York. Street lighting consists of lamps attached to vertical, metal stanchions located along Bond Street and Sackett Street.

(vi) The items listed above in this section are in conformity with Department of Buildings, Department of Environmental Protection, Department of Parks and Recreation and Department of Transportation regulations.

(d) **Utilities**:

(1) Water

(i) Source and Billing:

(a) Water usage is metered collectively for the building and the cost is shared by the Units. Sewer usage is not metered. Water is provided by the New York City Water Board, a public utility company, which sources water for use in NYC from the upstate reservoirs that comprise the New York City Water Supply System. Water usage is monitored by one shared water meter for the building. The Dept of Environmental Protection (DEP) monitors water usage and provides billing statements for water and sewer costs to the building owner, in this case, the Condominium Board. These costs are apportioned to the condominium units in proportion to their ownership percentages as part of the common charges.

(ii) Physical Connection and Water Meter:

(a) The building is connected to an 8” city owned water main under Sackett Street via a 3” water line with shut off valve located at the sidewalk curb. As mentioned previously, water usage is monitored via one shared meter for the building located in the mechanical room in the cellar adjacent to the front foundation wall.

(iii) Waste water treatment is provided by the Department of Environmental Protection (DEP), a public utility. DEP maintains an 18” combined public sewer main (for storm and sanitary waste) which runs beneath Sackett Street. There is no septic tank on the property. An 8” combined Storm Water and Sanitary cast iron plumbing pipe connects the building to the city sewer main. This drain pipe is equipped with a house trap in the cellar which provides access for maintenance and routine cleanouts.

(2) Gas

(i) The building is equipped with a 1¼” natural gas supply line. Gas is provided by National Grid, a privately owned energy company. Gas is monitored by two meters, one for each apartment.

(3) Electricity

(i) Electricity is provided by Consolidated Edison, a privately owned energy company. Electricity is metered individually for each unit. Each unit is provided with 200 Amps.

(4) Telephone/Internet/Television:

(i) Telephone, internet, and television services are provided by Spectrum. The building is wired for telephone, internet, and television. The unit owners will be responsible for establishing accounts with the service provider in order to initiate service. All apartments are wired with low voltage data cables to all internet and TV locations.

(e) **Sub-soil conditions:**

(1) The foundations consist of concrete foundation walls, footings and a concrete slab on grade which is laid on top of a vapor barrier. The foundations show no evidence of uneven movement, settling, cracking or spalling. The elevation of the concrete slab in the Cellar of Unit 1 is at approximately 7'-5" below sidewalk grade. The elevation of the concrete slab in the Cellar of Unit 2 is at approximately 5'-0" below sidewalk grade. At the existing portion of the building, which comprises approximately the front 35' of the building, the foundations are existing and will remain in the final construction. The existing foundations show no evidence of settlement, cracking or decay, and were reinforced with additional thickness of concrete and rebar to adequately support the final building loads. The horizontal building enlargement includes newly installed concrete foundations which are adequately sized to support the calculated building loads.

(2) There is no evidence of moisture, seepage, or ground water infiltration into subgrade portions of the building. The average groundwater elevation is estimated to be at 9'-0" below sidewalk grade but may vary based on weather and seasonal changes.

(3) The property is located in Zone X of the FEMA Flood Insurance Rate Map which indicates an area with 0.2% annual chance of flooding. There is no danger from mudslides or erosion.

(4) The property has no environmental restrictions or environmental designations from the NYC DEP or other authorities having jurisdiction.

(f) **Landscaping and enclosures**:

(1) Grass cover: The property does not contain any areas landscaped with grass cover.

(2) Plantings: The front yard of the property adjacent to Sackett Street (the area between the street wall of the building and the sidewalk) contains planting beds with assorted plants as well as a paved walkway and steps.

(3) Trees: Street trees are planted in tree pits on the sidewalks on both Sackett Street and Bond Street. Sackett Street contains one such tree pit and Bond Street contains two tree pits.

(4) Fencing: The front yard on Sackett Street is enclosed by a low wall constructed of Light Gauge Metal Framing (LGMF) and finished with facing brick. There are no other fences or low walls

(5) Gates: The low wall enclosing the Sackett Street side front yard contains a swing gate constructed of steel which provides entrance into the front yard adjoining Unit 1. There is also a steel gate on the Bond Street side which provides entrance into the stoop leading into Unit 2.

(6) Retaining walls: The property does not contain any retaining walls.

(7) Display pools and fountains: There are no display pools or fountains on the property.

(g) **Building size:** For the purposes of this report, the North, South, East, and West walls refer to the exterior wall with outward exposure in the direction indicated, respectively.

(1) Total height: The building height is 44'-5" above grade, as measured to the roof surface. There is also a bulkhead providing access to the roof which extends to a total height of 52'-8" above grade.

(2) Crawl Spaces: There are no crawl spaces on the property or within the building.

(3) Number of sub-cellars and cellars; there are no sub-cellars. There is a cellar level that contains mechanical equipment, utility meters, and accessory space for both Units.

(4) Number of floors: The condominium is a 4-story building with a Cellar and Penthouse level.

(5) Equipment rooms: The condominium contains an equipment room (or mechanical room) in the cellar of Unit 1 at the front (South) exterior wall which contains the shared water meter, the domestic back flow prevention device (double check valves on the domestic water supply), and the domestic water booster pump. There are also two equipment rooms located in the cellar of Unit 2 which contain two gas meters and the hot water heater for Unit 2 respectively.

(6) Meter locations: There are three electrical meters (one for each Unit and one shared / PLP meter) located outside in the Front Yard along Sackett Street. There is one water meter in the cellar mechanical room of Unit 1. And there are two gas meters located in Unit 2 on the cellar level inside the mechanical room adjacent to the East foundation wall. All meters are remotely monitored by the utility provider.

(7) Parapet Walls: the building has parapet walls (all approximately 42" or higher) located (1) at the North terrace on the 2nd floor, (2) the East facing terrace on the 3rd floor, (3) the South facing terrace on the 4th Floor and (4) at all exposures on

the roof level. The parapet walls consist of LGMF and are finished with exterior siding or stucco and capped with aluminum copings.

(h) **Structural system:**

(1) Existing portions of the building to remain: The only building element to remain from the previously existing building is the foundation under the original portion of the building which is reinforced and repaired as described below.

(2) The existing and new foundation walls consist of reinforced concrete. The foundation walls are in good condition and do not show any signs of cracking, spalling, or need of structural repair, bracing or shoring. At the existing portion of the building, which comprises approximately the front 35' of the building, the foundations are existing and will remain in the final construction. The existing foundations show no evidence of settlement, cracking or decay, and were reinforced with additional thickness of concrete and rebar to adequately support the final calculated building loads. The horizontal building enlargement includes newly installed concrete foundations which are adequately sized to support the calculated building loads.

(3) Underpinning: the existing foundation contains approximately 24" of underpinning which was performed prior to the work undertaken by the Sponsor. The underpinning shows no evidence of deterioration or need of repairs. There is no underpinning for the new foundation.

(4) STC rating: at the cellar level, the walls separating the subject property from the adjacent buildings consist of at least 16" of masonry and provide an estimated STC rating of 50. Above grade, the walls separating the subject building from the adjacent buildings consist of two wythes of brick, furring channels, and sheetrock and provide an estimated STC rating of 50.

(5) No subgrade drainage is provided.

(6) Exterior of buildings:

(i) Walls:

(a) The North, South and West exterior wall assemblies, from exterior to interior, consist of an exterior finish (EIFS, 24 gauge zinc coated metal panels, or facing brick), continuous rigid insulation (1" – 2"), a waterproofing membrane, two-lawyers of 5/8" Densglass sheathing, 6" light gauge metal studs with 6" of open cell spray foam in between, 2-layers of gypsum board, and a compound skim coat and paint. The North, South and West exterior walls have 6" of open cell spray foam insulation and 1" of rigid insulation which corresponds to a minimum R-Value of approximately R-25. The East exterior wall is a party wall and is shared with the adjoining property at 475 Sackett Street and consists of a 2-wythe brick masonry wall with LGMF studs on the East side, two-layers of gypsum board, and a compound skim coat and paint. The East exterior wall has conditioned spaces on either side and as such does not have an impact on the insulation

and energy efficiency of the building but, based on the constructed assembly, has an R-value of approximately R-3.5. The exterior walls are in good condition and are not in need of any repairs.

(b) Local Law 10 is not applicable to this building.

(c) Fire Rating: Exterior walls are masonry or LGMF and have a fire rating equivalent to a two-hour rating or greater.

(ii) Floors: The typical floor assembly (from top to bottom with approximate thicknesses) consists of ¾" engineered wood flooring, 1" cement board structural panels, 10" metal joists, metal furring channels (ceiling resilient channels) and 5/8" gypsum board.

(iii) Windows:

(a) The windows frame aluminum is manufactured by CT International Aluminum Corp. and provided with a 5-year limited warranty on the aluminum frames and a one year limited warranty on hardware and other aluminum components. The warranty commences upon installation which is approximately November 1, of 2025.

(b) The window glazing is laminated and tempered and consists of a ¼" exterior glass lite with a coating of Guardian SunGuard SNX 62/27 on Clear Low-E #2, a ½" argon air gap, and a ¼" clear lite (interior). The glazing has a thermal winter U-value of 0.24 and a summer U-value of 0.21, a Solar Heat Gain Coefficient of 0.26 and a visible light transmittance rating of 61%. The glass is manufactured and coated by Oldcastle BuildingEnvelope and the insulation work is done by New Century Glass and Aluminum which provides a 5-year warranty on the glass insulation. The commencement of the warranty is upon installation which is approximately November 1, 2025.

(c) All windows in the building are custom made, aluminum frame windows with 4" frames with a thermal break and 1" double glazed, insulated glass with low-E coatings. Double glazed windows have two ¼" panes with an argon air gap in between.

(d) Other materials: Interior window sills are finished gypsum board, compound and paint. Operable windows are equipped with insect screens. Window hardware consists of aluminum handles, cranks or locks as applicable to each operable window type. The screens and hardware are covered by a 1-year limited manufacturer's warranty by CT International Aluminum Corp which commences upon installation which is approximately November 1, 2025.

(e) Flashing: all windows are waterproofed as required with waterproofing membranes and exterior grade silicone. Aluminum

pan flashings with drip edges are also utilized at window sills and windows jambs as required.

(f) Window guards: As per local law 57 of 2011 of the City of New York, owners of condominium units in which a child ten years of age or younger resides are required to provide, install, and maintain a window guard, in accordance with specifications established by the department of health and mental hygiene, on each window within the dwelling unit.

(g) Light and air: The condominium units are in compliance with building code prescribed light and air requirements. The Department of Buildings approved plans show calculations for all spaces that require light and air and corresponding window openings.

(h) Lot Line Windows: The building contains lot line windows in the West exterior wall which are fire protected with sprinkler heads above. The building also contains two sections of glass block at the West exterior wall (one at the 1st floor of Unit 2 and one at the 3rd Floor of Unit 2). These glass block sections allow light to enter the home but are defined as part of the wall assembly and do not constitute lot line windows. In the event that the adjacent property owner constructs a building directly abutting the lot line windows or within a restricted fire safety distance of the lot line windows, the Unit owner will be required to infill the window(s) with a fire rated wall assembly. The cost of infilling the windows is estimated to be approximately $2,000 per window. The Condominium Units are in compliance with New York City Building Code prescribed light and air requirements. The Department of Buildings approved plans show calculations for all spaces that require light and air and corresponding window openings. The lot line windows are not utilized for meeting light and air requirements. As shown on the approved plans, light and air requirements are met by other windows in the condominium which are not lot line windows.

(i) All windows contain thermal breaks.

(iv) Landmark status: the building is not landmarked.

(7) Parapets and Copings: The building contains new parapet walls (locations described in section (g)(7)) which are constructed of LGMF which are firmly anchored to the building structure and equipped with aluminum copings on top. There is no evidence of leakage, spalling, deterioration or cracking.

(8) Chimneys and caps:

(i) There is one natural gas fire place in the 2nd floor living room of Unit 2 which is equipped with a through-wall chimney. The chimney directs the fire place exhaust to the exterior through a double-walled sheet metal chimney and terminates at a termination cap approximately 7’ above the

rear terrace finished surface. The metal flue for the gas fireplace is double walled.

(ii) The building is equipped with 2 Hot Water Heaters (NAVIEN NPE-240S) that are each provided with two 2" CPVC vent lines for exhaust and fresh air intake. Each vent terminates with a gooseneck as per the manufacturer's specifications at the exterior of the building. The vents for the HWH on the 3rd Floor (for Unit 1) terminate through the East exterior wall. The vents for the HWH in the Cellar (for Unit 2) terminate through the East exterior wall. The penetrations are waterproofed with flashing cement.

(iii) All other exhaust vents (for bathrooms, kitchens, and dryers) are made of rigid galvanized sheet metal. Immediate connections to extractor hoods and other equipment may have flexible ductwork in order to transition to rigid duct. All exhaust vents terminate at the building exterior either through a sidewall termination or above the roof. All metal exhaust vents are single walled. There are no other chimneys in the condominium nor equipment requiring same.

(iv) Vents and flues are capped with goosenecks or similar components as required by manufacturer specifications and standard construction practices. All vents terminate at least 24" above the finished surface from where they emerge as required.

(v) Thickness (gauge) and construction of all flues, ducts, and vents are in compliance with Sheet Metal and Air Conditioning Contractor's National Association (SMACNA) recommendations.

(9) Balconies, Terraces, and Roof Decks (outdoor spaces):

(i) The building contains terraces at the following locations: 2nd Floor North exposure, 3rd Floor East exposure, and 3rd Floor South exposure. The building contains a balcony at the 4th Floor South exposure. The condominium contains a roof deck for Unit 1 at the South exposure and a roof deck for Unit 2 at the North exposure.

(ii) Structure and Finish: The terraces and South facing roof deck (for Unit 1) are finished with ¾" thick, 2'x2' wide porcelain pavers supported by heavy duty plastic pedestals. The roof deck on the North roof (for Unit 2) is supported by weather treated lumber on top of drainage mat and finished with non-combustible, synthetic decking. The structure of the balcony is a galvanized metal grating. The structure supporting the terraces, balcony and roof decks is the typical building structure consisting of LGMF, steel structure, and structural fiber cement panels. All roof deck and terrace finish materials are designed to withstand daily foot traffic. The roof deck installations are designed such that they do not cause any damage or stress on the roofing materials below and are approved by the manufacturer to retain the roof warranty.

(iii) Yards: there is a Front Yard at the Southern entrance adjacent to Sackett Street.

(iv) Balustrade: The Balcony and Roof Decks do not contain balustrades.

(a) Railings: All outdoor spaces above grade are equipped with railings or parapet walls of at least 42” in height. Railings are constructed of steel bars or glass with steel supports and parapet walls are constructed of light gauge metal framing and exterior finishes such as EIFS, face brick or zinc coated metal panels. The railings have vertical bars and therefore do not create a “ladder effect.”

(b) Copings: The all parapet walls are capped with copings made of heavy gauge folded aluminum sheet metal that clips onto cleats mechanically fastened to the parapet walls. There are no penetrations through the copings. The copings are black and extend 2”-4” down from the top of the parapet walls and are equipped with drip edges.

(c) Soffits/Fascia: Soffits of terraces and balconies are clad with the same cladding material as adjacent surfaces which consist of either metal panels, stucco (EIFS) of brick facing.

(d) Doors to Outdoors Spaces: All doors to the above grade outdoor spaces are glazed doors with aluminum frames and hardware and thermal breaks. One door which leads from the bulkhead to the South roof deck is a wood framed door with glazing. The exterior doors are either sliding or swing doors with appropriate locking hardware. The exterior doors which are part of the window package are manufactured by the same manufacturer as the windows mentioned above (CT International Aluminum Corp) and are covered by the same manufacturer’s warranties i.e. a 5-year warranty on frames and a 1-year warranty on hardware by CT International Aluminum Corp. The warranty commences upon installation which is approximately November 1, 2025. The main entrance doors to each apartment are custom built wood doors with glazed panels. All exterior doors are weather sealed and contain thermal breaks as required.

(e) Drainage: The terrace and roof deck planks and pavers have open joints that allow storm water to pass through to the roofing below which directs storm water to roof drains. The front yard areaway is a permeable surface that allows storm water to percolate into the soil but is also equipped with an area drain.

(10) Exterior entrances

(i) Exterior doors and frames: All glazed exterior doors are part of the window package described in section (h)(5)(iii) “Windows.” Exterior glazed doors may be swinging or sliding type doors. All are equipped with aluminum frames, insulated glass, and aluminum locking hardware.

(ii) The front entrance doors to both Unit 1 and Unit 2 are custom built, solid core, wood doors with wood framing and insulated glass panes. The doors are equipped with standard exterior entrance locking hardware and weather stripping.

(iii) Vestibule doors and frames: There are no vestibules in the building.

(iv) Exterior stairs: The building contains two sets of exterior stairs as follows:

(a) At the front entrance to Unit 1, there are two steps leading into the front door from the public sidewalk. The stairs are constructed of concrete and finished with bluestone treads. At the front entrance to Unit 2, there is a stoop consisting of 6 steps and a right angle turn leading to the front entrance door from the sidewalk. The stoop is constructed of steel pan stairs with concrete and finished with bluestone treads. Both exterior stairs are in good condition.

(v) Railings: The exterior stairs are not equipped with railings. The stoop leading into Unit 2 is bounded by a corten steel planter box and plantings.

(vi) Mail boxes: Each Unit is equipped with a surface mounted mailbox which is installed on the wall adjacent to the front entrance of each Unit respectively. The mailboxes conform to USPS regulations.

(vii) Lighting: The exterior entrances to each Unit are equipped with exterior lighting. The exterior lighting consists of overhead recessed weather resistant light fixtures which are controlled by switches interior to each of the Units for their respective entranceways. There are also exterior grade sconces installed at the roof decks and balcony areas that illuminate those spaces. The exterior lighting provides adequate lighting as required by the NYC Multiple Dwelling Law. All lighting fixtures are installed by a NY State licensed electrician and comply with the New York City Electrical Code. All exterior lights are controlled by switches inside the condominium.

(11) Service entrances: The building does not have any service entrances.

(12) Roof and roof structures: The building roof contains a stair bulkhead which provides access to the roof deck for Unit 1 and the AC condensers located on the bulkhead roof. There is also an operable skylight which provides access to the roof deck for Unit 2. The roof deck spaces are accessory spaces to the residential Units and are listed on the Certificate of Occupancy.

(i) Sustainable roofing: in compliance with NYC Buildings Bulletin 2019-010, LL92/94 of 2019 and BC 1511, the roof is exempt from green roof requirements due to the space being occupied by rooftop structures and accessory recreational space.

(ii) Roof types / typical roof system:

(a) Roofing Type and Materials: The roofing at all areas consists of a three-ply torch applied asphalt roofing system and liquid applied

flashing at asphalt seams. The roofing system manufacturer is Firestone Building Products or similar.

(b) Insulation: The roof insulation consists of roughly 2” to 4” of rigid, tapered insulation to provide the roof pitch for directing storm water flow as well as open-cell spray foam insulation (approximately 6” - 8”) in the ceiling cavity below the roof level. This combined insulation assembly provides an insulation value of at least R-20.

(c) Surface finish: The front roof deck for Unit 1 is finished with porcelain pavers on plastic pedestals. The rear roof deck for Unit 2 is finished with non-combustible decking installed over treated lumber supports. The roof membrane type and design are compatible with the plastic pedestals and treated lumber installed above and the roof membrane does not show any signs of degradation or wear from the decks installed above.

(d) Bond or guarantee: The roof is covered by a 25-year manufacturer’s limited warranty by Johns Manville which covers the materials of the multi-ply asphalt roof system. The warranty commences as of the final inspection and certification of the roof by a representative of Johns Manville which has not occurred yet as of the writing of this report.

(e) Flashing materials including counter flashing: All parapet walls on the roof and bulkhead are capped with aluminum sheet metal copings that clip into cleats or counter flashings. The flashings are made of heavy gauge aluminum sheet metal and overlapped and waterproofed with silicone at the joints.

(f) Access control to roofs: Access to the roof is provided by a stair bulkhead accessible from Unit 1 only and the operable skylight accessible from Unit 2 only.

(g) Compliance with 2014 NYC Fire Code: As shown on the DOB Approved Architectural Plans, the building roof is in compliance with the 2014 NYC Fire Code, Section FC 504.4, also known as the FDNY Clear 6’ Path Requirement.

(iii) Roof Drains:

(a) The roof is equipped with two cast iron roof drains. These drains are 4” drains and are located in central positions at the front and rear portions of the roof to efficiently collect storm water. The roof is pitched to direct storm water to the roof drains. The roof is equipped with overflow emergency drainage in the event that the roof drains are clogged. The rear roof emergency drainage consists of a scupper which is a 4”x4” opening in the South parapet wall approximately 12” from the bulkhead North exterior wall. The scupper is sealed and waterproofed. For the front roof, the South parapet wall contains openings approximately 3’x3’

across the entire South parapet wall which are infilled with glass but are open at the bottom to provide emergency overflow drainage.

(iv) Skylights:

(a) The building contains two skylights. There is one fixed skylight located above the stairwell on the 2nd floor of Unit 2 adjacent to the East exterior wall. This skylight is custom constructed of insulated glass, aluminum framing and flashing. This skylight is approximately 8'-4" x 2'-9", is pitched in order to drain storm water, and contains 1" tempered and laminated glazing with a Low-E coating and a U-value of 0.21. Structurally, it is designed to withstand severe weather and snow. It is covered by a 5-year warranty on the insulation by New Century Glass. It is a fixed skylight with no special features and no screen. The second skylight is located in the roof above the 4th floor of Unit 2 and is an operable egress skylight which provides access to the Unit 2 roof deck. The operable skylight is 26 ½" x 46 7/8", manufactured by Velux and is model GXU FK06. The operable skylight contains tempered, laminated, and insulated glass and an approximate U-value rating of 0.5. The skylight is class C3 for resistance to wind load, class 3 for impact resistance and conforms to the load bearing capacity of safety devices in accordance with DS/EN 14351-1:2006+A2:2016 . The skylight also contains thermal breaks, locking hardware and is equipped with an automatic stay to keep the skylight fixed in the open position when in use. The Velux skylight is covered by a 10-year manufacturer's limited warranty which commences upon installation which is approximately November 1, 2025.

(v) Bulkheads: There is a stair bulkhead located at the West side of the roof which provides access to the roof and roof facilities. It is fully within Unit 1 and provides access to the front roof deck which is a private space for Unit 1. The bulkhead is constructed of metal framing and dens glass sheathing. The bulkhead is finished with mire mesh and stucco. Stairway and roof hatch access to the roof comply with FC Chapter 10 and the applicable sections of BC Chapter 10.

(vi) Metal work at roof levels:

(a) Metal work at the roof level includes (1) steel railings at the bulkhead roof level, (2) aluminum railings for the rear roof deck, (3) cast iron piping which are the terminations for the plumbing vents, and (4) sheet metal dunnage supports for the AC condensers and (5) aluminum copings and aluminum composite material cladding for façade elements.

(b) There are roof access gates installed in the aluminum railing system to provide access to roof areas outside of the rear roof deck as needed for maintenance and to comply with the FDNY clear path.

(c) Hatches to roof: there is an operable skylight which opens fully to provide access to the rear roof above Unit 2. It is accessible only from within Unit 2.

(d) The roof contains no rooftop antennae, cell phone towers, satellite dishes, or lightning protection equipment.

(e) Unit 2 Roof Hatch and Ladder: There is a permanently installed inclined ladder within the 4th floor of Unit 2 leading to an operable egress skylight which provides access to the Unit 2 roof and roof deck. This ladder must always be kept clear for emergency FDNY access. The permanent ladder shall be constructed in accordance with DOB requirements and designed in compliance with 2014 NYC Fire code.

(1) Compliance: As per BC 1006.3.2., a single exit from each dwelling unit is permitted for R-3 buildings and the subject property is compliant with Means of Egress requirements. Additionally, the subject property contains one stair bulkhead extending through the roof in compliance with BC 1011.12.

(vii) Rooftop facilities:

(a) The rooftop facilities are the stair bulkhead, private front roof deck which is a Limited Common Element for Unit 1 and the private rear roof deck which is a Limited Common Element for Unit 2. The roof area outside of the rear roof deck is also a limited common element for Unit 2. The roof decks are allocated as accessory spaces to the residential units and will be shown as such on the Certificate of Occupancy. The Certificate of Occupancy will also specify a maximum occupancy of 10 persons on each roof deck at a time.

(b) The roof deck paver material for the Unit 1 Limited Common Element roof deck is ¾" porcelain pavers on heavy duty plastic pedestals. The roof deck finish material for the Unit 2 Limited Common Element roof deck is composite decking planks on a pressure treated lumber frame which is laid on top of drainage mat. The roof deck finish materials are appropriate for daily foot traffic. The roof deck pavers and decking material and associated installations are acceptable and approved by the manufacturer to retain the roof warranty.

(c) Railings: the Unit 1 roof deck is enclosed by the parapet walls. The Unit 2 roof deck is enclosed by a metal railing with vertical bars at a height of approximately 42".

(d) The LCE spaces are permitted and in compliance with Zoning and Building Codes. As previously described in this report, the Unit 1

roof deck finish surface of porcelain pavers is separated from the roof surface by plastic pedestals as is typical construction of this type of roof deck. The Unit 2 roof deck finish surface of composite decking is separated from the roof surface by pressure treated lumber on top of drainage mat. There is no separate DOB filing or drawing for the LCE spaces.

(e) Future outdoor hot tub(s): The front and rear roof deck areas are each equipped with a 40 amp, 220V power supply for future hot tub installations at the discretion of future home owners. The roof structure, at the proposed locations of the potential future hot tubs, is also designed and installed to be adequate to support the weight of standard hot tubs.

(f) The building rooftop has been designed in compliance with 2014 NYC Fire code, Section FC 504.4, specifically, a 6' clear path is provided for FDNY access from the front to the back of the accessible roof areas.

(g) The occupiable rooftop and terrace spaces will be indicated on the Certificate of Occupancy as accessory spaces to the residential use of the building.

(h) The rooftop access is designed in compliance with 2014 NYC Fire code, Section FC 504.4 for FDNY rooftop access, i.e. a six foot wide clear path is maintained.

(viii) Cornice: there is a cornice at the top of the front facade. The cornice is constructed metal framing and finished with paint aluminum composite panels. The cornice is new, in good condition, and is not in need of repairs or maintenance.

(13) Fire escapes: The building does not contain fire escapes.

(14) Yard and courts:

(i) Paving: the front yard is fully paved with a bluestone walkway. The front sidewalks on Bond Street and Sackett Street are paved with concrete as per DOT requirements.

(ii) Front yard: There is a front yard which is a limited common element of Unit 1 on Sackett Street. The front yard contains garbage storage bins as well as a planter with assorted plantings. The front yard grade is finished with bluestone paving stones. The front yard material and finish is designed to withstand daily foot traffic. The front yard is enclosed by a low wall constructed of metal framing and brick facing and is approximately 6' in height. The front yard is pitched towards the street and the majority of storm water will drain to the sidewalk and street. There is also a lower areaway within the front yard area. The front yard and the areaway each contain area drains to collect storm water runoff. Within the front yard, there are 2 steps leading to the entrance to Unit 1.

(iii) Approximately half of the front yard is beyond the property line and is therefore occupying city owned property. This condition does not present any concerns as it is typical of all of the neighboring properties and was an existing condition.

(iv) Side yards: the building does not contain any side yards but does contain a recessed stoop / stairway entrance into Unit 2 on the Bond Street side.

(v) The property does not contain a rear yard. While rear yards are typically required in R6B zoning districts, they are not required for corner lots such as the subject property.

(vi) Railings: The front yard and stoop side entrance do not contain railings.

(vii) Fencing: A 6'-0" high wall encloses the front yard and is constructed of steel framing, dens glass sheathing, brick facing on the exterior side and stucco finish on the interior side. The front yard enclosing wall is equipped with a steel gate. The stoop side entrance to Unit 2 is also equipped with a steel gate.

(15) Interior stairs:

(i) Egress stairs are in compliance with applicable codes. As each Unit contains one dedicated egress stair, there are no convenience stairs in the building.

(ii) Number of stairs of each type: There are two interior stairways, one in each Unit, which extend from the cellar level to the fourth floor. The stairs are constructed of steel stringers, risers and treads and finished with wood floor treads, approximately 12"x36" in dimension.

(iii) Enclosure: Stair enclosures are consistent with construction throughout the building and consist of light gauge metal frame (LGMF) studs with type-X gypsum board wall sheathing (2-layers total at non-fire-rated partitions and 4-layers total at fire-rated partitions) and finished with plaster and paint.

(iv) Stair Construction: The interior stair structures are built from steel stringers, risers and treads and finished with wood flooring.

(v) Guard rails: Handrails are provided at all stair locations, are 36" high, and consist of approximately 1.5" diameter steel rails mounted on metal supports.

(16) Interior doors and frames:

(i) Unit Entrance and Interior Doors and Frames: The entrance doors for Units 1 & 2 are solid core wood doors with a wood frames and glazed panes. They are equipped with locking hardware. The entrance doors are not fire rated. The interior doors (except for the doors to mechanical spaces in the cellar) are solid core, flush wood doors mounted on wood

frames, and equipped with passage type locksets and privacy locksets at bathrooms. The interior wood doors are not fire rated.

(ii) Corridor Doors and Frames: The building does not have any common areas or corridors outside of the private Unit spaces.

(iii) Roof doors: The door of the bulkhead which provides access to the roof is a glazed door which consists of a wood frame, an insulated glazed panel, and locking hardware.

(iv) Cellar doors: The cellar is accessible via the interior stairs and is not enclosed by a doorway. Doors within the cellar which provide access to the mechanical rooms are metal, fire proof, self-closing doors with a minimum 90 minute fire rating.

(17) Elevators: the building does not contain an elevator.

(i) **Auxiliary facilities:**

(1) There are no package rooms or common storage areas in the condominium.

(2) Laundry rooms: Each Unit contains a Washer and Dryer within the Unit and for their exclusive use. There are no shared laundry rooms or shared laundry facilities in the condominium. The following laundry room information pertains to the private laundry rooms contained within each apartment:

(i) Washer and Dryers: Both Units are equipped with an LG washer WM3400CW and LG dryer DLG3401W (or similar) located in private laundry rooms on the cellar level within each Unit. Note: these dryers are gas fired and are provided with exterior venting for exhaust of combustion gases.

(ii) Room ventilation: The dryers are vented to the exterior as required. Laundry rooms are not independently vented.

(iii) Dryer ventilation: The dryer for Unit 1 is vented to the exterior through a fully ducted dryer exhaust. The dryer vent connects to the dryer in the cellar and terminates at the East exterior wall on the 1st floor level. The dryer for Unit 2 is vented through a metal vent that also terminates above grade through the East exterior wall. It is the responsibility of the Unit owners to have the dryer vents cleaned out periodically to remove excess accumulation of lint.

(iv) Unit 1 is also equipped with a combination washer and dryer Unit on the 3rd floor which is not gas fired. The make and model is Samsung WD90F53AVB or similar.

(3) Refuse disposal:

(i) For Unit 1, there is a refuse storage area in the front yard in the South West corner. For Unit 2, refuse bins can be stored within the private

garage which is accessible from Unit 2 via the exterior pathway at the front entrance.

(ii) Incinerator(s): The building does not contain any incinerators.

(iii) Compactor(s): The building does not contain any trash compactor.

(iv) Pick-up schedule, and whether public or private provider: Refuse collection is currently scheduled for every Monday and Thursday at approximately 8:00am. Recycling is collected every Thursday. Collection is administered by the City of New York Department of Sanitation.

(4) Other Auxiliary Facilities:

(i) Common storage areas: there are no common storage rooms in the condominium.

(ii) Mail / Package: there are no package rooms in the condominium. There is a surface mounted mailbox for each Unit installed on the East side of the stoop (exterior). There are only two mailboxes, one for each Unit. The mailboxes conform to USPS regulations.

(j) **Plumbing and drainage:**

(1) Water supply: Water service is provided for the building via a 3" combined water main (for sprinklers and domestic). The domestic water supply splits off of the 3" water supply via a 2" pipe to supply the domestic plumbing fixtures. The 3" water main is connected to the City water main running beneath Sackett Street. The water main brings water into the building through a penetration in the cellar South foundation wall. Water use is metered and maintained by the NYC Department of Environmental Protection (DEP). The Units will share the cost of water as part of the common charges. Unit owners will have the right to sub-meter water use.

(i) Insulation and Insulation Material: Where provided, hot and cold water pipes are insulated with a 1" thick insulation foam sleeve. Manufacturer of pipe insulation is K-Flex or one of equivalent quality. The insulation material is foam having a conductivity (K) not exceeding 0.27 BTU.in/h.sf. Insulation of piping is provided as per Plumbing Code requirements.

(ii) Main Shut-Off Valves and Backflow prevention devices: The main shut-off valves for the building water supply are located in the Cellar. Multiple OS&Y type shut off valves are provided for both the domestic and sprinkler service as required and approved by DEP in accordance with the DEP approved Backflow prevention device filing. The shut offs are accessible in the cellar via Unit 1. The domestic water supply is equipped with a 2" RPZ Watts LF009M2QT which is located in the cellar mechanical room of Unit 1 and the sprinkler backflow prevention device is a 3" Watts 957 RPDA located in an enclosure above grade and adjacent to the entrance to Unit 1 in the front yard as per DEP regulations.

(2) Fire protection system:

(i) Fire separations which utilize fire-rated construction methods are provided to separate Units from each other and from the exterior.

(ii) Standpipes: there are no standpipes in the condominium.

(iii) Fire hoses: the condominium does not contain any fire hoses.

(iv) Sprinklers: the building is fully sprinklered. The sprinkler system consists of a network of steel pipes and ceiling mounted sprinkler heads located throughout all of the interior spaces of the building. The main sprinkler shut off valves are located in the sprinkler backflow prevention device enclosure in the front yard adjacent to the entrance to Unit 1. There are two 2" main sprinkler risers that run up the building and branch off into each apartment with 1" branch lines that connect the risers to all of the sprinkler heads. The sprinkler heads have fusible links that trigger the sprinkler heads to discharge water if a threshold temperature is reached as per code. The make and model of the sprinkler heads is Reliable Model G4A Concealed. This type of sprinkler head is used throughout the building in all rooms and spaces. It is a concealed sprinkler head which means that it is installed in the ceiling with a removable cap that is flush with the ceiling.

(v) Siamese Connection: the condominium is equipped with a Siamese connection at the front exterior wall as per code.

(vi) The sprinkler system is equipped with a sprinkler alarm control panel (but not a fire alarm control panel). The sprinkler alarm control panel allows for local monitoring of the sprinkler system but does not connect to a central station. If the flow switch on the sprinkler system is triggered, it will send a signal to the sprinkler alarm control panel and it will also trigger the alarm bell at the exterior of the building.

(vii) No installer or manufacturer's warranty is provided for the sprinkler system.

(3) Water storage tank(s) and enclosures: There are no water storage tanks or enclosures in the building. The hot water heating system consists of two (2) hot water heaters (NAVIEN NPE-240S). The HWH servicing Unit 1 is located in a closet on the 3rd Floor and the HWH for Unit 2 is located in a mechanical room in the Cellar within Unit 2.

(4) Water pressure and how maintained: The building's water pressure is provided by the City water main. It has been determined to be adequate for the operation of the newly installed plumbing fixtures throughout the building and no additional booster pump is required.

(5) Sanitary sewage system:

(i) Sewage piping: All sanitary piping lines are run in ductile iron pipe. The main sanitary riser is also constructed of ductile iron pipe and connects to the main house trap (of the same material) before the City sewer. The size of the sanitary piping at all scheduled WC's is 4" connecting into a 4" branch lead that connects to a sanitary riser. Sanitary risers connect to a main house trap and then to the City combined sewer.

(ii) Sewage pumps: The building is not equipped with any sewage pumps.

(iii) Sewage disposal: Sewage disposal and wastewater treatment is provided and managed by the New York City Department of Environmental Protection by means of a public sewage system. The building connects to a combined public sewer running under Sackett Street.

(6) Permits required: The plumbing work is permitted under DOB application number B00485854-I1. The permit was first issued on 11/6/2024. DOB approved plans associated with this application show the scope of the plumbing work throughout the condominium. The Sprinkler Work is permitted under DOB application number B00485579 –S1 and was first permitted on 5/1/2025.

(7) Storm drainage system:

(i) Catch basins: the property does not contain any catch basins.

(ii) Storm water storage tank: The property does not contain a storm water storage tank.

(iii) Yard and roof drains: The front yard is equipped with two area drains which direct storm water to the building sewer system. The roof and roof decks are pitched with tapered insulation to the internal roof drains or scuppers which collect storm water and direct it to the building sewer.

(iv) Piping: Storm water pipes are cast iron or similar approved materials.

(v) Ejector or sump pumps: The condominium does not contain any sump or ejector pumps.

(vi) Adequacy: the storm drainage system is adequate to handle storm water accumulation and runoff and prevent any flooding or water infiltration.

(k) **Heating**:

(1) Heating and distribution of domestic hot water:

(i) Domestic Hot Water is provided for each Unit by a NAVIEN NPE-240S condensing hot water heater. They are each rated for 200 MBTU. The hot water heaters have thermal efficiency rating of 0.99 EF. Hot water pipes are insulated throughout the condominium with a minimum of 1" thick insulation foam sleeves. The HWH's are capable of providing adequate domestic hot water for the condominium even at peak demand levels. The hot water heaters use condensate neutralizers to neutralize acidity in

the condensation collected by the boilers prior to sending it to the building sanitary waste pipes to prevent damage to the building piping. Unit owners are responsible for replacing the condensate neutralizers intermittently and conducting any other routine maintenance as recommended by the manufacturer's specifications. The Navien HWH's were installed in 2025. The Navien hot water heaters are tankless. The Navien hot water heaters come with a 3-year warranty on parts and a 5-year on the heat exchanger.

(ii) Heating System: Each unit is provided with a Mitsubishi VRF heat pump system which provides heating and cooling. These systems are powered by electricity and each utilizes an exterior heat pump condenser (model MXZ-SM48NAMHZ2-U1) which is connected to interior blower units (FCU's) to distribute hot or cold air. The exterior units are rated for 48,000 BTU's of cooling capacity and 54,000 BTU's of heating capacity. The energy efficiency rating of the condenser is SEER 23.0 and EER 13.1. It is ENERGY STAR Certified. The air distribution ducts are insulated with 2" thick fiber glass duct insulation which provide an R-6 insulation rating. The Mitsubishi MXZ-SM48NAMHZ2-U1 comes with a 5-year warranty on parts and a 7-year warranty on the compressor. The warranty period begins at the installation date of the equipment as determined by the licensed contractor when the equipment is registered with Mitsubishi.

(iii) Locations: all condensers are located on the bulkhead roof. The FCU's are located throughout the building in mechanical spaces or in ceiling assemblies. The HWH's are located on the third floor (for Unit 1) and in the Cellar (for Unit 2).

(iv) Venting: the heating system does not require venting. The HWH's are vented to the exterior via 2" CPVC vent pipes. They are also provided with fresh air via 2" CPVC pipes.

(v) Fuel: the domestic hot water system uses Natural Gas. The heating system uses electricity.

(vi) Adequacy: The heating and hot water systems have been designed to substantially satisfy the needs of the condominium, provide peak required services in all anticipated weather conditions, and are in compliance with applicable NYC building code rules and regulations. As per the 2014 NYC Building code (table 1204.1), the minimum design temperature of habitable rooms in all buildings is 68 degrees (F). The building heating system has been designed to exceed this temperature in typically anticipated weather conditions.

(vii) Type of controls: Hot water is provided on demand when called for at plumbing fixtures providing hot water. Heating is controlled by thermostats in each heating zone of each Apt. Typically, the Apt zones are split between living room and bedroom areas. The thermostats are Honeywell or similar. The thermostats are programmable.

(viii) There are no radiators installed in the condominium.

(ix) Oil tanks: The property does not contain any oil tanks.

(x) Cellar ventilation: The cellar recreation spaces are open to the Units above and are therefore ventilated by the operable doors and windows within the Units. The dryers and HWH located in the cellar are provided with dedicated ventilation lines to the exterior. The cellar ventilation meets Code and adequacy requirements.

(l) **Gas supply**:

(1) Type: The natural gas at the building is a low pressure system and is provided by National Grid which maintains the Brooklyn gas supply system and monitors use. The main gas service to the building is provided via a 1 ¼" gas main in ductile iron pipe which is newly installed by National Grid. The gas main terminates at the two gas meters in the cellar within Unit 2 and then is distributed throughout the building via smaller gas piping branch lines, ranging in size from ¾" to 1 ¼", to supply the gas appliances throughout the building. Each of the gas appliances has a local shut off valve.

(2) Meters: The building is provided with 2 gas meters, both located in the mechanical room in the cellar of Unit 2, in order to monitor gas usage of each Unit.

(3) Piping: The gas main incoming service is a 1 ¼" ductile iron pipe with a main shut-off valve. There is also a shutoff valve before each gas appliance. Gas piping throughout the building is standard weight black steel pipe, schedule 40 or similar approved materials. Installation is in accordance with the rules and regulations of the 2008 NYC Fuel Gas Code as well as in accordance with National Grid regulations.

(m) **Air conditioning.** All equipment described in this section was installed in 2025. The indoor design temperatures are based on the New York State Energy Conservation Construction Code. The cooling system is designed to provide sufficient cooling to maintain comfortable temperatures and relative humidity for occupied spaces inside the building when outside conditions are 88 degrees Fahrenheit dry bulb and 72 degrees wet bulb, (in accordance with ASHREA, 2001 Fundamentals Handbook, Climatic Design Information, Table 1B, for New York City, JFK Airport).

(1) Type of system: The Units are each equipped with two exterior condensers: a Mitsubishi MXZ-SM48NAMHZ2-U1 (48,000 BTU) and a Mitsubishi MXZ-SM36NAMHZ2-U1 (36,000 BTU). The condensers pump refrigerant to the interior air handlers which blow conditioned air into the condominium interior spaces via a system of ductwork. The air handlers, which also provide heating, are the Mitsubishi PEFY, PVFY and MSZ models. Thermostats for controlling temperature are located inside the units to control each air handler separately. All refrigerant piping is insulated with a ½" (minimum) foam insulation sleeve.

(2) Manufacturer, Model: The make and model of the condensers are Mitsubishi MXZ-SM48NAMHZ2-U1 and Mitsubishi MXZ-SM36NAMHZ2-U1.

(3) Condensers: All condensers are located on the bulkhead roof. They each require 208 V power to operate. They are connected to the interior units via electrical wires and refrigerant pipes. The units do not create any perceivable vibrations inside the condominiums and are mounted on top of sheet metal stands.

(4) Interior Units: the interior units (also described above) are the Mitsubishi PEFY (ceiling concealed type), PVFY (multi-position air handler) and MSZ (wall mounted type) models of varying BTU ratings depending on the size of the conditioned space being supplied with cool air. The BTU ratings range from 9,000 BTU to 24,000 BTU. The air handlers in each condominium are equipped with filters that need to be cleaned during routine maintenance. The filters and unit controls are accessible via access panels. While MSZ models do not require ductwork, the PEFY and PVFY models have ductwork connected that provides the air distribution. The air distribution ducts are insulated with 2” thick fiber glass duct insulation which provides an R-6 insulation rating.

(5) There are no PTAC air conditioners in the condominium.

(6) Energy Efficiency Rating: in cooling mode, the condensers have an SEER (Seasonal Energy Efficiency Ratio) rating of 23.0.

(7) All exterior fasteners used as part of the installation of the air conditioning system are corrosion resistant.

(8) The Mitsubishi MXZ-SM48NAMHZ2-U1 comes with a 5-year warranty on parts and a 7-year warranty on the compressor. The warranty period begins at the installation date of the equipment as determined by the licensed contractor when the equipment is registered with Mitsubishi.

(n) **Ventilation**:

(1) Bathrooms: Ventilation is provided for bathrooms by 80 cfm exhaust fans (Broan NuTone AERN80K, sound rating of 0.7 Sones, or similar), as required by the New York City Building Code, which direct air flow to 4” round galvanized steel ducts that terminate at the exterior.

(2) Kitchen Exhaust: Kitchens are vented by exhaust hoods (Model XOC30S or similar) that extract air above the gas ranges and direct air flow to 6” round galvanized steel ducts that terminate at the exterior of the building.

(3) Dryer Exhaust: The dryer for Unit 1 is vented to the exterior through a fully ducted dryer exhaust. The dryer vent connects to the dryer in the cellar laundry room and terminates at the front exterior wall on the basement level. The dryer for Unit 2 is vented to the exterior at the roof level through a fully ducted dryer exhaust. It is the responsibility of the Unit owners to have the dryer vent cleaned out periodically to remove excess accumulation of lint.

(4) Other Ventilation Systems: The gas / water meter room is equipped with a fresh air intake (FAI) 6” round cast iron pipe which connects this space to the exterior to provide fresh air.

(5) The noise emission rating for the bathroom exhaust fans (NuTone AERN80K) is 0.7 Sones. All exhaust fans are compliant with noise emission requirements.

(o) **Electrical system:** All electrical system components in the building which are downstream of the Con Edison end box were installed by the Sponsor in 2025. Components upstream of the Con Edison end box were newly installed by Con Edison in 2025. The electrical service for the building from Con Edison is adequate and in good working condition. The wire material is copper in plastic or rubber insulation.

(1) Electrical service is provided by Con Edison. The main incoming service is 400A, 208V/120V, 1PH, 60 HZ. The Con Edison end box connects to the electrical meters for the building. There are three (3) electrical meters, one for each condominium unit and one for common electrical equipment (primarily exterior front yard lighting). The meters for the units are each rated at 200 Amps of electrical current and the common meter is rated at 100A. Wire size, type and conduits providing power to electrical equipment are typically 4#3/0 and 1#6G in 2” conduit. Sizes may vary for individual electrical equipment. Wiring and all aspects of the electrical system are designed to comply with applicable electrical codes. Standard safety equipment, including circuit breakers sized appropriately and grounding are installed. The main grounding is connected to the building water main.

(2) Service to individual units: A separate meter is provided by Con Edison for each residential unit, providing 200 Amps of 208V, 1 PH service to each Apt. Electrical distribution consists of insulated copper wire of various sizes to adequately conduct electricity for each unit to the appliances, light fixtures, wall receptacles, etc., as necessary. The individual circuits in the apartment electrical panels are equipped with 20-amp breakers / fuses. The typical wire size and type providing electrical service to the Apartment electrical meters is 4#3/0-MC.

(3) Compartment switch gear: The sectional meter boards and transformers supplying power to the meter boards are located in the cellar. The systems are installed as per applicable electrical codes and they are connected to a ground wire.

(4) Unit service: Units are equipped with electrical panels located within each Unit and containing 20-amp circuit breakers. The systems have been designed to supply each unit with electricity to adequately handle the demands of the modern appliances such as air conditioners, dishwashers and dryers. Con Edison has jurisdiction of the amount of power supplied to Units and Con Edison has deemed the amount of power supplied to be adequate.

(5) Adequacy: The electrical system is designed to supply adequate electricity for powering modern appliances and all electrical equipment within the condominium. The system is designed to comply with all applicable building codes. The average number of circuits per apartment is 40 circuits.

(6) Circuits: All circuits are 20 Amp circuits except for those which provide power for large appliances such as the AC Units. These circuits typically range from 30 Amps to 50 Amps.

(7) Lighting and fixtures: Light fixtures in living areas are high efficiency LED type fixtures. All interior spaces are provided with recessed, LED gimbal spot lights (LB15145, 50W, with GU10 lamps or similar). Shower and bathtub areas are equipped with LED recessed lights that are compatible with wet locations (Progress Lighting P8080-28-30K or similar). Additionally, bathrooms are equipped with wall sconces above mirrors (Sonneman Stilleto 2342.25-DIM or similar). LED strip lighting is also provided in the condominium to provide lighting accents in cove lights. Mechanical spaces are provided with surface mounted LED light panels (Luxrite LR24025 or similar).

(8) Exterior Lighting: at the front yard, side entrance and roof deck, exterior wall sconces or overhead recessed lights are provided.

(9) Outlets (convenience outlets and appliance outlets): 120 volt, grounded, duplex convenience outlets are located throughout each condominium unit and 120 volt grounded simplex appliance outlets are located in specific locations to provide power to all installed appliances. In wet areas, GFI outlets are used. Exterior outlets are weather resistant (WR) type outlets with plastic covers. All outlets are Lutron Architectural Style Matte White or similar.

(10) The condominium is not equipped with a back-up power system or generator.

(p) **Intercommunication and/or door signal systems:** As the Units have front doors that open directly to the exterior and lead to the public sidewalk, no intercom systems are provided. The units are equipped with standard doorbells.

(1) CCTV System: the condominium does not have a CCTV security system.

(q) **Public area lighting.** The condominium does not have any public, common or shared interior areas. Exterior areas are private and are illuminated as follows: At Unit entrances, overhead recessed wet rated lighting is provided. This lighting also illuminates the front yards and stairs that provide access to the Unit entrances. At the Unit entrances, the recessed lights are WAC R4ERAR-W9CS wet rated lights. At roof decks and terraces, exterior rated sconces are provided to illuminate the spaces and are Kichler Cylinder model 9246BK or similar. All public and exterior areas within the condominium are illuminated adequately to meet applicable Code requirements.

(r) **Garages and parking areas**: There are two separate parking garages in the condominium, one garage for each condominium Unit. The parking garages are located within the condominium building and as such the building details provided in this report apply to the garages correspondingly. Vehicle access is provided to the parking garages via a sidewalk curb cut on Bond Street. The parking garages are each large enough to fit one vehicle and additional storage. Each parking garage is provided with an electric garage door opener which is manufactured by Genie and operated by an electric wall mounted button and/or remote button. The garage door opener is covered by a 10-year limited manufacturer’s warranty by Genie which commences upon the installation date of March 1, 2026 approximately.

(1) Facility Type: both parking garages are fully enclosed, private parking garages with capacity for one vehicle for each Unit. Both parking garages are located at

the North end of the property on the ground floor. Both parking garages have overhead LED lighting to adequately light the spaces. There is no fencing provided or required for the parking garages.

(2) Compliance: the parking garages are in compliance with Zoning, Code and all applicable regulations, including dimensional compliance.

(3) Surface and Drainage: The parking garage floor surfaces are concrete with epoxy paint finish designed to withstand vehicular traffic. As the garages are fully enclosed, the floor is level and not pitched. The sidewalk adjacent to the parking garages is pitched away from the garages and towards the roadway to direct storm water and drainage away from the parking garages.

(4) Ventilation: The parking garages are ventilated by use of the operable garage doors which are approximately 8'x8'.

(5) Heating: the parking garages are heated by 2,000 Watt wall mounted space heaters which are model type Broan Nutone #192 and covered by a one-year manufacturer's limited warranty commences upon the installation date of March 1, 2026 approximately.

(6) The parking garages are fully sprinklered with wet piping and sprinkler heads. There is no risk of freezing as the garages are heated and insulated.

(s) **Swimming pools**: There are no swimming pools on the property.

(t) **Recreational Facilities**: The property does not contain any recreational facilities such as tennis courts or playgrounds. There is no fitness room in the condominium.

(u) **Permits, Certificates and Inspections:**

(1) Since the building is equipped with a sprinkler system, the condominium is required to have periodic inspections and maintenance from a licensed company as per NFPA 25. The inspections of the sprinkler system include monthly visual inspections, quarterly alarm inspections for the fire alarm equipment and a record log as required by NFPA 25.

(2) Backflow prevention device inspections: The backflow prevention devices on the sprinkler and domestic water supply mains require annual inspections as per DEP regulations.

(3) There are no other inspection requirements as most inspections required in NYC are not required for one or two family dwellings. For example, the four-year gas piping inspection (Local Law 152) and the annual parapet inspections are not required for two unit buildings. The building does not contain an elevator and therefore no elevator inspections are required. The building does not contain any boilers and therefore no boiler inspections are required.

(v) **Violations**. There are no outstanding or 'open' violations on the building. The Sponsor will cure any outstanding violations prior to the closings.

(w) **Unit information**. The building contains two (2) residential condominium units. The units are measured horizontally from the outside face of exterior walls, to the centerline of walls separating adjacent units and common elements.

(1) Dimensions of the Units: The floor area of each condominium unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the unit, except that the unit shall not extend beyond the property line; (ii) the center line of any wall or partition separating the unit from another unit; and (iii) the center line of any wall of partition separating the unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the unit above, or in the case of the units directly below the roof, to the underside of the structural framing of the roof.

(2) General Unit Information and approximate Apt sizes. Apt square footage sizes are approximate and are superseded by information included the Schedule A of the Condominium Offering plan.

(i) Unit 1 is four stories plus a cellar and roof bulkhead. It has four bedrooms and three and a half bathrooms. The total interior floor area is 2,981 SF which includes 543 SF of cellar floor area and 217 SF of garage floor area. Unit 1 also has a total of 963 SF of private outdoor space which is designated as Limited Common Element (LCE) space.

(a) The cellar space within in Unit 1 is non-habitable, accessory use only, may not be used for living sleeping or cooking and may not be rented independently of the dwelling unit above.

(ii) Unit 2 is four stories plus a cellar. It has three bedrooms and three bathrooms. The total interior floor area is 2,550 SF which includes 440 SF of cellar floor area and 220 SF of garage floor area. The unit also has a total of 983 SF of private outdoor space which is designated as Limited Common Element (LCE) space.

(iii) Open to Below Spaces: In Unit 1, there is 164 SF of "open to below" space on the first floor. In Unit 2, there is 185 SF of "open to below" space on the first floor and 25 SF of "open to below" space on the third floor. These spaces shall be indicated on the Certificate of Occupancy and are not permitted to be infilled to create additional floor area.

(3) Common Elements: Note that there are no Common Elements in the condominium as the Units each have private direct entrances from the public right of way and no shared interior spaces.

(4) Unit Finishes: The finishes of the units are described as follows. Unit owners may install additional or replacement finishes of their choice and at their own expense. All finishes are in good condition and were installed in 2025.

(i) The finished floors of the residential units: finished floors (in all areas except bathrooms and mechanical spaces) consist of 5/8" thick engineered wood floor on top of a 1/8" thick soundproofing and moisture resistant underlayment. Stairs are finished with carpeting or natural hardwood treads.

(ii) Wood Floor Warranty: The interior engineered wood flooring manufacturer limited warranty is from Terra Legno and provides lifetime structural coverage, thirty-five (35) year finish warranty, five (5) year light finish warranty, and three (3) year commercial finish warranty. The warranty is provided to "original purchaser." Sponsor makes no representation or guaranty that such warranty coverage will be available or applicable to Purchaser.

(iii) Bathroom floors and walls are finished with assorted ceramic tile, painted gypsum board, 1/8" mirror and back-painted glass.

(iv) Walls and ceilings of the units are of 5/8" type-X gypsum board. Wall and ceiling surfaces are skim coated and then covered with one layer or primer and one layer of paint.

(v) Kitchens are equipped with polished stone countertops (synthetic white stone manufactured by Caesarstone or similar) and ceramic tile backsplashes.

(vi) Kitchen Cabinets are custom built by and consist of cabinet grade plywood, Hafele hardware (or similar) and finished with Quartered Douglas Fir veneer or similar.

(5) All bathroom fixtures were installed in 2025 are later and are in good condition. Bathroom fixtures are as follows (or others of equivalent quality):

(i) <u>Bathrooms:</u>

(a) Lavatory: Toto LT1435G

(b) Faucet: Grohe Concetto 3427100A

(c) Bathtub: Zuma C6032 bathtub

(d) Tub filler, shower control, shower wallbar: Hansgrohe 71320001 Chrome, Hansgrohe 04231000 Chrome, Hansgrohe 26650401 Chrome

(e) Toilet: Toto, Model: Aquia CST446CEMG#01

(ii) Powder Room:

(a) Lavatory: Lacava Piccolo MI013

(b) Faucet: Brizo Odin 65175LF-PC

(c) Toilet & Wall Tank: Starck 3222509, Geberit 111.798.00.1

(iii) Primary Baths:

(a) Lavatory: Duravit 030549

(b) Faucet: Brizo Jason Wu Wall Mounted Bathroom Faucet Less Drain Assembly 65875LF-BL

(c) Shower: Brizo Jason Wu Shower system

(d) Toilet: Duravit 222659

(6) All kitchen and laundry equipment was installed in 2025 or later and is in good condition. Kitchen and Laundry Equipment is as follows for each unit (or others of equivalent quality):

(i) For Unit 1

Item	Make	Model
Refrigerator	Fisher & Paykel	RF170ADX4
Range	Bosch	HGI8054UC
Hood	XO	XOC30S
Wine Fridge	Avanti	WC3015S3S
Microwave	Sharp	R331ZS
Dishwasher	Bosch	SHX53T55UC
Washer	LG	WM3400CW
Dryer	LG	DLG3401W

(ii) For Unit 2

Item	Make	Model
Refrigerator	Samsung	RF22KREDBSR
Range	Bosch	HGI8054UC
Hood	XO	XOC30S
Wine Fridge	Avanti	WC3015S3S
Microwave	Sharp	R331ZS
Dishwasher	Bosch	SHX53T55UC
Washer	LG	WM3400CW
Dryer	LG	DLG3401W

(7) Millwork: Kitchens, bathrooms and bedroom closets are equipped millwork which is constructed of finish grade plywood or MDF and custom built.

(x) **Finish schedule of spaces other than units**. There are no common areas or spaces which are outside of the units in the condominium.

(y) **Safety and warning devices.**

(1) In compliance with the 2022 NYC Building Code: hardwired, combined smoke and carbon monoxide detectors are provided in every bedroom of each residential unit and in every room in the path of the means of egress from sleeping areas to the door leading from the dwelling unit.

(2) The sprinkler system is equipped with a sprinkler alarm control panel (but not a fire alarm control panel). The sprinkler alarm control panel (SACP) allows for local monitoring of the sprinkler system but does not connect to a central station. If the flow switch on the sprinkler system is triggered, it will send a signal to the sprinkler alarm control panel and it will also trigger the alarm bell at the exterior of the building. The sprinkler shut off valves are also equipped with tamper switches which will send a signal to the sprinkler alarm control panel if triggered. The SACP model is Kidde FX-5R or similar and is not covered by any manufacturer's warranty. The SACP is located in the mechanical closet in the cellar of Unit 1. It provides local monitoring only and does not connect to a Central Station off premises.

(z) **Additional information required**.

(1) Floor plans and a site plan of the subject property are included in the offering plan.

(2) Approximate floor to ceiling heights in vary in each of the Apartments and are as follows:

(i) Apt 1:

(a) Cellar: 8' - 0"
(b) First Floor: 8' - 10"
(c) Second Floor: 9' - 10"
(d) Third Floor: 8' - 0"
(e) Fourth Floor: 8' – 8"

(ii) Apt 2:

(a) Cellar: 8' - 0"
(b) First Floor: 8' - 0"
(c) Second Floor: 9' - 10"
(d) Third Floor: 9' - 6"
(e) Fourth Floor: 9' – 6"

(aa) **Further development**. The sponsor does not intend to carry out further development.

(bb) **Asbestos**. Asbestos Containing Material (ACM) is not present in any material that was tested for asbestos. An asbestos inspection was conducted by a certified asbestos inspector (Jaroslav Pistek No. 160093) prior to the permits being issued for the 2024 renovation. The inspection and subsequent lab testing found no asbestos present. The asbestos testing only tested the plaster and sheetrock of the interior spaces of the building.

(cc) **Lead-based paint**. This building underwent a gut renovation which was completed in 2025. All existing paint was removed and all new paint used in the renovation was free of lead. Therefore, no lead paint is expected to be present in the building. However, absent such renovation, buildings constructed prior to 1979 may contain lead paint, and unrenovated buildings constructed before 1960 are presumed to contain lead paint. The ingestion of lead paint poses serious health risks, especially in young children.

(dd) Other Disclosure

(1) The sponsor shall not construct any additional units or phases after completion of the structure, as per DOB approved plans.

(2) No drywall materials used in construction of the condominium contain sulfide. There are no corrosive drywall materials in the condominium.

(ee) Documents to be Transferred to the Condominium Management

(1) Upon transfer of control to the condominium management, the following materials, dependent on availability, will be supplied to the condominium management/new owners upon request if not at closing:

(i) Operation and maintenance manuals for appliances.

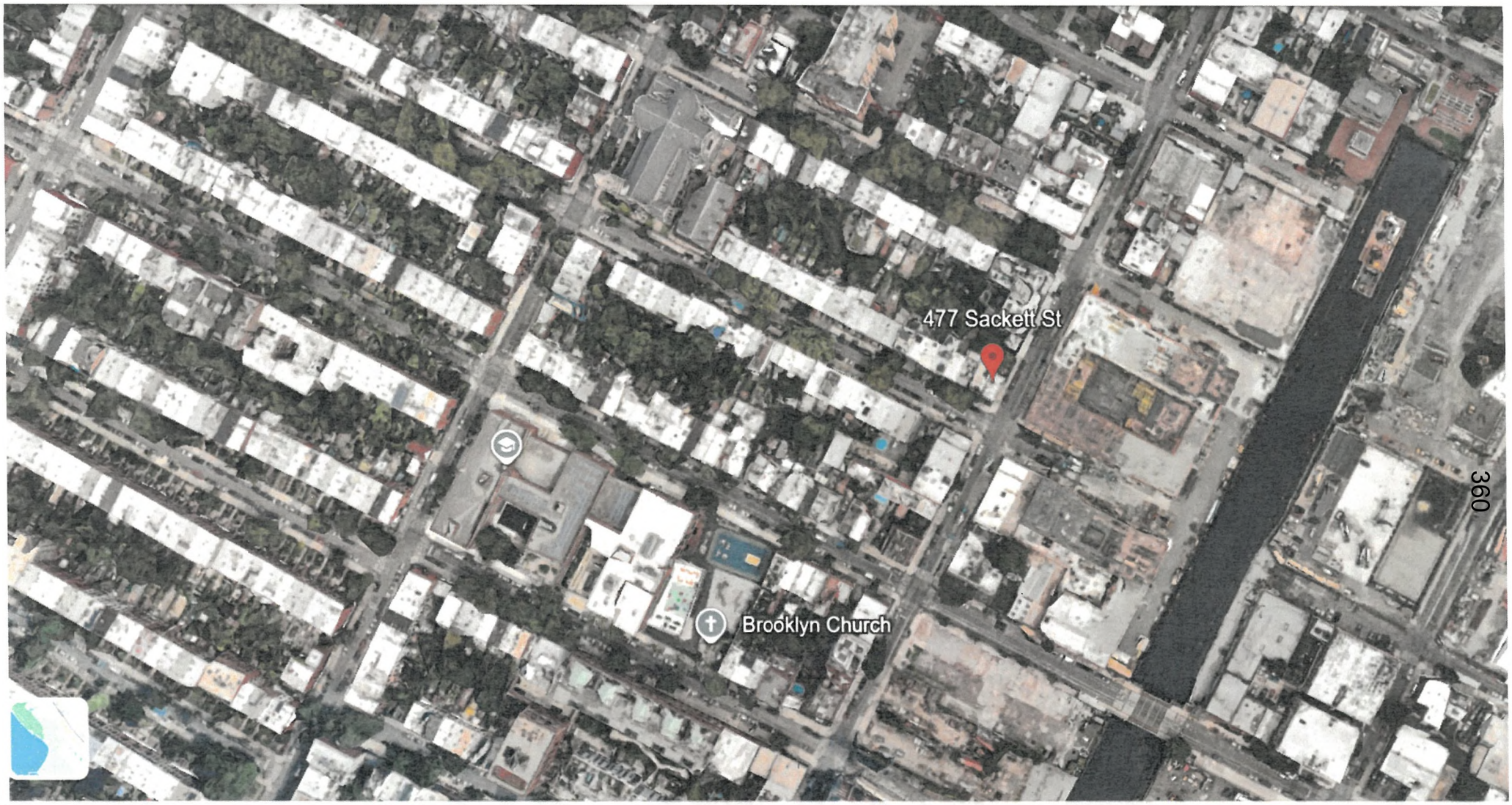
(ii) Operation and maintenance manuals for mechanical and HVAC systems.

(iii) All available equipment and roof warranties

(iv) Approved construction documents.

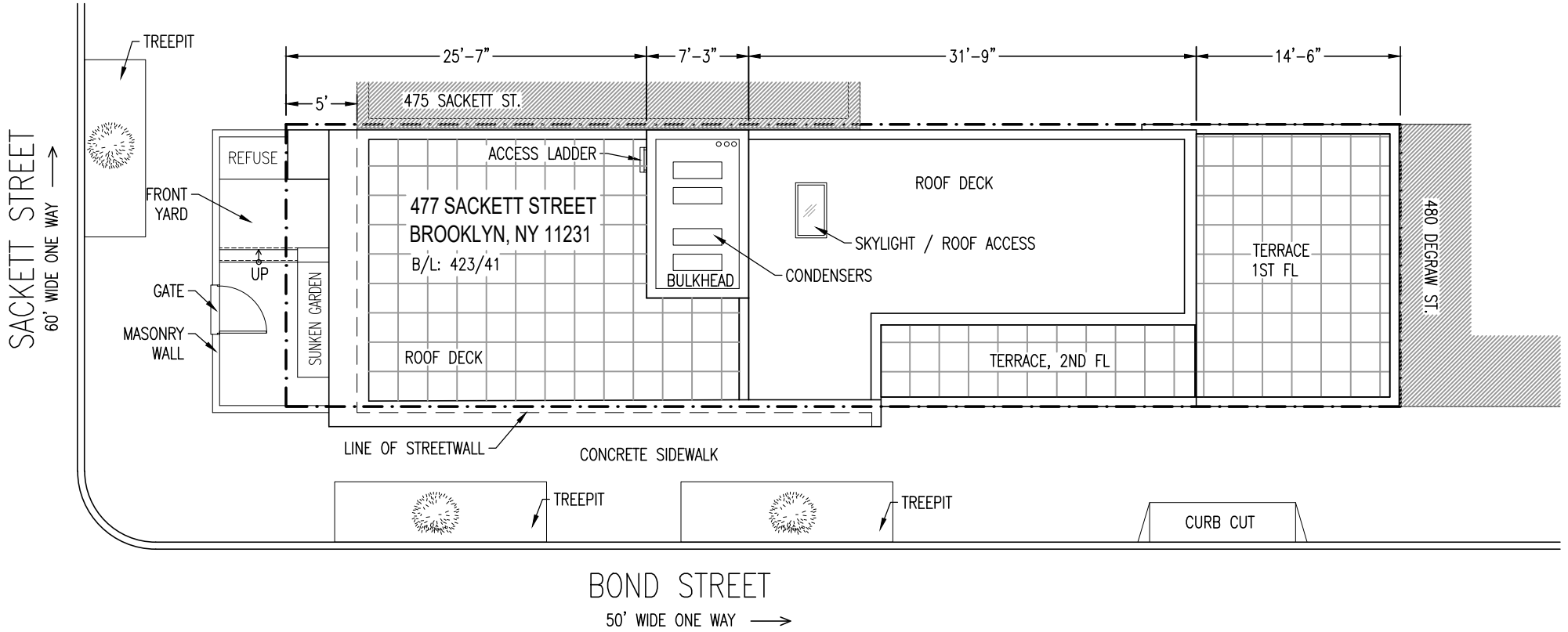
SCHEDULE G-1

AREA MAP

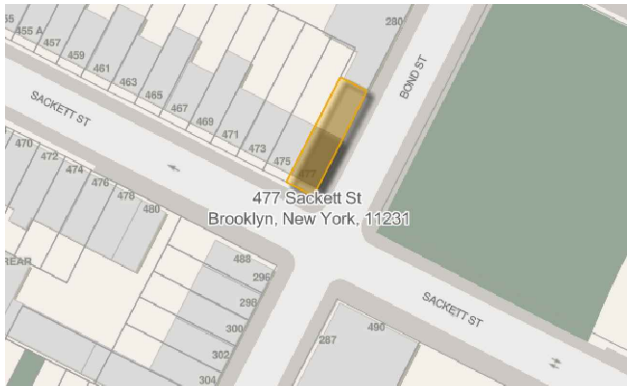

477 Sackett Street, Brooklyn, NY
477 Sackett St
Brooklyn Church
360
Google
100%
Data attribution
7/24/2023

SCHEDULE G-2

SITE PLAN



A SITE PLAN
SCALE 3/32"=1'-0"



0' 2' 5' 10'

NORTH

NORTH

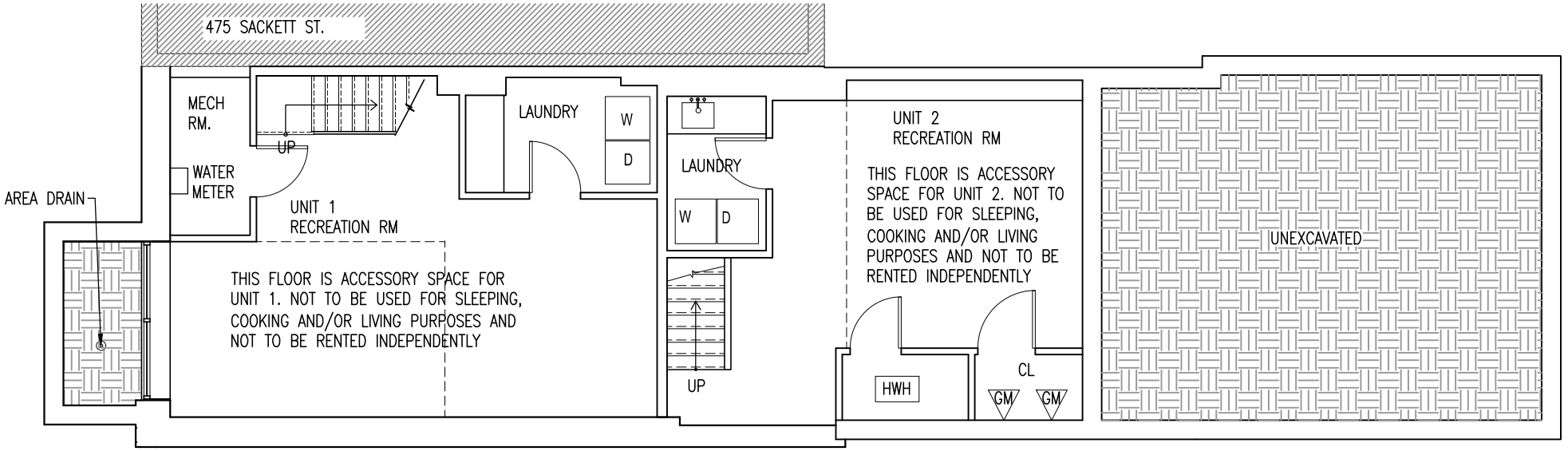
REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION	**SITE PLAN** **477 SACKETT STREET, BROOKLYN, NY 11231**	**A-001.00** DATE: 10/08/2025 REV1: 04/28/2026

ATELIER NEW YORK Architecture
Long Island City, NY 11101
Phone : 718.707.9550
Fax : 718.707.9898
www. AtelierNY. com
21-34 44th Road, Ground Floor

SCHEDULE G-3

FLOOR PLANS/ELEVATION



A CELLAR PLAN
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
Garage	217 SF	220 SF	437 SF
2nd Floor	650 SF	638 SF	1,288 SF
3rd Floor	547 SF	501 SF	1,048 SF
4th Floor	539 SF	499 SF	1,038 SF
Bulkhead	49 SF		49 SF
Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
Unit 1 3rd Fl Terrace	99 SF	
Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

LEGEND:
CL = CLOSET
GM = GAS METER
W/D = WASHER / DRYER
HWH = HOT WATER HEATER
MECH = MECHANICAL
WIC = WALK IN CLOSET
FPHB = FROST PROOF HOSE BIB
DW = DISHWASHER
REF = REFRIGERATOR

0' 2' 5' 10'

NORTH

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION

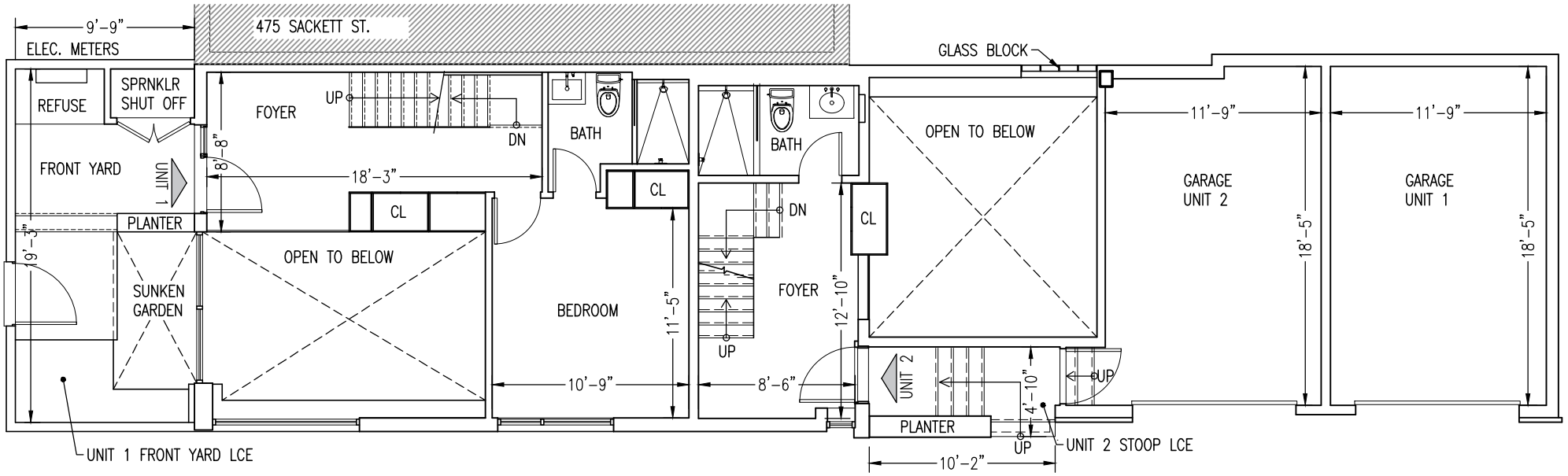
CELLAR PLAN

477 SACKETT STREET, BROOKLYN, NY 11231

A-002.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

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A FIRST FLOOR PLAN
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
Garage	217 SF	220 SF	437 SF
2nd Floor	650 SF	638 SF	1,288 SF
3rd Floor	547 SF	501 SF	1,048 SF
4th Floor	539 SF	499 SF	1,038 SF
Bulkhead	49 SF		49 SF
Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
Unit 1 3rd Fl Terrace	99 SF	
Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

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FPHB = FROST PROOF HOSE BIB
DW = DISHWASHER
REF = REFRIGERATOR
RD = ROOF DRAIN

0' 2' 5' 10'

NORTH

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION

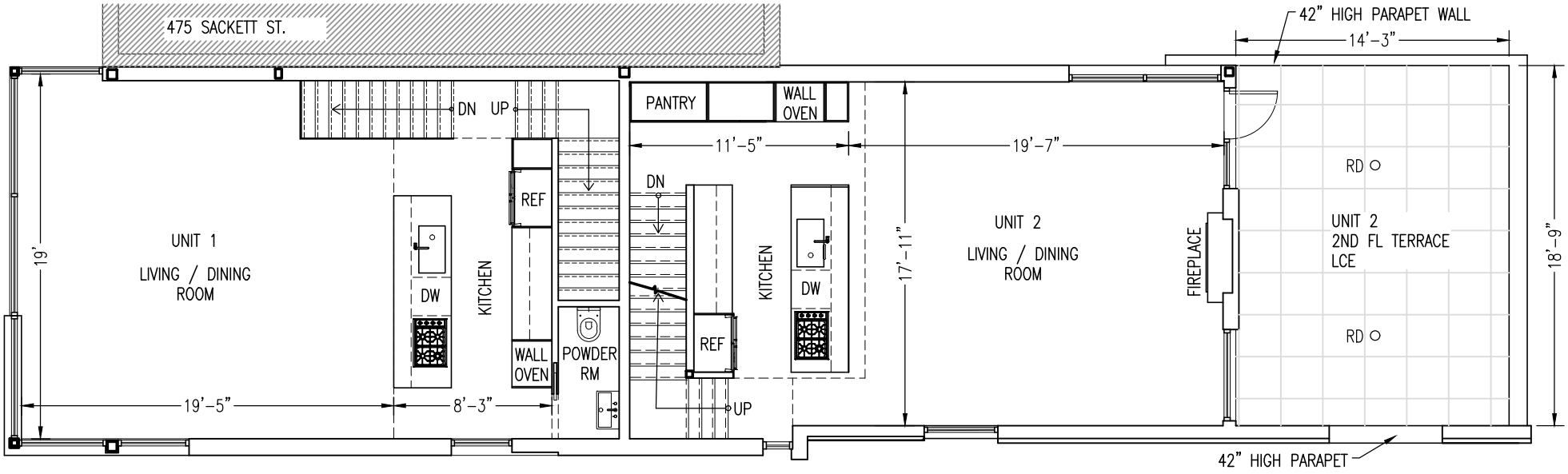
FIRST FL PLAN

477 SACKETT STREET, BROOKLYN, NY 11231

A-003.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

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A SECOND FLOOR PLAN
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
Garage	217 SF	220 SF	437 SF
2nd Floor	650 SF	638 SF	1,288 SF
3rd Floor	547 SF	501 SF	1,048 SF
4th Floor	539 SF	499 SF	1,038 SF
Bulkhead	49 SF		49 SF
Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
Unit 1 3rd Fl Terrace	99 SF	
Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

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0' 2' 5' 10'

NORTH

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION

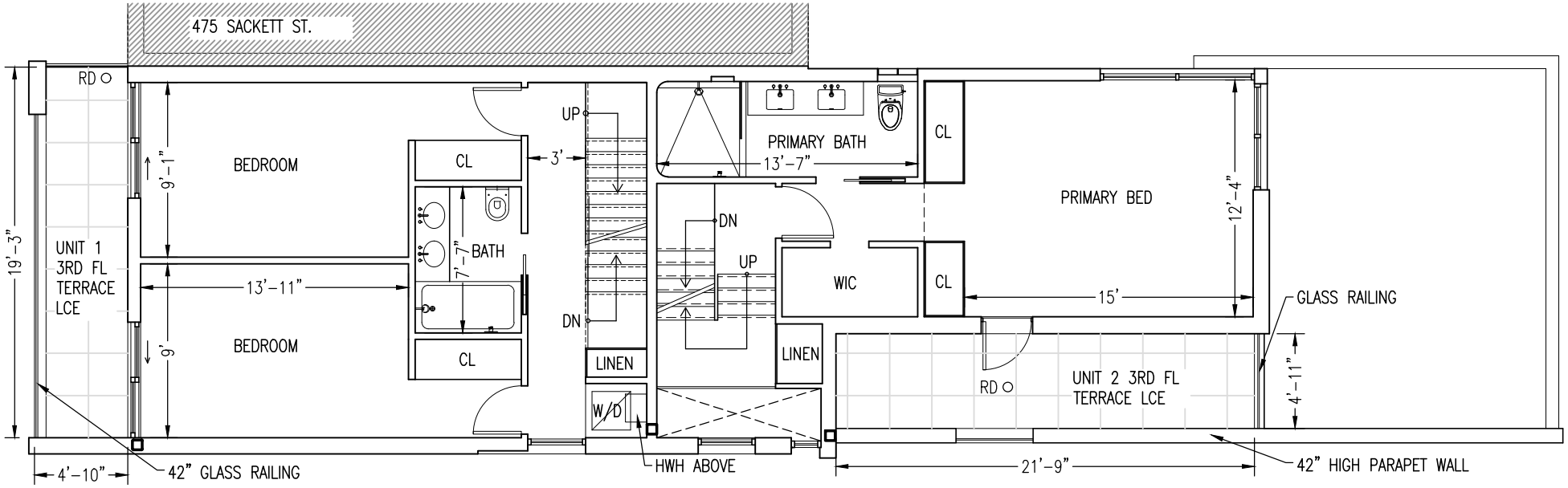
SECOND FLOOR PLAN

477 SACKETT STREET, BROOKLYN, NY 11231

A-004.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

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A THIRD FLOOR PLAN
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
Garage	217 SF	220 SF	437 SF
2nd Floor	650 SF	638 SF	1,288 SF
3rd Floor	547 SF	501 SF	1,048 SF
4th Floor	539 SF	499 SF	1,038 SF
Bulkhead	49 SF		49 SF
Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
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Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

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WIC = WALK IN CLOSET
FPHB = FROST PROOF HOSE BIB
DW = DISHWASHER
REF = REFRIGERATOR
RD = ROOF DRAIN

0' 2' 5' 10'

NORTH

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION

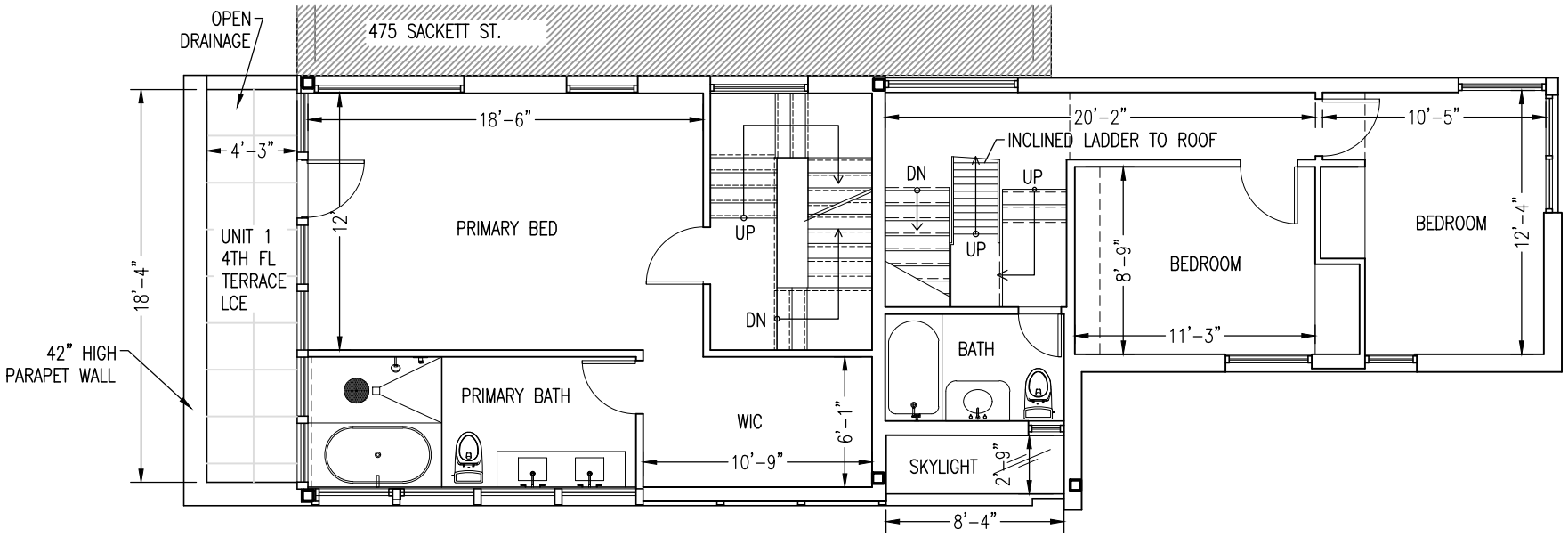
THIRD FLOOR PLAN

477 SACKETT STREET, BROOKLYN, NY 11231

A-005.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

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A FOURTH FLOOR
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
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Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
Unit 1 3rd Fl Terrace	99 SF	
Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

LEGEND:
CL = CLOSET
GM = GAS METER
W/D = WASHER / DRYER
HWH = HOT WATER HEATER
MECH = MECHANICAL
WIC = WALK IN CLOSET
FPHB = FROST PROOF HOSE BIB
DW = DISHWASHER
REF = REFRIGERATOR
RD = ROOF DRAIN

0' 2' 5' 10'

NORTH

SACKETT STREET CONDOMINIUM ASSOCIATION

FOURTH FLOOR PLAN

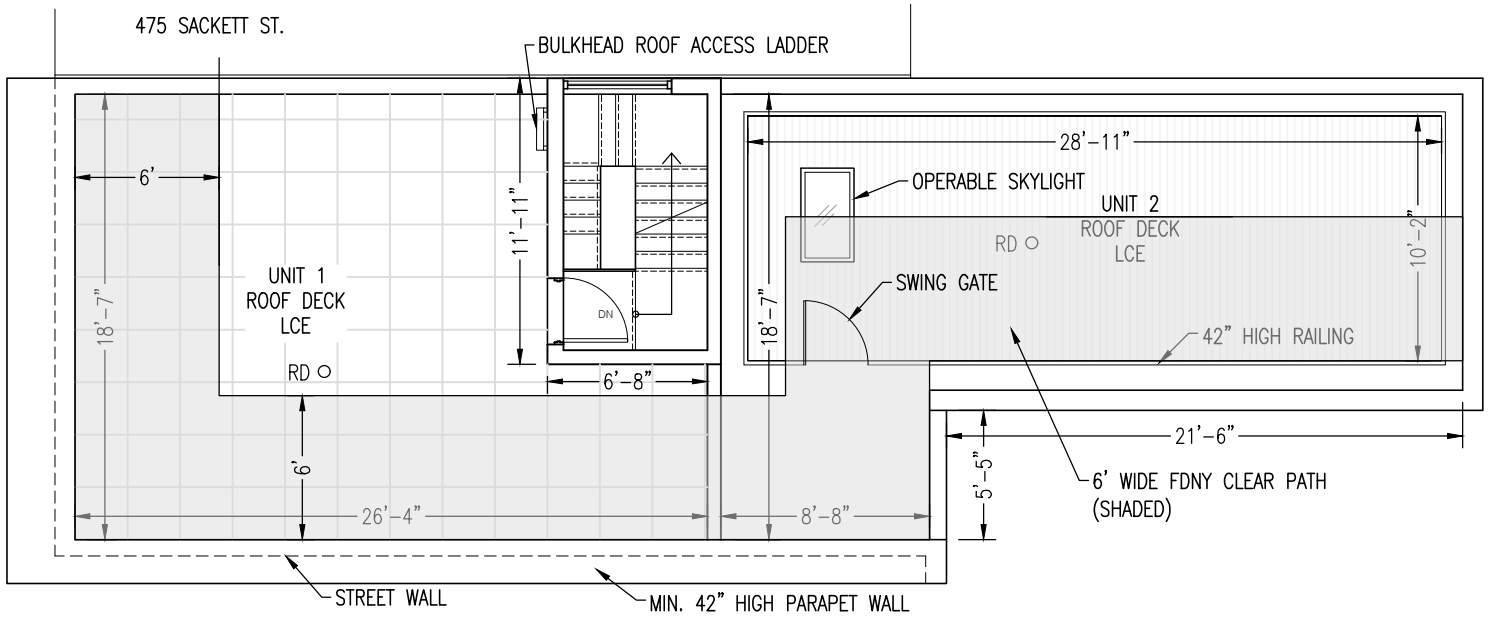
477 SACKETT STREET, BROOKLYN, NY 11231

A-006.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

ATELIER NEW YORK Architecture
Long Island City, NY 11101
Phone : 718.707.9550
Fax : 718.707.9898
www. AtelierNY. com
21-34 44th Road, Ground Floor

REGISTERED ARCHITECT ANATOLE PLOTKIN NO. 019961 STATE OF NEW YORK



A ROOF PLAN
SCALE 1/8"=1'-0"

SQUARE FOOTAGE DETAIL BY FLOOR

Interior SF

Floor	Unit 1	Unit 2	Total Unit SF per Fl
Cellar	543 SF	440 SF	983 SF
1st Floor	436 SF	252 SF	688 SF
Garage	217 SF	220 SF	437 SF
2nd Floor	650 SF	638 SF	1,288 SF
3rd Floor	547 SF	501 SF	1,048 SF
4th Floor	539 SF	499 SF	1,038 SF
Bulkhead	49 SF		49 SF
Total	**2,981 SF**	**2,550 SF**	**5,531 SF**

Exterior SF (LCE)

Location	Unit 1	Unit 2
Unit 1 Front Yard	207 SF	
Unit 2 Stoop		52 SF
Unit 2 2nd Fl Terrace		307 SF
Unit 1 3rd Fl Terrace	99 SF	
Unit 2 3rd Fl Terrace		126 SF
Unit 1 4th Fl Terrace	107 SF	
Unit 1 Roof	464 SF	
Unit 2 Roof		498 SF
Bulkhead Roof	86 SF	
Total	**963 SF**	**983 SF**

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WIC = WALK IN CLOSET
FPHB = FROST PROOF HOSE BIB
DW = DISHWASHER
REF = REFRIGERATOR
RD = ROOF DRAIN

0' 2' 5' 10'

NORTH

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK

SACKETT STREET CONDOMINIUM ASSOCIATION

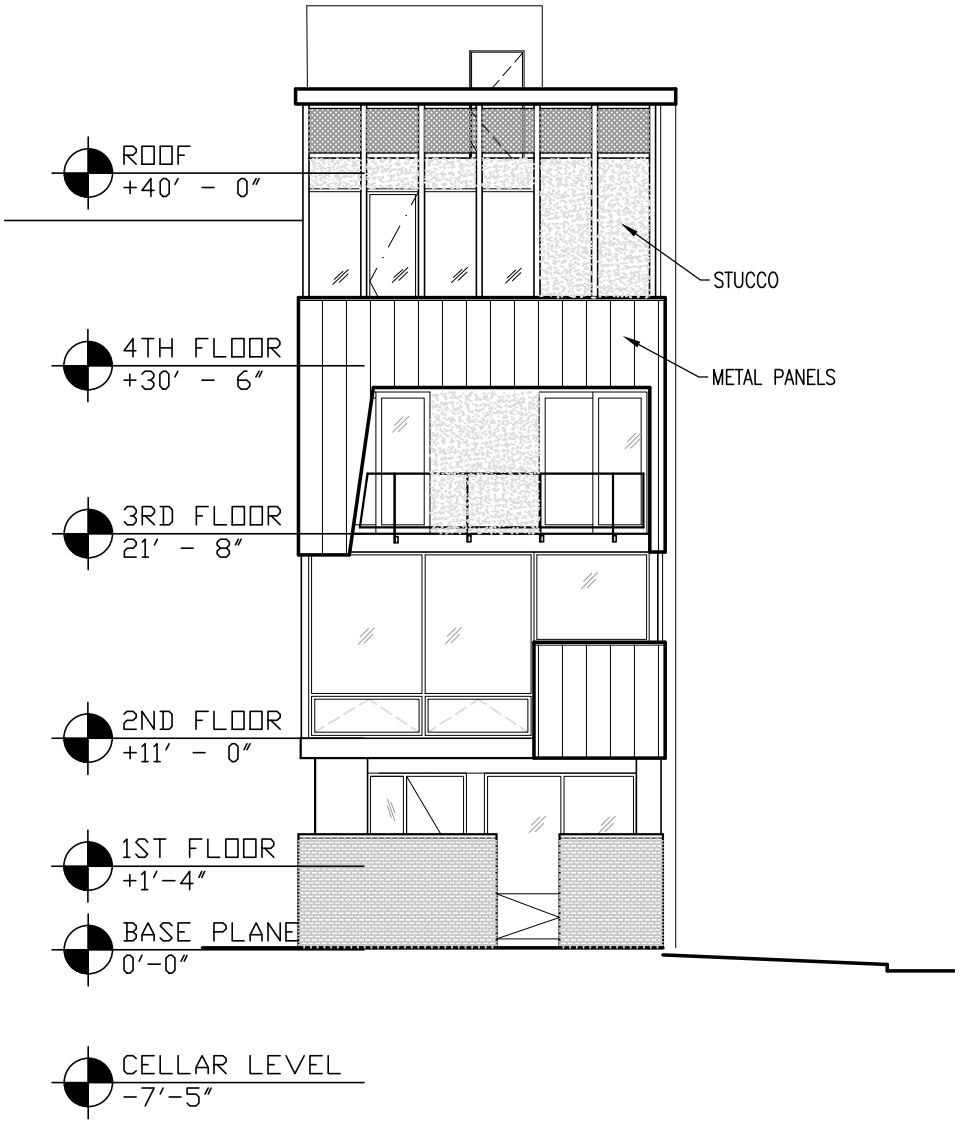
ROOF PLAN

477 SACKETT STREET, BROOKLYN, NY 11231

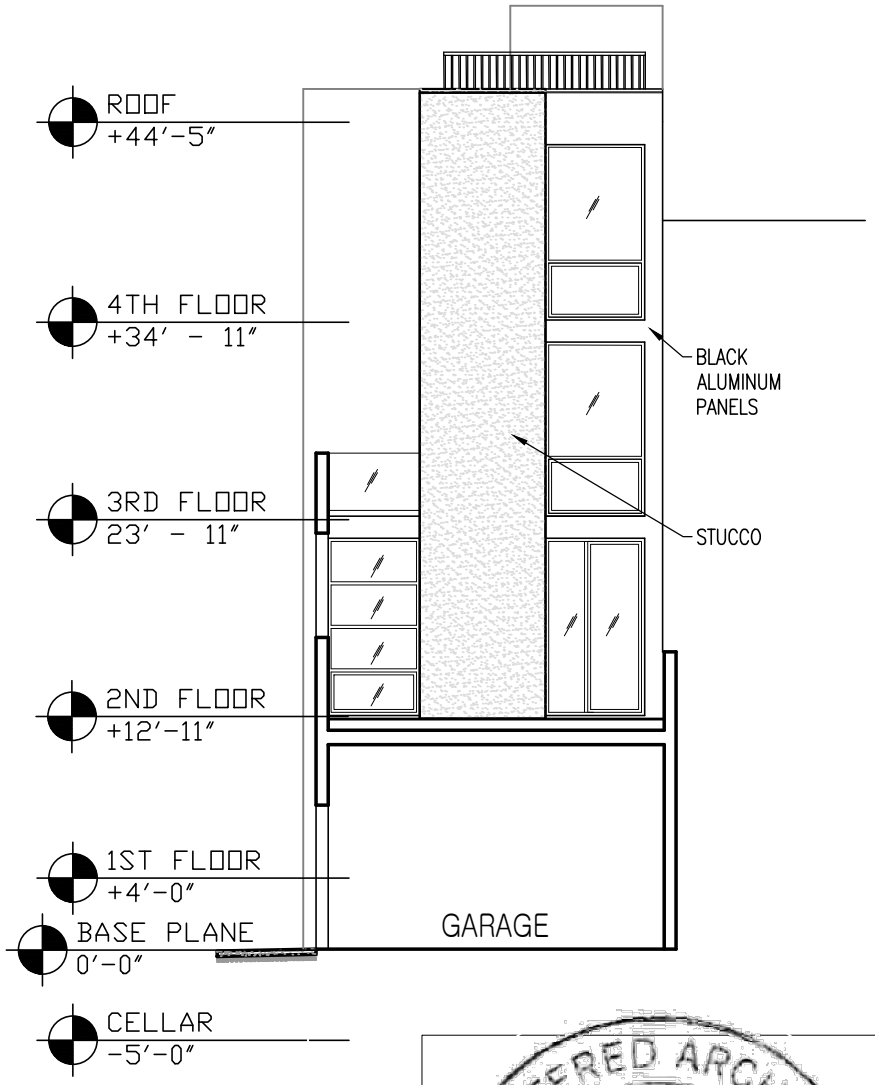
A-007.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

ATELIER NEW YORK Architecture
Long Island City, NY 11101
Phone : 718.707.9550
Fax : 718.707.9898
www. AtelierNY. com
21-34 44th Road, Ground Floor



A SOUTH ELEVATION
SCALE 1/16"=1'–0"



B NORTH ELEVATION
SCALE 1/16"=1'–0"

SACKETT STREET CONDOMINIUM ASSOCIATION

ELEVATIONS

477 SACKETT STREET, BROOKLYN, NY 11231

A-008.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

ATELIER NEW YORK Architecture

Long Island City, NY 11101
Phone : 718.707.9550
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21-34 44th Road, Ground Floor

REGISTERED ARCHITECT
ANATOLE PLOTKIN
NO. 019910
STATE OF NEW YORK



A EAST ELEVATION
SCALE 1/16″=1′–0″

SACKETT STREET CONDOMINIUM ASSOCIATION

ELEVATION

477 SACKETT STREET, BROOKLYN, NY 11231

A-009.00

DATE:	**10/08/2025**
REV1:	**04/28/2026**

ATELIER NEW YORK Architecture
Long Island City, NY 11101
Phone : 718.707.9550
Fax : 718.707.9898
www. AtelierNY. com
21-34 44th Road, Ground Floor

REGISTERED ARCHITECT ANATOLE PLOTKIN NO. 019910 STATE OF NEW YORK

SCHEDULE G-4

ASBESTOS REPORT

NYC Environmental Protection

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION

Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS ASSESSMENT REPORT

RECEIVED
10/14/2020
DEP
ASBESTOS CONTROL
PROGRAM
FEE PAID

1. NYC DOB Job # (if applicable) _____ **Control Number: 3779318**

2. Premise No. 477 Street Name Sackett Street Borough Brooklyn Zip 11231

3. AKA _____ Type of Facility Residence BIN 3006960 Block 00423 Lot 0041

4. Building Owner SACKETT GARDENS LLC Address 21-34 44TH ROAD

5. City LIC State NY Zip 11101 Contact Person EGENDORF JOSH

6. Tel. # (718) 707-9550 Fax # _____ Email JOSH@BUILD360.INFO

7. Work Type General Construction

Description of the Entire Scope of Work
INTERIOR RENOVATION OF KITCHEN & BATHROOMS OF APARTMENT 1. MINOR PARTITIONAL CHANGES AND MINOR COSMETIC WORK ON DETACHED GARAGE AS PER PLANS. NO CHANGE IN USE, OCCUPANCY OR EGRESS.

8. I, JAROSLAV PISTEK , have conducted an asbestos investigation on
Name of Certified Asbestos Investigator

10/01/2020 10:00AM-11:30AM 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.

[X] c. asbestos is present and will not be disturbed during construction activity. Specify the quantity and area where asbestos is present. Specify amount: 0 sq. ft 0 linear ft.

[ ] d. entire building is free of asbestos containing material (ACM).

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
Cellar	BATHROOM	SHEETROCK	2	No	No				
Cellar	BATHROOM	FLOOR & WALL TILE GROUT - BATHROOM	4	No	No				

I hereby declare the information provided herein is true and complete

JAROSLAV PISTEK — *DEP Certified Asbestos Investigator's Signature*
10/14/2020 — *Date*
160093 — *Certificate Number*
1/30/2022 — *Expiration Date*

Tel. # (917) 470-3493 Fax # _____

Email jaroslavpistek@yahoo.com

CITY OF NEW YORK
JAROSLAV PISTEK
No. 160093
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

25818048

NYC Environmental Protection

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373

ASBESTOS ASSESSMENT REPORT

RECEIVED
10/14/2020
DEP
ASBESTOS CONTROL
PROGRAM
FEE PAID

Cellar	BATHROOM	WALL TILE GLUE - BATHROOM	2	No	No				
Basement	BATHROOM & KITCHEN	SHEETROCK	2	No	No				
Basement	BATHROOM & KITCHEN	WALL & FLOOR TILE GROUT - BATHROOM & KITCHEN	6	No	No				
Basement	BATHROOM & KITCHEN	WALL TILE GLUE - KITCHEN & BATHROOM	4	No	No				
Building Floors-1	BATHROOM	SHEETROCK	2	No	No				
Building Floors-1	BATHROOM	FLOOR TILE GROUT - BATHROOM	2	No	No				
Building Floors-1	BATHROOM	CEILING TILES - BATHROOM	2	No	No				
Outside Space	INTERIOR OF GARAGE	SHEETROCK	2	No	No				
Outside Space	INTERIOR OF GARAGE	WALL CEMENT BOARD	2	No	No				

10. ANALYTICAL LABORATORY:

NAME	ELAP # (NYS DOH CERTIFICATION)	DATE(S) SAMPLES ANALYZED
Atlas Environmental Lab	11999	10/2/2020

11. NYS DOL Asbestos Handling license # 60418 Company Name City Green Street Inc.

12.Comment

I hereby declare the information provided herein is true and complete

JAROSLAV PISTEK	10/14/2020	160093	1/30/2022
DEP Certified Asbestos Investigator's Signature	*Date*	*Certificate Number*	*Expiration Date*

Tel. # (917) 470-3493 Fax # _____

Email jaroslavpistek@yahoo.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
JAROSLAV PISTEK
No. 160093
CERTIFIED ASBESTOS INVESTIGATOR

Is it a Build-It-Back project? ☐ Yes, App ID # _____ ☒ No

25818048

SCHEDULE H

FEE TITLE DESCRIPTION

FEE TITLE DESCRIPTION

A "Unit" as hereinafter referred to shall be defined as follows:

Dimensions of the Units: The floor area of each condominium unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the unit, except that the unit shall not extend beyond the property line; (ii) the center line of any wall or partition separating the unit from another unit; and (iii) the center line of any wall of partition separating the unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the unit above, or in the case of the units directly below the roof, to the underside of the structural framing of the roof.

SCHEDULE I

DECLARATION OF CONDOMINIUM

DECLARATION OF CONDOMINIUM

477 SACKETT STREET CONDOMINIUM
CONDO

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED AT 477 SACKETT STREET,
BROOKLYN, NEW YORK 11231
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: **SACKET GARDENS, LLC**
21-34 44th Road
Long Island City, New York 11101

DATE OF DECLARATION: _____, 20__

BLOCK:

FKA LOT:

NKA LOTS:

CERTILMAN BALIN ADLER & HYMAN, LLP
Attorneys for the Sponsor
Attn: Donna-Marie Korth, Esq.
90 Merrick Avenue, 9th Floor
East Meadow, NY 11554

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PLAN OF CONDOMINIUM UNIT OWNERSHIP

DECLARATION OF 235 SACKETT 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 _____, 20__, Sackett Gardens, LLC, a New York limited liability company organized and existing under the laws of the State of New York, with an office situated at 21-34 44th Road, Long Island City, New York 11101, hereinafter referred to as the "Declarant" or "Sponsor" represented in this Declaration by Kenneth Hudes, 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 477 Sackett 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 property will consist of two (2) Residential Units to be located in one (1) Building containing four (4) floors and a cellar and the Common Elements. The cellar and interior garage are considered party of the individual Unit. The Architect who prepared and certified the Plans is Anatole Plotkin, Atelier New York Architecture, 21-34 44th Road, Long Island City, New York 11101.

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 Elements 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. “Common Interest” – The proportionate, undivided interest each Residential Unit Owner has in the Common Elements.

10. “Community” - As used herein is equivalent in meaning to the term “Condominium” as same issued in Article 9-B of the Real Property Law.

11. “Condominium” – 477 Sackett 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.

12. “Condominium Act” - Article 9-B of the Real Property Law of the State of New York.

13. “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.

14. “Declarant” or “Sponsor” – Sacket Gardens, LLC, a New York limited liability company and its successors, assigns and designees.

15. “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.

16. “Deposit” – Sum of money paid by Purchaser at the time of entering the contract to indicate intention to carry out the Purchase Agreement to be applied against the Purchase Price.

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

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

19. “First Board of Managers” - The initial Board Members of the Board of Managers appointed by the Sponsor.

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

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

22. A “Home” or “Unit” as hereinafter referred to shall be defined as follows: The floor area of each condominium unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the unit, except that the unit shall not extend beyond the property line; (ii) the center line of any wall or partition separating the unit from another unit; and (iii) the center line of any wall of partition separating the unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the unit above, or in the case of the units directly below the roof, to the underside of the structural framing of the roof. The cellar and interior garage are considered part of the individual Unit.

23. “Homeowners” or Unit Owners” – The owner of each Condominium Home.

24. Every Homeowner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Homeowner’s vote referred to in Article EIGHTH of this Declaration.

25. “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.

26. “Irrevocably Restricted Common Elements” or “Limited Common Elements” - The portions of the Common Elements that are irrevocably restricted in use to specified Homeowners, including but not limited to, any terrace, patio, balcony, roof deck or rear yard.

27. “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.

28. “Owner” or “Sponsor” shall mean and refer to Sackett Gardens, LLC, and its successors and assigns

29. “Party Wall” as hereinafter referred to shall be defined as a wall which is common to and separates two Homes.

30. “Percentage of Common Interest” - The proportionate, undivided interest each Residential Unit Owner has in the Common Elements.

31. “Property” – The overall area of the Condominium described in Exhibit A.

32. “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.

33. “Residential Unit” – A Residential Unit includes all the Residential Units in the Condominium as designated in Schedule B.

34. "Residential Unit Owner" – A Residential Unit Owner includes all the Residential Unit Owners in the Condominium.

35. "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.

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

37. "Special Meeting" – A meeting of the Residential Unit Owners called pursuant to Article II, Section 10 of the By-Laws.

38. "Sponsor" or "Declarant" – Sackett Gardens, LLC a New York Limited Liability Company with an office at 21-34 44th Place, Long Island City, New York 11101.

39. "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.

40. "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.

41. "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 477 Sackett 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 Anatole Plotkin, Atelier New York Architecture, 21-34 44th Road, Long Island City, New York 11101.

The property will consist of two (2) Residential Units to be located in one (1)

Building containing four (4) floors and a cellar and the Common Elements. The cellar and interior garage are considered party of the individual Unit.

The Homes are constructed of concrete foundations, wood or metal stud walls and asphalt roof. Each of the Homes has access to a public street by means of a sidewalk. For the purposes of describing the location of the building, approximate area, type and number of rooms of each Home and the Common Elements to which each Home has immediate access, each Home is described on Schedule B annexed hereto. Each Home will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Home, together with an undivided 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 Declarant and the Homeowner at the time of construction of the Home.

The aforesaid Condominium has a plot area of approximately 5,531 square feet.

B. Measurement of Residential Units – The approximate (within reasonable tolerances) physical dimensions of each Residential Unit are measured as follows:

> Dimensions of the Units: The floor area of each condominium unit, taken horizontally, shall extend to: (i) the exterior face of any exterior walls directly enclosing the unit, except that the unit shall not extend beyond the property line; (ii) the center line of any wall or partition separating the unit from another unit; and (iii) the center line of any wall of partition separating the unit from any corridor, stair, mechanical equipment space or elevator shaft, where the elements do not exclusively serve the unit. Vertically, each unit shall consist of the space measured from the upper surface of the sub-floor or concrete slab to the upper surface of the sub-floor or concrete slab of the unit above, or in the case of the units directly below the roof, to the underside of the structural framing of the roof. The cellar and interior garage are considered part of the Individual 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 or Residential Unit 2, 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 or Residential Unit 2, 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. Any stairs, stairways, common hallways that do not exclusively service, are not located wholly within, or are a Limited Common Element of a Residential Unit, and entrances and exits of 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 and equipment intended for the common use and service of the Condominium;

k. Any rooms or closets 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. Any fences or enclosures on the Property of the Condominium;

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

n. Any fire sprinkler system 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 front yard including the refuse storage bins and planters appurtenant to Residential Unit 1;

d. The exterior doors and stairs appurtenant to each Residential Unit, including any and all staircase risers, treads, handrails, posts, balusters, lighting and fixtures therein;

e. The bulkhead, front roof deck, balconies, and terraces appurtenant to Residential Unit 1.

f. The operable skylight, rear roof deck, roof area outside rear roof deck, balconies and terraces appurtenant to Residential Unit 2.

g. 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

h. 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.

The cellar, garages, balconies, terraces and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department.

All costs and maintenance associated with irrevocably restricted Common Elements appurtenant to a Home shall be the sole responsibility of the Homeowner to which assigned except for certain structural repairs or replacements or as may be otherwise be set forth herein.

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 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 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 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. This paragraph may not be amended without the Sponsor's prior written approval.

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 prior written 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.

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 users of, and visitors, to the Building will have an easement through all parts of the Condominium, including the front yard appurtenant to Unit 1 and all portions of the roof which are Limited Common Elements for emergency egress and through the cellar and garage as may be necessary. In addition, the Board of Managers will have an easement through the roof decks, terraces, and balconies appurtenant to the Units as Limited Common Elements thereof, for emergency egress.

All emergency personnel, including, but not limited to, police, fire and medical purposes shall be granted an easement of ingress and egress over, upon and through the Common Elements in 477 Sackett Street Condominium for ingress and egress, if necessary. Utility company employees as well as the owners of Residential Units 1 and 2, contractors and emergency personnel shall have an easement to access the electric meters, gas meters, water meters and fire control panel located in the cellar level. This paragraph may not be amended by the Residential Unit Owners in the Condominium.

The Board of Managers will have an easement in and through Residential Unit 1 for access to adjacent or common installations, including, but not limited to, installations in the front yard and any water or electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 1 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, installations in the front yard, interior and exterior stairs, bulkhead, front roof deck, balconies and terraces appurtenant to Unit 1 and water, electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 2 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, water, electrical and/or mechanical room(s) located in cellar, through the interior and exterior stairs, operable skylight, rear roof deck, roof area outside rear roof deck, balconies, and roof terraces appurtenant to Residential Unit 2, 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. This paragraph may not be amended by the Residential Unit Owners in the Condominium.

The Residential Unit Owner of Residential Unit 1 will have an easement in and through such portion(s) of Residential Unit 2 and its appurtenant Limited Common Elements as needed including but not limited to the equipment rooms in the cellar of Unit 2 and all access thereto, as needed, for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. The Residential Unit Owner of Residential Unit 2 will have an easement in and through such portion(s) of Residential Unit 1 and its appurtenant Limited Common Elements, including but not limited to the mechanical room in the cellar, bulkhead, front yard, roof and front roof deck, and all access thereto, as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. A 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, each Residential Unit Owner will have an easement in common with the Owner of other Residential Unit to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and utility lines located in another Residential Unit and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit. This paragraph 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 Sackett Gardens, LLC, 21-34 44th Road, Long Island City, New York 11101. 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, 477 Sackett Street Condominium, 477 Sackett Street, Brooklyn, New York 11231, 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 voting purposes at any meeting of the Residential Unit Owners, except as provided otherwise in Articles II and III of the By-Laws with respect to the election, appointment or designation of Members of the Board of Managers.

The percentage of Common Interest for each Home is based on equal percentages, one (1) for each Home, as of the recording of the Declaration of Condominium pursuant to Real Property Law Section 339-i(1)(iii). The percentage of Common Interest of one (1) or more Homes may have been adjusted a de minimis amount so that the total equals 100%. Notwithstanding said fact, the Common Charges payable by each Home will be in an equal amount.

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 sixty-six and two-thirds percent (66 2/3%) 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.

In order to carry out the provisions of this Paragraph each Homeowner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Home under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Home under such terms as the Board in its sole discretion shall deem proper.

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.

[BALANCE OF PAGE BLANK—SIGNATURE PAGE FOLLOWS]

SACKETT GARDENS, LLC

By: _____
Kenneth Hudes

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 Kenneth Hudes, 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: FKA Lot: 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:

FOR INFORMATION ONLY:

Block:
FKA Lot:
NKA Lots:
County: Kings

SCHEDULE B TO THE DECLARATION

477 SACKETT STREET CONDOMINIUM
477 Sackett Street
Brooklyn, New York 11231

Condo #

Block: FKA Lot: NKA Lots:

SCHEDULE J

CONDOMINIUM BY-LAWS

BY-LAWS

OF

477 SACKETT STREET CONDOMINIUM

CERTILMAN BALIN ADLER & HYMAN, LLP
Attorneys for the Sponsor
Attn: Donna-Marie Korth, Esq.
90 Merrick Avenue, 9th Floor
East Meadow, New York 11554

SCHEDULE C TO THE DECLARATION OF CONDOMINIUM

BY-LAWS
OF
477 SACKETT STREET CONDOMINIUM

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BY-LAWS

OF

477 SACKETT STREET CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Residential Unit Ownership.

The property located at 477 Sackett Street, Brooklyn, Kings County, City and State of New York, as specifically set forth in the Declaration and more commonly known as 477 Sackett 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 in Article III, Section 1 of these By-Laws regarding the election, appointment or designation of Members of the Board of Managers. 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 selection 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 general, Annual 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 in the future, 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, designated, or appointed 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 will no longer be 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 at least one (1) Residential Unit Owner. 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 Managers 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.

Managers of the Board of Managers, whether designated by the Sponsor or elected by the Residential Unit Owners, need not be Residential Unit Owners. The Managers shall be elected, appointed or designated at the Annual Meeting of the Residential Unit Owners.

At the First Annual Meeting of Residential Unit Owners, a total of up to three (3) Managers shall be elected, appointed or designated. Upon expiration of the Sponsor Control Period, for so long as the Condominium consists of two (2) Residential Units, at each meeting to establish a new Board of Managers or to designate Managers to the Board, the Residential Unit Owner of Residential Unit 1 will be entitled to appoint one (1) Manager to serve for a one- (1) year term on the Board of Managers, and the Residential Unit Owner of Residential Unit 2 will be entitled to appoint one (1) Manager to serve for a one- (1) year term on the Board of Managers.

If the Residential Unit Owners agree to do so at such meeting(s), in each instance, the Owners of Residential Unit 1 and Residential Unit 2 are permitted to mutually designate a third Manager to serve for a one- (1) year term on the Board of Managers, which third Manager will act as tie breaker in the event the other Managers do not unanimously agree on any particular Board matter or proposed course of action. In the event the Residential Unit Owners do not unanimously agree to designate a third Manager or are unable to agree upon a designee, then the Board of Managers will consist of only two Managers who must decide Board matters unanimously, or, in the event of an irreconcilable and arbitrable dispute, submit the dispute for arbitration pursuant to the provisions of Article XII of these By-Laws.

In the event that subdivision of a Residential Unit, as permitted pursuant to Article Tenth of the Declaration of Condominium, results in the creation of a Condominium that consists or more than two (2) Residential Units, then the Board of Managers of the Condominium must thereafter consist of three (3) Managers who are elected by a vote of the Residential Unit Owners cast in proportion to their respective percentages of Common Interest.

All Managers, other than those the Sponsor can designate, shall be elected, appointed or designated by the Residential Unit Owners. The term of office of all Managers shall be fixed for one (1) year term. 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 respective 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 or vote at any general meeting, Annual Meeting or Special Meeting.

The Sponsor shall have the right to designate the initial Managers 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.

If applicable, and 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 of Managers 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 Managers 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 Managers shall be appointed for one (1) year terms. 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 Managers 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 thirty (30) days. 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 these By-Laws to select a Residential Unit Owner-appointed, -designated or -elected Manager for the balance of the Sponsor Manager's term, or (b) the remaining Managers of the Board of Managers will appoint a mutually agreeable designee to serve as Manager of the Board of Managers for the balance of the Sponsor Manager's term. At the expiration of such term, the Residential Unit Owners will have a meeting to elect a Manager 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 Manager designated, appointed or elected to said position shall resign and the Sponsor shall reappoint a Manager to the Board of Managers.

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 these 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 these 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 prior 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 prior 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 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 and external portion of the doors (including painting if necessary) 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 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(i) of these 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, and the actual windows 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 windows and the actual windows 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 or the actual window 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 and exterior glass surfaces of all windows located in the Residential Units are to be cleaned at the Residential Unit Owner's sole cost and 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.

Drains located in or on the Property any on any Limited Common Elements 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 storage area, stairs, 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 storage area, stairs, front yard, deck, balcony, patio or terrace, except as required for repair or replacement with the prior written consent of the Board of Managers.

General maintenance and repairs to, and landscaping of, any portion of the front 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 fencing or enclosure surrounding the Condominium 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 front 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 front 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 front 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 a Limited Common Element of a Residential Unit, and the roof decks, terraces, and/or balconies that are Limited Common Elements of such Residential Unit, will be the responsibility of the Condominium and a Common Expense of the Condominium. All general maintenance (non-structural) and repairs to the roof decks, terraces and balconies that are Limited Common Elements of a 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 or flooring) shall be the responsibility of the applicable Residential Unit Owner with the exclusive use of such areas. General maintenance and repairs of any storage area, stairs, balcony, patio, yard, pavers, deck and/or terrace that is a Limited Common Element of any Residential Unit 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 or Limited Common Element that is the responsibility of the Residential Unit Owner thereof, at the 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 or in or on the other Unit's Limited 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 benefitted Residential Unit Owner for such equipment, services, etc. All repairs, maintenance and any and all costs associated with the operating skylight within Residential Unit 2 shall be the sole responsibility of said Residential Unit Owner.

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 these 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.

The individual Unit Owners shall be responsible to remove snow and ice from the adjacent public sidewalks surrounding the Condominium and from any walkways/driveways serving the Individual Units.

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 these 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, provided the Board of Managers is the prevailing party.

In the event the Board of Managers institutes any legal action for the enforcement of any of the provisions of the Declaration of 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 if the Board of Managers is the prevailing party.

The Board of Managers will have an easement in and through Residential Unit 1 for access to adjacent or common installations, including, but not limited to, installations in the front yard and any water or electrical and/or mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 1 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, installations in the front yard, interior and exterior stairs, bulkhead, roof deck, balconies and terraces appurtenant to Unit 1 and water, electrical and/or

mechanical room(s) located on the cellar level, as well as an easement in and through Residential Unit 2 and its appurtenant Limited Common Elements for access to adjacent or common installations, including, but not limited to, water, electrical and/or mechanical room(s) located in cellar, through the interior and exterior stairs, operable skylight, roof deck, balconies, and terraces appurtenant to Residential Unit 2, 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 Residential Unit Owner of Residential Unit 1 will have an easement in and through such portion(s) of Residential Unit 2 and its appurtenant Limited Common Elements as needed including but not limited to the equipment rooms in the cellar of Unit 2 and all access thereto, as needed, for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. The Residential Unit Owner of Residential Unit 2 will have an easement in and through such portion(s) of Residential Unit 1 and its appurtenant Limited Common Elements, including but not limited to the mechanical room in the cellar, bulkhead, front yard, roof and roof deck, and all access thereto, as needed for the limited purpose of effectuating maintenance, repair or replacement of any installation or equipment that is the responsibility of such Owner. A 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, each Residential Unit Owner will have an easement in common with the Owner of other Residential Unit to maintain and use all mechanical equipment, pipes, sewers and/or drainage lines, wires, conduits and utility lines located in another Residential Unit and/or any Individual Residential Unit's Limited Common Element servicing such Residential Unit Owner's Residential Unit. This paragraph may not be amended by the Residential Unit Owners in the Condominium

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 Managers of the Board of Managers, except any Assistant Secretaries or Assistant Treasurers, unless the Residential Unit Owners unanimously agree to designate a particular non-Member individual to serve as an Officer, in each instance. Notwithstanding the foregoing, the President must be a Manager of 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, designate or appoint a President, a Vice President, a Secretary and a Treasurer. All Officers, other than the President, can hold two (2) offices and only the President must be a Manager of the Board of Managers.

Section 3. Appointive Officers.

The Board of Managers may appoint such other Officers and agents as it shall deem necessary, who 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, 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 these 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 these 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 Limited Common Elements, 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 these 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 enclosure 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 subparagraph (i) 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. This paragraph may not be amended without the prior written consent of Sponsor.

(j) The Common Elements shall not be used for storage purposes except if

specifically designated for such purposes.

(k) No Residential Unit Owner shall paint or alter the exterior surfaces of the windows, walls or doors opening out of their Residential Unit.

(l) 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.

(m) 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.

(n) 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.

(o) No public hall of the Condominium is permitted to be decorated or furnished by any Residential Unit Owner in any manner.

(p) 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 these 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 cellar, garages, balconies, terraces and roof decks may not be used for any type of occupancy, including as a bedroom or living room. The cellar, garages, balconies, terraces and roof decks are non-habitable, for accessory use only, and may not be rented independently. The balconies, terraces and roof decks may not be used for storage. To do any of the foregoing may result in a violation against the Building being issued by the Building Department. 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 front yard or any other General Common Element of the Condominium without the prior written approval of the Board of Managers.

(z) Hot tubs are permitted only on the front and rear roof deck areas as electrically wired for by Sponsor.

(aa) 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.

(bb) 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.

(cc) 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.

(dd) 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.

(ee) 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.

(ff) 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 these 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).

(gg) 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.

(hh) 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.

(ii) 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.

(jj) 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.

(kk) 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.

(ll) 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.

(mm) 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.

(nn) No window guards or window decorations (other than curtains and window treatments which conform to these 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.

(oo) 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.

(pp) 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.

(qq) Complaints regarding the service of the Condominium shall be made in writing to the Board of Managers or to any Managing Agent.

(rr) 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.

(ss) 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.

(tt) 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.

(uu) 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.

(vv) 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.

(ww) 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.

(xx) The use of Limited Common Elements by each Residential Unit Owner and their permittees shall at all times be in such a manner as to not unreasonably interfere with the peaceful use and enjoyment of the other residents and occupants of the Condominium.

(yy) Combustible or dangerous materials and/or any material that would cause cancellation of or an increase in the Condominium's insurance, may not be stored in any storage area, cellar, stairs, yard, deck, balcony or terrace. The Board of Managers shall have the right to promulgate additional rules and

regulations regarding use of the storage area, stairs, front yard and terraces of the Condominium.

(zz) 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 Electronic Cigarette use are prohibited from any stairs, storage area, balcony and/or terrace, or any other 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, if any, of a signed written complaint alleging violation of any of the Rules and Regulations or other provisions of these 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 these 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, these By-Laws and/or the Rules and Regulations of the Condominium.

(d)

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 these 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, if any.

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 these 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 these 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 these 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 these 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 these 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, these 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, these 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, these 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, these 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 these 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 these 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 these 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, these 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, these 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 TWELFTH 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 these 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 third 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;

(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; and

(d) Pursuant to Article III, Section 7(a)(16) of these By-Laws, 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.

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
(Section 36-B of the General Business Law)

HOUSING MERCHANT IMPLIED WARRANTY LAW

ARTICLE 36-B

WARRANTIES ON SALE OF NEW HOMES

Section 777. Definitions.
777-a. Housing Merchant Implied Warranty
778-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 which the builder has resided in or leased continuously for three years or more following the date of completion of construction, as evidenced by the 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; 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 limitation on or exclusion 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

CERTIFICATION OF SPONSOR

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, New York 10005

RE: 477 SACKETT STREET CONDOMINIUM

We are the Sponsor and the Principals of the Sponsor of the Condominium Offering Plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the. Department of Law in 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 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.

SPONSOR:

SACKETT GARDENS, LLC

By:_____

Ken Hudes, Member

I affirm this 13 *day of* April*, 2026, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.*

SPONSOR'S PRINCIPALS

_____

Kenneth Hudes

_____

Mark Rechler

_____

Joshua Egendorf

SCHEDULE L-2

CERTIFICATION OF SPONSOR'S ARCHITECT

CERTIFICATION BY SPONSOR'S ARCHITECT
PURSUANT TO 13 NYCRR 20.4(c)

State of New York
Department of Law
Office of the Attorney General
Real Estate Finance Bureau
28 Liberty Street, 21st Floor
New York, NY 10005-1413

RE: 477 SACKETT STREET CONDOMINIUM

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction of the property (the "Report"). I examined the building plans and specifications that were prepared by Atelier New York Architecture dated June 26, 2025 and prepared the Report dated 4/20/2026, a copy of which is intended to be incorporated into the Offering Plan so that prospective Purchasers may rely on the Report.

I am a registered architect in the State in which the property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this Certification. This Certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

(i) sets forth in narrative form the description of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;

(ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

I affirm this 8 *day of* May, *2026, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.*



Anatole Plotkin

SCHEDULE L-3

CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET

FAIRWAY REALTY GROUP, INC.
149-41 14TH AVENUE
WHITESTONE, NY 11357
718.357.9040
www.fairwayrealtygrp.com

CERTIFICATION OF ADEQUACY OF OPERATING BUDGET
PURSUANT TO 13 NYCRR 20.4 (d)

Date: 4/13/2026

Office of the Attorney General
Real Estate Finance Bureau
28 Liberty Street
New York, NY 10005-1413

RE: **477 SACKETT STREET CONDOMINIUM**

Ladies and Gentlemen:

The Sponsor of the Condominium Offering Plan for the captioned property retained me to review or prepare Schedule B containing projections of income and expenses for the first year of condominium operation. My experience in this field includes assisting in the management of five (5) properties. I am also a New York State–licensed real estate salesperson. I have over ten (10) years of experience as a real estate manager and have prepared and reviewed more than thirty (30) condominium budgets, in addition to providing 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 they are applicable to Schedule B.

I have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential buildings.

I certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

I certify that the Schedule:

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis 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.

I affirm this 13th day of April 2026, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.

Stephen L. Pappalardo
_____
Signature

Very truly yours,

Fairway Realty Group, Inc.

By: Stephen L. Pappalardo
Signature

Stephen L. Pappalardo
Licensed Real Estate Salesperson

SCHEDULE M

SECTION 339-KK OF THE REAL PROPERTY LAW

REAL PROPERTY LAW

SECTION 339-kk

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."

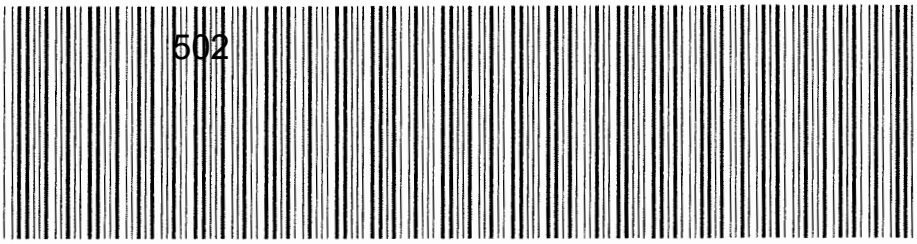
This act may be enforced by any party by means of a special proceeding brought pursuant to Article 4 of the Civil Practice Law and Rules.

SCHEDULE N

EASEMENT AND PARTY WALL AGREEMENT

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument.The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.



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RECORDING AND ENDORSEMENT COVER PAGE **PAGE 1 OF 12**

Document ID: 2022020800802001 Document Date: 01-31-2022 Preparation Date: 02-08-2022
Document Type: EASEMENT
Document Page Count: 10

PRESENTER:	**RETURN TO:**
ALEX JAMES 585 STEWART AVE GARDEN CITY, NY 11530 516-333-3447 EXECUTIVEATTY@GMAIL.COM	ALEX JAMES 585 STEWART AVE GARDEN CITY, NY 11530 516-333-3447 EXECUTIVEATTY@GMAIL.COM

PROPERTY DATA

Borough	Block	Lot	Unit	Address
BROOKLYN	423	41	Entire Lot	477 SACKETT STREET

Property Type: DWELLING ONLY - 2 FAMILY Easement

CROSS REFERENCE DATA

CRFN_____ ***or*** DocumentID_____ ***or*** _____ Year_____ Reel____ Page_____ ***or*** File Number_____

PARTIES

GRANTOR/SELLER:	**GRANTEE/BUYER:**
SACKETT GARDENS, LLC AND GOWANUS PARK LLC 21 34 44TH ROAD LONG ISLAND CITY, NY 11101	JEFFREY BROESCHE 475 SACKETT STREET BROOKLYN, NY 11231

☒ Additional Parties Listed on Continuation Page

FEES AND TAXES

Mortgage :		
Mortgage Amount:	$	0.00
Taxable Mortgage Amount:	$	0.00
Exemption:		
TAXES: County (Basic):	$	0.00
City (Additional):	$	0.00
Spec (Additional):	$	0.00
TASF:	$	0.00
MTA:	$	0.00
NYCTA:	$	0.00
Additional MRT:	$	0.00
TOTAL:	$	0.00
Recording Fee:	$	87.00
Affidavit Fee:	$	0.00

Filing Fee:	$	0.00
NYC Real Property Transfer Tax:	$	0.00
NYS Real Estate Transfer Tax:	$	0.00

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER

503

2022020800802001001C835B

RECORDING AND ENDORSEMENT COVER PAGE (CONTINUATION) **PAGE 2 OF 12**

Document ID: 2022020800802001 Document Date: 01-31-2022 Preparation Date: 02-08-2022
Document Type: EASEMENT

PARTIES

GRANTEE/BUYER:
JENNIFER JONES
475 SACKETT STREET
BROOKLYN, NY 11231

EASEMENT AND PARTY WALL AGREEMENT

This EASEMENT AND PARTY WALL AGREEMENT (this "Agreement") is made as of January 31, 2022 (the "Effective Date") between and among Sackett Gardens LLC ("Sackett Gardens") and Gowanus Park LLC ("Gowanus Park" and, collectively with Sackett Gardens, "Grantor"), with an address at 21-34 44th Road, Long Island City, New York 11101, and Jeffrey Broesche and Jennifer Jones (collectively, "Grantee"), with an address at 475 Sackett Street, Brooklyn, New York 11231.

WITNESSETH

WHEREAS:

(A) Sackett Gardens is the owner of the real property located at 477 Sackett Street, Brooklyn, New York, also known as Block 423, Tentative Lot 41 (p/o Former Lot 41), and which real property is more particularly described on Exhibit A of this Agreement ("477 Sackett");

(B) By indenture made July 20, 2021, Sackett Gardens conveyed certain real property to Gowanus Park known as Block 423, Tentative Lot 40 (p/o Former Lot 41), and which real property is more particularly described on Exhibit B of this Agreement (the "Extension Area" and, together with 477 Sackett, the "Grantor Site");

(C) Grantee is the owner of certain real property, which is adjacent to the Grantor Site, known as 475 Sackett Street, Brooklyn, New York, also known as Block 423, Lot 42, and which real property is more particularly described on Exhibit C of this Agreement (the "Grantee Site");

(D) The wall of the Grantee's shed along the eastern property line of the Grantee Site that adjoins the Grantor Site, the retaining wall also along the eastern property line of the Grantee Site that adjoins the Grantor Site, and the fence adjoining and between the Grantee Site that adjoins the Grantor Site currently extend beyond the property line between the Grantee Site and the Grantor Site;

(E) The party wall between 477 Sackett and the Grantee Site (the "Party Wall") is not centered on the property line and is located completely on 477 Sackett;

(F) Grantor is in the process of developing a new building located on the Grantor Site (the "Project");

(G) In connection with the Project and simultaneously with this Agreement, Grantor is entering into a license agreement (the "License Agreement") with Grantee pursuant to which Grantee is granting Grantor limited access to the Grantee Site to facilitate the Project; and

(H) In connection with the License Agreement, Grantor has agreed to grant to Grantee and its successors and assigns such Front Yard Easement Area and Rear Yard Easement Area, each as more particularly set forth below, and Grantor and Grantee (the "Parties") have agreed to settle all issues between them with respect to the Party Wall.

NOW THEREFORE, in consideration of the sum of one dollar and other valuable consideration, the receipt of which is hereby acknowledged, Grantor and Grantee (together, the "Parties") and their heirs, legal representatives, successors, and assigns, agree as follows:

1. Easements. Sackett Gardens hereby grants Grantee the Front Yard Easement Area (as described in Exhibit D of this Agreement) and Gowanus Park hereby grants Grantee the Rear Yard Easement Area (as described in Exhibit E of this Agreement) for the purpose of allowing the existing encroachment of the Grantee Site over the property line of the Grantor Site only to the extent of the Front Yard Easement Area and Rear Yard Easement Area.

2. Party Wall. Sackett Gardens hereby gives Grantee permission to leave the Party Wall as it now stands on the Grantee Site and 477 Sackett. Sackett Gardens and Grantee acknowledge that the Party Wall is a party wall and that they shall have the right to use the Party Wall jointly. Sackett Gardens and Grantee shall have equal rights in all respects to the Party Wall. Without limiting the foregoing, Sackett Gardens shall be entitled to use the Party Wall for structural support of the new building that Grantor is constructing in connection with the Project.

3. The covenants in this Agreement shall run with the Grantor Site and Grantee Site and shall be binding upon and inure to the benefit of the Parties and their successors and assigns. This Agreement shall not operate, however, to convey to either Party the fee to any part of the land owned or to be acquired by the other Party.

4. (a) This Agreement can be amended or terminated only in writing signed by the Parties and may not be amended or terminated orally.

(b) The performance and interpretation of this Agreement shall be governed by the laws of the State of New York.

(c) If any provision of this Agreement is declared invalid or is unenforceable for any reason, such provision shall be deleted and shall not invalidate any other provision.

(d) No waiver by a party hereto of any breach of this Agreement or any warranty or representation hereunder by the other party shall be deemed to be a waiver of any breach of any kind and no acceptance of payment or performance by a party after such breach by the other party shall be deemed to be a waiver of any breach of this Agreement. No failure by a party to exercise any right it may have hereunder or in law upon default of the other party and no delay in the exercise of such right shall prevent the exercise thereof

any time that such defaulting party continues to be in default, and no such failure or delay shall operate as a waiver of any default, or as a modification of this Agreement.

5. This Agreement shall be recorded at the sole cost and expense of Grantee.

[*SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be executed as of the day and year first above written.

SACKETT GARDENS LLC

By: _____
Name: JOSH LEGENDORF
Title: MEMBER

JEFFREY BROESCHE

_____

GOWANUS PARK LLC

By: _____
Name: KEN HUDES
Title: MEMBER

JENNIFER JONES

_____

State of New York
County of Kings

On the 28th day of January in the year 2022 before me, the undersigned, personally appeared Jeffrey Broesche, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

V Ciulla
Notary Public

VERA CIULLA
NOTARY PUBLIC, STATE OF N.Y.
NO: 01CI6205200
QUALIFIED IN: KINGS COUNTY
COMMISSION EXPIRES: 05/04/2025

SEAL

NYDL 247298912
exp. 6/25/2027

State of New York
County of Kings

On the 28th day of January in the year 2022 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

SEAL

V Ciulla
Notary Public

VERA CIULLA
NOTARY PUBLIC, STATE OF N.Y.
NO: 01CI6205200
QUALIFIED IN: KINGS COUNTY
COMMISSION EXPIRES: 05/04/2025

NYDL 305120589
exp. 8/26/2024

State of New York
County of QUEENS

On the 31 day of January in the year 2022 before me, the undersigned, personally appeared ~~Jeffrey Broesche~~ Josh Eisendorf, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

MATEUSZ M PLEWA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01PL6352463
Qualified in Kings County
My Commission Expires 12-27-2024

Notary Public

SEAL

State of New York
County of QUEENS

On the 31 day of January in the year 2022 before me, the undersigned, personally appeared ~~Jennifer Jones~~ Ken Hydes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

MATEUSZ M PLEWA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01PL6352463
Qualified in Kings County
My Commission Expires 12-27-2024

SEAL

EXHIBIT A

477 Sackett

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:

BEGINNING at the corner formed by the intersection of the Northerly side of Sackett Street with the Westerly side of Bond Street;

RUNNING THENCE Northerly along the Westerly side of Bond Street, 79 feet;

THENCE Westerly parallel with the Northerly side of Sackett Street, 20 feet;

THENCE Southerly and part of the distance through a party wall and parallel with the Westerly side of Bond Street, 79 feet to the Northerly side of Sackett Street;

THENCE Easterly along the Northerly side of Sackett Street, 20 feet to the point or place of BEGINNING.

EXHIBIT B

Extension Area

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:

BEGINNING at a point on the westerly side of Bond Street, distant 79 feet northerly from the corner formed by the intersection of the Northerly side of Sackett Street with the Westerly side of Bond Street;

RUNNING THENCE Northerly along the Westerly side of Bond Street, 21 feet;

THENCE Westerly parallel with the Northerly side of Sackett Street, 20 feet;

THENCE Southerly and part of the distance through a party wall and parallel with the Westerly side of Bond Street, 21 feet;

THENCE Easterly parallel with the Northerly side of Sackett Street, 20 feet to the point or place of BEGINNING.

EXHIBIT C

Grantee Site

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:

BEGINNING at a point on the northerly side of Sackett Street, distant 20 feet westerly from the northwesterly corner of Sackett and Bond Streets;

RUNNING THENCE westerly along the northerly side of Sackett Street, 20 feet;

THENCE northerly parallel Bond Street and part of the distance through a party wall, 100 feet;

THENCE easterly parallel with Sackett Street, 20 feet;

THENCE southerly parallel with Bond Street and part of the distance through a part wall, 100 feet to the northerly side of Sackett Street at the point or place of BEGINNING.

EXHIBIT D

Front Yard Easement Area

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:

BEGINNING at a point on the northerly side of Sackett Street, distant 19 foot 4" inches westerly from the northwesterly corner of Sackett and Bond Streets;

RUNNING THENCE Northerly along the Westerly side of Bond Street, 4.9 feet to the exterior face of the building at 475 Sackett Street;

THENCE Westerly parallel with the Northerly side of Sackett Street, along the exterior face of the building at 475 Sackett Street, 8 inches;

THENCE Southerly parallel with the Westerly side of Bond Street, 4.9 feet to the Northerly side of Sackett Street;

THENCE Easterly along the Northerly side of Sackett Street, 8 inches to the point or place of BEGINNING.

EXHIBIT E

Rear Yard Easement Area

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:

BEGINNING at a point on the rear face of the exterior wall of the building at 475 Sackett Street which point lies 35.3 feet (35.3') Northerly from a point on the Northerly side of Sackett Street distant 19 feet 4 inches (19'-4") from the corner formed by the intersection of the northerly side of Sackett Street and the Westerly side of Bond Street;

RUNNING THENCE Northerly and parallel with Bond Street, 20 feet;

THENCE Westerly and parallel with Sackett Street, 8 inches;

THENCE Southerly and parallel with Bond Street, 20 feet;

THENCE Easterly and parallel with Sackett Street, 8 inches to the point of place of BEGINNING.

SCHEDULE O

LICENSE AGREEMENT

LICENSE AGREEMENT

This License Agreement (referred to herein as the "Agreement") made as of January 27, 2022 (the "Effective Date"), between and among Jeffrey Broesche and Jennifer Jones (collectively, "Licensor"), with an address at 475 Sackett Street, Brooklyn, New York 11231, Gowanus Park LLC ("Gowanus Park") and Sackett Gardens LLC ("Sackett Gardens"), each with an address at 21-34 44th Road, Long Island City, New York 11101.

W I T N E S S E T H :

Whereas, Gowanus Park is the owner of the real property located at 280 Bond Street, Brooklyn, New York ("280 Bond").

Whereas, Sackett Gardens is the owner of the real property located at 477 Sackett Street, Brooklyn, New York ("477 Sackett" and, together with 280 Bond, the "Licensee Property").

Whereas, Gowanus Park and Sackett Gardens (collectively, "Licensee") is in the process of developing a new building located on the Licensee Property (the "Project").

Whereas, Licensor is the owner of the real property located at 475 Sackett Street, Brooklyn, New York (the "Licensor Property"), which adjoins the Project.

Whereas, in connection with the Project, Licensee desires, at its sole cost and expense, to: (a) install, maintain, and remove temporary property protections on the Licensor Property as set forth in Section 4 ("Property Protections"); (b) if required by the Legal Requirements (defined below), extend and maintain in perpetuity any flues or chimneys on the Licensor Property as set forth in Section 5 ("Chimney Work"); (b) install, maintain, and remove monitoring equipment on the Licensee Property as set forth in Section 6 ("Monitoring Equipment"); and (d) perform construction surveys and reports of the Licensor Property as set forth in Section 10 below ("Surveys") (the Property Protections, Chimney Work, Monitoring Equipment, and Surveys shall collectively be referred to herein as the "Protective Work").

Whereas, Licensee has requested that Licensor grant Licensee a temporary, non-exclusive license ("License"), for the period (the "License Term") commencing on the date Licensee commences the Protective Work on the Licensor Property to access those portions of the Licensor Property for the purpose of performing the Protective Work and removing the "Walls and Fence" (defined below) (collectively, the "Licensed Area"), and Licensor hereby agrees to grant Licensee a License to access the Licensed Area during the License Term, in accordance with the terms, conditions, and provisions expressly provided below.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Recitals.**

The recitals of this Agreement shall be deemed a part hereof.

2. **Issuance of License and Permitted Scope.**

So long as Licensee is not in default under this Agreement after having a reasonable opportunity to cure any defaults as set forth herein, Licensor hereby grants Licensee a license for access to the Licensor Property by Licensee and its agents, contractors, architects, and engineers (collectively, the "Construction Team") on the terms and conditions contained in this Agreement to perform, install, maintain, and remove the Protective Work and remove the retaining wall and fence as set forth in Section 3 below. Licensee agrees to perform the Protective Work and the Project in a reasonable and workmanlike manner in conformance with the requirements of every statute, law, ordinance, regulation, rule, policy, procedure, directives, or order of any Federal, State, municipal or other public body, department, bureau or authority, including, without limitation, all noise control, landmark, environmental, building and zoning laws, ordinances and regulations (including, without limitation, building codes and zoning regulations prohibiting or regulating the use of hazardous substances or wastes or environmental protection) and all requirements of the New York Fire Insurance Rating Organization and the New York Board of Fire Underwriters, and of any other body or board concurrently or successively exercising similar functions and of any other lawful authority having jurisdiction over either the Licensee Property or Licensor Property to the extent applicable ("Legal Requirements"), and in a manner which does not unreasonably disturb Licensor or unreasonably interfere with their rights of use, access, ingress, or egress in and to the Licensor Property, or unreasonably interfere with the use of the Licensor Property by the Licensor, except as set forth in this Agreement.

Except as otherwise expressly authorized by Licensor, Licensee shall perform the Protective Work on the Licensor Property only between the hours of 8:00 am and 6:00 pm, Monday through Friday.

3. **Removal of Walls and Fence.**

Licensor acknowledges that the wall of Licensor's shed along the eastern property line of the Licensor Property that adjoins 477 Sackett retaining wall also along the eastern property line of the Licensor Property that adjoins 477 Sackett, and fence adjoining and between the Licensor Property and 477 Sackett (the "Walls and Fence") currently extend beyond the property line between the Licensor Property and 477 Sackett. Licensee shall have the right to remove the Walls and Fence in connection with the Project and Licensor shall cooperate in all respects with such removal. Licensee shall pay the reasonable costs for replacing Licensor's plantings that are removed or damaged in connection with the removal of the Walls and Fence within 10 days of receiving a bill setting forth such costs. Licensee shall fully rebuild, within 10 days of its removal, the wall of Licensor's shed along the eastern property line adjoining 477 Sackett. Licensee shall, within the same 10-day period, repair the western wall and interior and exterior damage sustained during the previous license period at licensee's sole cost and expense.

4. **Temporary Protections.**

During the course of the Project, Licensor grants Licensee a license to install, maintain, and then remove the following measures, as will be shown in further detail on the final site safety plan: (i) a sidewalk bridge, construction fence, scaffolding, and overhead protections in compliance with Legal Requirements; and (ii) protection over the roofs, terraces, and windows of the Licensor

Property, in compliance with Legal Requirements (Section 4(i) and 4(ii) shall collectively be referred to herein as the "Property Protections"). Licensee may commence the Property Protections only upon at least three (3) business days' written notice to Licensor, such notice to include signed and sealed drawings by a licensed professional engineer or architect identifying proposed final scope and details of the Property Protections, which shall be subject to the review and approval of Licensor's engineer, such approval not to be unreasonably delayed, denied, nor conditioned.

5. **Chimney Extension.**

To the extent that Licensor's engineer determines, as set forth in a signed and sealed statement that Licensee is required by Legal Requirements to extend and/or offset any chimneys, flues, exhausts, vents and other equipment at the Licensor Property (the "Licensor Chimneys"), Licensor grants Licensee, its successors, heirs, and assigns, and its Construction Team a license to access the Licensor Property in order to perform the Chimney Work upon five (5) days' written notice to Licensor, such notice to include signed and sealed drawings by a licensed professional architect or engineer identifying the extension and/or offset of the Licensor Chimneys, which shall be subject to review and comment by Licensor, which shall not be unreasonably delayed. The Chimney Work shall be completed during the License Term and all Licensor Chimneys remain compliant with all Legal Requirements, including but not limited to the New York City Building Code and New York City Fuel Gas Code. As per the Building Code, the Licensor and any successor in interest will remain liable to maintain the chimney work in perpetuity.

6. **Monitoring.**

Licensor grants to Licensee and its Construction Team a license to access the Licensor Property in order to install optical monitoring targets, remote access vibration monitor(s) (to the extent such vibration monitors are required by the New York City Department of Buildings (the "DOB")), survey mark(s) and/or electronic survey equipment, and crack gauges (the "Monitoring Equipment") in and on the wall(s) of the Licensor Property (the "Monitoring Work") as reasonably determined by Licensee's engineer provided that the Monitoring Work is in accordance with Legal Requirements. Licensee must provide Licensor at least five (5) days' written notice prior to installation of the Monitoring Equipment. During dewatering, excavation, and foundation work at the Licensee Property, the Monitoring Equipment reports must be provided to Licensor's professional engineer on a weekly basis upon Licensee's receipt of same, including, but not limited to, crack monitor readings. The Licensee shall include Licensor or its professional engineer, as designated by Licensor, as a recipient of alerts from the Monitoring Equipment, and shall also provide Licensor's professional engineer with copies of the Monitoring Equipment reports immediately upon Licensee's receipt of such reports. Licensor shall be notified as soon as reasonably practicable of any event detected by the Monitoring Equipment which materially affects the Licensor Property.

7. **Access.**

Licensor agrees to provide access to the Licensor Property as is reasonably required by Licensee to perform the Protective Work, and shall only occur between the hours of 8:00 am and 6:00 pm,

Monday through Friday. Licensee's and the Construction Team's (i) access to bring materials to the Licensor Property shall originate only from Licensee Property and (ii) use of the Licensor Property's roof is prohibited from storage for the Project. To the extent reasonably feasible, all equipment necessary for installation, maintenance, and removal of the Protective Work must be lifted only from the Licensee Property. Licensor hereby agrees, at no cost to Licensor, to cooperate with Licensee as may be reasonably required and as is reasonably practicable in all respects as to permitting the access set forth in this Agreement. All rights of access shall be exercised by Licensee only upon three (3) business days' written notice by Licensee to Licensor prior to entry.

8. **Easement and Party Wall Agreement.**

Licensor and Sackett Gardens shall enter into a separate written agreement (the "Easement and Party Wall Agreement") pursuant to which Licensee shall grant Licensor certain easements as more particularly described in the Easement and Party Wall Agreement for the purpose of allowing certain encroachments of the Licensor Property over the property line of the Licensee Property and settling all issues relating to the party wall between the Licensor Property and 477 Sackett. Licensor agrees and acknowledges that the area on the Licensee Property side of the property line shown in Exhibit A is owned by Licensee subject to the Rear Yard Easement Area and Front Yard Easement Area and Licensor waives any claim Licensor may have to such area including, without limitation, any claims based on adverse possession. Licensee shall be entitled to construct its building on the Licensee Property up to the property line between the Licensor Property and the Licensee Property excluding the Rear Yard Easement Area and Front Easement Area. Licensor agrees and acknowledges that the survey attached as Exhibit A conclusively determines the respective boundaries of the Licensor Property and Licensee Property.

9. **Construction Documents.**

Licensor acknowledges that Licensee has provided Licensor with plans with respect to the Protective Work and the Project. Licensee shall make available to Licensor upon 10-days' written request such other construction plans which may affect the structural integrity of the Licensor Property, and or have any impact upon the Licensor Property for Licensor's review, together with any surveys, tests and reports allowed to be conducted on the Licensor Property and the Licensee Property which may impact or affect the structural integrity of the Licensor Property (the "Construction Documents").

10. **Construction Surveys.**

Licensor grants Licensee and the Construction Team access to the Licensor Property in order for Licensee, at its sole cost and expense, to complete an exterior and interior pre-construction survey (the "Pre-Con Survey"). Licensee must notify Licensor, in writing, at least three (3) business days in advance of when the Pre-Con Survey is to take place, subject to Licensor's written approval, such approval not to be unreasonably delayed, denied, or conditioned. The Pre-Con Survey shall consist of a photographic survey of existing conditions at the Licensor Property which will be memorialized in a report. The Pre-Con Survey shall be non-invasive and shall not involve any alterations, improvements, demolition or other work. No property shall be disturbed in connection with the Pre-Con Survey, except that personal property may be moved to access the Licensor

Property, with the prior approval of the Licensor. The Parties agree that the Licensor, or any representative designated by the Licensor, may attend the Pre-Con Survey. In the event the professional engineer licensed by the State of New York who is chosen by the Licensee to perform the Pre-Con Survey (the "Pre-Con Engineer") cannot get access to any area of the Licensor Property during the Pre-Con Survey, the Licensor shall make such area available and inform the Pre-Con Engineer when s/he may return to complete the Pre-Con Survey. The Licensee, at its sole cost and expense, agrees to provide an electronic copy of its Pre-Con Survey report to the Licensor, together with accompanying photographs, and a digital file of the same, within five (5) business days of the Licensee's receipt of same; said report and pictures to remain confidential between the Parties, not be otherwise distributed besides to the Parties and/or their respective designated agents or representatives, and shall be used only by the Parties as required by Legal Requirements or pursuant to a subpoena issued by a court of appropriate jurisdiction or in connection with a proceeding by a court of competent jurisdiction. In the event Licensee, or any person, entity, or individual on behalf of Licensee shall file any applications, plans, and/or documents of any kind regarding the Protective Work, and/or that impacts the structural stability of the Licensor Property then Licensee shall provide all such applications, plans, and/or documents to Licensor simultaneously upon submission to the DOB.

11. **Respective Owner Responsibilities.**

A. Licensee and/or its Construction Team shall be responsible for obtaining and maintaining all necessary permits and other approvals required by any state, local, municipal, or federal authority having jurisdiction over the Licensor Property with respect to the Protective Work, and shall be responsible for the fees, copy expenses, expediting fees, and all other costs and expenses associated with such permits or approvals. Licensee agrees to perform the Protective Work and the Project in a reasonable and workmanlike manner, in conformance with Legal Requirements, without the use or presence of any hazardous materials, and in a manner which does not unreasonably disturb the Licensor or unreasonably interfere with Licensor's rights of use, access, ingress, or egress in and to the Licensor Property.

B. Licensor shall reasonably cooperate, at no detriment, cost, nor expense to Licensor, with Licensee in obtaining any permits and approvals for the Protective Work as set forth in this Agreement, by signing all forms and applications required by DOB and complying with all requirements of the DOB.

C. Licensee shall use all reasonable efforts to keep the Licensor Property free of dust, debris, and construction material at all times and shall reasonably endeavor to control the dust from the Project and/or Protective Work so as to not materially affect the functionality of the mechanical equipment on the Licensor Property. Licensee shall clean the roof and mechanical equipment on Licensor's Property to the extent such cleaning is necessitated due to the Project. Licensee shall inspect the roof gutters on Licensee's Property once per month and clean such gutters if they are clogged.

D. The access granted by this Agreement does not include, and shall not be construed to permit: (i) underpinning and/or (ii) the storage of materials on or at the

Licensor Property, on the roof of the Licensor Property, or in adjacent areas through which ingress to and/or egress from the Licensor Property is obtained.

E. Licensee shall keep the Licensor Property free and clear of all liens and violations for any work or material claimed to have been furnished to Licensee and/or the Construction Team. Licensee shall be responsible to remove or obtain a bond sufficient to release all liens or violations against the Licensor Property caused by the Licensee or the Construction Team within 60 days and shall be liable for the payment of all fees and fines associated therewith. If, due to any action or omission by Licensee or its representatives and/or agents, including, but not limited to, a breach by Licensee and/or the Construction Team of any obligations hereunder, any violations and/or penalties are issued by DOB or any other governmental agency under any building code, fire code or other law, ordinance or regulation ("Violations") against the Licensor, Licensor Property, or any portion thereof, in connection with the Project and/or Protective Work, then, Licensee, at its sole cost and expense, shall be responsible for performing all work and filing such applications as may be necessary with DOB or applicable governmental agency in order to promptly remove any such Violations of record and to defend Licensee in any administrative proceeding arising from such Violations upon written request by Licensee. In the event of any breach under this Section by the Licensee and/or the Construction Team, Licensor may give Licensee written notice specifying in reasonable detail the nature of such breach and Licensee shall proceed promptly to remedy such breach in accordance with the provisions of Section 11 hereof. In the event of a Violation, Licensee shall, within thirty (30) days of receiving written notice thereof from Licensor, at Licensee's sole cost and expense, correct the condition giving rise to such Violation, or, if such Violation cannot reasonably be cured within thirty (30) days, commence correcting the condition within said cure-period and diligently pursue and cause the discharge of record of each Violation. Licensee shall take all necessary measures to ensure the safety of the occupants of the Licensor Property with respect to hazards arising from the Protective Work and Project.

F. Prior to commencement of the Protective Work, if dewatering is required by the Department of Environmental Protection, DOB, and/or all governmental agencies having jurisdiction, Licensee shall provide Licensor a copy of its dewatering plan. In the event any shoring of the Licensor Property is required by any governmental having jurisdiction thereover, Licensee shall provide such shoring plans to Licensor for its review and comments, which shall not be unreasonably delayed.

G. Licensee acknowledges that it is accessing Licensor's Property pursuant to this Agreement in "as is" condition and that Licensor makes no representations as to the condition of the Licensor Property with respect to such access.

12. **Licensor's Mechanicals.**

If Licensee's Work requires the temporary re-location of any of the Licensor's rear or front-of-building rain downspouts or utility cables and conduits, Licensor will move them, at their expense, to be located adjacent to their structure, including within either the Rear Easement Area or the Front Easement Area, in a way that does not impede their function or harm any other part of

Licensor's property, including Licensor's building, deck, or terrace. If any of Licensor's rear or front-of-building rain downspouts or utility cables and conduits in the Front Easement Area or the Rear Easement Area, Licensee will maintain their use during the Protective Work.

13. **Licensor's Rooftop Solar Panels.**

Licensee shall protect the Licensor's rooftop solar panels and related equipment with plywood or similar sturdy material. Licensee shall pay the Licensor a monthly fee of three hundred and fifty dollars ($350) as compensation for the lost energy production for however long as the panels are covered and unable to receive sunlight in whole or in part.

14. **Licensor's Trees.**

Licensee agrees to that it will pay up to fifteen thousand dollars ($15,000) for any substantive damage to the trees on Licensor's property, as confirmed by an independent arborist, to be agreed upon by the parties hereto within two weeks of a demand for same, who shall be retained at the Licensee's sole cost and expense.

15. **Notice of Change in Project Plans or Contractor.**

If Licensee's plans for the Project are modified in a manner that affects the Licensor Property, Licensee shall provide any such modified plans to Licensor fifteen (15) days prior to submission to DOB. Licensor shall have the right to comment on Licensee's plans but such plans are not subject to Licensor's approval. Licensee shall also notify Licensor upon a change of the general contractor on the Project and a change of the subcontractor, if any, that will be installing and dismantling any Protective Work.

16. **License Term**

The License Term shall commence upon the date Licensee commences the Protective Work on the Licensor Property and expire on the earlier of (i) twenty-four (24) months after the Effective Date or (ii) the completion of the Protective Work including removal of the Property Protections in compliance with terms of this Agreement and Legal Requirements (the "Expiration Date"). Licensee shall have the right to extend the License Term for an additional six months upon written notice delivered by Licensee to Licensor prior to the expiration of the initial License Term.

17. **Removal of Licensee's Equipment and Materials, and Restoration of The Licensor Property.**

Licensee, at its sole cost and expense, at or before the Expiration Date: (i) must remove and carry away all fixtures, tools, supplies, and equipment, and restore the Licensor Property to the extent it was damaged by Licensee as a result of the construction work, if any. If Licensee does not remove

its property from the Licensor Property within 10 days after the expiration of the License, the Licensor can remove the property, which will be deemed surrendered. Licensee shall pay reasonable costs incurred by Licensor in removing Licensee's property from Licensor's Property within ten (10) business days of Licensor's delivery of invoices of such costs to Licensee.

18. **Insurance.**

A. Upon commencement of the Protective Work until a final certificate of occupancy is issued for the Project, the Licensee shall, and shall cause its contractors performing the Protective Work to maintain the following exclusive, primary, and non-contributory insurance, notwithstanding any other insurance providing coverage to the Licensor Parties (as defined below): (i) project specific commercial general liability insurance ("CGL") including, personal injury, death and broad form property damage, and contractual liability coverages in the minimum amount of $1,000,000 per occurrence, $2,000,000 in the aggregate (except for the subcontractors); (ii) workers' compensation insurance in the full amounts mandated by New York State statute; and (iii) umbrella/excess liability in the amount of $5,000,000 per occurrence in excess of the limits provided by the respective insured's liability, commercial general liability and automobile liability insurance (except for the subcontractors). The CGL insurance may be maintained through any combination of CGL and umbrella insurance. The Licensee shall deliver to Licensor evidence of same prior to the commencement the Protective Work, including an additional insured endorsement CG2010 and CG2037 or their equivalents for all contractors and subcontractors performing the Protective Work.

B. Such insurance policies shall name Licensor as additional insureds. The insurance afforded Licensor shall apply as primary insurance (except for worker's compensation) and any other insurance carried by Licensee shall be excess only and shall not contribute with this insurance. All insurance policies shall be endorsed to require at least thirty (30) days written notice of cancellation or non-renewal coverage to the Licensor; if policies do not permit such endorsement, Licensee shall notify Licensor of such notice of cancellation or non-renewal within three (3) business days' receipt of same. Licensee agree on behalf of itself, the Construction Team, and their respective insurers to waive any and all rights of subrogation against Licensor for each policy required under this Section 17.

C. All insurance policies required herein shall be issued by nationally recognized insurance companies, licensed to perform the business of insurance in the State and City of New York, and maintaining an A.M. Best's Rating of A-VIII or better (according to the A.M. Best Rating current as of the date of this Agreement).

D. All insurance policies required herein must include: (i) occurrence coverage, (ii) a waiver of subrogation as to property damage against the Licensor; (iii) no exclusion for damage and/or loss from any natural and/or man-made earth movement, shifting, and/or sinking; and (iv) no exclusion for third-party actions over claims

E. Prior to the commencement of the License Term, Licensee shall furnish Licensor with evidence sufficient to Licensor's reasonable satisfaction of all insurance including all endorsements and declarations thereto required to be obtained and maintained hereunder, and shall cause the Construction Team to furnish Licensor with such items, with respect to the insurance required under this Section 17, prior to accessing the Licensor Property and the commencement of the Protective Work. The Licensee agrees that no policy provisions shall restrict, reduce, limit or otherwise impair contractual liability coverage or Licensor's (or others as required and listed herein) status as additional insured.

F. The insurance required under this Section 17 shall remain in effect until the Expiration Date or until damage repair pursuant to Paragraph 18, herein are completed, whichever is later. Notwithstanding anything contained herein to the contrary, all general contractors, trade contractors, and subcontractors engaged by Licensee and/or the Construction Team shall be required to maintain worker's compensation insurance as required by applicable laws and employer's liability insurance, as well as CGL in amounts customarily maintained by such trades, and as required by law.

G. This Section 17 shall survive the expiration and/or termination of this Agreement.

19. **Damages.**

Licensee shall, at its sole cost and expense, in a good and workmanlike manner, repair all damage or injury to the Licensor Property, if any, whether structural or non-structural, interior or exterior, and to Licensor's and/or its tenants' or occupants' property, fixtures, glass, appurtenances, personal property, furniture and equipment, caused by the Project, the Licensee, the Construction Team, or the Protective Work, including, but not limited to, the installation, maintenance, and/or removal, as applicable, of the Protective Work (collectively, "Physical Damages"), to substantially the same condition in which it existed immediately prior to the commencement of the Project as is evidenced in the Pre-Con Survey, including, without limitation, (i) the removal of any tools or construction materials used by Licensee in connection with the Protective Work and/or Project; and (ii) on or before the completion of the Project, (A) removing any and all debris and equipment from the Licensor Property resulting from the Protective Work and/or Project; and (B) cleaning the exterior portions of the Licensor Property to remove therefrom anything remaining thereupon, including, without limitation, material resulting from the Protective Work and/or Project. All repairs, restoration and/or replacements made by Licensee and the Construction Team to the Licensor Property shall be substantially the same quality or better in which such portion of the Licensor Property existed immediately prior to the commencement of the Project as evidenced in the Pre-Con Survey. This Section 18 shall survive the expiration and/or termination of this Agreement.

20. **Indemnification.**

A. To the fullest extent permitted by law, Licensee hereby agrees to indemnify, defend, and hold harmless Licensor from and against any and all claims resulting in liabilities, losses, obligations, fines, liens, penalties, actions, judgments, direct actual

damages, costs (including, without limitation, reasonable attorneys' fees and expenses incurred in connection therewith and in the enforcement of this indemnification), charges, expenses and demands of whatever kind (collectively, "Claims") in connection with and/or arising from or out of the following ("Indemnified Matters"):

(i) any act or omission resulting in bodily injury (including death), or personal injury to Licensor or any third party, or injury or property damage to the Licensor Property, caused by the Protective Work, Project, Licensee, the Construction Team, and their respective officers, employees, servants, agents, suppliers, invitees, successors and assigns (hereinafter collectively referred to as "Contractor Parties"); or

(ii) any statutorily imposed liability for injury to employees of the Construction Team members or failure to comply with any laws or regulations affecting the Project.

B. The indemnity contained herein shall survive the termination of this Agreement. Licensee shall advise Licensor promptly, in writing of any incident that might give rise to a Claim or the service upon any Contractor Party of any summons, notices, letters or other communications alleging any Claim against the Licensor Property or with respect to the Licensor Property, upon which any Contractor Party is supplying services.

C. In claims against any person or entity indemnified hereunder by an employee of Licensee and/or its Construction Team, its contractor, a subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation hereunder shall not be limited by a limitation on amount of damages, compensation or benefits payable by or for Licensee, its contractor or its subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

D. Notwithstanding anything to contrary in this Agreement, Licensee shall not be required to indemnify, defend, and hold harmless Licensor from any Claims arising in whole or in part from Licensee's willful or negligent conduct.

E. This Section 19 shall survive the expiration and/or termination of this Agreement.

21. **Engineering and Attorneys' Fees.**

A. Licensee agrees to pay reasonable fees, costs and expenses incurred by Licensor, in engaging an independent licensed engineer and/or architect (collectively, the "Licensor's Engineer") in connection with the preparation of this Agreement, review of the respective documents, surveys, reports, and/or plans, reasonable inspections of work on the Licensee Property, any review, approvals or modifications requested by Licensee to the drawings referenced in this Agreement and any damage to the Licensor Property caused by the Protective Work and/or Project. All Licensee's payments to the Licensor's

Engineers shall be made within thirty (30) days of presentment to Licensee of actual invoices. The invoices shall set forth dates of service, a summary description of service and rates of professionals.

B. Licensee agrees to pay the reasonable fees, costs and expenses incurred by Licensor, in engaging legal counsel in the preparation of this Agreement, as well as other legal services required by Licensor occurring on the Project prior to and during the performance and completion of the Protective Work, in connection with modifications to this Agreement, notices required to be served pursuant to this Agreement, enforcement of this Agreement, and any material breach of this Agreement. Licensee agrees to make payment within thirty (30) days of presentation of an invoice from Licensor's counsel, which shall be redacted for privilege.

C. The amount of fees, costs, and expenses payable by Licensee to Licensor pursuant to this Section 20 shall not exceed $12,000 in the aggregate.

D. The prevailing party in any action or proceeding arising from this Agreement shall be entitled to recover its reasonable attorneys' fees from the non-prevailing party.

22. **License Fees.**

Licensee shall pay Licensor a monthly license fee of three hundred and fifty dollars ($350) (the "License Fee") from commencement of the installation of the Property Protections until the earlier of (i) Licensee's complete removal of the Property Protections in compliance with Legal Requirements and the terms of this Agreement, or (ii) twenty-four (24) months after installation of the Property Protections (the "License Fee Term"). If the Property Protections are not removed within twenty-four (24) months after installation, Licensee shall have the right to extend the term of this Agreement an additional six (6) months for an extension fee of $1,000 per month or any portion thereof (the "Delay License Fee"), upon the same terms contained herein. Licensee shall not have the right to any extensions beyond six (6) months without Licensor's written consent. All fees are to be paid within five (5) days of the start of each month.

23. **Termination.**

Notwithstanding anything contained in this Agreement to the contrary, in the event either party shall default in the performance of any of its obligations hereunder and such default shall continue for fifteen (15) business days after the earlier of the party's receipt of written notice to cure such default from the non-breaching party, or such longer period as may be reasonably necessary to cure such default, provided the breaching party commences the cure within the aforesaid period and is diligently prosecuting the same, the non-breaching party shall, in addition to any other remedies it may have by applicable laws, in equity, by statute or pursuant to this Agreement, have the right, but not the obligation, to (a) cure such default in which case the breaching party shall reimburse the non-breaching party for the documented, reasonable costs and fees incurred for such cure within fifteen (15) business days after written demand, or (b) terminate this Agreement and revoke the License granted hereunder upon fifteen (15) business days' written notice to the

breaching party. Upon termination of this Agreement Licensor shall have the right, at the Licensee's sole cost and expense, to remove any of the Monitoring Equipment and/or Property Protections, and Licensee shall reimburse the Licensor for the documented, reasonable costs and fees incurred within fifteen (15) business days after written demand.

24. **Abandonment.**

In the event of an Abandonment (defined below) of the Project by Licensee, Licensee shall, within thirty (30) days of receiving notice of the Abandonment from Licensor, either re-commence construction or work at the Licensee Property or commence removal of the Property Protections from Licensor Property for the remainder of the period of the Abandonment, subject to the review and approval of the DOB if required by Legal Requirements.

“Abandonment" shall mean the cessation of substantially all of the work with respect to any uncompleted phase of the Project and/or Property Protections requiring the continuation and maintenance of the Property Protections for a period of at least one hundred and twenty (120) consecutive days, except that no Abandonment shall be deemed to occur as a result of any cessation caused by a Force Majeure Event (as defined below).

“Force Majeure Event” shall mean, without limiting the generality of the foregoing, the occurrence of an event beyond the control and without the fault or negligence of Licensee, including (i) fire, earthquake, explosion, flood, storm, hurricane, inclement weather, natural disaster, viral pandemic, including COVID-19 related delays, or the elements, (ii) acts of God or the public enemy, (iii) action, restrictions, limitations, or interference of governmental authorities or agents which do not arise from Licensee’s or Licensee’s Construction Team's non-compliance, negligence, and/or violation of any and all Legal Requirements, (iv) war, invasion, terrorist attack, acts of foreign combatants, insurrection, rebellion, military or other usurped political power or confiscation, nationalization, government sanction or embargo, riots, strikes or lockouts, (v) or the prolonged failure of electricity or other vital utility, which is beyond the reasonable control of either party. Force Majeure shall specifically exclude any financial inability.

25. **Notices.**

All notices or communications required or permitted under this Agreement or by Legal Requirements shall, unless otherwise provided in this Agreement, be in writing, shall be (i) emailed, and/or (ii) personally delivered or sent by reputable overnight courier (such as FedEx), addressed to the parties as set forth below. Each notice, demand, request or other communication shall be deemed given on the first business day following delivery. Any notice that is refused or returned as undeliverable when properly addressed shall be deemed received in accordance with the previous sentence. Notice of change of address shall be given in written notice in the manner detailed in this Section. In the event one party prefers to receive notice by reputable overnight courier, such costs shall be reimbursed to the delivering party upon presentation of an actual receipt for same. In order for email notice to be effective, it must be sent to all emails listed below and contain the subject line (in CAPITAL LETTERS): “FORMAL NOTICE—LICENSE AGREEMENT”.

a. If to Licensor:

Jeffrey Broesche and Jennifer Jones
475 Sackett Street
Brooklyn, New York 11231
jcb2005@icloud.com

with a copy to:

Klein Slowik PLLC
90 Broad Street
New York, New York 10004
Attn: Stuart A. Klein, Esq.
sklein@buildinglawnyc.com

b. If to Licensee

Gowanus Park LLC
21-34 44th Road
Long Island City, New York 11101
Attn: Josh Egendorf
josh@build360.info

and

Sackett Gardens LLC
21-34 44th Road
Long Island City, New York 11101
Attn: Josh Egendorf
josh@build360.info

with a copy to:

Akerman LLP
1251 Avenue of the Americas, 37th Floor
New York, New York 10020
Attn: Massimo F. D'Angelo, Esq.
massimo.dangelo@akerman.com

25. **Merger Clause/Modification.**

This Agreement contains the entire agreement between the parties with regard to the matters set forth herein and shall be binding upon and inure to the benefit of the successors and assigns of each. This Agreement cannot be modified orally, but only by a writing signed by the parties.

26. **Applicable Law.**

This Agreement shall be governed by the laws of the State of New York, without regard to its choice of law provisions. The parties consent to the jurisdiction of the New York State Supreme Court, New York County, for purposes of any judicial action or proceeding that may be instituted in connection with any matter arising under or relating to this Agreement.

27. **Drafter.**

This Agreement is the product of arms-length negotiations between the parties and, therefore, none of its terms shall be construed against the other as the "drafter" or "preparer" of this Agreement. In the event of an ambiguity or question of intent or interpretation, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

28. **Not a Lease.**

This Agreement does not, and shall not be deemed to, constitute a lease or conveyance of other rights of any portion of the Licensor Property by Licensor to Licensee or confer upon Licensee any right, title, estate or interest in, over or upon the Licensor Property, except as expressly provided in this Agreement or the Easement and Party Wall Agreement. This Agreement grants to Licensee only a personal and temporary privilege to enter upon and access the Licensor Property strictly in accordance with this Agreement during the License Term

29. **Further Assurances.**

The Parties to this Agreement agree to perform all further and other acts reasonably necessary to effectuate the purposes and intent of this Agreement.

30. **Miscellaneous Provisions.**

A. The terms herein set forth may only be changed or modified by written agreement signed by all parties hereto.

B. In the event that any provision or provisions herein are determined to be illegal or unenforceable for whatever reason, such provision or provisions shall be deemed excised from this document and the remaining provisions shall remain in full force and effect as if the excised provisions were never included herein.

C. All of the grants, interests, covenants, agreements, and conditions contained in this Agreement shall be covenants running with the land and shall bind, and inure to the benefit of, the Parties hereto and their respective successors, assigns or beneficiaries including, but not limited to, any future owners of the Licensor Property.

D. Subject to the signature of parties to this Agreement, either party shall have the right, at its sole cost and expense, to record this Agreement at the Kings County Clerk's Office; and, upon termination of this Agreement after completion of the Project, either Party shall, at its sole cost and expense, have the right to record any documents with the Kings County Clerk's Office evidencing that the Agreement has terminated.

E. The Parties shall reasonably cooperate with each other in order to: (a) effectuate any assignment of this Agreement (provided, however, that any assignee shall assume any and all duties, obligations, and liability under this Agreement); and (b) effectuate any recording of this Agreement pursuant to Section 29(D). Such cooperation shall be at either the assigning and/or recording party's sole cost and expense and shall include, but not be limited to, the execution of any document required in connection with subparagraphs (a) and (b) above.

F. This Agreement may be signed in counterparts and transmitted by facsimile transmission or in PDF format via email, all of which counterparts, taken together, shall have the same force and effect as an original and shall constitute the Agreement.

[*SIGNATURES ON FOLLOWING PAGE*]

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.

LICENSOR

Jeffrey Broesche

Jennifer Jones

LICENSEE

GOWANUS PARK LLC

By: _____
Name: Ken Hudes
Title: Managing member

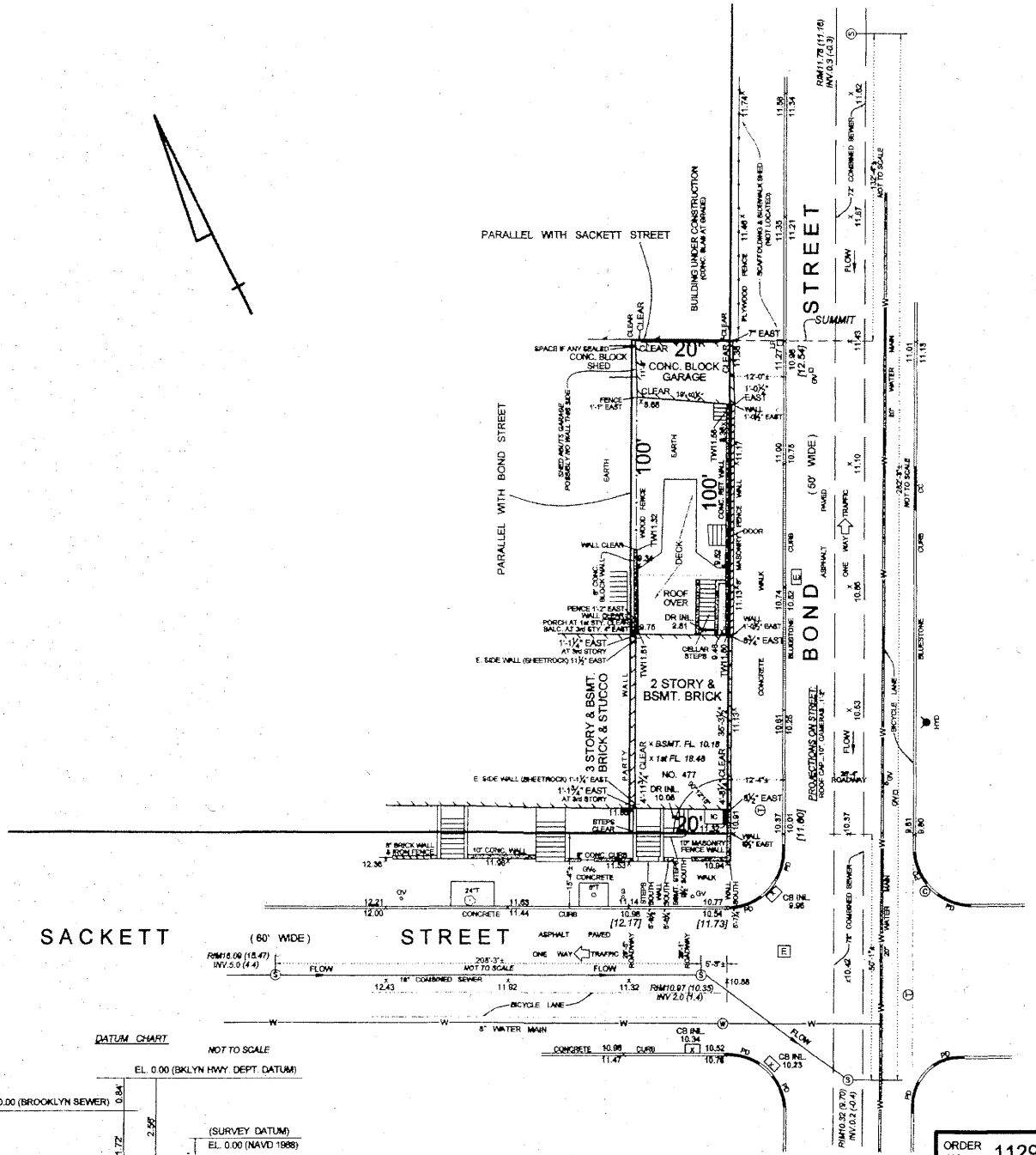
SACKETT GARDENS LLC

By: _____
Name: Ken Hudes
Title: Managing member

Exhibit A

Survey

SURVEY OF PROPERTY
IN THE
BOROUGH OF BROOKLYN, COUNTY OF KINGS
CITY AND STATE OF NEW YORK



NOTES:

1. LOT DIMENSIONS SHOWN HEREON ARE IN LOCAL STANDARD OF MEASUREMENT.
2. ELEVATIONS AND ESTABLISHED GRADES SHOWN HEREON REFER TO THE NORTH AMERICAN VERTICAL DATUM OF 1988 (NAVD 88), WHICH IS 0.62 FEET BELOW THE BROOKLYN BOROUGH SEWER DATUM.
3. ESTABLISHED GRADES SHOWN HEREON REFER TO TOP OF CURB. SHOULD ESTABLISHED GRADES VARY SUBSTANTIALLY WITH EXISTING ELEVATIONS CONSULT THE BROOKLYN TOPOGRAPHICAL BUREAU PRIOR TO DESIGNING IMPROVEMENTS.
4. AVENUES AND/OR STREETS SHOWN HEREON ARE AS ON PRESENT CITY MAP UNLESS OTHERWISE NOTED.
5. SIZES AND LOCATIONS OF WATER MAINS SHOWN HEREON AS PER N.Y.C. DEPARTMENT OF ENVIRONMENTAL PROTECTION RECORDS.
6. SIZE AND TYPE OF SEWER SHOWN HEREON AS PER N.Y.C. DEPARTMENT OF ENVIRONMENTAL PROTECTION RECORDS. LOCATIONS OF SEWER MANHOLES AND RIM AND INVERT ELEVATIONS ARE AS PER FIELD MEASUREMENTS.
7. INFORMATION PERTAINING TO SEWER AND WATER SHOWN HEREON IS NOT CERTIFIED AS TO ACCURACY OR COMPLETENESS. NO SUBSURFACE UTILITY INFORMATION OTHER THAN SEWER AND WATER SHOWN HEREON. CONSULT THE APPROPRIATE AGENCY OR UTILITY COMPANY PRIOR TO DESIGNING IMPROVEMENTS.
8. VAULTS BELOW SIDEWALK, IF ANY, NOT LOCATED AND NOT INDICATED HEREON. SUBSURFACE ENCROACHMENTS, IF ANY, NOT LOCATED AND NOT INDICATED HEREON.
9. NEW YORK STATE LAW, CODE RULE 53, REQUIRES CONTRACTORS TO GIVE AT LEAST TWO DAYS, BUT NOT MORE THAN TEN DAYS NOTICE BEFORE DIGGING, DRILLING OR BLASTING.
10. THIS IS TO CERTIFY THAT THERE ARE NO STREAMS NOR NATURAL WATER COURSES PRESENTLY ON THE PROPERTY AS SHOWN ON THIS SURVEY.
11. ARCHITECT, CONTRACTOR, CLIENT AND/OR HIS REPRESENTATIVES SHALL REPORT ANY DISCREPANCIES TO THE LAND SURVEYOR IMMEDIATELY. IT IS STRONGLY SUGGESTED THAT THE PROPERTY LINES BE PHYSICALLY MARKED BY A LICENSED LAND SURVEYOR PRIOR TO COMMENCING CONSTRUCTION.
12. "UNAUTHORIZED ALTERATION OR ADDITION TO A SURVEY MAP BEARING A LICENSED LAND SURVEYOR'S SEAL IS A VIOLATION OF SECTION 7209, SUB-DIVISION 2, OF THE NEW YORK STATE EDUCATION LAW. ONLY COPIES FROM THE ORIGINAL OF THIS SURVEY MARKED WITH AN ORIGINAL OF THE LAND SURVEYOR'S INK SEAL SHALL BE CONSIDERED TO BE VALID TRUE COPIES. CERTIFICATIONS SHALL RUN ONLY TO THE PERSON FOR WHOM THE SURVEY IS PREPARED, AND ON HIS BEHALF TO THE TITLE COMPANY, GOVERNMENTAL AGENCY AND LENDING INSTITUTION LISTED HEREON, AND TO THE ASSIGNEES OF THE LENDING INSTITUTION. CERTIFICATIONS ARE NOT TRANSFERABLE TO ADDITIONAL INSTITUTIONS OR SUBSEQUENT OWNERS"

TITLE NOTE:

THIS SURVEY HAS BEEN PREPARED WITHOUT THE BENEFIT OF A FULL ABSTRACT OF TITLE, AGREEMENTS, COVENANTS, EASEMENTS AND/OR RESTRICTIONS AFFECTING AND/OR BENEFITTING PARCEL SURVEYED, IF ANY, NOT INDICATED HEREON. BE SURE ANY QUESTIONS PERTAINING TO TITLE ARE SETTLED.

FEMA FLOOD INSURANCE NOTE:

THE PREMISES LIES IN ZONE X AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD, AS PER NATIONAL FLOOD INSURANCE PROGRAM, FLOOD INSURANCE RATE MAP, COMMUNITY PANEL NO. 3604970211F, MAP REVISED SEPTEMBER 5, 2007.* ELEVATIONS REFER TO NGVD 1929 DATUM.

PRELIMINARY FIRM DATED DECEMBER 5, 2013 COMMUNITY PANEL NO. 3604970211G INDICATES PARCEL SURVEYED LIES IN ZONE X AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD. ELEVATIONS REFER TO NAVD 1988 DATUM.

LEGEND:

CC	CURB CUT
HYD	HYDRANT
LP	LIGHT POLE
PD	PEDESTRIAN DROP
S	SIGN
2"T	TREE AND DIAMETER OF TRUNK
GV	GAS VALVE
[11.59]	ESTABLISHED GRADE
12.48	ACTUAL ELEVATION
TW/11.18	TOP OF WALL ELEVATION
RM/12.57 (11.95)	SEWER MANHOLE RIM ELEVATION - NAVD 88 (BKLYN SEWER DATUM)
INV/3.3 (2.7)	SEWER MANHOLE INVERT ELEVATION - NAVD 88 (BKLYN SEWER DATUM)
CB INL.11.10	CATCH BASIN ELEVATION
DR INL.	DRAIN INLET ELEVATION
Ⓔ	ELECTRIC MANHOLE
Ⓢ	SEWER MANHOLE
Ⓣ	TELEPHONE MANHOLE
Ⓦ	WATER MANHOLE
Ⓒ	CLEANOUT MANHOLE

DATUM CHART

NOT TO SCALE

EL. 0.00 (BKLYN HWY. DEPT. DATUM)
EL. 0.00 (BROOKLYN SEWER) 0.84
1.72
2.56
EL. 0.00 (NGVD 1929)
(FEMA - 2007 FIRM DATUM)
(SURVEY DATUM)
1.1'
EL. 0.00 (NAVD 1988)

PARCEL SURVEYED KNOWN AS LOT 41 IN BLOCK 423

TOTAL AREA = 2,000 SQ. FT.

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STATE OF NEW YORK ROBERT CASTILLO 050337 LICENSED LAND SURVEYOR

ORDER NO. 112969-A		BLD LAND SURVEYORS LLP SUCCESSORS TO BARTLETT, LUDLAM & DILL ASSOCIATES LAND & CITY SURVEYORS SINCE 1909 72-41 COOPER AVE. GLENDALE, N.Y. 11385 TEL: 718-366-4832 EMAIL: INFO@BLDSURVEY.COM
TAX BLOCK: 423	DATE MARCH 5, 2020 SCALE 1" = 16'	

JCB

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